

# One-Earth Fashion

33 Transformation Targets  
for a Just Fashion System  
within Planetary Boundaries

Public Eye

## IMPRINT

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# Executive Summary

How should we dress on a dying planet? The Earth is facing a climate emergency, but the fashion system is simply adding fuel to the fire. Textiles, clothing, leather and footwear are among the most polluting and unjust industries, built on widespread exploitation of cheap labour and the planet's resources. Despite this devastating track record, *more*, *faster* and *cheaper* continue to be the driving forces in fashion business models.

**The fashion system clearly needs a radical overhaul.** *Less* resource and energy use, *slower* production and consumption, and *fairer* distribution of economic value must become the new fashion trends for a liveable climate and a just future on Earth. This is not merely about a few tweaks here and there – it's about making a transition to a new operating system for fashion.

While there seems to be a broad consensus on the general direction in which industry should ideally move (less GHG emitting, more circular, more regenerative, fairer, less polluting), there is no agreement on the scale of the changes required to achieve a just fashion system within planetary boundaries.

This leaves us in a situation where small, positive steps – for example, reducing plastics in packaging, using more renewable energy in offices, or raising workers' wages just above the minimum wage – are presented as evidence that the industry is becoming more sustainable, even though the bigger picture shows that such changes are far too small, or are being cancelled out by increased production or other rebound effects.

### PURPOSE AND STRUCTURE OF THE REPORT

**The aim of this report** is to advance the international debate on socio-ecological transformation and a just transition in the fashion system by proposing concrete targets for change and paradigm shifts. Meaningful and measurable transformation targets are essential for honest stocktaking and effective guidance.

**We are addressing all those who believe that a better, more just and ecologically sound fashion system is possible:** social activists and campaigners, organized workers and trade unions, discerning consumers and principled policymakers, responsible entrepreneurs and business leaders, designers and researchers with a sense of purpose, and the many others who are already spinning the threads of this transformation, or who want to contribute to this overhaul.

This report provides food for thought and action. Throughout the report, readers will find notes with concrete **ideas for effective regulation** and **first steps that companies could**

**and should take.** These do not constitute a comprehensive list of recommendations, but pieces of the larger puzzle of the socio-ecological transformation of the fashion industry.

### FASHION'S HOT SPOTS

From a **social perspective**, the need for transformation arises from unrealized human rights in the fashion industry's sphere of influence. Widespread poverty-level wages, precarious employment, unsafe workplaces, violations of freedom of association and discrimination need to stop. However, transformation targets should go beyond a "do less harm" approach but aim to realize a holistic vision of social justice and wellbeing for all.

From an **environmental perspective**, most attention is currently focused on climate parameters. While these are important, this narrow focus risks our losing sight of other planetary boundaries that are being pushed even further: bio-

**FIGURE 1 – PRIORITY AREAS FOR TRANSFORMATION OF THE FASHION SYSTEM**



diversity loss, chemical pollution, land system change, freshwater use and altered nitrogen and phosphorus flows. Negative impacts on these boundaries are linked to the current fashion industry's intensive and unsafe use of chemicals, its reliance on unsustainable agricultural, forestry and livestock systems, and its preference for fossil-fuel-based and non-biodegradable plastic materials.

Most of the negative impacts of the fashion system are quite well known: a large and still growing body of research describes and quantifies issues. With this in mind, we are not aiming for an exhaustive new inventory covering all relevant issues, but are deliberately starting from a mapping of the most apparent main negative impacts and risks.

Through the mapping we identified twelve **hot spots** of outstanding importance and of strategic relevance within the fashion system. They all have either a heightened impact on one or more planetary boundaries, or they are of increased structural relevance in terms of social foundations, or they integrate crucial social and environmental aspects at the same time.

In developing a positive vision of a just fashion system within planetary boundaries, we turn the hot spots around. On their positive side are the **priority areas for transformation** (Figure 1). They go a step further and already indicate the direction of change needed for addressing the hot spots. They are interconnected and advances in one area will likely reinforce progress in others.

## TRANSFORMATION TARGETS FOR FASHION

For each area, we first outline an overall transformation **aim**. This takes the form of a long-term vision of what a fair fashion system – within planetary boundaries – should look like in each priority area. The proposed **33 targets**, on the other hand, are specific and time-bound milestones intended to enable the vision. They set benchmarks for the scale of change we envisage for 2030. (See Table 2 on p.11 for an overview of all targets.)

Several of the proposals are modestly aimed at realising commonly agreed human rights or achieving widely recognized global goals. A living wage, for example, is not a radical aim, but a fundamental right. However, they are difficult to achieve by 2030, given the existing unequal economic, social and political power structures. It's fashionable today to talk about bold change in industry, but many of those currently in power implicitly or explicitly resist, slow down, or capture and redefine transformation to protect vested interests.

Economic transformation on the scale required here is rarely the result of a harmonious process of consensual decision-making by those in power. Organizing, building counter-power for change and refusing to adhere to the implicit boundaries between "reasonable" and "unreasonable" demands can shift power structures and discourses – and therefore perceptions of how realistic such targets are.

## PATHWAYS FOR CHANGE: SHIFTING PARADIGMS

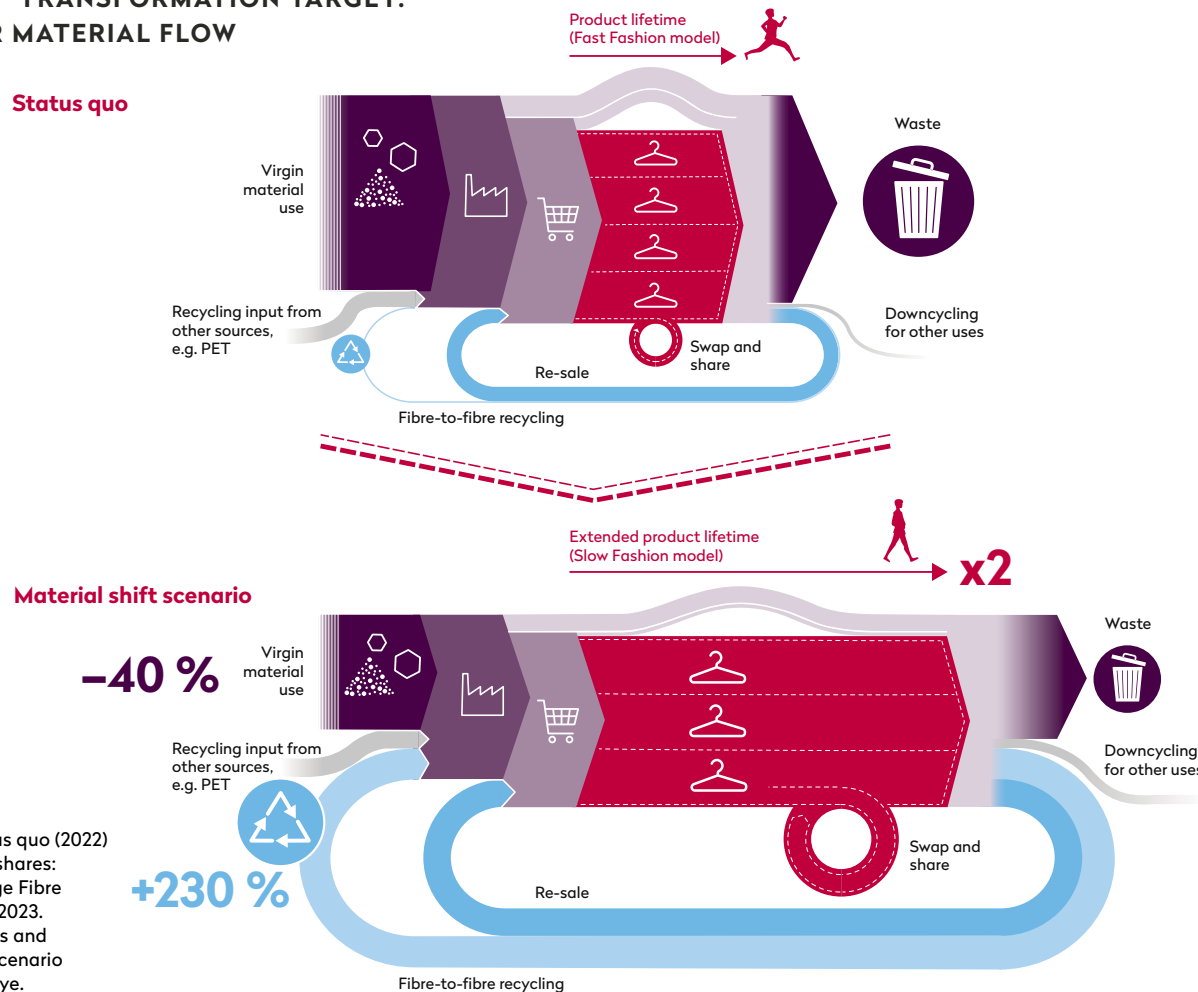
Today's global fashion system is the way it is, not because targets for change were missing or wrong, but because it is rooted in misguided, quasi-hegemonic **paradigms**. These include: the imagination of endless resources and growth; the normality of cheap, monotonous labour and its exploitation; the acceptance of extreme inequality and neo-colonial value distribution in global value chains; and the perception of unequal, undemocratic ownership and power structures as natural.

The power of paradigms lies in their ability to **shape what is considered “normal”**. Paradigms are not just theoretical and imaginary; they crystallize in regulation, economic structures and behavioural patterns. And as long as these paradigms prevail, there is an invisible gravitation holding the industry in the perceived normal state, while alternatives will,

in tendency, be considered experimental, risky, naïve or even hostile. Overcoming these flawed but powerful paradigms requires transformational shifts.

**MATERIAL SHIFT**

**FIGURE 2 – TRANSFORMATION TARGET: CIRCULAR MATERIAL FLOW**



**SOURCE** Status quo (2022) material input shares: Textile Exchange Fibre Market Report 2023. Other estimates and material shift scenario (2030): Public Eye.

The paradigm that natural resources are endlessly available, and that continued growth is possible and desirable, has been a core element of capitalism over the last two centuries, and still prevails today. The expropriation of nature by the fashion system has two sides: the increasing use of material from natural and fossil sources, by far outpacing population growth; and the misuse of the environment as a dump for textile waste, greenhouse gases, microplastics, chemicals and other emissions.

Today, the negative impact of both these practices has become so concrete and undeniable that this paradigm is cracking at the seams. But so far, this affects just one part of the paradigm: the perceived endless availability of natural resources. The necessity and desirability of **economic growth** is still hegemonic, and many hold on to the vision (or myth?) that a circular material flow will still allow economic growth, or even become its new source.

The practical challenges of a material shift towards circularity are huge. Reducing the amount of material from virgin origin by about 40% is the most significant element, resulting from a 60% reduction in feedstock from fossil-fuel sources and a smaller 10% reduction in virgin feedstock from natural sources. A part of this gap should be compensated through recycled materials, predominantly from fibre-to-fibre recycling. Assuming an ambitious and steep volume rise of fibre-to-fibre, to reach 15% of total material input by 2030, the total volume of feedstock would still shrink by 28% in our material shift scenario. Only changing the fibres and fabrics and otherwise keeping the fast fashion “business as usual” won’t be enough.

Currently, many clothing items are highly **under-utilized**. Interestingly, the main reason for disposal of clothes today is not quality or sizing issues, but emotional: marketing messages

let people assume some items are “out of fashion” while others a season’s “must haves”. Doubling the actual wear days and life-times of clothes is technically feasible. It would enable us to achieve the same use value with **half of the material resources** (Figure 2).

Abandoning the promotion of short “fashion seasons” and moving from fast-fashion marketing to raising awareness of the benefits of long use are more relevant in changing actual consumption behaviour, increasing appreciation for the clothes we already own, and reducing our craving for owning more and more items.

**TABLE 1 – RESETTling  
THE PERSPECTIVES ON WORK  
IN THE FASHION SYSTEM**

Produce and sell faster and more	→	Create quality and long-lasting use value
Stress and pressure to perform	→	Wellbeing and appreciation
Workplaces optimized for output, speed and control	→	Safe and healthy work environments
Repetitive tasks	→	Alternation and responsibility
Execution of orders and subordination	→	Co-decision and collaboration
Follow orders and instructions	→	Learning and personal development
Precarity and fear	→	Employment and social security
Anonymity and exchangeability	→	Care and attention
Discrimination and violence	→	Equality and solidarity
Profit maximization	→	Purpose

## LABOUR AND KNOWLEDGE SHIFT

Many people working in the fashion system would like to see, and often call for, an overhaul or a just transition of the sector, but find themselves in their daily jobs with limited or no influence and trapped in a system that holds on to its flawed paradigms. A fashion system with **decent work**, quality, longevity and circularity at its heart requires a new perspective on labour and knowledge, going beyond resetting tasks at the different steps of the production chain.

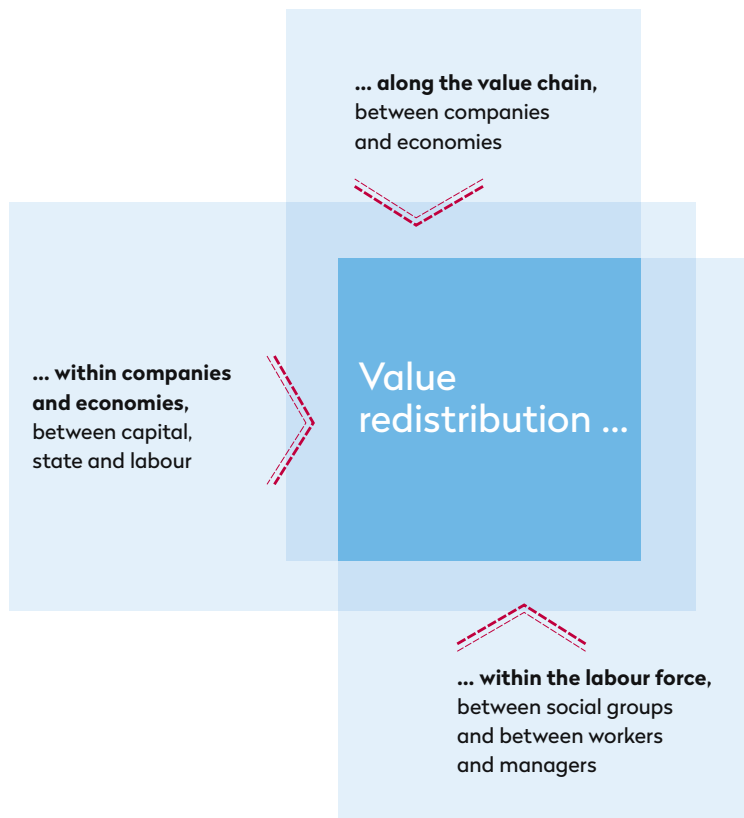
For clothing articles of lasting quality, skilled labour, experience, sufficient time and accuracy in manufacturing are essential ingredients. These and similar qualitative factors are also crucial in other steps of the value chain, be it in the agro-ecological production of raw materials, in the development of long-dated designs, in retail and re-sale oriented towards helping customers with sustainable choices and product care or in sustainable post-consumer processes.

Today, there are countless codes of conduct, certifications and voluntary standards oriented at minimizing harm, preventing what are deemed “inhumane conditions”: a workplace should not kill workers or harm their health; a standard working week should not exceed 48 or 60 hours with overtime; wages should be sufficient to survive; and discrimination and violence should be absent. But decent (or humane, good, fair) work is much more than the absence of harm and human rights violations. On the other side of the coin, there is a positive perspective to work, asking how labour could be such that it also contributes to personal and societal **wellbeing, dignity and satisfaction** (Table 1).

A just fashion industry within planetary boundaries depends on holistic solutions. For this to happen, it’s crucial to extend perspectives and responsibilities and **foster exchange and collaboration** between roles that today are often kept apart from each other, and to actively engage the existing workforce, explicitly including those working in precarious settings and from more vulnerable groups, making them subjects rather than objects of change. This means giving them social and job security, as well as the power to co-determine transformation strategies.



**FIGURE 3 – THREE DIMENSIONS OF REDISTRIBUTION**



### SHIFTING VALUE DISTRIBUTION

Reducing the excessive economic inequalities within the industry is a transformation goal in itself, and is an enabling factor for goals addressing social shortfall as well as excessive resource stress at the rich end of the societal divide. At the same time, it's also a practical necessity for financing the investments in transformation needed at company, personal and state level.

Redistribution of value needs to target at least **three connected layers of economic inequality**: The value distribution (1) along the value chain; (2) within companies and economies; and (3) within the labour force.

Fierce competition for market share and economic survival is omnipresent in the fashion industry, and the dominant competitive factor is price. Retailers and brands are then passing on the low-price pressure upstream through the whole supply chain. Under these conditions, a social and ecological transformation is almost impossible: The narrow margins are insufficient to substantially increase wages, reduce working hours or otherwise improve working conditions. Raw material prices don't cover the costs of sustainable production. And investments in more eco-friendly energy sources and processes, especially at the stages with highest impact (agriculture, wet-processing) cannot be covered by the meagre incomes of producers and manufacturers.

For a more equitable fashion system, the main patterns of **value redistribution** should be: (a) more value kept in manufacturing and other labour-intensive parts of the value chain; (b) a shrinking value share of big brands and retailers; and (c) more value kept in raw material production, especially in sustainable agriculture. However, it would be

too short-sighted to simply keep the linear value-chain logic and only re-distribute in a win-lose game the existing value added more equally. The linear, extractivist value-chain logic from raw material to waste needs to be transformed into a more circular value logic with less virgin raw material input and with more loops, and respectively more value generated from re-sale, repair, recycling, etc.

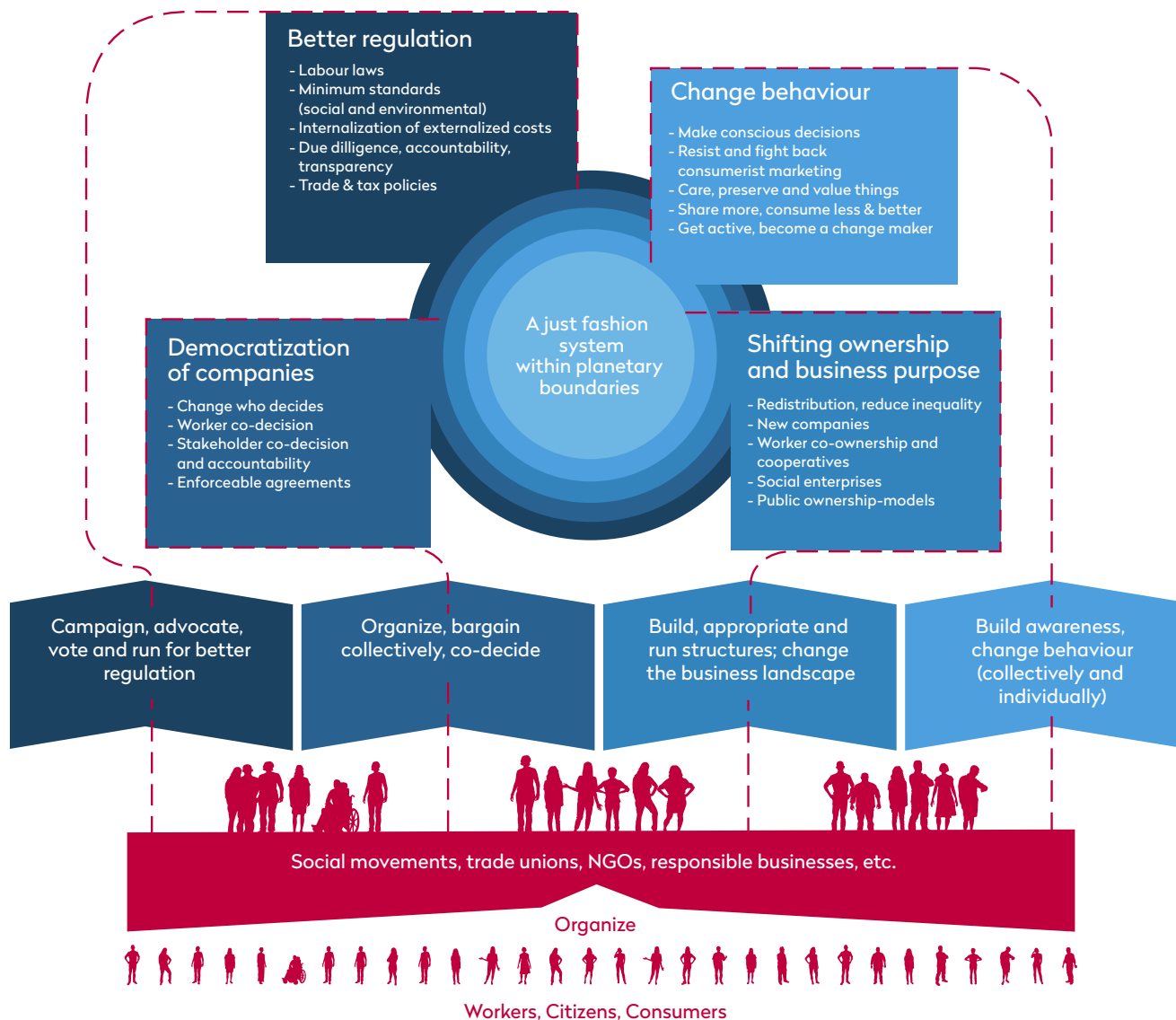
**Collective bargaining** for higher wages and social security is not only crucial to achieve more distributive justice within companies and at the industrial level, it also strengthens the individual resilience of workers and their families to adapt to the climate and other ecological crises. **Corporate income taxes**, together with strategies to tackle tax avoidance, are important tools for securing public resources in support of transformation. At their core, both approaches, collective bargaining and taxation, aim to redistribute some of capital's share of the value added from economic activity to labour and society.

The third dimension of value re-distribution addresses the huge inequality that divides the global workforce along the fashion value chain. Guaranteeing the right to a **living wage** for all workers across the fashion system is crucial in protecting rights, but it's only a starting point for achieving economic justice.

When garment workers in one country earn only a fraction of what their colleagues in a high-income country earn for the same tasks (and adjusted for local purchasing power), this is not an expression of "normal" differences between "advanced" and "developing" economies, but the result of the global economic, trade and finance governance that perpetuates colonial inequalities.

A just transformation of the fashion system will reduce the level of wage injustice across its value chains to a certain extent, but it can't overcome the underlying patterns of inequality that are enshrined across all economic sectors. However, it should at least alter the perception of normality and immutability of extreme income inequalities, help develop a vision for **global wage justice**, and pursue this objective through collective bargaining, political campaigning and regulation.

FIGURE 4 – POWER SHIFTS FOR A JUST TRANSITION



**POWER SHIFT: REGULATE, DEMOCRATIZE AND RESET OWNERSHIP IN THE FASHION SYSTEM**

As long as these power structures remain unchanged, it's naive, if not misleading, to see consumer-behaviour change as the main lever or driver of industry transformation. Obviously, patterns of consumption, use and value retention of clothing are important and must be part of fashion transformation. But consumerist fast-fashion lifestyles didn't just happen; they are the result of marketing and business strategies deliberately designed for that purpose. They are also the result of economic policies that make growth the overarching goal, allowing companies and investors to engage in destructive business practices and pass on the social and environmental costs.

The fact that many people are still fighting economic headwinds that impede progress, and trying to consume more sustainably, gives us hope. But instead of relying solely on the spirit of consumer resistance for a better fashion system, we should change the direction of these winds. First, by strengthening the **regulatory framework** around the industry. The current shortcomings in the industry's operating system are systemic and will not be fixed by voluntary initiatives or business self-regulation. Lawmakers and governments have the responsibility and the tools to set industry on a path of transformation. This includes not only setting and enforcing labour laws and other rules and standards to prevent harm, but also incentivizing transformation and better practices.

But political regulation is not the only lever. A **power shift** in fashion can be advanced on at least in three other levels: by fostering more participatory and democratic decision-making within the industry, for example through trade union organizing and collective bargaining; by rebalancing unequal ownership structures and business purpose; and by empowering ourselves and others to act more consciously, to change behavioural patterns, and to become actors in transformation. Workers, citizens and consumers can act individually, but when they organize in unions and other associations, their transformative power is amplified (Figure 4).

TABLE 2 – TRANSFORMATION TARGETS 2030 (SUMMARY)

This table shows summarized versions of the transformation targets 2030. The full targets are provided in Chapter 3, together with further explanations.



**Reduce virgin material use and overproduction**

- ▶ The total quantity of virgin material input shrinks by 40%.
- ▶ The share of fibre-to-fibre recycling material is increased to at least 15%.



**Slow down fashion; reduce waste**

- ▶ The number of days on which clothes are in active use is doubled, on average.
- ▶ All used clothes are collected separately, and at least 50% are re-used in proximity.
- ▶ The volume of non-recovered clothing waste is halved.
- ▶ The majority of sectorial and company policies include measures to guarantee decent labour conditions and environmental sustainability in the post-use and re-use phase.



**Ensure decent working hours**

- ▶ Regular working hours are limited to 40 hours per week, prospectively less.
- ▶ Long-term and reliable production planning becomes the norm in fashion supply chains



**Guarantee safe and healthy workplaces**

- ▶ Health and safety units operate effectively in all workplaces.
- ▶ Workers are protected by effective industrial safety programs.
- ▶ Workers are effectively protected from heat, cold and other climatic hazards in their workplaces and from loss of income in the event of climate-related emergencies.



**Pay living wages**

- ▶ Wages of all workers increase to at least living wage levels.
- ▶ Gender pay equality is achieved.



**Protect trade union rights**

- ▶ Freedom of association is no longer systematically violated.
- ▶ Collective bargaining is the norm, and at least half of workers are covered by CBAs
- ▶ Women, migrants, homeworkers and other groups of often discriminated workers are represented more equally in trade unions and their leadership.




**Provide secure employment relationships and social protection**

- ▶ All workers have formal and fair employment and contractual relationships
- ▶ Public social protection schemes are improved, at least 75% of workers enjoy social protection in line with ILO minimum standards (ILO C102).




**End discrimination, gender-based violence and harassment**

- ▶ All workplaces implement inclusive and gender-responsive policies and protection committees to prevent and eliminate discrimination, violence and harassment.
- ▶ All workers have access to a confidential complaint and grievance mechanism.



**Foster an agro-ecological transition of fashion's agriculture**

- ▶ No deforestation or other land-use change for fibre crops or leather.
- ▶ A shift of at least 50% of natural fibre production to agroecological systems.
- ▶ Reduction of virgin natural materials by 10%.
- ▶ Phase-out of highly hazardous pesticides, 75% reduction of remaining agrochemicals.
- ▶ Eradication of modern slavery and child labour in production systems.
- ▶ Living income reference prices for cotton established in at least 50% of cotton sourcing.



**Mitigate greenhouse gas (GHG) emissions**

- ▶ Reduce absolute GHG emissions from fashion by at least 60% compared to 2019.
- ▶ At least half of the companies develop decarbonization strategies in genuine social dialogue with workers and trade unions.



**End fashion's addiction to plastics**

- ▶ Reduction of virgin fossil fuel materials by 60%.
- ▶ Halve the release of microplastics into the environment.

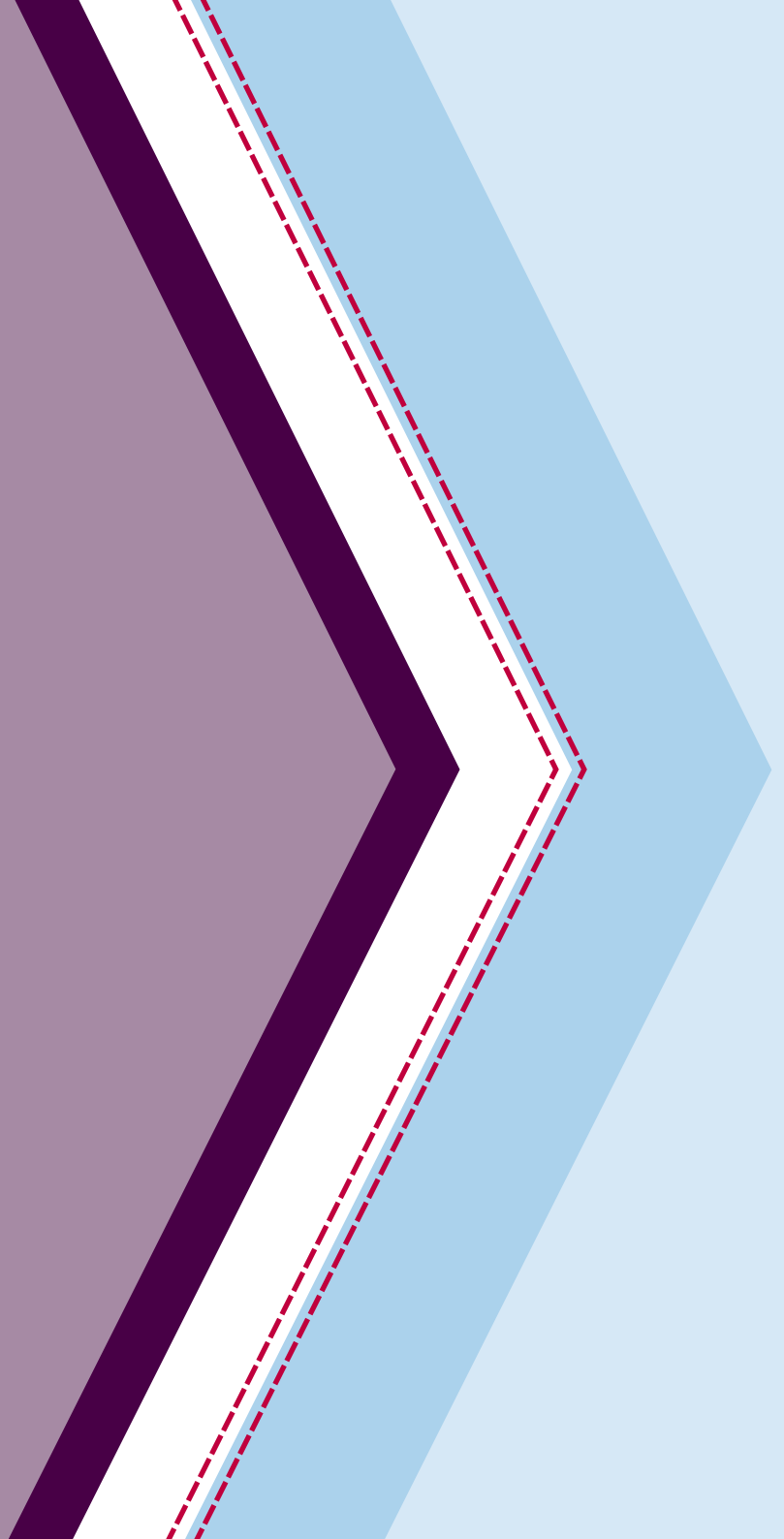


**Ensure sustainable water and chemical use**

- ▶ The most dangerous chemicals are banned across the industry (Detox and PAN HHP list).
- ▶ All wastewater and sludge from are treated, tested and transparently monitored.
- ▶ All workers have access to drinking water, sanitation and hygiene at work and in dormitories.

1

# *Introduction*



# Introduction

**H**ow should we dress on a dying planet? The Earth is facing a climate emergency, but the fashion system is simply adding fuel to the fire. Textiles, clothing, leather and footwear are among the most polluting and unjust industries, built on widespread exploitation of cheap labour and the planet's resources. Despite this devastating track record, *more, faster* and *cheaper* continue to be the driving forces in fashion business models.

**The fashion system clearly needs a radical overhaul.** *Less* resource and energy use, *slower* production and consumption, and *fairer* distribution of economic value must become the new fashion trends for a liveable climate and a just future on Earth. This is not merely about a few tweaks here and there – it's about making a transition to a new operating system for fashion.

## FROM “SUSTAINABILITY TRENDS” TO A NEW OPERATING SYSTEM

If there's one thing fashion excels at, it's marketing. For more than two decades sustainability has been promoted as the new megatrend. In advertising and CSR reports, on runways and high streets, it's impossible to escape the avalanche of pristine nature images, “we care” statements and other bold green claims. “Climate neutral by 2050” seems to be the new black!

Not all of this is greenwashing by any means. Some initiatives and stated targets are genuine attempts to reduce the industry's disastrous environmental and social footprint. However, very little has actually changed: the industry is completely off course in terms of a 1.5 degree trajectory compatible with the Paris Agreement.<sup>1</sup> Fibre use (especially polyester) and the amount of clothing produced globally has doubled in the last 20 years, while living wages and respect for freedom of association remain unattainable for most workers.<sup>2</sup>

Let's be realistic. Fashion isn't going to change its operating system through voluntary initiatives and “sustainability trends”. Many people in the industry, from workers to designers, sales

assistants to consumers, would like to see such changes, and some market niches are adopting interesting alternatives. But the extreme **economic and power inequalities** that currently dominate fashion capitalism prevent these new approaches from becoming mainstream.

These inequalities have been shaped over centuries by colonialism and its raw power, treating large parts of the world as a source of raw materials and cheap, often forced, labour. These policies are being perpetuated in today's **neo-colonial value chains**, albeit with a more diverse geography, with economic centres and peripheries coming closer together.

## TRANSFORMATION TARGETS FOR THE FASHION SYSTEM

While there seems to be a broad consensus on the general direction in which industry should ideally move (less GHG emitting, more circular, more regenerative, fairer, less polluting), there is no agreement on the scale of the changes required to achieve a just fashion system within planetary boundaries.

This leaves us in a situation where small, positive steps – for example, reducing plastics in packaging, using more renewable energy in offices, or raising workers' wages just above the minimum wage – are presented as evidence that the industry is becoming more sustainable, even though the bigger picture shows that such changes are far too small, or are being cancelled out by increased production or other rebound effects.

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We are addressing all those who believe that a better, more just and ecologically sound fashion system is possible: social activists and campaigners, organized workers and trade unions, discerning consumers and principled policymakers, responsible entrepreneurs and business leaders, designers and researchers with a sense of purpose, and the many others who are already spinning the threads of this transformation, or who want to contribute to this overhaul.

The starting point of this report is a mapping of **fashion's hot spots** and their significant impact on planetary boundary overshoot and social shortfall (**Chapter 2**). These hot spots lead us to twelve priority areas for transformation.

**Chapter 3** discusses how, and how much, the fashion system needs to change in these priority transformation areas. The report proposes **aims** and time-bound **transformation targets** for the priority areas.

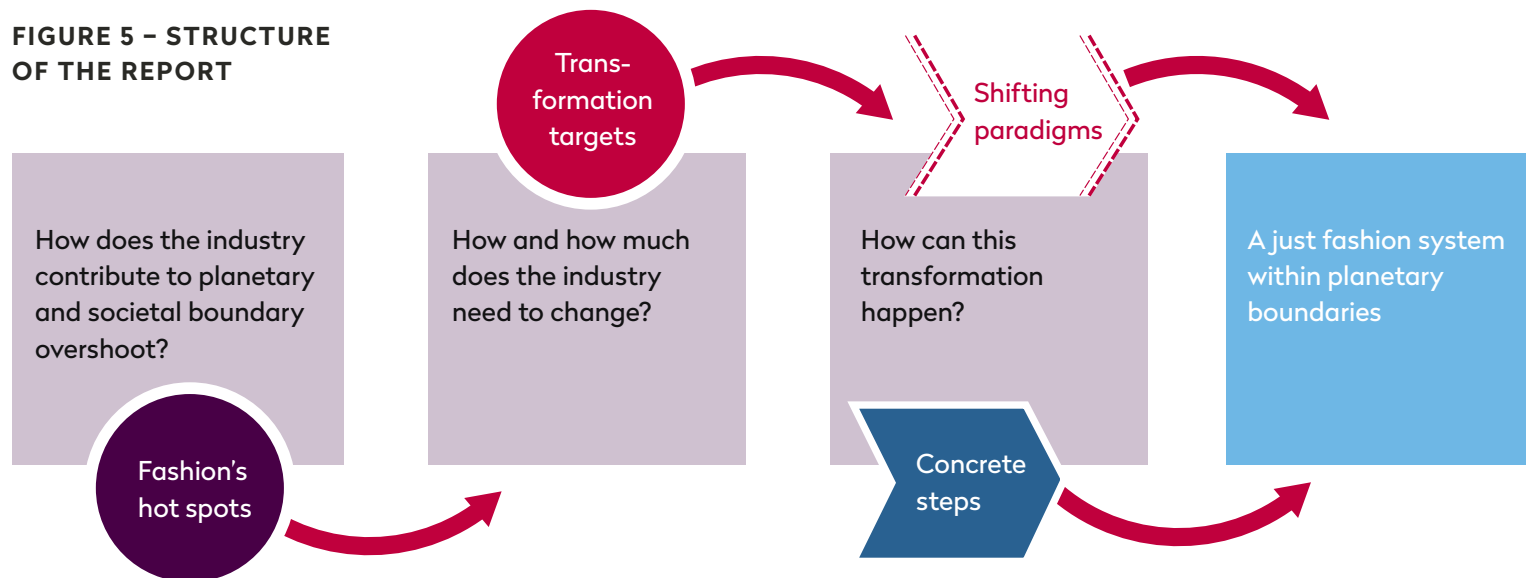
But setting targets alone doesn't bring about change. Today's global fashion system isn't just flawed because of missing or wrong targets; it's flawed because it's rooted in problematic

but powerful paradigms. **Chapter 4** identifies four major **paradigm shifts** needed to make the transformation happen: a material shift towards reducing the amount of virgin material input and fostering circular material flows; a labour and knowledge shift, changing the perception and structure of labour; a value shift towards reducing economic inequalities; and a power shift towards changing ownership, business purpose and behaviour; with the goal of democratizing the fashion system.

This report provides food for thought and action, but it's not a comprehensive transition strategy. Such strategies (explicitly plural!) need to be developed in cooperation – and in relation to – specific value chains and local contexts, challenges and struggles.

Throughout the report, readers will find notes with **ideas for effective regulation** and **first steps that businesses could and should take**. These do not constitute a comprehensive list of recommendations, but pieces of the larger puzzle of the socio-ecological transformation of the fashion industry. Which pieces would you like to contribute?

FIGURE 5 – STRUCTURE OF THE REPORT





2

*Fashion's  
hot spots*

## Fashion's hot spots

Where should transformation start, and does it even make sense to outline transformation targets just for the fashion system?

Fashion is part of the global economy and closely intertwined with other sectors. Without broader economic change, an overhaul of the fashion system is hard to imagine. However, being interconnected does not mean that an industry cannot or should not pursue its own transformation objectives, or that regulators should not set their respective guardrails. Systemic change is not a process developed on a drawing board, but the result of practical and regulatory changes that happen incrementally, at different paces in different sectors and geographies, but which influence each other.

The specific production systems and material flows existing in the fashion industry, the characteristic patterns of consumption, the financial and power structures within global value chains, and the ways in which work is organized have specific impacts on people and the planet.

From a **social perspective**, the need for transformation arises from unrealized human rights in the fashion industry's sphere of influence. Widespread poverty-level wages, precarious employment, unsafe workplaces, violations of freedom of association and discrimination need to stop. However, transformation targets should go beyond a "do less harm" approach but aim to realize a holistic vision of social justice and well-being for all.

From an **environmental perspective**, most attention is currently focused on climate parameters. While these are important, this narrow focus risks our losing sight of other planetary boundaries that are being pushed even further: biodiversity loss, chemical pollution, land system change, freshwater use and altered nitrogen and phosphorus flows. Negative impacts on these boundaries are linked to the current fashion industry's intensive and unsafe use of chemicals, its reliance on unsustainable agricultural, forestry and livestock systems, and its preference for fossil-fuel-based and non-biodegradable plastic materials.

Most of the negative impacts of the fashion system are quite well known: a large and still growing body of research

describes and quantifies issues; some in impressive detail; others with the helpful broad perspective of a review or meta-analysis. With this in mind, we are not aiming for an exhaustive new inventory covering all relevant issues, but are deliberately starting from a mapping of the most apparent main negative impacts and risks inherent in the fashion system. As an analytical framework for identifying these instances, we use the **"doughnut" model**. It integrates both social and ecological perspectives, and is an established framework and practical tool for identifying challenges and transformation pathways in various contexts (Box 1).

### BOX 1 - THE "DOUGHNUT" MODEL, PLANETARY BOUNDARIES OVERSHOOT AND SOCIAL SHORTFALLS

The "doughnut" is a visual model presented by Kate Raworth in 2012 as part of a call to reorientate economics.<sup>3</sup> The name is derived from the characteristic shape of the visual model, see **Figure 6**. It combines ecological limits and social requirements to define a safe and just space for humanity and economic activity.

The planetary boundaries provide the outer limit of the doughnut, the environmental ceiling that must not be exceeded. The **Planetary Boundaries** are an established scientific concept for measuring the impact of human activity on nine key biophysical processes that regulate the stability and resilience of the Earth system.<sup>4</sup> Within the boundaries, humanity can continue to develop and thrive for generations to come, while crossing them increases the risk of large-scale abrupt or irreversible environmental change. The latest results show that we have already crossed six of the nine planetary boundaries.<sup>5</sup>

► Continued on p. 17

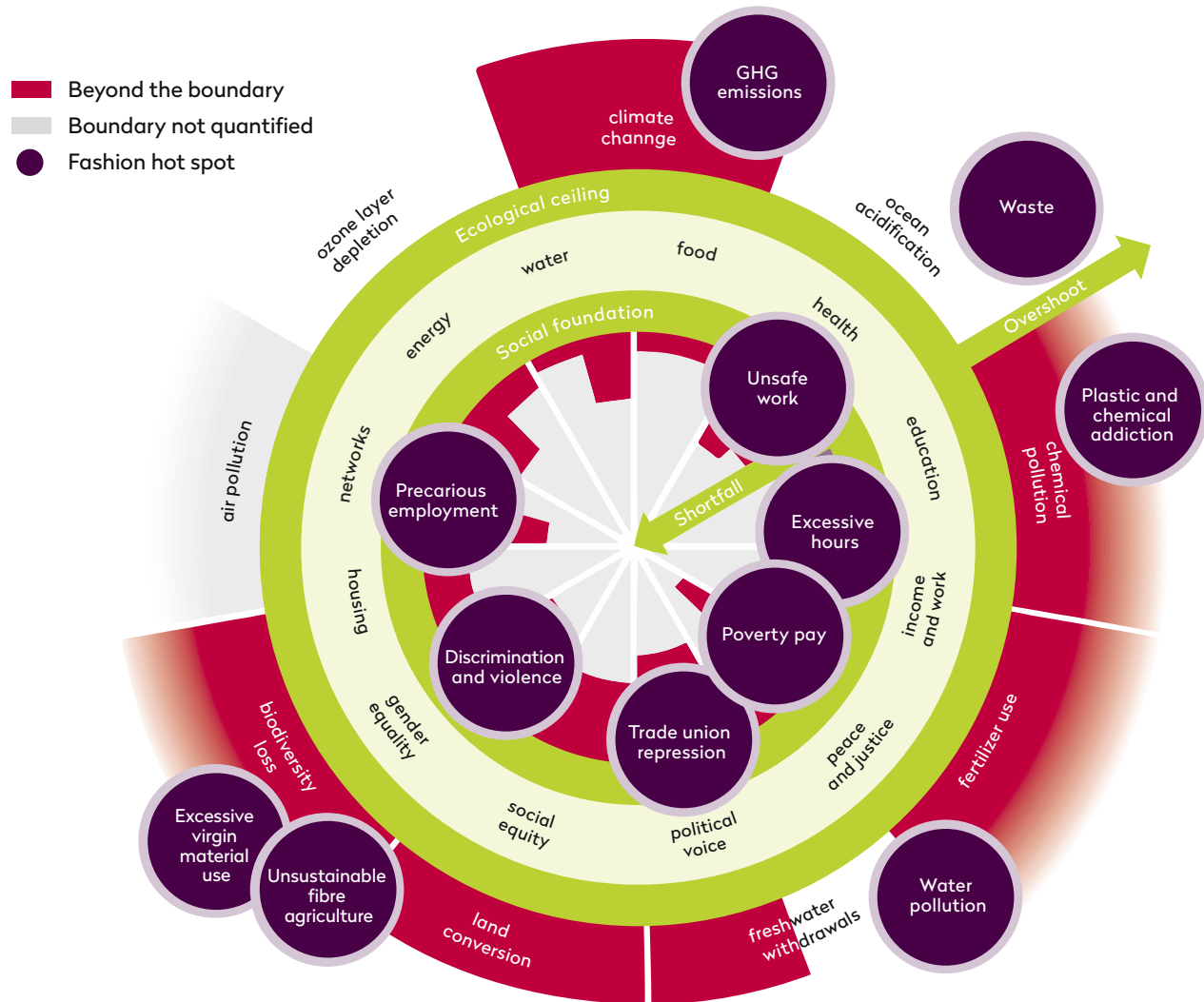


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The social priorities submitted by governments to the UN Rio+20 conference in 2012 in form of the **Sustainable Development Goals (SDGs)** describe the social foundation that should ensure that everyone's basic needs are met. They form the inner limit of the doughnut. Governments are clearly failing to live up to their promise to "leave no one behind".<sup>6</sup> At the halfway point to 2030, only 12% of the Sustainable Development Goal (SDGs) target are on track; nearly half are moderately or severely off track and around 30% have either seen no movement or regressed below the 2015 baseline.<sup>7</sup>

The doughnut has been adopted by political movements and policy makers as a tool for reorienting the economy and economic policy towards a holistic vision of well-being and sustainability.<sup>8</sup> It has also stimulated academic research into the possibility of keeping economic activities in the "safe space". Studies have found that no country currently reaches the required social conditions within biophysical limits. They conclude that "provisioning systems must be fundamentally restructured to enable basic needs to be met at a much lower level of resource use."<sup>9</sup>

FIGURE 6 - MAPPING FASHION'S HOT SPOTS IN THE "DOUGHNUT" MODEL



SOURCE "Doughnut" model adapted from Doughnut Economics Action Lab, doughnuteconomics.org.

FIGURE 1 – PRIORITY AREAS FOR TRANSFORMATION OF THE FASHION SYSTEM



Through the mapping we identified twelve **hot spots** of outstanding importance and of strategic relevance within the fashion system. They all have either a heightened impact on one or more planetary boundaries, or they are of increased structural relevance in terms of social foundations, or they integrate crucial social and environmental aspects at the same time. Although the twelve already cover a wide range of problems, they should be read as highlights and not as an exhaustive list. Figure 6 displays these hotspots within the doughnut model. A summary of the full mapping of fashion's main contributions to planetary-boundary overshoot and social foundation shortfall can be found in Table 3 on pp.19–20.

In developing a positive vision towards a just fashion system within planetary boundaries, we turn the hot spots around. On their positive side are the **priority areas for transformation** (see Figure 1 to the left). They go a step further and already indicate the direction of change needed for addressing the hot spots. They are interconnected, and advances in one area will likely reinforce progress in others. In the following chapter, we propose specific transformation targets for these priority areas.

**TABLE 3 – FASHION'S MAIN CONTRIBUTION TO PLANETARY-BOUNDARY OVERSHOOT AND SOCIAL FOUNDATION SHORTFALL**

This table displays a summary of the hot-spot mapping. It does not claim to be exhaustive. It uses the environmental and social categories of the planetary-boundary concept and the doughnut model as an analytical frame. Some of fashion's contributions appear multiple times when their impact and risks are associated to more than one planetary boundary or social foundation category.

PLANETARY BOUNDARY	FASHION'S CONTRIBUTION TO BOUNDARY OVERSHOOT
<b>Climate change, GHG emissions, energy imbalance at top of atmosphere</b>	<ul style="list-style-type: none"> <li>– Use of fossil-based energy resources in production processes, transport, retail, use phase (washing etc.)</li> <li>– Burning and rotting of clothing waste (post-use)</li> <li>– GHG emissions from livestock (for leather, wool, etc.)</li> <li>– GHG emissions from agriculture and forestry (for cotton and other fibres)</li> </ul>
<b>Biosphere integrity, loss of biodiversity</b>	<ul style="list-style-type: none"> <li>– Use of agrochemicals in intensive, monoculture agriculture and forestry (for cotton and other fibres)</li> <li>– Deforestation (for fibre agriculture, forestry, and livestock)</li> <li>– Plastics pollution, especially microplastics and waste</li> <li>– Chemical pollution, especially from wet processing and waste</li> </ul>
<b>Land conversion</b>	<ul style="list-style-type: none"> <li>– Deforestation and land-use change (for fibre agriculture, forestry, and livestock)</li> </ul>
<b>Biogeochemical flows with distorted phosphorus P and nitrogen N cycles</b>	<ul style="list-style-type: none"> <li>– Unsustainable use of fertilizers in fibre agriculture</li> </ul>
<b>Fresh water use, consumptive use of blue water</b>	<ul style="list-style-type: none"> <li>– Intensive irrigation for cotton and other fibre agriculture in water-stressed areas.</li> <li>– Pollution from dyeing and other wet processes</li> <li>– Pollution from end-of-life waste</li> </ul>
<b>Introduction of novel entities, chemical pollution</b>	<ul style="list-style-type: none"> <li>– Plastics pollution, especially microplastics (use, post-use)</li> <li>– Unsafe use of nanoparticles</li> <li>– Chemical pollution from production and use</li> <li>– Use of agrochemicals in intensive, monoculture agriculture and forestry (for cotton and other fibres)</li> <li>– Particle and chemical contamination through unsafe handling of clothing waste</li> </ul>
<b>Stratospheric ozone depletion Ozone layer depletion</b>	<ul style="list-style-type: none"> <li>– Ozone-depleting chemicals</li> </ul>
<b>Ocean acidification</b>	<ul style="list-style-type: none"> <li>– Indirect impact through GHG emissions</li> </ul>
<b>Atmospheric aerosol loading, air pollution</b>	<ul style="list-style-type: none"> <li>– Uncontrolled burning of clothing</li> <li>– Particle emission during use</li> <li>– Chemical emissions during production and use</li> </ul>

► Continued on p. 20

▶ Continued from p. 19

SOCIAL FOUNDATION	FASHION'S CONTRIBUTION TO FOUNDATION SHORTFALL
<b>Income and jobs (decent work)</b>	<ul style="list-style-type: none"> <li>– Precarious or informal employment relationships</li> <li>– Poverty wages</li> <li>– Low prices paid to producers (farmers), homeworkers, and other dependent service providers</li> <li>– Missing or one-sided contracts between factories and homeworkers and other sub-contractors</li> <li>– Excessive working hours</li> <li>– Forced labour</li> <li>– Child labour</li> </ul>
<b>Gender equality</b>	<ul style="list-style-type: none"> <li>– Discrimination in the workplace</li> <li>– Gender-based violence and harassment</li> <li>– Pay gaps (within the sector and compared to male-dominated manufacturing industries)</li> <li>– Excessive and unevenly distributed work time, insufficient employer support and flexibility for child-care and other care work, and in consequence time poverty and gender-specific deprivation</li> </ul>
<b>Political voice, peace and justice</b>	<ul style="list-style-type: none"> <li>– Repression of trade unions, other rightsholders, and civil human rights defenders</li> <li>– Lack of collective bargaining, co-decision mechanisms and other forms of economic democracy</li> </ul>
<b>Social equity (limits to inequality)</b>	<ul style="list-style-type: none"> <li>– Low wage levels</li> <li>– Excessive shareholder profits</li> <li>– Excessive interest rates on private credit</li> <li>– Excessive managerial remuneration</li> <li>– Unjust land ownership (cotton agriculture)</li> </ul>
<b>Water</b>	<ul style="list-style-type: none"> <li>– Drinking-water stress due to excessive irrigation</li> <li>– Chemical contamination of drinkable water resources</li> </ul>
<b>Food</b>	<ul style="list-style-type: none"> <li>– Reduced food production due to intensive fibre agriculture or livestock</li> </ul>
<b>Health</b>	<ul style="list-style-type: none"> <li>– Unsafe workplaces (i.e. lack of building and fire safety)</li> <li>– Gender-based violence</li> <li>– Insufficient maternity protection and benefits</li> <li>– Excessive working hours</li> <li>– Unsafe use of toxic and highly hazardous chemicals</li> <li>– Non-ergonomic workplaces (repetitive tasks, handling of heavy loads, etc.)</li> <li>– Poverty-related health effects such as poor nutrition, inadequate housing (due to low wages and income)</li> </ul>
<b>Social security</b>	<ul style="list-style-type: none"> <li>– Low social security contributions due to low wage levels and informal contracts, which limit the ability of governments to sustain high-quality social security systems</li> <li>– Lack of access to social protection due to informal and precarious employment</li> <li>– Lack of, or barriers to, social security systems for producers (farmers), homeworkers and other dependent service providers</li> </ul>
<b>Housing, energy, education, culture, transport (mobility), communication and other basic needs</b>	<ul style="list-style-type: none"> <li>– Failure to pay living wages, hence low incomes, leading to insufficient financial resources and access</li> <li>– Low tax payments by companies and high-income earners and, consequently, limited capacity of governments to sustain high-quality public services and provide basic income support.</li> </ul>

3

*Transformation  
targets  
for fashion*

## Transformation targets for fashion

We identified above twelve priority areas for change in the fashion system. The aim of this chapter is to discuss what specific changes are needed and to quantify these socio-ecological transformation and reduction aims. But how can we establish meaningful and measurable benchmarks for transformation?

For each area, we first outline an overall transformation **aim**. This takes the form of a long-term vision of what a fair fashion system – within planetary boundaries – should look like in each priority area. The proposed **targets**, on the other hand, are specific and time-bound milestones intended to enable the vision. They set benchmarks for the scale of change we envisage for 2030, the year to which the UN Sustainable Development Goals (SDGs) are linked. Unless otherwise stated, the baseline for relative change targets (such as “reduce X by 2030”) for material quantities is 2022, the latest year for which comprehensive estimates by Textile Exchange are available. For GHG reduction, the baseline is 2019, the most frequent reference year applied in industry strategies. **Notes** are pointing to concrete ideas for regulation and first steps businesses could take to work towards the targets.

Our **assumptions and rationale behind** each target are made transparent in each section. Scientific evidence and modelled future scenarios, the global human rights framework and the United Nations Sustainable Development Goals, together with data and guidance from governmental and non-governmental sources, form the empirical basis for the targets proposed in this section.

Several of the proposals are modestly aimed at realizing commonly agreed human rights or achieving widely recognized global goals. A living wage, for example, is not a radical aim, but a fundamental right. However, they are difficult to achieve by 2030, given the existing unequal economic, social and political power structures. It’s fashionable today to talk about bold change in industry, but many of those currently in power implicitly or explicitly resist, slow down, or capture and redefine transformation to protect vested interests. Economic transformation on the scale required here is rarely the result of a harmonious process of consensual decision-making by those

in power. Organizing, building counter-power for change and refusing to adhere to the implicit boundaries between “reasonable” and “unreasonable” demands can shift power structures and discourses – and therefore perceptions of how realistic such targets are. Transformation targets remain political targets, guided by future expectations and values.

The targets in this report refer to change needs of the **fashion system as a whole**, at global level. It’s certainly desirable to translate them into targets for specific geographies, or industry segments. But it’s not possible to do this by simply scaling them down 1:1. The circumstances and starting points differ and matter.

The targets presented here are neither exhaustive nor intended to be definitive. Transformation targets should be subject to debate, and **we explicitly invite readers to challenge the targets** presented here and to advance the debate by proposing alternative or new targets.

# 3.1 *Reduce virgin material use and overproduction*

**THE AIM** Fashion passes its **material peak**. The amount of virgin material input shrinks, especially from fossil, non-renewable resources. The focus of fashion's business models shifts from material output growth and stockpile production to increased use-value from less and better material. Fashion design endorses circularity as a key principle; from the choice of material, through timeless design, quality and durability, to easier reparability, recyclability and biodegradability.

## TRANSFORMATION TARGETS 2030

- ▶ The total quantity of virgin material input shrinks by 40% (a reduction of 60% in fossil-fuel based materials, and a reduction of 10% in virgin natural resources).
- ▶ The share of fibre-to-fibre recycling material in new garments is increased to at least 15%.

## BACKGROUND AND RATIONALE BEHIND THE PROPOSED TARGETS

Over the past 50 years, virgin fibre production has outpaced population growth substantially. The pressure to act becomes evident when looking at the trends: Textile Exchange estimates the total production volume of fibres<sup>11</sup> in 2021 at 113 million tons (already doubled since 2000) and projects an increase to 149 million tons up to 2030. And the authors point out the elephant in the room: “Without rethinking growth, the industry will not stay within the 1.5° pathway.”<sup>12</sup>

In the current ecological crisis, with 6 of 9 planetary boundaries exceeded, a business-as-usual growth scenario is not acceptable. There is no way around a drastic reduction in the total amount of virgin material used to produce fashion items. This applies to both natural and synthetic materials – a simple replacement of the most problematic virgin raw materials with better ones with a smaller environmental footprint is not sufficient.

The largest and fastest growing part of materials, **plastic fibres based on fossil oil should shrink by at least 60% by 2030**. Their current contribution to planetary boundary overshoot is huge, and comprehensive solutions especially with regards to stopping the uncontrolled (micro-) plastic contamination of our planet are not feasible (Section 3.11).

Polyester and other plastic fibres cannot simply be replaced by virgin materials from natural sources such as cotton, wool or cellulose, given the parallel needs to stop the extension of cultivation areas and to transform production on existing areas from intensive industrial agriculture (and forestry and livestock) to agroecological systems. Instead of an increase, it would be expedient to also factor in a **10% reduction in the volume of virgin materials from natural resources** (Section 3.9).

In consequence, **the total amount of virgin material (of fossil and natural origin) will contract by about 40%** (Figure 7). A part of this virgin material gap can be compensated through a higher uptake of recycled materials. But this is only sustainable if the fashion industry doesn't simply shift the problem to other industries, but aims for genuine circularity, using its own waste (from production and post-use) as the

## STEP FOR BUSINESSES



### STOP MARKETING FAST FASHION

Reversing marketing strategies is a crucial element of business model transformation towards sustainability. Instead of encouraging more and more impulsive purchases through short-lived fashion trends, discounts, promotions, low price strategies and dark patterns in e-commerce, companies can adjust their business models. This means an increased focus on the quality of products, and raising awareness of strategies to increase product longevity, promote repair, maintenance, re-fitting, re-sale and other services that support the circularity and lifetime of product life cycles.

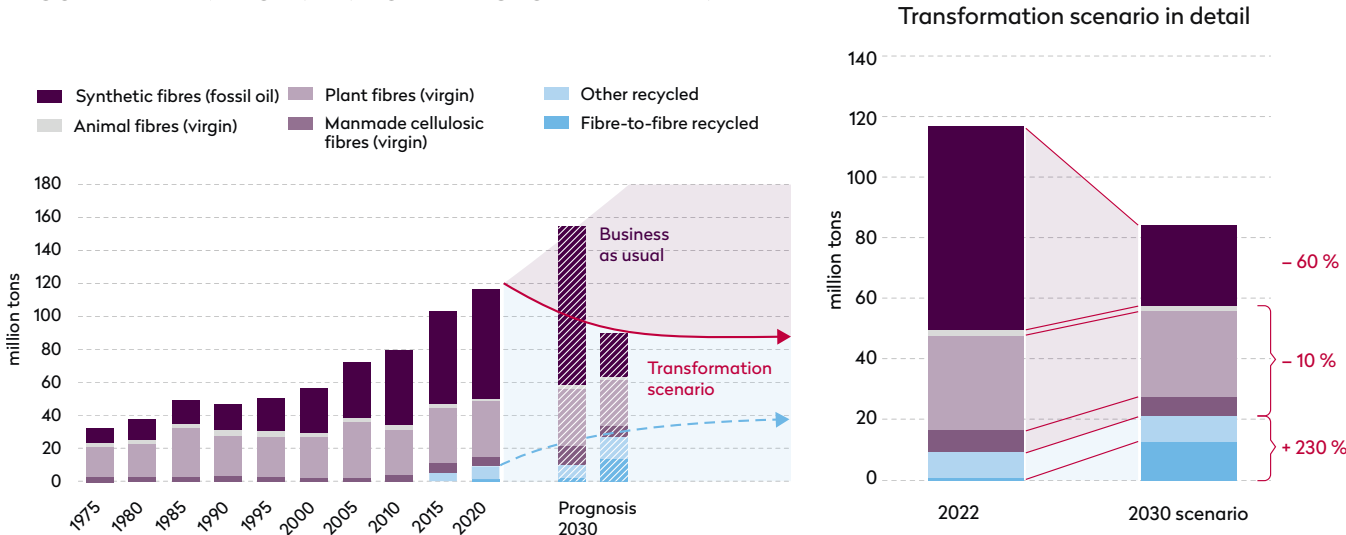
## IDEA FOR REGULATION



It's desirable but unlikely that companies will reverse fast fashion voluntarily, especially if competitors hold on to it. Legislation is crucial in reorienting marketing on a large scale. This could start by restricting fast-fashion ads in public spaces and areas under indirect public ownership, such as public transport systems. However, regulators can of course also define rules and standards for marketing in private commercial spaces, on social media etc. Bans on fossil-fuel intensive products already exist, and could be extended to include fossil-fuel based products such as polyester clothing. A group of European governments has recently put forward a proposal for a more general restriction of fast-fashion marketing.<sup>10</sup> Also, legislation against green- and social-washing will help to reduce the number of misleading marketing strategies.



FIGURE 7 – DEVELOPMENT OF THE GLOBAL FIBRE MARKET



SOURCE Data 1975–2020 and business-as-usual prognosis 2030: Textile Exchange Fibre Market Report 2023. Development of recycling share and 2030 transformation scenario: own projection.

main source for recycled material input. The current hype about polyester made from down-cycled PET bottles (about 14% of all polyester in 2022)<sup>13</sup> is a dead end, as it's basically just a pass-through step for the continued fossil-oil feedstock needed to produce the bottles.

True fibre-to-fibre recycling is still in its infancy, accounting for less than 1% of total fibre production.<sup>14</sup> More technical research and industrial scaling-up of existing techniques is needed, but at least the ball is rolling. Leading the way is wool, where Textile Exchange estimates that recycling has reached 7% of the market in 2022.<sup>15</sup> But at around 1 million tonnes, wool accounts for only a small fraction of fibres. The relatively high price of virgin wool fibre compared to other materials is clearly an incentive to invest in recycling.

Recycling is not a silver bullet (see Box 2). It's energy intensive, has its own environmental and health risks (e.g. associated with handling contaminated materials, dust, water use and process chemicals) and has technical quality limitations such as broken fibres, resulting in a less durable material. A completely closed material cycle without new virgin material is therefore an illusion, at least given the current state of technology. As an ambitious interim step, we propose a **transformation target to increase the share of materials from fibre-to-fibre recycling to at least 15% by 2030**. Together with other recycled materials from other sources, the share of recycled materials should increase to 25%.

Assuming a 60% reduction of virgin feedstock from fossil-fuel sources, a 10% reduction of virgin feedstock from natural sources, and a recycled feedstock increase to 25% of total volume, the **total volume of feedstock would shrink by 28%** in our 2030 fibre scenario (see Figure 6). Assuming a more radical phase-down of fossil-fuel base materials (-75%), a 20% reduction of feedstock from natural sources and a less optimistic target share for recycling (20% of total volume), the available material volume would shrink by 47%.<sup>16</sup>

Obviously, there is a high level of uncertainty in these scenarios. But what is clear is that the industry needs to cope with a substantially reduced material base, and in consequence produce **fewer items** per year.

**BOX 2 - CHALLENGES OF  
FIBRE-TO-FIBRE RECYCLING**

Bales of clothing pile up in the Texaid clothing collection sorting plant in Schattdorf, Switzerland.



Too-low prices for other virgin raw materials, especially due to the externalization of environmental and social costs, are stumbling blocks to a faster increase in textile-to-textile recycling. Fibre length and abrasion resistance are technical challenges, especially for mechanical recycling. Chemical recycling of cotton and other plant fibres holds potential for increasing the feedstock for man-made cellulosic fibres, but it's energy- and chemical-intensive and in consequence expensive. To ensure adequate quality, today recycled materials are blended with substantial amounts of virgin material. Some experts are optimistic that technical progress will reduce this share considerably in the coming years,<sup>17</sup> but achieving a complete closed loop is unrealistic, especially due to the low quality and contamination of fashion's waste.

Other factors that make recycling more difficult than necessary are fibre and material mixes in products, insufficient material declaration in garments, and high and non-transparent use of chemicals in source materials. This leads to contamination and health risks during the recycling process and in the products themselves.<sup>18</sup> Detailed sorting and checking are therefore crucial, but they have disadvantages: a large part of fashion waste, especially post-consumer, will fall through the cracks and might be recyclable only for non-textile industrial purposes, if at all. Digital product passports and eco-design rules as they are currently prepared in the EU will help mitigate, but not overcome, these challenges.

## 3.2 *Slow down fashion – reduce waste*

**THE AIM** Fashion becomes **slow, more circular** and timeless. The actual lifespan of garments is significantly extended, and at the end of their life most materials are recovered and recycled. The amount of fashion products sent to landfill and incineration is reduced to a minimum, and waste collection and processing takes place in controlled environments with the lowest possible environmental impact and safe and decent jobs.

### TRANSFORMATION TARGETS 2030

- ▶ The number of days in which clothes are in active use is doubled, on average.
- ▶ All textile waste and used clothes are collected separately, and at least 50% of used clothes are re-sold and re-used in proximity, not on other continents.
- ▶ The volume of non-recovered clothing waste (going to landfill or incineration) is halved.
- ▶ The recovery, handling and recycling of used clothing is considered an integral part of the fashion system. In consequence, the majority of sectorial and company policies include measures to guarantee decent labour conditions and environmental sustainability in the post-use and re-use phase.

## BACKGROUND AND RATIONALE BEHIND THE PROPOSED TARGETS

Fashion items are severely **under-utilized**, and the average lifespan of garments is shrinking. Comprehensive empirical data on clothing use is lacking, and the few existing estimates only give a rough insight into the problem. The Ellen MacArthur Foundation estimates that the global average number of times an item of clothing is worn before it's discarded fell by 36% between 2000 and 2015.<sup>20</sup> Wardrobe studies suggest that the average item of clothing is now only worn about 80 times.<sup>21</sup> But the range of actual use is very wide, varying *inter alia* by socio-economic status, geography and product, with many fast-fashion items kept only for one or two seasons and worn only for a handful of days, to high-quality items that are kept and used for more than a decade.

The shrinking lifespan and under-utilization of fashion items is the result of two main factors: a deterioration in qualities and technical durability, and an increasing tendency for users to discard items for reasons other than technical defects, such as changing styles, wanting something new, etc. Both result from the rise of fast and ultra-fast business models, fine-tuned to encourage more and more impulse buying through low-price, manipulative marketing tactics.<sup>22</sup>

The low-price imperative affects the quality of materials and processes, and the perception of the value of fashion items.<sup>23</sup> With the rise of fast and now ultra-fast fashion, clothing has become a disposable item for many. The average European, for example, now generates around 11 kg of **textile waste** per year.<sup>24</sup> Interestingly, contrary to popular belief, this phenomenon is not restricted to younger generations: data suggests that people aged 50–64 tend to wear items fewer times than people in their

### STEP FOR BUSINESSES



#### DESIGN FOR LONGEVITY

Fashion companies shall focus on selling fewer items, but of better qualities and longer-lasting. The Ellen MacArthur Foundation estimates that 80% of a product's environmental impact is influenced by decisions made at the design stage.<sup>19</sup> Elements of a longevity strategy are: more timeless designs, high material and manufacturing quality, easily accessible repair, re-fitting and care services, and abandoning the promotion of short "fashion seasons".

### IDEA FOR REGULATION



#### EXTENDED PRODUCER RESPONSIBILITY AND SEPARATE COLLECTION

Through extended producer responsibility (EPR) legislation, states can mandate companies placing fashion items on the market to set in place and pay for systems that collect, revalue, recycle, or, if this is technically not possible, responsibly dispose of products after the use phase. The provision of mandatory separate collection systems at the level of municipalities, the prohibition of destruction of products in good condition and the provision of affordable repair services can be elements of EPR legislation. In some countries, particularly in Europe, such measures are already being discussed or implemented.

20s. Furthermore, people with higher incomes also tend to wear items less often than those on lower incomes, and consumers who don't care about branding wear items more often than those who say brands are important to them.<sup>25</sup>

A study analysing defects in discarded garments in the UK found that the barriers to producing garments that last are not primarily technical: technical solutions exist to prevent common technical defects such as colour fading, pilling and fabric breakdown, but the extent to which they are properly and consistently applied varies widely across the industry.<sup>26</sup>

The very high variation in wear times of the same type of item between users, as well as the underused technical potential for designing and manufacturing high quality, long-lasting items, shows that a substantial increase of the effective product lifetime is possible. As a transformation target for 2030, we therefore propose to **double the average number of days in which clothes are in active use**. Using the above-mentioned wardrobe studies as a baseline, this would mean moving from 80 to 160 average use days.<sup>27</sup>

Extending the life of garments is one key to reducing the amount of garment waste. The way leftover and discarded clothing is handled is also important. Today, only about 15% of clothing and textile waste is collected separately.<sup>28</sup> Separate collection is easily achievable, and data show that in some countries more than half of used clothing is already taken to designated collection points. In Switzerland, for example, the amount of clothing and textiles collected separately (59,300 tonnes)<sup>29</sup> exceeded the respective amount in household waste (36,698 tonnes) in 2022.<sup>30</sup> Subjecting all clothing and textiles to **separate collection**, as planned in the EU from 2025, could further close the collection gap.

However, collection alone does not lead to sustainable re-use or recycling. Today, most used clothing from high-income countries is exported, mainly to South Asia, Africa and Latin America. This not only undermines local garment production in those countries. The quality of what arrives in bales of used clothing is often so poor that it constitutes waste, many items do not match local style and size demand, and a significant proportion is dumped unsafely and uncontrolled into the envi-

ronment.<sup>31</sup> This follows the neo-colonial pattern where most fashion waste is generated in high-income countries, while the negative environmental and health impact of unsafe dumping or burning of garments primarily affects deprived communities.

Stricter export controls and obligations on exporters to ensure safe re-use, treatment or take-back of unwanted clothing and textile waste may slightly reduce the negative impact and would contribute to more equitable international disposal, but they don't address the core of the problem. For a just transformation of the fashion system, the re-use of clothing should reduce the actual purchase of new clothes in the first place, and new and pre-worn clothes should be equally cherished, circulated and traded in integrated systems. To encourage local re-use circles at municipal, or at least national, level that stop or slow down the dumping of unwanted clothing elsewhere, we propose a **local re-use target of 50%**. This means that of all collected clothing that are deemed suitable for re-use, at least half should be traded in proximity, and especially not across continents.<sup>32</sup>

## IDEA FOR REGULATION



### FACILITATE MORE AND EASIER TEXTILE RECYCLING

To help increase fibre-to-fibre recycling, countries, alone or in international cooperation, can help by: supporting research and development in textile recycling; introducing minimum requirements for recycled content in new products; restricting exports of worn garments and textile waste; implementing stricter legal limits on persistent and toxic chemicals in textiles; and including the target of easy-to-recycle in eco-design and product labelling standards.

## 3.3 *Pay living wages*

**THE AIM** All workers across fashion's global value chains receive at least a living wage. A living wage is the basic wage earned in a regular working week (excluding special allowances, bonuses or overtime) that covers the basic needs of workers and their family and allows them to have discretionary income. Wage discrimination is eliminated, and the excessive wage inequality within companies and across value chains is reduced.

### TRANSFORMATION TARGETS 2030

- ▶ Wages of all workers increase to at least living wage levels (+200% on average, adjusted for inflation).
- ▶ Gender pay equality is achieved (raw pay gap reduced to <5%, adjusted pay gap to ~0%).

## BACKGROUND AND RATIONALE BEHIND THE PROPOSED TARGETS

The concepts of equal pay and a living wage are recognized as **fundamental human rights** (see Box 3). In practice, however, these rights are violated, and parts of industry treat them as merely aspirational goals for the distant future, denying them the priority they deserve. Furthermore, poverty wages are often discussed as an issue in manufacturing only, ignoring that all workers in the fashion system – including those engaged in raw materials, transport and logistics, retail, collecting and sorting used clothing – must receive a living wage.

Reducing global economic inequalities within and between countries is also a target agreed by all UN member states (Sustainable Development Goal 10), but progress towards this goal is completely off track and inequality is increasing. In this context, the proposed targets for 2030 are not ambitious in a visionary sense, but they are geared towards guaranteeing fundamental rights and agreed goals.

Currently, most workers earn only a fraction of what constitutes a living wage. The Clean Clothes Campaign estimates that they typically earn between one-fifth and one-half of a living wage based on the Asia Floor Wage Alliance's benchmarks.<sup>33</sup> The initiative "the industry we want" calculates that in 2023 workers in 28 key garment-producing countries earned only 49.5% of a living wage based on the Wage Indicator Foundation's benchmarks.<sup>34</sup> Indirect and informally employed workers are often even worse off, with incomes falling short of meeting a minimum wage and typically reaching only half to one-third of the wages of formally employed workers.<sup>35</sup>

A living wage is not only a right and a goal in itself. It's also an important enabler of other social rights, such as access to adequate food, health and education. It therefore has a crucial position in any strategy for a human-rights compliant fashion system. In particular, the lowest and most precarious wages need to grow faster: those of informal workers, short-time workers, home-based workers, migrant workers and women.

Female workers in major fashion-producing countries face significant **gender pay gaps**. In Asia, they earn 18.5% less than

### STEP FOR BUSINESSES



#### WAGE FORWARD: AN ENFORCEABLE AGREEMENT FOR LIVING WAGES

Despite formally outsourced production stages, larger fashion brands and retailers in particular retain structural control over production and pricing, and effectively act as ultimate employers. To ensure that workers making their products receive living wages, they shall negotiate legally binding agreements with trade unions.

The Wage Forward proposal outlines such an agreement: it foresees that brands and retailers pay an additional living wage contribution on every order. The contribution shall be based on the average gap between minimum wage and living wage in production countries and on the average labour share in the costing of a garment. The contribution shall be paid by the brand to the supplier, who will then distribute it to all its workers. Where an independent union exists, the supplier will negotiate directly with the union regarding the disbursement of the living wage contribution.

### STEP FOR BUSINESSES



#### LIVING WAGE PRICING

Businesses shall ring-fence living wages as a non-negotiable key precondition in their own operations and in purchasing practices, especially in pricing negotiations. Offers and orders for manufacturing or services that clearly do not allow the payment of living wages shall be renegotiated or refused.

### BOX 3 – ARTICLE 23, UNIVERSAL DECLARATION OF HUMAN RIGHTS (1948)

1. Everyone has the right to work, to free choice of employment, to just and favourable conditions of work and to protection against unemployment.
2. Everyone, without any discrimination, has the right to equal pay for equal work.
3. Everyone who works has the right to just and favourable remuneration ensuring for him-/herself and his/her family an existence worthy of human dignity, and supplemented, if necessary, by other means of social protection.
4. Everyone has the right to form and to join trade unions for the protection of his/her interests.

their male counterparts.<sup>36</sup> In the most extreme case in Pakistan, the pay gap was 41% in 2018, according to ILO research.<sup>37</sup> In addition, women are under-represented in senior positions, and even where they hold the same positions, they earn significantly less.

The lack of transparency in pay data and pay systems exacerbates inequalities and complicates struggles for remunerative justice. Binding and transparent pay systems should become the norm. The workplaces, and workers, trade unions and other workers' representatives must have access to real-pay data that would enable them both to challenge and remedy remuneration injustices and to fight and bargain collectively for better and fairer pay.

The proposed living wage and equal pay targets should not be seen as final goals, but rather as a basic minimum to overcome pay misery. They provide the **basis for collective bargaining** and other struggles for better pay and to reduce pay inequality, including tackling the extremely high incomes of managers and shareholders (Section 4.3.)

## IDEA FOR REGULATION



### STRENGTHEN THE RIGHT TO LIVING WAGES IN DUE DILIGENCE LEGISLATION

Laws and guidelines on corporate human rights due diligence shall explicitly underline the responsibility of businesses to assess risks of poverty wages in their own operations and value chain, and to undertake concrete measures to prevent, stop and remediate remuneration practices that violate the right to a living wage.

## IDEA FOR REGULATION



### MINIMUM WAGE SETTING

Legal minimum wage levels in all countries shall be set to ensure a basic but decent standard of living for workers and their families and shall be based on respective living-wage assessments. Where this is not deemed possible in one step, minimum wage setting mechanisms shall aim for an incremental progression to close the living wage gap in a manageable timeframe. The ILO's minimum wage fixing Convention C130 and its recent agreement on living wages shall provide guidance for this.

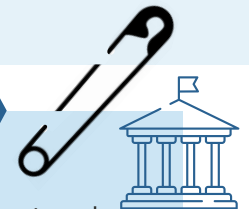
## STEP FOR BUSINESSES



### WAGE TRANSPARENCY

Companies' pay systems, ideally negotiated as part of a Collective Bargaining Agreement, shall provide for fairness and predictability of wages. Business should end pay secrecy and make existing pay systems, as well as their execution in practice, transparent by default; for example by publishing regular remuneration reports, including disaggregated data by gender and role. This would allow workers, trade unions and other relevant stakeholders to assess wage fairness and eventually identify and remediate unjustified or discriminatory pay differences.

## IDEA FOR REGULATION



Through transparency requirements and anti-discrimination laws, legislators can establish mandatory minimum requirements for pay transparency and help to shrink the information disadvantage of individual workers, job seekers and trade unions. Explicit prohibitions of wage secrecy clauses in work contracts can make it easier for workers to openly discuss and assess wages.



## 3.4 *Ensure decent working hours*

**THE AIM** A healthy and socially just work-care-life-rest balance: Gainful work shall not dominate life and should not be exhausting. People shall have enough time for care work, social and community activities (such as education or politics), for good nutrition and health, for engagement in maintenance and ecological conservation, for well-being, culture, leisure and rest.

### TRANSFORMATION TARGETS 2030

- ▶ Across the industry, regular working hours are effectively limited to 40 hours per week, prospectively less.
- ▶ Reliable, long-term and more stable production planning becomes the norm in fashion supply chains, and the average Better Buying Index rating for “Planning and Forecasting” rises to at least 4 of 5 stars.

## BACKGROUND AND RATIONALE BEHIND THE PROPOSED TARGETS

Long working hours are a direct consequence of low wage levels. It's therefore important to link these transformation targets to wage targets (Section 3.3) to ensure that workers earn a decent wage – at least a living wage – within regular working hours without overtime. This applies especially to workers in informal, sub-contracted or otherwise precarious employment; for example, homeworkers or migrant workers without regular labour status are particularly vulnerable to overlong work shifts to make ends meet. Here lies also the highest risk of work tasks passed on to children or other dependents to secure a bare-minimum household income.

Overtime, extra shifts and short-term hires, and on the other hand phases of reduced hours (and pay) and dismissals are also resulting from unreliable, unstable and ever shorter production planning and **lead times** in the industry. The Better Buying Index provides an anonymized instrument through

which manufacturers can rate the fairness of purchasing practices of buyers.<sup>38</sup> The coverage is not comprehensive, but with 33 buyers and more than 1200 ratings it still provides a meaningful indicator. It reveals major shortfalls in most aspects of purchasing, but planning and forecasting (less than 2 out of 5 stars) together with sourcing and order placement (less than 1 of 5 stars) are the most alarming issues for suppliers. Sharing annual projections, forecasting and reserve capacity well in advance, reducing variation of orders, and taking responsibility for filling reserved capacity are among the recommendations put forward by Better Buying.<sup>39</sup>

The target of limiting the regular working week to **no more than 40 hours** is not new. The Labour Movement has been fighting for it for more than a century, and the ILO's Forty Hour Week Convention (C47) dates back to 1935. Its objective has since been incorporated in several international standards. The 1962 ILO Recommendation (R116) on the reduction of working hours states that "Normal hours of work should be progressively reduced, when appropriate, (...) without any reduction in the wages of the workers (...)"

However, this normative guidance is widely ignored. In most key countries where the fashion industry operates, even the legal limits remain excessive, often at 48 regular hours plus 12 hours overtime per week. In addition, most voluntary codes of conduct reinforce the perception of a 48-hour week (60 hours with overtime) as normal. In practice, even these limits are often breached, and it's not uncommon to work more than 12 hours a day, even on public holidays.

A study by the International Labour Organization (ILO) and the World Health Organization (WHO) estimates that 479 million people worldwide worked 55 hours or more per week in 2016. According to the study, excessive working hours led to 745,000 deaths from stroke and ischaemic heart disease in 2016.<sup>40</sup> A review of the scientific literature shows that reducing working hours while maintaining pay improves well-being, health and sleep, and reduces stress.<sup>41</sup> The risk of accident also increases significantly with overtime; a large sample study for the US found that working at least 12 hours a day was associated with a 37% increased risk rate.<sup>42</sup>

### STEP FOR BUSINESSES



#### ADJUST WORKING-HOUR STANDARDS

Instead of accepting excessive workweeks of 48 or more hours as normal, companies should adjust their work-week standards to a normal 40-hour work-week or less in their own operations and in their expectations of supply chain sourcing partners. Production planning, code of conduct and especially wages and pricing need to be amended accordingly, to send a clear signal that the increased cost will result in higher purchasing prices, not lower wages.

But the case for reducing working hours goes far beyond health and safety. Societal benefits such as greater gender equality and work-life balance, economic benefits such as reduced unemployment and increased productivity, more sustainable consumption patterns, enhanced creativity and self-fulfilment are among the other potential benefits.<sup>43</sup> Reduced working hours also increase the value of work and consequently of products and therefore need to be reflected in pricing. However, not all potential positive effects will automatically materialize. For example, in order to achieve greater gender justice, the current huge gender inequalities in reproductive and caring workloads need to be addressed.

Once a general global maximum has been set, **further reductions are desirable** for improved health, personal and so-

cial wellbeing and resilience. In some countries, labour movements are already fighting for 35-hour, 30-hour or 4-day weeks. Beyond just working time, more optional working time flexibility over a working life, to take account of care and other social responsibilities, is another goal.

Digitalization, automation or heightened workplace wellbeing can increase productivity and fulfil economic potential for reducing working hours, while maintaining employment and output stable. However, in today's fashion system it's mostly used to increase production, lower prices or to lay-off redundant parts of the workforce. Regulations strengthening trade unions and limiting pricing pressure and undue competition are needed to share the benefits from increased productivity more equally.

Long working days in a garment factory in Guangzhou, China



© Panos Pictures

#### IDEA FOR REGULATION



#### RATIFY AND IMPLEMENT THE ILO FORTY HOUR WEEK CONVENTION (C47)

ILO countries that have not yet ratified ILO Convention 47 should initiate national ratification and implementation processes. This is also important in countries where the regular working week is already 40 hours or less, as it strengthens the normative framework, provides a stronger basis for international initiatives on decent working hours and prevents backsliding. These processes should not be confined to a 40-hour limit, but should include broader discussions among social partners, in parliaments and in society on how a further progressive reduction of working hours is possible, in line with the ILO Recommendation on Reduction of Working Hours (R116).

## 3.5 *Protect trade union rights*

**THE AIM** All workers are able to exercise their human and labour rights to **freedom of association** and **collective bargaining** freely and without fear. Freely elected, representative, independent and democratic trade unions are present throughout the industry and are respected social partners by employers and governments.

### TRANSFORMATION TARGETS 2030

- ▶ Freedom of association is no longer systematically violated, and all major garment-producing countries move to a score of 3 or better on the ITUC Global Rights Index.
- ▶ Collective bargaining is the norm, and at least half of workers in the fashion value chain are covered by CBAs negotiated by independent trade unions.
- ▶ The trade union rights of women, migrants, homeworkers and other groups of often discriminated workers are respected, and they are represented more equally in trade unions and their leadership.

## STEPS FOR BUSINESSES



### NEGOTIATE CBAS WITH INDEPENDENT TRADE UNIONS

Companies shall actively promote freedom of association; for example, by communicating non-interference and non-retaliation commitments to the workforce. They shall negotiate legally binding agreements with trade unions on decent wages and other working conditions and on measures for preventing and remedying rights violations. Such agreements should cover their direct employees, as well as workers in their supply chains.

## STEPS FOR BUSINESSES



### PRIORITIZE UNIONIZED WORKPLACES AND COUNTRIES WHICH RESPECT FREEDOM OF ASSOCIATION

Companies shall promote freedom of association by prioritizing, in their sourcing strategies, countries and suppliers where workers are free to form or join trade unions and bargain collectively.<sup>44</sup> Workplace committees can play a complementary role, but companies should not recognize such structures as the equivalent of trade unions. Especially where freedom of association is systematically violated, companies should insist on the right of workers to join or form unions of their own choosing.

## BACKGROUND AND RATIONALE BEHIND THE PROPOSED TARGETS

The proposed targets are not visionary, but aim to guarantee fundamental rights. In the context of industrial transformation, the structured involvement and participation of workers' representatives in decision-making is crucial to achieving good results. For a **just transition**, workers should not be seen as the objects of transformation, but as subjects who co-determine the change.

**Freedom of association** is a fundamental human right. It was proclaimed by the United Nations in the Universal Declaration of Human Rights. It is also one of the eight Fundamental Principles and Rights at Work of the International Labour Organisation (ILO). Freedom of association is also an important enabling right. It is essential for collective bargaining, for decent working conditions and living wages, and against discrimination and gender-based violence at work. **Collective bargaining**, with results secured in enforceable collective agreements, is a strong indicator of good industrial relations. The ILO also underlines the crucial role of collective bargaining for an inclusive, sustainable and resilient recovery and for the achievement of the Sustainable Development Goals.<sup>45</sup> Research in six countries covered by the Better Work Programme shows that unionized factories with a collective bargaining agreement (CBA) have better compliance rates with labour standards such as correct wage and overtime pay and paid leave.<sup>46</sup> For a just transformation of the industry, CBAs should not remain rare exceptions,<sup>47</sup> but rather the norm.

Violations of freedom of association and collective bargaining are widespread in most major garment-producing countries. Eight of the ten largest do not even guarantee basic rights, scoring the lowest (5) on the ITUC's Global Rights Index: Bangladesh, Brazil, Cambodia, China, India, Indonesia, Pakistan, and Turkey.<sup>48</sup> The proposed transformative target is aimed at securing improvements of freedom of association for existing workers, not at moving production to other countries.

Freedom of association has deteriorated in recent years: workers and union representatives from Bangladesh, Cambo-

dia, India, Indonesia and Sri Lanka interviewed for a survey reported a deterioration in freedom of association and collective bargaining since the COVID-19 pandemic.<sup>49</sup> However, it's precisely in times of crisis that established industrial relations at the workplace level are crucial. The ILO notes that collective bargaining, where it existed, played a role in mitigating the impact of the COVID-19 crisis on employment and incomes.<sup>50</sup>

Especially for women, migrants, and other groups of discriminated workers – as well as workers in precarious or informal employment – freedom of association is a crucial right in **fighting discrimination and exclusion**. Their views, voices and formal representation therefore deserve special attention within trade unions and in industrial relations.

The presence of trade unions in factories and women's representation in union leadership are also critical in preventing and addressing gender-based violence and harassment.<sup>51</sup>

## IDEA FOR REGULATION



### FULLY RESPECT FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING RIGHTS

All governments should recognize and value trade unions as essential social partners and engage in direct dialogue and negotiations with them. They should ratify and ensure the full implementation of ILO Conventions C87 on Freedom of Association and Protection of the Right to Organise and C98 on the Right to Organize and Collective Bargaining. At the international level, they should establish and promote respect for fundamental rights at work as a basis for economic cooperation in trade relations and other agreements with other countries.

## 3.6 *Guarantee safe and healthy workplaces*

**THE AIM** Every worker in the global fashion system has a **safe and healthy workplace**. Well-being is a priority in production planning and workplace design and the ILO code of practice on safety and health in textiles, clothing, leather and footwear<sup>52</sup> is fully implemented.

### TRANSFORMATION TARGETS 2030

- ▶ Health and safety units, monitored and supported by occupational safety and health (OSH) committees, operate effectively in all workplaces throughout the fashion system.
- ▶ In all major fashion-producing countries, workers are protected by effective industrial safety programs (including *inter alia* fire, electricity, buildings, pressure vessels) that meet or exceed the standards of the International Accord.
- ▶ All workers are effectively protected from heat, cold, flooding and other climatic hazards in their workplaces and from loss of income in the event of climate-related shutdowns and restrictions.

## STEP FOR BUSINESSES

## THE INTERNATIONAL ACCORD



y joining the International Accord for Health and Safety in the Garment and Textile Industry (International Accord), fashion companies are supporting an effective and independent program to ensure the health and safety of workers in parts of their supply chain. The Accord does not rely on existing third-party certificates but conducts its own systematic industrial safety inspections and delivers training for OSH committees and workers. It is a legally binding agreement between apparel brands and trade unions, which means that workers are not dependent on the goodwill of their employers, but they and their unions have the means to hold them accountable and secure their right to a safe and healthy workplace. The more companies that join, the stronger the program and its reach. Currently, Accord country specific safety programs exist in Bangladesh and Pakistan, and must be expanded to other garment-producing countries where public inspections are insufficient.

## BACKGROUND AND RATIONALE BEHIND THE PROPOSED TARGETS

Many workers along the fashion value chain do not feel safe at work. People working in cotton growing, tanneries, textile and garment factories, logistics, and in recycling and processing of used clothing are exposed to a wide range of **risk factors**. Key identified hazards for clothing manufacturing workers identified by ILO include, but are not limited to: fire risk from unsafe electrical systems and exposure to flammable materials; risks from hazardous chemicals; ergonomic risks from repetitive movements; mechanical risks from unprotected machinery use; physical risks from high temperatures and noise; risks of falls; and psychosocial risks from tight deadlines and heavy workloads.<sup>53</sup> For agricultural workers, the ILO highlights *inter alia*: chemical hazards from pesticides; physical hazards from high temperatures and sunlight; potential for falls; noise; ergonomic hazards from carrying heavy loads and repetitive movements; equipment-related risks; biological hazards; road safety hazards; and psychosocial risks from long hours and stressful work.<sup>54</sup> All the hazards mentioned here are salient and must be addressed. Even though in some areas – such as fire, boilers, chemicals or flooding – the number of deaths and injured in a single event can be particularly high, it's not an option to de-prioritize others.

As one of the deadliest disasters in industrial history, the **Rana Plaza building collapse** that occurred in Bangladesh in April 2013 became a symbol of the lack of respect and priority for the health and lives of workers in the fashion system. But Rana Plaza was not an isolated incident. A Clean Clothes Campaign tally shows 117 industrial accidents between 2021 and 2023 alone, killing 245 workers and injuring over 800.<sup>55</sup> And this could be just the tip of the iceberg, as the survey only includes accidents reported in media articles.

While accidents always result from specific events and hazards, it's important to approach organizational health and safety (OHS) not only as a technical challenge, focusing on the most imminent risks, but also in a holistic way, understanding the links between hazards, workers' health and wellbeing, and

the broader economic and social context.<sup>56</sup> Such a holistic perspective is also at the heart of Vision Zero, an initiative developed by the International Social Security Association, a United Nations agency that brings together national social security organizations from 160 countries. The vision not only highlights the interdependence between safety at work, physical health and wellbeing. It also emphasizes the importance of understanding how these objectives depend on respect for fundamental rights at work, on living wages and decent working hours, and how violations of these rights directly affect workers' safety, health and wellbeing.<sup>57</sup>

Studies further underline the importance of a gender-sensitive approach to OHS: in addition to general precarious working conditions and high production targets, patriarchal hierarchies and the added burden of unpaid care work after long working hours lead to additional stress and fatigue for women workers, and in consequence to increased safety, health and wellbeing risks. Intersectional discrimination can further compound these risks.<sup>58</sup>

Consequently, achieving the transformational targets outlined for the other priority areas in this report will be critical to achieving safe and healthy workplaces for all. The three targets in this section are proposed because of their strategic importance, not because they are already exhaustive in achieving this aim. Effective **workplace health and safety committees** are critical in monitoring the work of the OSH units and participating in identifying potential hazards and developing mitigation and prevention plans. They can promote a safety-first mindset that emphasizes safety as a priority at all levels, receive and forward grievances from workers, and provide a formal platform for open social dialogue through which workers and management work together to address safety, health and wellbeing issues.

Gender- and inequality-responsive OHS practices can also prevent and reduce violence, harassment and discrimination, and support women workers' reproductive health. But the mere existence of institutions or protocols is not enough. A clear mandate with a broad scope, a genuine commitment of senior management, training, resources and access to informa-

tion, an appropriate committee composition involving trade unions and ensuring adequate representation of the diverse workforce and a strong legislative framework empowering the work of the committees is crucial for their effectiveness.<sup>59</sup>

Robust **industrial safety programs** are essential in protecting all workers in fashion's global value chains and in ensuring their physical safety and health. Governments have a responsibility to set standards and enforce them effectively. But when governments and their agencies fail to live up to this responsibility, workers must still be protected. The Bangladesh

Accord, put in place in the aftermath of the Rana Plaza tragedy, and its successor, the International Accord on Safety and Health in the Garment and Textile Industry, show that workers can be effectively protected through independent and enforceable agreements between companies and trade unions.

The worsening climate crisis is leading to increased climate and extreme weather-related hazards. Periods of extreme heat or cold, heavy rains and winds, floods and wildfires are among the climate-related hazards and disasters to which the fashion system and its workforce are increasingly exposed. Safety should always have priority, but in a value chain with tight margins and power imbalances, there are obvious conflicts of interest between safety and protection on the one hand, and production goals and income needs on the other. It is therefore important to set binding standards, through legislation and enforceable collective agreements, that effectively protect workers from climate hazards while preventing income loss and safeguarding workers' livelihoods in the event of climate-related disruptions (Box 4).

#### BOX 4 - HEAT SAFETY NOW!

No worker should be forced to choose between his or her livelihood and health, safety and ultimately life when it's too hot to work. The campaign for safe workplaces by the Institute for Occupational Health and Safety in the Philippines provides an example for how workers should be protected during heat waves.

It calls for heat safety regulations and strict enforcement mechanisms to protect workers' health and safety. The campaign calls further for, among other things, paid heat breaks and adjusted work schedules, shaded rest areas and free access to water, ventilation and temperature-appropriate protective equipment, education and advocacy campaigns, medical check-ups for workers, thorough compliance inspections, and worker consultation.

Source: IOHSAD<sup>60</sup>



#### IDEA FOR REGULATION



#### IMPLEMENT THE FUNDAMENTAL RIGHT TO A SAFE AND HEALTHY WORKING ENVIRONMENT

All countries should ratify and fully respect the ILO conventions 155 and 187 on Occupational Health and Safety and adapt their legislation accordingly, in line with ILO Recommendation 164. Through awareness-raising and regular inspections by qualified experts, acting independently of employers, governments should ensure that standards are not just on paper but are thoroughly implemented. International cooperation programs to reinforce public inspection schemes should be strengthened.



## 3.7 *Provide secure employment relationships and social protection*

**THE AIM** Jobs in the global fashion system are **free from precarious and exploitative conditions** and offer workers security, dignity and empowerment through their work. All workers, irrespective of employment status, citizenship or workplace setting, enjoy the full range of labour rights and comprehensive **social protection** that covers healthcare, sickness, injury and disability, unemployment and pension, maternity and family support.

### TRANSFORMATION TARGETS 2030

- ▶ All workers have formal and fair employment and contractual relationships that guarantee workers' rights, predictability and security against arbitrary or repressive dismissal.
- ▶ Public social protection schemes are improved globally, and at least 75% of workers in the global fashion system enjoy social protection in line with ILO minimum standards (ILO C102).

## BACKGROUND AND RATIONALE BEHIND THE PROPOSED TARGETS

Workers' rights are universal, but the ability to enforce them varies greatly between groups of workers. Workers who are formally employed on a permanent basis have written contracts, and who are duly enrolled in social protection systems, have far better chances of enforcing their rights and bargaining for their concerns than workers in informal or otherwise precarious conditions.

The ILO defines an **informal economy** as concerning “economic activities by workers and economic units that are – in law or in practice – not covered or insufficiently covered by formal arrangements”.<sup>62</sup> Its statistics unit estimates that around two billion people, or 61% of the global workforce, are employed informally, and that the large majority lack social protection and decent working conditions.<sup>63</sup> With more than 90%, agriculture is the sector with the highest level of informal employment. More detailed global estimates for cotton and other fashion-linked agriculture, or for garment manufacturing and other activities along fashion's value chain, are lacking. A recent global garment headcount estimates that at least 72 million people are involved in textile, garment and footwear manufacturing, but the authors found it practically impossible to estimate home-based, informal or migrant workers, and believe the actual number of workers might be substantially higher.<sup>64</sup>

**Precarious employment** is widespread throughout the fashion system. Cotton cultivation, and especially harvesting, relies heavily on day labourers. Domestic and international migrant workers, both with and without formal/legal work permits, are the backbone of labour in many manufacturing clusters,<sup>65</sup> but also in logistics. Homeworkers, and workers employed indirectly through labour contractors, make up a significant portion of outsourced manufacturing, packaging, embroidery, and repair work. They are usually not recognized as formal employees. In fact, they often work in very dependent contractual and employment relationships as an unprotected reserve of flexibility.<sup>66</sup> Zero-hours, part-time and

short-term contracts that offer little planning security but require flexibility are common in fashion retail and warehousing, especially at peak times.<sup>67</sup> High flexibility without security is also common in design, modelling and other marketing roles.

While all of these precarious situations present very different problems and rights violations, what they have in common is that when the fashion machine sputters, this part of the workforce is the first to lose jobs and income, or to feel the pressure to work harder. The COVID-19 pandemic is just the latest example: homeworkers and other informal production workers were the first to lose jobs and wages in response to shrinking fashion demand. This, combined with the complete lack of social protection, put workers and their families in extreme distress. At the same time, workers on flexible contracts in the logistics centres of online retailers were asked to work extra shifts despite the increased risk of infection.

The first transformational target we propose is linked to ILO recommendation R204 on Transition from the Informal to the Formal Economy, R198 on Employment Relationships, and SDG 3, amongst others. The establishment of formal, lawful and predictable **employment relationships** and other contractual relations should be a matter of course; it serves as a basis for securing other workers' rights. Shifting informal and precarious settings to formal and secure relationships across the value chain would be technically feasible within a short timeframe. But economically, abandoning the excessive flexibility and low-price labour expectations will only work when it goes hand-in-hand with improved purchasing practices with more balanced risk-sharing, and with respective value distribution (Section 4.3).

Closely linked to formal employment is **access to social security systems**. As early as 1952, ILO Convention C102 defined minimum standards of social protection aimed at safeguarding the health and income of workers and their dependants against the risks they face throughout their lives, such as sickness, old age, unemployment, disability, maternity and others. However, more than 70 years after the adoption of this Convention, 3.8 billion people are still completely unpro-

### STEP FOR BUSINESSES



#### PAY YOUR WORKERS: A WAGE AND SEVERANCE GUARANTEE FUND

To ensure the right of all workers in their value chains to correct wage payments and severance in the event of temporary or permanent workshop closure, companies can join a severance guarantee fund that secures pay in case of employer default or wage theft. A proposal to negotiate such an agreement was put forward by a group of trade unions from different countries in response to the lack of protection for garment workers during the COVID-19 pandemic.<sup>61</sup>



Workers protest in Indonesia during the Pay Your Workers global week of action in November 2020.

## IDEA FOR REGULATION



### A SOCIAL PROTECTION FLOOR FOR ALL

Governments and legislators should establish social protection systems that meet at least the basic standards of protection set out in ILO Convention 102. Such social protection systems must cover all workers and their dependants, regardless of gender, nationality or employment status. More vulnerable groups, such as migrants or refugees, homeworkers, contract or daily workers, should have equal access to social protection systems. Workers should have easy access to information on their social protection rights and contributions, and labor inspectorates should thoroughly monitor the correct registration and payment of contributions by employers.

ected and most others are partially unprotected. According to the ILO,<sup>68</sup> only 33.8% of the working population has access to comprehensive benefits for maternity, sickness, unemployment, disability, accidents at work, survivors and old age. Women are particularly unprotected (28.2% compared to 39.3% of men). Unsurprisingly, migrant workers, temporary and part-time workers, digital platform workers and the formally self-employed (such as most home-based workers) are also less likely to be covered by social protection.

In its latest World Social Protection Flagship Report, the ILO emphasizes the importance of strengthening social protection systems for climate-change adaptation and mitigation, and for a successful just transition, and warns that the costs of inaction are enormous: “Without investment in universal protection systems, the climate crisis will exacerbate existing vulnerabilities, poverty and inequalities, when the opposite is needed. Moreover, for ambitious mitigation and environmental policies to be feasible, social protection will be needed to garner public support”.<sup>69</sup>

The proposed transformational target of covering at least 75 % of workers by 2030 should be seen as an intermediate step towards the goal of providing **universal social protection for all**. It recognizes the principle that the establishment and operation of social protection systems is primarily a state responsibility, and the fact that building systems, especially effective financing systems, is particularly challenging in countries with large informal economies and at the lower end of the global economic value chain. Many of the fashion industry’s production hotspots are located in emerging middle-income countries, where closing the social protection gap would be possible and financially feasible if it were a higher political priority. In low-income countries, however, the financial gaps to achieve universal coverage of social protection floors are so large that, according to a recent ILO estimate, it would require a staggering 52.3 % of their GDP.<sup>70</sup> International solidarity is therefore essential in achieving social protection for all.

## 3.8 *End discrimination, gender-based violence and harassment*

**THE AIM** All workers enjoy **equal rights** and general freedom from discrimination, violence and harassment. All fashion workplaces are **safe spaces** that do not tolerate discrimination. They have preventive policies, training, grievance systems and other mechanisms in place. Workers receive equal pay for equal work, and genders are evenly represented in company and union leadership positions.

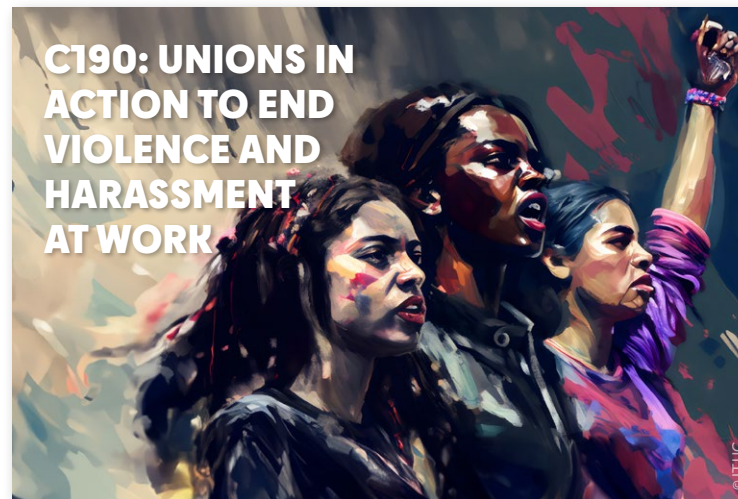
### TRANSFORMATION TARGETS 2030

- ▶ All workplaces in the fashion system implement inclusive and gender-responsive policies and protection committees to prevent and eliminate discrimination, violence and harassment.
- ▶ All workers have access to a confidential complaint and grievance mechanism against discrimination and violence in the workplace.

### BOX 5 - THE CAMPAIGN TO END VIOLENCE AND HARASSMENT AT WORK

Dignity and safety, including freedom from all forms of violence and harassment, are fundamental human rights and a core element of decent work. In June 2019, following a decade-long struggle of trade unions and other workers' rights groups, ILO Members adopted the first international treaty on violence and harassment at work – **Convention 190 (C190)** and its accompanying Recommendation (R206). Together, they promote gender justice and empower women by calling for the implementation of an inclusive, integrated and gender-responsive approach to the prevention and elimination of violence and harassment.

The convention is an important milestone, but the challenge now is to translate the principles of the convention into reality. Global trade-union federations such as the ITUC, together with countless local trade unions, feminist and workers' rights groups, are campaigning at various levels for the meaningful implementation of the Convention. This is happening at the legislative level, through lobbying to strengthen and



enforce anti-harassment policies in national legislation, but also at the workplace level, through confrontation, negotiation or cooperation with employers. The **Dindigul Agreement**, a collective bargaining agreement against GBVH in an Indian garment factory, is a concrete example of how this struggle can change the nature of everyday working life (see step for businesses on p. 46).

## BACKGROUND AND RATIONALE BEHIND THE PROPOSED TARGETS

Despite equal rights and universal freedom from discrimination, violence and harassment are fundamental human rights,<sup>71</sup> women around the world experience gender-based violence and harassment (GBVH) frequently and on a large scale. While women are the main group targeted, other groups experience discrimination and harassment at work, whether based on their nationality or ethnicity, their gender or sexual orientation, their age, or other factors. A recent study by the ILO and others found that 23% or 743 million workers had experienced at least one form of violence and harassment at work.<sup>72</sup> **Gender-based violence is a frequent and often systemic problem**, particularly in the female-dominated and low-wage garment and textile industries. The vast majority of female garment workers experience harassment, verbal or physical abuse, and pregnancy and maternity discrimination in the workplace.<sup>73</sup>

Structural gender inequalities are deeply embedded in a societal culture of stigma, victim-blaming, gender stereotypes, devaluation of women and other discriminated groups and their work, unequal gender power relations, and systematic impunity. A lack of effective systems for reporting violence and harassment, as well as a culture of silence, victim blaming and impunity, contribute to low levels of complaints. In addition, many workers believe that sexual harassment is synonymous with rape and are unaware that GBVH can take many forms, including economic exploitation, work pressure and shouting. Zero tolerance policies, confidential and trustworthy **complaint systems** and union representatives who can report an incident anonymously on behalf of a worker, as well as awareness raising, training, effective enforcement and monitoring mechanisms with sanctions, are necessary mechanisms to reduce the number of workers who experience discrimination, violence and harassment at work.

In addition, there is growing evidence that climate change will increase the risk of exposure to violence and harassment, particularly GBVH, when climate-induced declines in productivity clash with maintained production expectations.<sup>74</sup> Heat

stress and extreme weather events will have a knock-on effect on productivity and intensity, while increased productivity and intensity in the workplace have been shown to lead to increased GBVH.<sup>75</sup> Therefore, climate resilience programs should not only reduce heat stress through air conditioning, but also reduce the intensity of the workplace and the pressure on suppliers through purchasing practices with longer lead times and less tight production targets.

Discrimination in the workplace does not occur in isolation, but is linked to and an expression of broader economic

and social inequalities that need to be overcome. Job insecurity due to short-term contracts, poor working conditions, lack of living wages and social protection, and violations of the right to organize and bargain collectively, are socio-economic risk factors for GBVH and other forms of discrimination and violence.<sup>76</sup> In order to achieve safe and non-discriminatory workplaces, it is therefore crucial to also achieve transformative targets in other priority areas, such as living wages, decent working hours or occupational health and safety.

### STEP FOR BUSINESSES



#### COLLECTIVE BARGAINING AGREEMENTS AGAINST GENDER-BASED VIOLENCE AND HARASSMENT (GBVH)

The Dindigul Agreement is an example of a new standard for enforceable workplace-level agreements to prevent and mitigate GBVH in the garment industry. It was signed in April 2022 by the Indian women and Dalit-led trade union TTCU and the clothing and textile manufacturer Eastman Exports, as well as the international fashion brands H&M, Gap and PVH, and the workers' rights groups AFWA (Asia Floor Wage Alliance) and GLJ-ILRF. The agreement is legally binding, and aims to end gender- and caste-based violence and harassment, protect freedom of association, and improve worker safety and wellbeing.<sup>77</sup>

By joining the agreement or negotiating parallel agreements, fashion companies can use their business relationships to establish equivalent worker- and union-led programs against GBVH in other workplaces in their own operations and value chain.

### IDEA FOR REGULATION



#### RATIFY AND RESPECT ILO C 190

All countries shall ratify and implement the ILO Violence and Harassment Convention C 190 and its accompanying Recommendation R 206.

## 3.9 *Foster an agro-ecological transition of fashion's agriculture*

**THE AIM** Natural raw materials for fashion are grown in **fair and sustainable farming systems** using **agroecological practices**. No new natural areas are converted to farmland or plantations. Modern slavery and child labour in agricultural production systems is eradicated and ownership and income are more equitably distributed.

### **TRANSFORMATION TARGETS 2030**

- ▶ No deforestation or other land-use change for fibre crops or leather.
- ▶ Shift at least 50% of natural fibre production to agroecological systems.
- ▶ Reduction of virgin natural materials by 10%.
- ▶ Complete phase-out of highly hazardous pesticides (PAN List of HHPs), and 75% reduction of remaining agrochemicals (volume and toxic units).
- ▶ Eradication of modern slavery and child labour in production systems for cotton and other fashion raw materials.
- ▶ Living income reference prices for cotton established as minimum standards in at least 50% of cotton sourcing.

## BACKGROUND AND RATIONALE BEHIND THE PROPOSED TARGETS

Intensive industrial agricultural and forestry systems, often monocultures, dominate the production of raw materials for fashion. Increased soil degradation, water stress, chemical pollution, biodiversity loss and greenhouse gas emissions from these production systems exacerbate planetary boundary overshoot.

Arable land is limited – and climate change further aggravates the situation. In 2022/23 the global cultivation area for cotton was estimated to be around 31 million hectares.<sup>78</sup> By 2040, half of the world's cotton-growing areas will be at high, or very high, exposure to climate hazard, from extreme temperatures to droughts, floods and wildfires.<sup>79</sup> Any further di-

rect or indirect **deforestation** (through cattle or other crops) or other land conversion would increase the overshoot of the land-use boundary and should be avoided.<sup>80</sup> On existing crop land, cotton and other fibre crops should be grown increasingly as part of sustainable crop rotations and mixed cropping systems. As part of restorative agricultural practices, such as agroforestry, they can also help restore degraded soils and relieve pressure on the land-use boundary in the long term.

Today, only about 1.5% of cotton is grown in organic agriculture.<sup>81</sup> **Agroecology** provides a holistic vision for the transition to fair and environmentally sustainable agriculture, combining and exploiting synergies between social and environmental perspectives (Box 6 at p.49). Agroecology is similar to organic agriculture: in the environmental and technical dimension, agroecological approaches are very similar to those applied in organic agriculture. It is in the social, economic and cultural dimension that agroecology goes further. Agroecology achieves reductions of synthetic inputs while maintaining productive and equitable farming systems that are well placed to adapt to a changing climate.<sup>82</sup>

Yields in agro-ecological systems can be similarly high and in the long run even better than conventional cultivation. This is especially due to better soil quality and water systems, and more biodiversity. But priority for food production, longer rest phases in crop rotation, and the need to renaturalize parts of land for flora and fauna wildlife means that we should not expect the same or even higher outputs, but instead factor in a **likely 10% reduction in the volume of virgin natural raw materials** available for fashion production by 2030.

Cotton, the main natural fibre used in fashion, is extremely **agrochemical intensive**: although it occupies only 2.4% of the world's agricultural land, it uses 4.7% of all pesticides and 10.2% of all insecticides.<sup>83</sup> This threatens not only biodiversity, water resources and soils, but also the health and life of farmers, field workers and communities.<sup>84</sup> The "Fashion on Climate" report by McKinsey and the Global Fashion Agenda suggests a 40% reduction in fertilizer and pesticide use in cotton by 2030 as a result of significantly improved sustainable farming practices.<sup>85</sup>

### IDEA FOR REGULATION



#### PUBLIC FUNDING FOR AGROECOLOGICAL COTTON PRODUCTION

Redirect all public finance and support away from input-intensive cotton production to initiatives that further develop, extend, and embed agroecological principles and practices.<sup>86</sup>

### STEP FOR BUSINESSES



#### SUPPORT AGRICULTURAL TRANSITION THROUGH MATERIAL SOURCING

Fashion companies shall prioritize fibres, leather etc. from organic or agroecological production in their material selection and set their own time-bound targets for shifting all natural raw material sourcing to such systems in the medium term. Companies can support the transition specifically by already paying higher material premiums during the transition phase and, above all, by making long-term sourcing commitments that provide planning security for farmers and producer organizations.



## BOX 6 – AGROECOLOGY BRINGS HUGE GAINS FOR COTTON FARMERS AND THE ENVIRONMENT

*Based on a contribution by PAN-UK*

Growing cotton using agro-ecological principles is already a reality, for example in Benin in West Africa, where cotton is the countries' main export and 70% of the workforce are farmers. However, cotton production is under pressure: two-thirds of the land is degraded, leading to less productive soils and reduced resilience to climate-related shocks. Synthetic agrochemicals harm human health and natural resources, including soils, pollinators, fish stocks, and water quality. PAN-UK surveys show that 84% of Benin's conventional cotton farmers report acute pesticide poisoning, with long-term health effects like cancers and neurological issues also being a concern.<sup>87</sup>

However, a solution exists. For nearly three decades, OBEPAB has provided training and support to help cotton farmers transition to organic production. These farmers use agroecological methods to achieve higher profits while protecting their health and environment. Among others, they replace synthetic pesticides with good management practices and biological inputs. Chemical fertilizers are replaced with oil palm cake, compost, and legume rotation. The impact of this training is clear: organic yields are similar to conventional ones, but organic farmers earn much higher net incomes (over 200% higher in 2021 and 160% higher in 2024) due to reduced input costs, improved soil health, and better pest management. A 2021 survey revealed that organic farmers spent just 18% of their cotton

revenue on production costs, compared to 72% for conventional farmers.

In recent years, extremes of weather are becoming increasingly common in Benin. In 2021, long dry spells were followed by heavy rain causing cotton yields for organic and conventional farmers to drop by 25% compared to 2018. However, agroecological growers were at an advantage. The many practices they undertake to build healthy soil with high organic matter content result in good structure, fertility and – importantly – moisture retention.

Inspiring examples of agroecological cotton production can also be studied in other places. For example: in India, where farmers, cotton processors and tailors cooperate to preserve local cotton species (desi) and artisanal skills;<sup>88</sup> in Paraguay and Bolivia, where agroecological practices are being promoted in agricultural schools and indigenous communities;<sup>89</sup> or in Brazil, where intercropping of cotton and food plants improves income and food security.<sup>90</sup>

### What is Agroecology?

“Agroecology is a holistic and integrated approach that simultaneously applies ecological and social concepts and principles to the design and management of sustainable agriculture and food systems. It seeks to optimize the interactions between plants, animals, humans and the environment while also addressing the need for socially equitable food systems within which people can exercise choice over what they eat and how and where it is produced. (FAO)<sup>91</sup>

Although 40% is a substantial reduction, it's not enough to keep production within planetary boundaries. It also focuses only on greenhouse gas emissions and does not take into account the huge transformation needs of agriculture at the biodiversity and biogeochemical flow boundaries. Some global governance frameworks include targets for reducing agrochemicals. For example, the Kunming–Montreal Global Biodiversity Framework calls for reducing the overall risk from pesticides and highly hazardous chemicals by at least half by 2030, while a substantial increase in the application of biodiversity friendly practices such as agroecological and other innovative approaches can be seen.<sup>92</sup> Similarly, the Global Framework on Chemicals (GFC) calls for increased support for more sustainable agricultural practices, including agroecology and the phasing down of highly hazardous pesticides by 2030.<sup>93</sup>

Given the above-average use of agrochemicals for cotton, targets for fashion's reduction of the use of these chemicals should be ambitious. And ingredients on the PAN List of Highly Hazardous Pesticides (HHP)<sup>94</sup> should be phased out completely due to their detrimental impacts on humans and nature. A complete transition to fibres from agroecological systems would be desirable, but is not realistic by 2030, given the complexity and time needs of agricultural conversion. We therefore propose **a transformation target of minus 75% for agrochemicals** (in relation to volume and toxic units), including fossil-fuel based nitrogen fertilizers.

Fashion's natural raw materials bear high risks of **forced labour** and exploitative and imposed **child labour**. According to the ILO, cotton is one of the most common commodities produced with child labour and forced labour in at least 18 countries. Children often work long hours, in isolation and extreme temperatures, are exposed to pesticides and may receive little or no pay.<sup>95</sup> Poverty, as a consequence of low wages or incomes of parents, is the main contributing factor in child labour. Cotton is not the only hot spot: cattle-rearing also ranks high, as well as the processing and manufacturing steps involved in leather, textile and garment making.<sup>96</sup> Not all work performed by children is child labour, and minors at work should not be framed exclusively as passive victims, but re-

spected as rightsholders whose views and demands matter when addressing the issue. There are also positive developments, such as the reported elimination of state-imposed forced labour in Uzbek cotton, that led campaign groups to end decade-long boycott calls.<sup>97</sup> This example shows that such eradication is possible, if the will and priority is there.

A higher and more stable farm-gate price is the most important key to reducing child labour in cotton, and generally to ensure **living incomes** for farmers, farm workers and their families. A living income is defined as: “The net annual income required for a household in a particular place to afford a decent standard of living for all members of that household.”<sup>98</sup> Today’s world market price for cotton is volatile and, in most cases, insufficient to cover the costs of sustainable production,

especially for smallholder farmers, who make up the majority of producers. Even the current price premiums for organic or fairtrade cotton are often not sufficient to provide living incomes. Living Income Reference Prices (LIRP), in combination with long-term sourcing partnerships, are important elements of a socio-ecological transformation for agricultural systems. While LIRP have been established and are starting to be applied to other soft commodities (especially coffee),<sup>99</sup> such price references are still to be developed for cotton, in cooperation with local producer organizations. Establishing LIRP as a minimum price standard for cotton would reduce negative price pressure and allocate a larger part of the value added created through fashion’s global value chains to agriculture. We propose to aim for LIRP in at least half of cotton production by 2030, as an interim target towards its establishment as a general baseline. Given the complexity of agricultural systems and economics, LIRP need to be embedded into broader living income strategies.<sup>100</sup>

Respect for indigenous peoples rights<sup>101</sup> and peasant rights,<sup>102</sup> as well as reforms towards more equal or collective control over land, are important elements of a just transition in agricultural systems. **The huge inequalities in land ownership**, often the result of violent colonial land appropriation, need to be addressed. However, due to the sectorial scope of this report, we are not proposing a transformatory target on land rights: food sovereignty, not fashion fibre crops, should be at the core of agrarian reforms.

## STEP FOR BUSINESSES



### LIVING INCOME PRICING

Fashion companies shall develop a living income roadmap, extend supply chain traceability to raw-material sourcing and be able to identify the agricultural systems from which their natural materials come. By committing to long-term sourcing partnerships and paying at least at living income reference prices, they can break the negative price spiral and volatility risk in agriculture.

As in most cases raw materials are not sourced directly, living income strategies and the development of reference prices (still lacking for cotton and other fashion materials) require cooperation through the supply chain, with upstream business partners such as fabric, spinning and trading companies, and especially with producer associations.

## STEP FOR BUSINESSES



### BAN HIGHLY HAZARDOUS PESTICIDES

Companies should include all highly hazardous pesticides according to the PAN HHP-List<sup>103</sup> on their restricted substance lists and test their materials accordingly.

## 3.10 Mitigate greenhouse gas (GHG) emissions

**THE AIM** The fashion system is on a 1.5 degree pathway. Fossil fuels are phased out and GHG emissions at all stages of the garment lifecycle – from raw materials, manufacturing, logistics, retail, use and post-use – are drastically reduced to meet planetary boundaries. The low-carbon fashion system is also more equitable. It is achieved through a **just transition**, where workers are actively involved and protected.

### TRANSFORMATION TARGETS 2030

- ▶ Reduce absolute GHG emissions from fashion by at least 60% compared to 2019 (in own operation and the whole value chains and without offsetting schemes).
- ▶ At least half of the companies in the fashion system develop decarbonization strategies in genuine social dialogue with workers and trade unions, aiming for green and decent jobs, and leaving no-one behind.

## BACKGROUND AND RATIONALE BEHIND THE PROPOSED TARGETS

The fashion system is a major emitter of GHG, but the estimates on its contribution vary, ranging from 1.2 to 4 gigatons of CO<sub>2</sub> equivalents per year, or 2 to 8% of total GHG emissions.<sup>104</sup> To put the industry on a **path towards the 1.5 degree target**, emissions need to be drastically reduced. The United Nations Fashion Industry Charter aims to halve emissions by 2030 compared to 2019.<sup>105</sup> Similarly, Coscieme *et al* state that “the global fashion industry would need to reduce its emissions to 1.1 billion tonnes of carbon dioxide equivalent (CO<sub>2</sub>e)”,

which is a 50–60% reduction in greenhouse gas emissions compared to 2018.<sup>106</sup>

It's likely that climate change impact and mitigation requirements will increase competition between economic sectors for energy, resources (e.g. productive land) and remaining emissions budgets. In this competition, economic activities that are more essential to human life (such as food or health services) shall have priority. As a consequence, the fashion system should internally prioritise more essential clothing needs and generally aim for a steeper reduction path and residual emissions level. In this context, a reduction target of 60% by 2030 compared to 2019 emissions seems reasonable.

### STEP FOR BUSINESSES



#### DEVELOP AND IMPLEMENT ROADMAPS TO A LOW-CARBON BUSINESS MODEL

Companies shall work together with employees, trade unions and other key stakeholders to develop company-specific roadmaps for a just transition to a low-carbon business model. These roadmaps must cover the company's own operations (Scope 1+2) and the value chain (Scope 3) and include specific milestones for all relevant emission sources.

A 60% reduction in emissions by 2030 (compared to 2019) is a sound general guideline, while the long-term goal of the roadmaps is to achieve business models with only marginal emissions. The roadmaps are focused on reducing primary emissions, not on offsetting. The cost of investment in such transition roadmaps shall be included in purchase prices.

### STEP FOR BUSINESSES



#### HARVEST THE LOW-HANGING FRUIT

Companies should immediately stop avoidable emissions from unnecessary operations (e.g. destruction of new unsold clothing, fashion air freight, private jets to fashion shows, etc.).

While several companies have set some form of decarbonization target, these have not been translated into effective action, and overall emissions continue to rise rather than fall, with the majority of the largest global fashion brands far from a 1.5 degree trajectory.<sup>107</sup> The Corporate Carbon Responsibility Monitor 2024 finds that while fashion in general has ambitious targets, implementation plans rely too heavily on false solutions such as bioenergy and renewable energy certificates, instead of moving away from fast fashion and towards circular business models.<sup>108</sup> It's therefore important to specify that the proposed reduction target must be achieved through real decarbonization and **business model transformation**, and not by using offsetting and other accounting tricks.

Setting a global target is important because GHG impacts are independent of where they occur. But a global target should not be misunderstood as a leveller of climate responsibility, because historical and **current inequalities in GHG emissions** matter. Emissions from fashion consumption vary widely not only between countries, but also between income groups.<sup>109</sup> To reach a “fair consumption zone” in line with the Paris target, rich countries and groups would need to reduce consumption-related emissions much more, while in some countries low-income groups are already in this zone. As a consequence, government and business strategies for a climate-resilient fashion system should take these inequalities into account and place correspondingly higher expectations for consumption shifts on high-emitting (rich) economies and individuals.

At the same time, historical and current economic power imbalances between links in the value chain and between economies determine and often limit the ability to effectively decarbonize operations. Particularly in the most emission-intensive steps, from fibre-farming to wet-processing to manufacturing, current profit margins are too narrow to cover the cost of the necessary investments. The same applies to climate adaptation strategies to protect the livelihoods of people and the economic base of businesses most vulnerable to the impacts of climate change. Achieving climate change objectives is therefore inherently dependent on a redistribution of value within the value chain (Section 4.3).

## IDEA FOR REGULATION



### TARGETED PUBLIC INVESTMENT IN MITIGATION AND ADAPTATION

Given the vast economic inequalities in global fashion value chains, many smaller companies and producers lack the profit margins and financial capacity to invest in a just transition, and are too weak to recover these costs from their buyers.

To avoid exacerbating dependency on creditors or powerful lead companies in supply chains, governments and intergovernmental organizations should establish not-for-profit public transition funds specifically targeted at supporting transition strategies of smaller and economically weaker actors, such as small-scale cotton producers or fashion processing and manufacturing units.

In line with the principle of shared but differentiated responsibilities, the resources for these funds should be raised primarily through taxation and international transfers from the companies and states that have historically contributed to and benefited most from carbon-intensive business models, and often still do.

## 3.11 *End fashion's addiction to plastics*

**THE AIM** Fashion's addiction to plastic is stopped. The use of plastics made from fossil fuels and materials that do not decompose naturally in the environment within a reasonable period of time become the exception. Where the use of plastics is unavoidable, they are predominantly made from recycled textiles and designed to facilitate recycling and reduce the release of microplastics into the environment.

### TRANSFORMATION TARGETS 2030

- ▶ Reduction of virgin fossil fuel materials by 60%.
- ▶ Halve the release of microplastics into the environment.

## BACKGROUND AND RATIONALE BEHIND THE PROPOSED TARGETS

75.5 megatons of synthetic fibres were produced in 2022, mainly polyester. Synthetic fibres remain the fastest growing materials, accounting for 65% of the total fibre market.<sup>110</sup> Less than 1% of plastic fibres are currently recycled from textiles. About 14% is downcycled from other sources, mainly PET bottles.<sup>111</sup> In addition to fibres, plastics are also a major material source for footwear soles and other non-fibre items.

The popularity of plastics is linked to their low cost, flexibility and wide range of technical properties. However, two major negative environmental impacts far outweigh the potential benefits: firstly, the **climate impact of extracting fos-**

**sil oil** from the natural, million-year-old carbon reserves in the ground, and the greenhouse gas emissions associated with refining and ultimately burning the products. And secondly, the **leaching of plastics into the environment**, water systems, soil and air, and the resulting damage to ecosystems, biodiversity and human and animal health.

Technical solutions to reduce these negative impacts without creating new problems are not on the horizon. They may however play a role in the future. Bioplastics (plastics made from non-fossil, renewable organic materials) and compostable plastics are being researched, but they don't yet play a role in the market.<sup>112</sup> And if they are scaled up, there is a high risk that they will increase competition for agricultural land. Better filters in washing machines and sewage treatment plants

### STEP FOR BUSINESSES



#### PHASE-DOWN SYNTHETIC FIBRES

Companies shall prioritize material of natural, re-generative origin for their products. With time-bound roadmaps companies can gradually phase-down and replace synthetic materials, ideally transitioning to zero-plastic products. Where synthetic materials are currently not replaceable because of specific technical requirements, companies should invest and cooperate in the research and development of alternatives.

### STEP FOR BUSINESSES



#### RECYCLE CLOTHES, STOP DOWNCYCLING OF PET BOTTLES

Where synthetic materials are unavailable or difficult to replace, products shall be designed and manufactured to be easily recyclable, thus avoiding material blends, dyes, print and other chemicals that degrade the quality of post-use recycling outputs. Consequently, companies shall commit to prioritizing feedstock made from post-use recycling of their own or like products and refrain from downcycling synthetic materials from other, close-to-circular material streams, such as PET bottles.

### IDEA FOR REGULATION



#### BINDING PLASTIC REDUCTION AND RECYCLING TARGETS

Governments should set binding national and international reduction targets for the production and release of plastics into the environment, including specific sub-targets for microplastics. Re-use and recycling quotas, limits on chemical ingredients, knowledge transfer and clean-up programs for fashion waste and polluted water and ecosystems must be part of public strategies to stop the plastic crisis.

can reduce the release of microplastics into water systems, but are far from stopping it. Technical solutions are even further away for airborne release of plastic (through abrasion) and the direct introduction of plastic debris into soils and other ecosystems.

Polyester is sometimes presented as a material that is relatively easy to recycle. In theory, plastics can be melted down and spun into new fibres, but in practice most polyesters (and other synthetic fibres) used in the fashion industry contain different types of plastics and are so heavily dyed or otherwise chemically processed that recycling them into high quality raw materials is almost impossible. And instead of making

clothes out of clothes, the industry mostly uses higher quality recycled plastics from other industries, especially PET bottles. But while PET bottles can be recycled into new bottles several times with little loss, the quality of the material deteriorates significantly once it has been chemically processed and converted into textile fibres. A PET bottle can be turned into a shirt, but a shirt cannot be turned into a clean bottle. Rather than creating a truly circular economy, this leads to increased use of virgin fossil fuel plastics in the bottle market, which would not be necessary if bottles remained in a closed loop.

Global plastics pollution is recognized as a major environmental and **health hazard**. A global treaty to reduce the impact of plastics is being negotiated at UN level.<sup>113</sup> According to the OECD, 22 million tonnes of plastic will enter the environment in 2019.<sup>114</sup> Textiles account for around 11% of plastic waste, and they are a major source of microplastics in the environment.

Against this backdrop, there is no sustainable alternative to **drastically reducing the use of plastics**, especially virgin plastics, in fashion. A recent survey by Changing Markets reveals that most fashion brands are aware of environmental and health risks associated with synthetic fibres, including microplastics pollution, GHG emissions, lack of biodegradability and chemical risks.<sup>115</sup> But most are still increasingly relying on them, while only 2 of 50 brands surveyed aim to phase out synthetic fibres by 2030.

Projections for a plastics reduction pathway compatible with the 1.5 degree climate goal suggest a global reduction of between 46% and 70% by 2050 compared to 2019 levels.<sup>116</sup> Greenpeace is calling for a 75% reduction by 2040.<sup>117</sup> A complete phase-out of fashionable materials by 2030 is not realistic. The proposed 60% reduction in virgin plastics in fashion would be significant, but would still allow plastics to be used at levels seen in the first decade of this century. This also recognizes that a slower transition path is needed, particularly for applications where alternatives are less available (e.g. protective equipment). If, at some point, the development of truly sustainable alternative plastics reaches market scale, these targets could be reviewed.

Woman at a polyester sewing line in Qiandongnan in Guizhou Province in China





## 3.12 *Ensure sustainable water and chemical use*

**THE AIM** At all stages of the fashion product lifecycle, **water resources are used sustainably**, conserved and restored for future generations. Fashion's use of water does not exacerbate water stress but instead prioritizes the protection of ecosystems and vital human water needs. The amount and **hazardousness of chemicals used in fashion is reduced**, and the remaining chemicals are applied in controlled circuits that ensure the safety of workers, communities, water systems and the larger environment.

### TRANSFORMATION TARGETS 2030

- ▶ The most dangerous chemicals are banned across the fashion supply chain (Detox priority hazardous chemicals and highly hazardous pesticides according to PAN)
- ▶ All wastewater and sludge from the fashion industry's processes are treated, tested and transparently monitored to reduce negative environmental impacts.
- ▶ All workers have free and continuous access to safe drinking water and adequate sanitation and hygiene facilities in workplaces and dormitories.

## STEP FOR BUSINESSES



## ENSURE ACCESS TO CLEAN WATER, SANITATION AND HYGIENE IN ALL WORKPLACES

Companies shall provide free and continuous access to safe drinking water, sanitation and hygiene measures in their own facilities. At the same time, they must ensure access to these measures throughout their value chain, including suppliers, raw material producers and distributors. Cooperation with trade unions is essential in assessing risks, developing and implementing appropriate measures, and monitoring progress or remedying harm.

## BACKGROUND AND RATIONALE BEHIND THE PROPOSED TARGETS

The fashion industry is water-intensive, from the production of raw materials, especially cotton, through wet processes such as dyeing, to the use phase (washing) and post-use phase (recycling, waste). Estimates of total global water withdrawals for fashion range from 79 billion<sup>118</sup> to 215 billion cubic meters<sup>119</sup> and attempts to attribute water volumes to the production of a specific garment vary even more. Fibre cultivation and irrigation, followed by wet processing, are by far the most water-intensive parts of the garment lifecycle.<sup>120</sup> But what does a global figure on water use really tell us? In cotton growing and the industrial processes of fashion, only a small amount of water is incorporated into the product itself and literally consumed; most of the water is released into ecosystems after a brief period. More relevant than the absolute quantity is the

question of whether the use of water exacerbates **water scarcity** in a specific local (watershed) and social context, and the condition in which the water is released during and after its use.<sup>121</sup> Rather than a quantitative global target for water use, the overall aim should be to align all water use along the fashion supply chain with the principle of fair and sustainable water management, prioritizing the protection of ecosystems and vital human water needs. This will lead to a more profound transformation in rural areas where cotton cultivation overlaps with physical water risk, such as Punjab, Pakistan, northern China or Türkiye.<sup>122</sup>

WWF and Open Supply Hub assessed that water risks are already high in most textile and apparel industry clusters and are projected to become extreme by 2050, underscoring the importance of watershed planning.<sup>123</sup> Pollution and water stress disproportionately affect disadvantaged communities, which have less means and power to protect themselves, adapt or relocate to reduce personal exposure.

While managing watersheds requires the cooperation of many different stakeholders, improving the **quality of water output** is more directly under the control of the fashion system. It's estimated that the textile industry uses over 15,000 different chemicals from field to manufacturing,<sup>124</sup> many of which are highly toxic, non-degradable and accumulate in the bodies of humans and animals. The pollution of aquatic and other ecosystems due to run off, leaching and drift from field use of agrochemicals, and uncontrolled chemical release during textile processing are among the most widespread and severe health threats for health biodiversity and the general environment. **Banning the most dangerous chemicals** from fashion agriculture and industrial processes, especially those on the PAN Highly Hazardous Pesticides List<sup>125</sup> and the Detox Manufacturing Restricted Substances List, is an important transformative goal.

Similarly, there has been progress in the last decade toward systematic testing of wastewater, but the industry is still far from comprehensive testing and full transparency of facilities and results.<sup>126</sup> This knowledge is particularly important for communities living in the areas to achieve sustainable wa-

## IDEA FOR REGULATION



## MAKE DETOX FASHION MANDATORY

Governments shall create a level playing-field for all businesses and make "detox fashion" mandatory. They can enact legislation on the use of hazardous chemicals, as defined in the Detox Manufacturing Restricted Substances List, in fashion production and trade, and mandatory transparent wastewater testing, with clear and strict tolerance limits and penalties for non-compliance.

### BOX 7 – DETOX FASHION: REDUCING HAZARDOUS CHEMICALS IN FASHION IS POSSIBLE

Greenpeace's Detox Fashion campaign, started in 2011, has shown that the elimination of certain substances is possible when the will and the priority are there.<sup>130</sup> The campaign is calling for a phase out of a list of especially toxic ingredients. In response, several fashion companies

have developed their own or collective bans, such as the Zero Discharge of Hazardous Chemicals (ZDHC) initiative. But much more needs to be done, especially to extend the success of detox to the remaining 85% of industry that is not yet committed.<sup>131</sup>



tershed management. Not only process chemicals, but also fibres, especially synthetic fibres, pose a high risk of contamination to water systems. The fashion system is a major source of **microplastic pollution**; it is estimated that between 0.2 and 0.5 million tons of microplastics from textiles enter the marine environment each year, and washing synthetic textiles can account for up to 35% of microplastic releases.<sup>127</sup> Even when wastewater is treated, only a fraction of microplastics is removed. A recent study of 11 textile factories in Bangladesh found that their effluent treatment plants only removed between 24 and 82% of microfibers.<sup>128</sup> In addition to improving wastewater treatment, testing and transparency, the industry must consistently apply the precautionary principle and use only materials with proven low environmental impact (see also section 3.11).

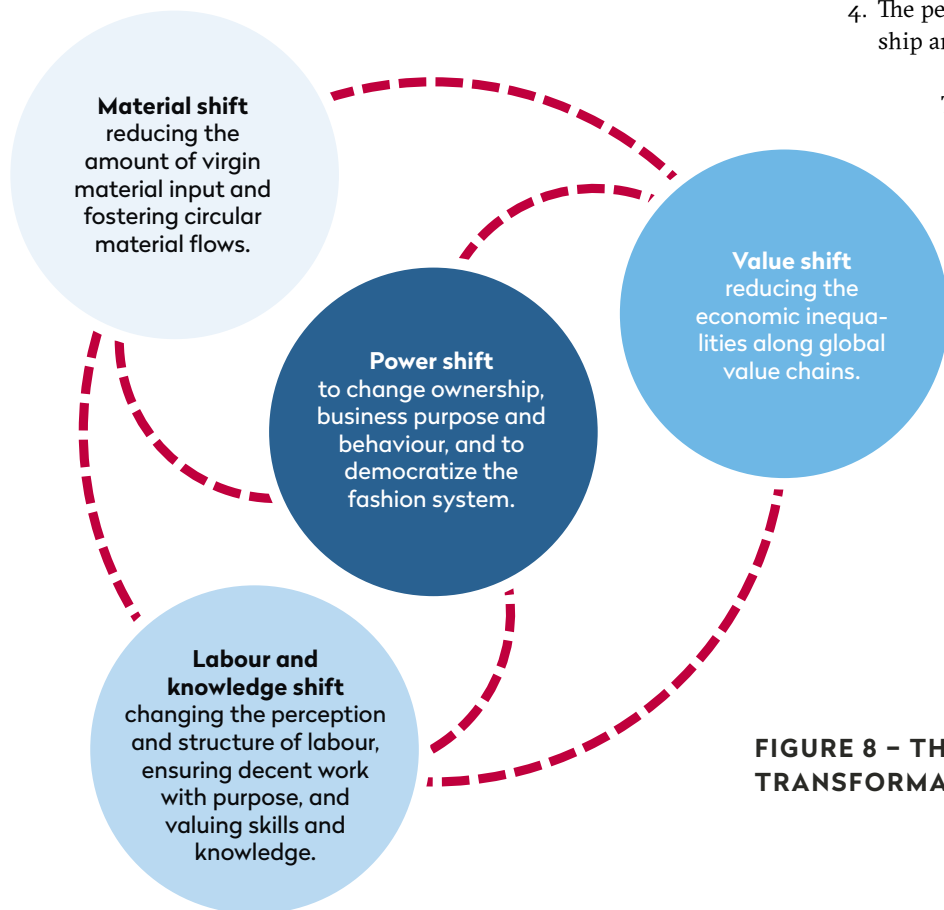
Access to **safe drinking water, sanitation and hygiene** (WASH) is part of the fundamental right to occupational health and safety, and several ILO Conventions contain specific provisions for different workplaces.<sup>129</sup> In practice, however, this right is often violated. Workers in factories and in the field report a lack of access to drinking water, which increases the risk of fainting. The standard of toilets, if any, is often inadequate and many workers only have access during breaks. Logistics drivers report having to urinate in bottles on their delivery routes due to a lack of access to toilets. Canteens, dormitories and washing facilities are often substandard, and hygiene items such as menstrual products, soap and disinfectant are often lacking. The proposed transformative target would simply ensure compliance with the respective rights. There are no technical difficulties to overcome, and the financial resources needed to ensure adequate standards would be relatively limited. It is primarily a matter of will and prioritizing the well-being of workers.

Indonesian models at a “Detox Catwalk” organised by Greenpeace in the polluted paddy field in Rancaekek, West Java Province to highlight the toxic pollution brought by the clothing industry.

4

*Pathways for  
change: shifting  
paradigms*

## Pathways for change: shifting paradigms



**T**argets, such as those proposed in Chapter 3, provide guidance on how and by how much the industry needs to change. But setting targets alone won't bring about change.

Today's global fashion system is the way it is, not because targets for change were missing or wrong, but because it's rooted in misguided, quasi-hegemonic **paradigms**:

1. The imagination of endless resources and growth
2. The normality of cheap, monotonous labour and its exploitation
3. The acceptance of extreme inequality and neo-colonial value distribution in global value chains, and
4. The perception of unequal, undemocratic ownership and power structures as natural.

The power of paradigms lies in their ability to **shape what is considered "normal"** by large parts of the population, policy makers and business actors. The four paradigms relate to four core layers

**FIGURE 8 – THE FOUR TRANSFORMATIONAL SHIFTS**

of a business model: the materiality (the material and energy flow), the structure of labour, value creation and distribution, and decision-making power.

Paradigms are not just theoretical and imaginary; they crystallize in regulation, economic structures and behavioural patterns. And as long as these paradigms prevail, there is an invisible gravitation holding the industry in the perceived normal state, while alternatives will, in tendency, be considered experimental, risky, naïve or even hostile. Consider the proposed transformational targets in Chapter 3. When reading them, did you feel a first impulse to classify them as unrealistic, visionary or detached from reality? Well, they are, if we don't shift paradigms and reset our perceptions of what the "normal state" is or should be. This is what this chapter is about.

Overcoming these flawed but powerful paradigms requires transformational shifts:

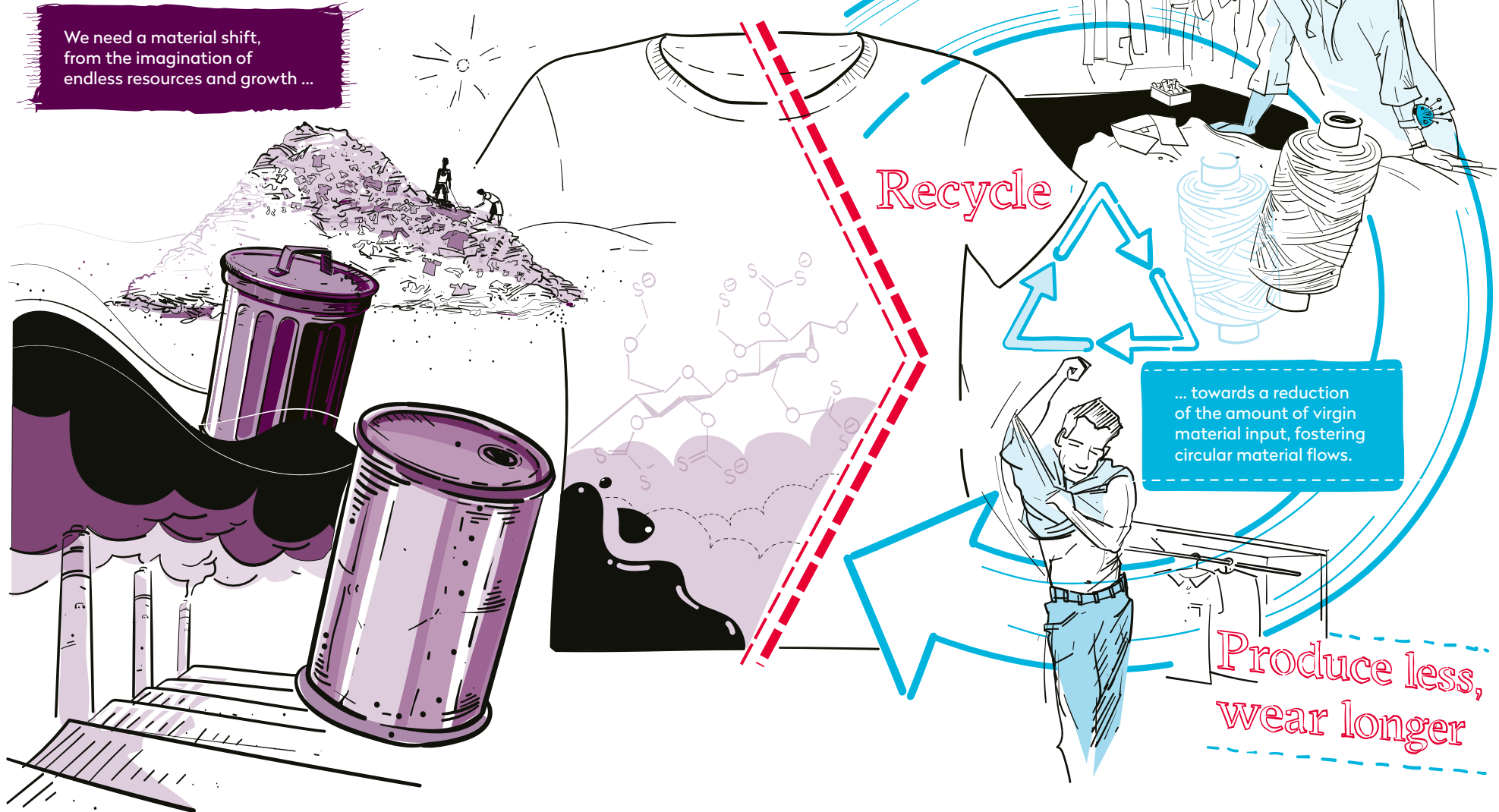
1. A **material shift**: reducing the amount of virgin material input and fostering circular material flows.
2. A **labour and knowledge shift**: changing the perception and structure of labour, ensuring decent work with purpose, and valuing skills and knowledge.
3. A **value shift**: reducing the economic inequalities along global value chains.
4. A **power shift**: to change ownership, business purpose and behaviour, and to democratize the fashion system.

All these shifts affect different transformational targets simultaneously, and they are interlinked. The power shift is especially essential in enabling the others, as it changes the way how and by whom decisions are taken. Through it, workers and citizens go beyond appealing to business and political leaders to change course: they actively reclaim fashion and take the future of the industry in their own hands (Section 4.4).

Socio-ecological transformation goes beyond changing specific policies and business practices. **Shifting paradigms** additionally **restructures thinking, narratives and values**. It requires time, persistence and the courage to challenge power. But it is essential to build a lasting foundation for a just fashion system within planetary boundaries.

# 4.1 Material shift

We need a material shift, from the imagination of endless resources and growth ...



## Material shift

The paradigm that natural resources are endlessly available, and that continued growth is possible and desirable, has been a core element of capitalism over the last two centuries, and still prevails today.<sup>132</sup> All economic (and human) activity is linked to the appropriation of nature. But we cannot take nature for granted. If the law of replenishment is being disregarded, appropriation turns into expropriation and destruction of the natural environment, and thus of the foundation of human existence.

The expropriation of nature by the fashion system has two sides: the increasing use of material from natural and fossil sources, by far outpacing population growth; and the misuse

of the environment as a dump for textile waste, greenhouse gases, microplastics, chemicals and other emissions. Today, the negative impacts of both these practices have become so concrete and undeniable that this paradigm is cracking at the seams. While the factual expansion into nature continues, the discourse on the possibility and necessity of a material shift that resets the amounts of resources and the way we deal with them has reached the industry mainstream. But so far, this affects just one part of the paradigm: the perceived endless availability of natural resources. The necessity and desirability of **economic growth** is still hegemonic, and many hold on to the vision (or myth?) that a circular material flow will still allow economic growth, or even become its new source.

### IDEA FOR REGULATION



#### A FASHION TRANSFORMATION LEVY

The levy should be gradually reduced or waived for products made of better materials (organic, fibre-to-fibre recycled), produced in living wage workplaces, designed for durability, or otherwise more sustainable.

The levy would, in addition, generate substantial funds that should be invested in transforming the industry. For example, to subsidize repair services and share, re-sell or other circular businesses and initiatives; to support the building of social security programmes protecting workers across the value chains, to fund public information campaigns on reduced and slower fashion consumption or to finance clean-up of waste and the restoration of ecosystems impacted by the industry. A part of the funds could also be used to support the lowest-income households.

### FEWER VIRGIN MATERIALS

The practical challenges of a material shift towards circularity are huge. Reducing the amount of material from virgin origin is the most significant element of the material shift, but recycling and other current technical solutions towards material circularity aren't advanced enough to fully compensate for the large-scale reduction of virgin material inputs that is required to bring the industry within planetary boundaries. Above, we established a **reduction by 40%** as a transformation target for 2030 (Section 3.1.) The largest share of this reduction results from a 60% reduction in feedstock from fossil-fuel sources and a smaller part from a 10% reduction in virgin feedstock from natural sources. A part of this gap should be compensated through recycled materials, predominantly from fibre-to-fibre recycling. Assuming an ambitious and steep volume rise of fibre-to-fibre, to reach 15% of total material input by 2030, the total volume of feedstock would still shrink by 28% in our material shift scenario.

Circular materials (defined as materials that have undergone at a minimum one re-use, repair, recycling, or upcycling step on their way from source to disposal) and circular business models are not virtual, and therefore still have a relevant material and energy impact. In consequence, only changing the fibres and fabrics and otherwise keeping the fast fashion

business as usual won't be enough. Extending the real lifetime of products and an overall reduction of production are additional indispensable elements of the material shift.

### EXTENDED PRODUCT-USE TIME

Currently, many clothing items, especially those in the wardrobes of high-intensity consumers, are highly **under-utilized**. Interestingly, the main reason for disposal of clothes today is not quality or sizing issues, but emotional: marketing messages let people assume some items are “out of fashion” while others a season’s “must haves”. Doubling the actual wear days and lifetimes of clothes is technically feasible (see Section 3.1). It would enable us to achieve the **same use value with half of material resources** (Figure 2 on p. 65).

More timeless design, high material and manufacturing quality are measures to increase product durability. But potential

technical durability alone is not sufficient, and probably not even the most relevant factor in extending actual use time. Abandoning the promotion of short “fashion seasons” and moving from fast-fashion marketing to raising awareness of the benefits of long use are more relevant in changing actual consumption behaviour, increasing appreciation for the clothes we already own, and reducing our craving for owning more and more items.

Another important element is design for easier reparability and re-fitting, and the availability and affordability of repair, refurbishing and care services, as well as increased personal skills in mending and care techniques for clothing, be they commercial or not-for-profit. Finally, there is a huge untapped potential to extend lifetimes through stepping up re-sale or other forms of user change flows (such as clothing swaps).

The material shift is therefore much more than just a shift to less and more sustainable feedstocks: fashion and design shifts, behavioural shifts, and moving business models away from fast fashion are also essential.

#### BOX 6 – LESS MATERIAL DOES NOT MEAN CLOTHING DEPRIVATION

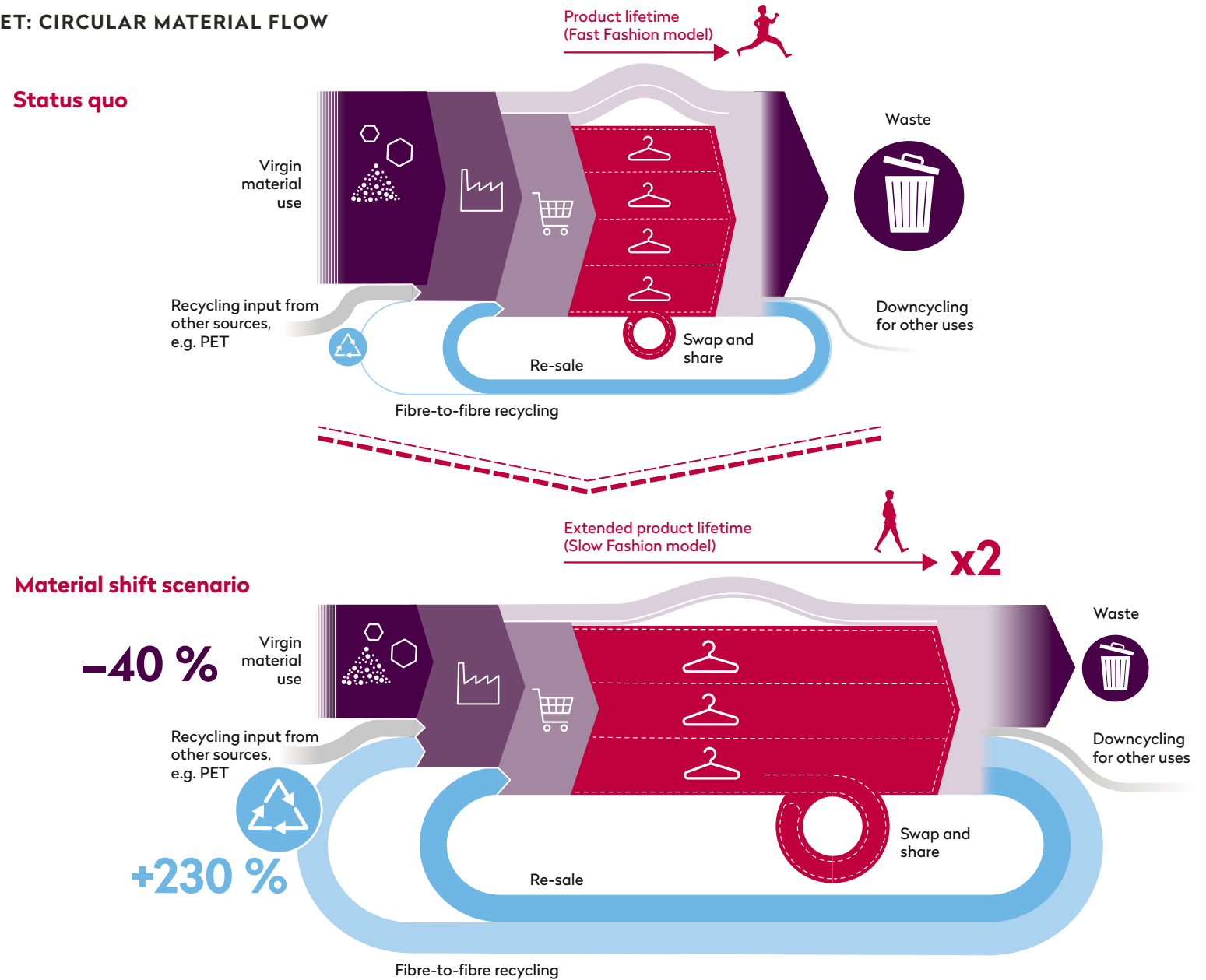
A shrinking volume of new clothes produced does not mean we'll end up in clothing deprivation. The current volume of clothing purchased worldwide in 2023 is estimated at around 180 billion items or 24 per person.<sup>133</sup> If this were reduced by 28% following the projection above, this would still be sufficient to provide more than 17 new apparel items<sup>134</sup> to every person per year, which would be supplemented by newly acquired re-use items (swap, re-sale, upcycled etc.). Such a figure provides a rough orientation and can be helpful when assessing consumption inequalities across groups and countries.<sup>135</sup>

However, focusing on averages risks masking the enormous geographical and social spread in actual *per capita* buying behaviour. And we would caution against using this calculation as a target or limit for individual consumption. Not just because the data and the assumptions underlying these calculations are not very robust.<sup>136</sup> Rather, because clothing needs vary substantially with factors such as age, activities, cultural conventions or climate, a uniform benchmark for all risks neglecting these. In addition, focusing on a consumption per year figure unintentionally strengthens the imagination of clothing items as short-lived

products. But most clothing items can last many years, if not decades, even when intensively worn. The practical use value of our wardrobe is the product of two factors: the number of items multiplied by their potential use time. Therefore, extending the actual lifetime of clothing is key to achieving the required material shifts while still ensuring sufficiency.

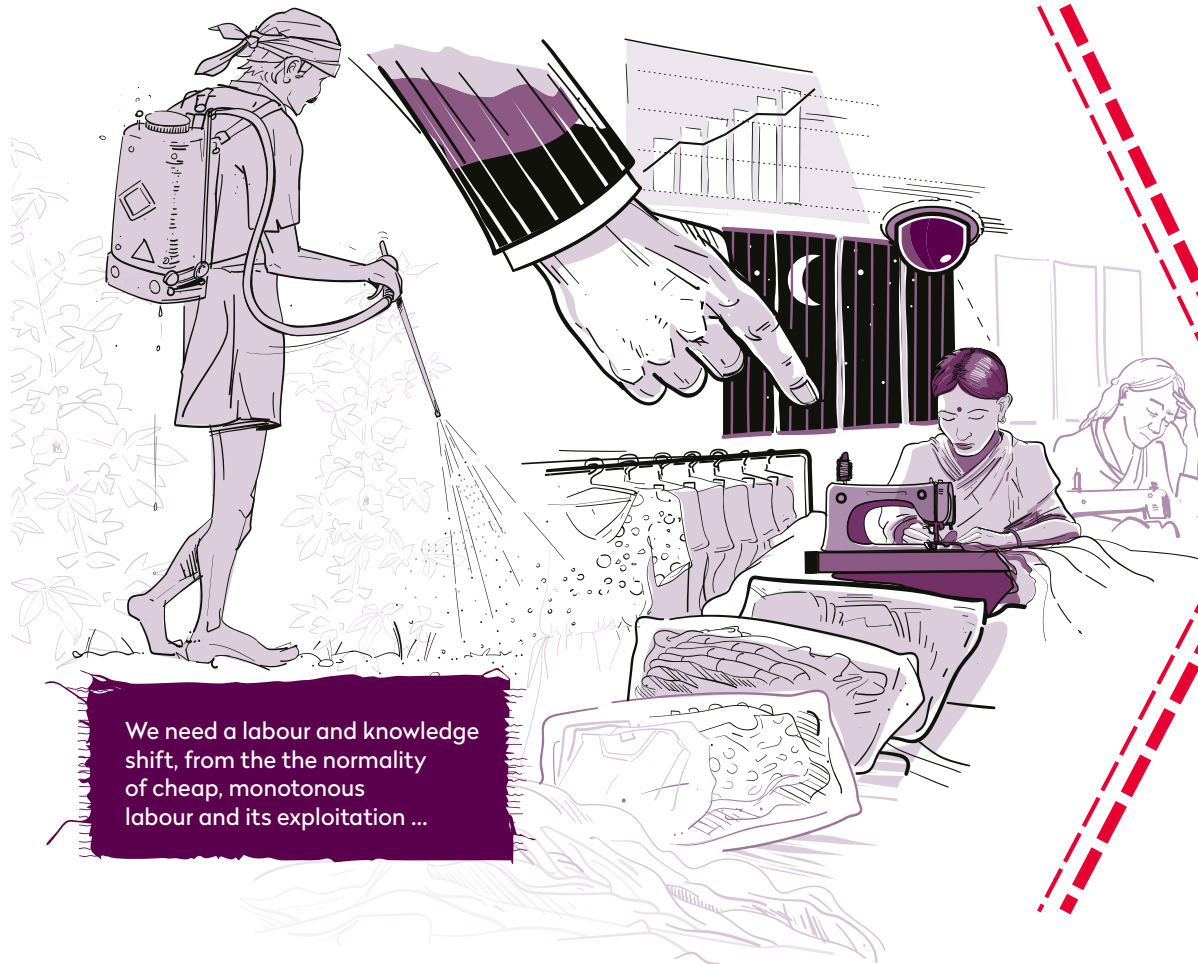


FIGURE 2 – TRANSFORMATION TARGET: CIRCULAR MATERIAL FLOW



**SOURCE** Status quo (2022) material input shares: Textile Exchange Fibre Market Report 2023. Other estimates and material shift scenario (2030): Public Eye.

# 4.2 Labour and knowledge shift



We need a labour and knowledge shift, from the the normality of cheap, monotonous labour and its exploitation ...



... towards a change of the perception and structure of labour, ensuring decent work with purpose, and valuing skills and knowledge.

## Labour and knowledge shift

A fashion system with **decent work**, quality, longevity and circularity at its heart requires a new perspective on labour and knowledge, going beyond resetting tasks at the different steps of the production chain. The current paradigm looks at labour as a necessity, and predominately from a cost-value perspective: keeping labour costs low and maximizing surplus labour are seen as key performance indicators for businesses. In consequence, cheap and monotonous labour and its exploitation are deemed normal or even indispensable, especially in manual work-intensive production stages.

Also, when processes are more automated, for example in warehouses,<sup>137</sup> or when creativity or highly specialized skills and knowledge are required and salary levels are higher, many employees experience extreme workload and stress.<sup>138</sup> Furthermore, the curricula in fashion design and management programs are predominately oriented towards linear and profit-maximising production and retail models, rather than equipping students with the skills needed for a circular needs-focused and equitable fashion system. Similarly, most agricultural training fails to equip farmers with the knowledge for agroecological production models.

Many people working in the fashion system envisage, and often call for, an overhaul or a just transition of the sector, but find themselves in their daily jobs with no or limited influence and trapped in a system that holds on to its flawed paradigms. Changing the perception and structure of work, valuing skills and knowledge in their full breadth, empowering workers, fostering learning and cooperation, adapting fashion curricula, and putting more emphasis on **purpose** are fundamental elements of transformation.

### QUALITY AND DECENCY OF WORK OVER SPEED

For clothing articles of lasting quality, skilled labour, experience, sufficient time and accuracy in manufacturing are essential ingredients. These and similar qualitative factors are also crucial in other steps of the value chain, be it in the agroecological production of raw materials, in the development of long-dated designs, in retail and re-sale oriented towards helping customers with sustainable choices and product care or in sustainable post-consumer processes.

#### IDEA FOR REGULATION



#### A UNIVERSAL RIGHT TO LIFELONG LEARNING

To support workers during periods of industry transformation and, more generally, in realizing their ambitions for professional development, governments should support a universal right to lifelong learning, for example by guaranteeing access to affordable, high-quality vocational training and education, by providing wage and income continuation during vocational training, and by enacting laws requiring employers to support workers' career development through training, educational leave, and other measures.

#### IDEA FOR REGULATION



#### EMPLOYMENT GUARANTEE AND SOCIAL PROTECTION IN THE TRANSFORMATION

To protect workers and their families during economic transformation, governments should provide workers with employment and social protection guarantees, including casual and temporary employed, subcontracted workers and homeworkers. These guarantees should prevent employers from dismissing workers too easily and without bargaining transition plans with unions, and encourage training for new tasks and responsibilities. Furthermore, they should protect the income and livelihood of workers and their dependants in the event of job loss due to insolvency or other major disruptions.

**TABLE 1 – RESETTING THE PERSPECTIVES ON WORK IN THE FASHION SYSTEM**

Produce and sell faster and more	➤	Create quality and long-lasting use value
Stress and pressure to perform	➤	Wellbeing and appreciation
Workplaces optimized for output, speed and control	➤	Safe and healthy work environments
Repetitive tasks	➤	Alternation and responsibility
Execution of orders and subordination	➤	Co-decision and collaboration
Follow orders and instructions	➤	Learning and personal development
Precarity and fear	➤	Employment and social security
Anonymity and exchangeability	➤	Care and attention
Discrimination and violence	➤	Equality and solidarity
Profit maximization	➤	Purpose

Today, there are countless codes of conduct, certifications and voluntary standards or business initiatives aimed at stopping and preventing human rights violations at various levels of the value chain. But in their substance, they are predominantly defined from a negative perspective. They are oriented at minimizing harm, preventing what are deemed “inhumane conditions”: a workplace should not kill workers or harm their health; a standard working week should not exceed 48 or 60 hours with overtime; wages should be sufficient to survive; and discrimination and violence should be absent.

But decent (or humane, good, fair) work is much more than the absence of harm and human rights violations. On the other side of the coin, there is a positive perspective to work, asking how labour could be such that it also contributes to personal and societal **wellbeing, dignity and satisfaction** (see more examples in Table 1). Sparks of this perspective can be found in the discourse, for example the decent work agenda of the ILO (1999) that puts more emphasis on the quality of jobs.

### **MORE COLLABORATION AND THE RIGHT TO LEARNING**

In today's fashion system, **labour and knowledge are mostly organized in separate “silos”**: A seamstress is not involved in design, and in most cases not even in the setup of the manufacturing process. And many fashion designers, often leaving fashion design academies full of creative ideas, find themselves executing specified design tasks without any influence on collections, marketing or business models. The labour at each step of the value chain is typically governed and controlled by economic performance indicators aiming at cost-reduction and value-maximization at each step. Structurally, and often also intentionally, this sets labour at different steps in the value chain in competition with each other and hinders collaboration.

A just fashion industry within planetary boundaries depends on holistic solutions. For this to happen, it's crucial to extend perspectives and responsibilities and **foster exchange**

**TABLE 4 – DEVELOPING JOBS AND BROADENING RESPONSIBILITIES**

The table displays examples of potential role extensions, but it should not imply that employees must fulfil all these roles. Readers should also bear in mind that, today, some employees already have extended responsibilities. The table is not exhaustive, and similar shifts may also apply to fashion merchandisers and buyers, fabric producers, production managers, marketing employees, repair and post-use workers and all other roles in the fashion system.

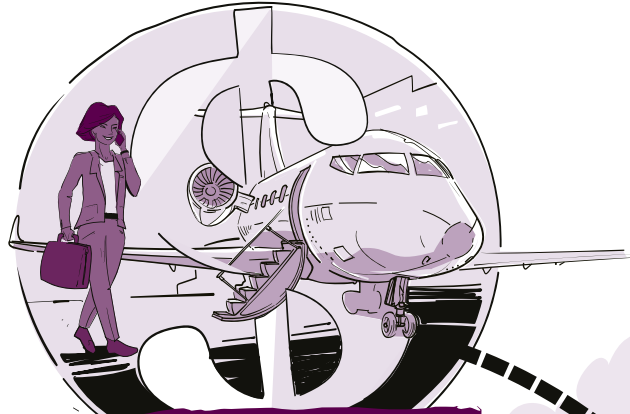
TYPICAL ROLES IN TODAY'S SEGREGATED FASHION SYSTEM	POTENTIAL ADDITIONAL ROLES WITH EXTENDED RESPONSIBILITY
<b>Worker in garment manufacturing (formally employed or subcontracted)</b>	<ul style="list-style-type: none"> <li>– Repetitive execution of micro-tasks of a manufacturing process</li> <li>– Co-design and improve manufacturing processes</li> <li>– Repair and change clothes to make them last longer</li> <li>– Cooperate with designers in the development of products</li> <li>– Tailoring tasks in interaction with users</li> </ul>
<b>Fashion retail worker</b>	<ul style="list-style-type: none"> <li>– Sell new clothes</li> <li>– Advise consumers to find lasting clothes</li> <li>– Co-decide on range of goods and services</li> <li>– Buy and sell used clothes</li> <li>– Consult and help with repair and care of clothes</li> <li>– Collect and forward feedback from users to design and manufacturing</li> </ul>
<b>Fashion designer</b>	<ul style="list-style-type: none"> <li>– Execution of sub-tasks of product design for new clothes</li> <li>– Define and execute design tasks as part of collaborative design and development teams.</li> <li>– Collaborate with material researchers, developers and recyclers to design for circularity.</li> <li>– Interact and collaborate with manufacturing workers in product development.</li> </ul>
<b>Cotton farmer</b>	<ul style="list-style-type: none"> <li>– Produce cotton (and other agricultural goods)</li> <li>– Co-develop agroecological and climate-resilient methods and varieties.</li> <li>– Conserve soil fertility, water basins, biodiversity and the broader environment.</li> </ul>

**and collaboration** between roles that today are often kept apart from each other (see Table 4 for examples). It's important that such an extension of responsibility is not imposed in a top-down process that simply increases workloads and expectations, but as a bottom-up opportunity for personal development that can but must not be taken.

While today many workers are only trained on the job to fulfil a specific task and follow instructions, a circular and sustainable fashion system is knowledge-intensive and in continuous development. These changes are an opportunity for **personal and professional development**. At the same time, they pose a threat to the current workforce: previous transformations in the fashion industry, linked to technological development or globalization, have often pitted groups of workers against each other, replacing experienced workers with the next generation (often cheaper to hire and more easily influenced) or with workers from other, cheaper or otherwise more competitive places. Fears that this could happen again as we transition to a more circular and knowledge-intensive industry, or as we relocate to areas less affected by climate change, are well-founded.

For an equitable transformation process, it is therefore crucial to actively engage the existing workforce, explicitly including those working in precarious settings and from more vulnerable groups, making them subjects rather than objects of change. This means giving them social and job security, the **power to co-determine transformation strategies** (see Section 4.4 below) and time and resources for training, lifelong learning, and personal development. Vocational training, be it on-the-job training or more complex qualifications, must become an integral part of employment and a standing item of social dialogue at company level. At the same time, states have a responsibility (and an interest) to provide education and facilitate lifelong learning, including facilitating cross-sectoral work shifts and personal development. The labour and knowledge shift in the fashion system is part of a broader, human-centred agenda, as outlined by the Global Commission on the Future of Work.<sup>139</sup>

# 4.3 Shifting value distribution



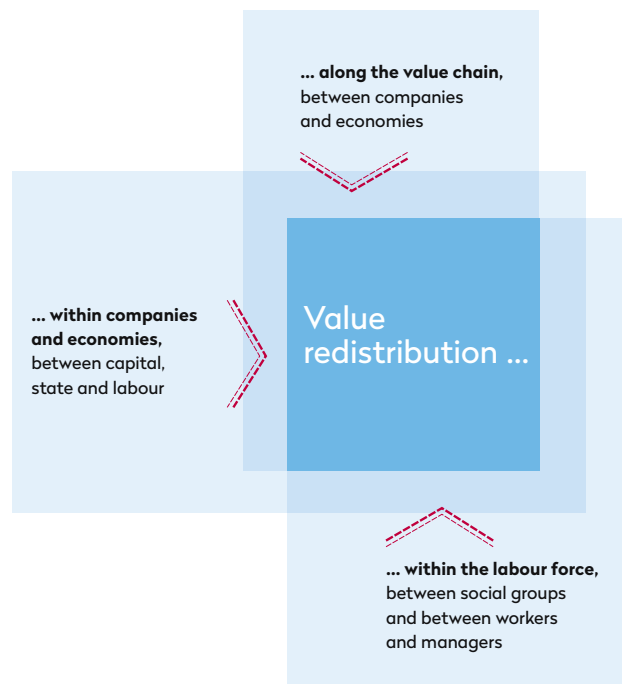
We need a value shift, from the acceptance of extreme inequality and neo-colonial value distribution in global value chains ...



... towards a reduction of the economic inequalities along global value chains.

## Shifting value distribution

FIGURE 3 – THREE DIMENSIONS OF REDISTRIBUTION



The transformation towards a just fashion system is inherently interlaced with re-distribution of value. Reducing the excessive economic inequalities within the industry is a transformation goal in itself, and is an enabling factor for goals addressing social shortfall as well as excessive resource stress at the rich end of the societal divide. At the same time, it's also a practical necessity for financing the Investments in transformation needed at company, personal and state level.

Today's fashion capitalism is characterized by extreme economic inequalities along its global value chains and within individual companies. The maximization of profit margins and shareholder revenues are the undisputed top priorities of most businesses leading the industry. Instead of regulatory action in support of fair sharing of the fruits of progress among all,<sup>140</sup> national and international governance today benefits the economically powerful and ruthless, and too often repressed workers, small producers and other weaker actors have to strike and fight for a fair share of the jointly created value. Shifting the power is therefore key to shift value (Section 4.4 below).

Redistribution of value needs to target at least **three connected layers of economic inequality**: the value distribution (1) along the value chain; (2) within companies and economies; and (3) within the labour force.

### REDISTRIBUTION ALONG THE FASHION VALUE CHAINS

Fierce competition for market share and economic survival is omnipresent in the fashion industry, and the dominant competitive factor is price. Low prices and discounts are the main strategies used to foster consumption and economic growth in this saturated market. This price constraint at the consumer level is subsequently passed through the whole value chain. Brands and retailers dominate the value chains and secure the largest profit margins and respective value added in their business sphere.

Competitive and often cut-throat purchasing practices restrict margins at upstream business partners, especially in outsourced manufacturing, which in turn try to secure their

own margins by compensating their structurally too-low sales prices through further outsourcing of production steps, enhanced exploitation of labour and strict cost-cutting in the purchasing of raw materials. Retailers and brands are then passing on the low-price pressure upstream through the whole supply chain. Under these conditions, a social and ecological transformation is almost impossible: the **narrow margins** are insufficient to substantially increase wages, reduce working hours or otherwise improve working conditions. Raw material prices don't cover the costs of sustainable production. And investments in more eco-friendly energy sources and processes, especially at the stages with highest impact (agriculture, wet-processing) cannot be covered by the meagre incomes of producers and manufacturers. If they happen at all, they rely on external sources of finance, which often imply high interest rates that can further crunch the margins.

The current structure of value added in global fashion value chains follows a **smiling curve** (see Figure 9).<sup>141</sup> Most value added is allocated to pre-manufacturing tasks such as research and development, branding, and product design, as well as in post-manufacturing stages such as marketing and retail. The respective value is captured predominately by brands and retailers and business service providers in high-income countries. In contrast, the labour-intensive cotton growing and manufacturing are predominately outsourced to low-paying production locations, as they have the lowest value-added share. In consequence, only a small part of the total value created along the fashion global value chains is retained in the main producing and manufacturing countries. The geographical dimension of the curve reveals a neo-colonial divide between capitalist centres and the periphery. However, it's becoming blurred, with capitalist centres and the periphery coming closer to each other, for example in metropolitan hubs such as Guangzhou or Istanbul.

The dominance of brands and retailers in value distribution is significant, but not absolute. The size and bargaining power of companies also plays an important role. Smaller brands, and especially smaller retailers, feel the pressure of the market, but have less power than their larger competitors

when it comes to their own purchasing. There are also a few players with strategic or oligopolistic market positions and correspondingly higher margins, such as suppliers of chemicals or machinery on the upstream side, and real estate or on-line retail platforms on the downstream side.

For a more equitable fashion system, the **main patterns of value redistribution** should be:

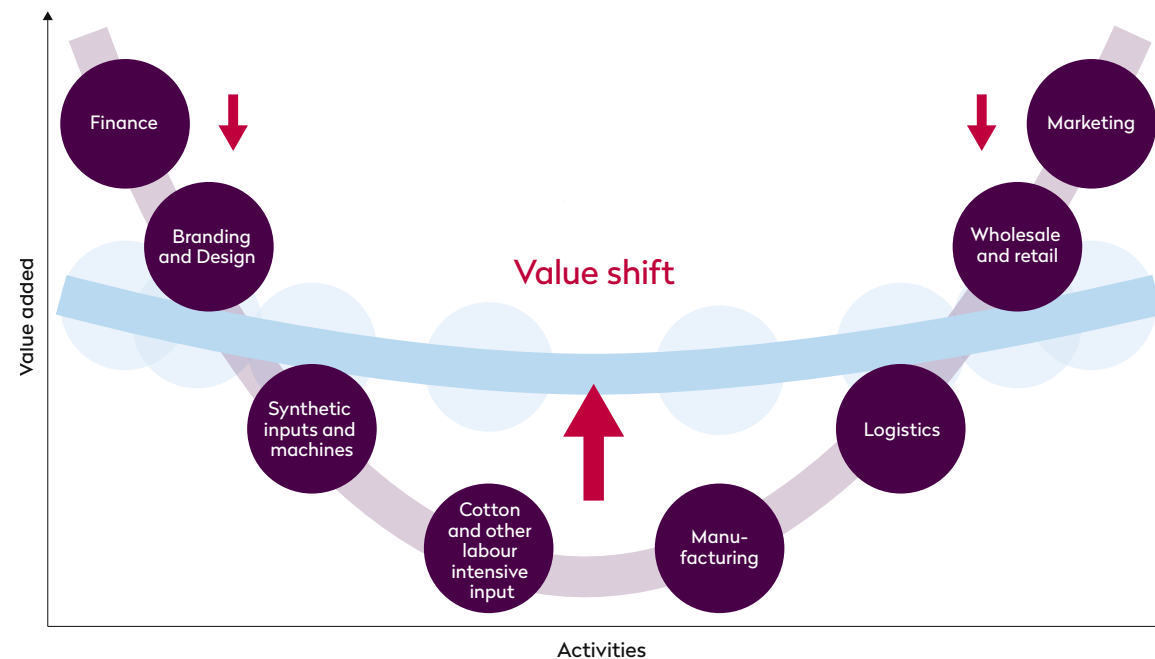
- More value kept in manufacturing and other labour-intensive parts of the value chain
- A shrinking value share of big brands and retailers
- More value kept in raw material production, especially in sustainable agriculture.

Box 9 shows an example of how such a re-distribution would change the pricing structures in the industry. However, it would be too short-sighted to simply keep the linear value-

chain logic and only re-distribute in a win-lose game the existing value added more equally. Such a re-distribution needs to be complemented in three ways:

- The linear, extractivist value-chain logic from raw material to waste needs to be transformed into a more **circular value logic** with less virgin raw-material input and with more loops, and respectively more value generated from re-sale, repair, recycling, and other forms of upgrade processes
- An overall economic extension of value chains to ensure that prices cover the cost of sustainable production
- A melting of the structural and regulatory competitive advantages of bigger, transnational companies to ensure a fairer competitive landscape where smaller, local actors can coexist, cooperate, and compete on fair terms with larger, transnational actors.

**FIGURE 9 – VALUE ADDED ALONG GLOBAL FASHION VALUE CHAINS**



Own illustration, based on the 'smiling curve' by Stan Shih (1992)



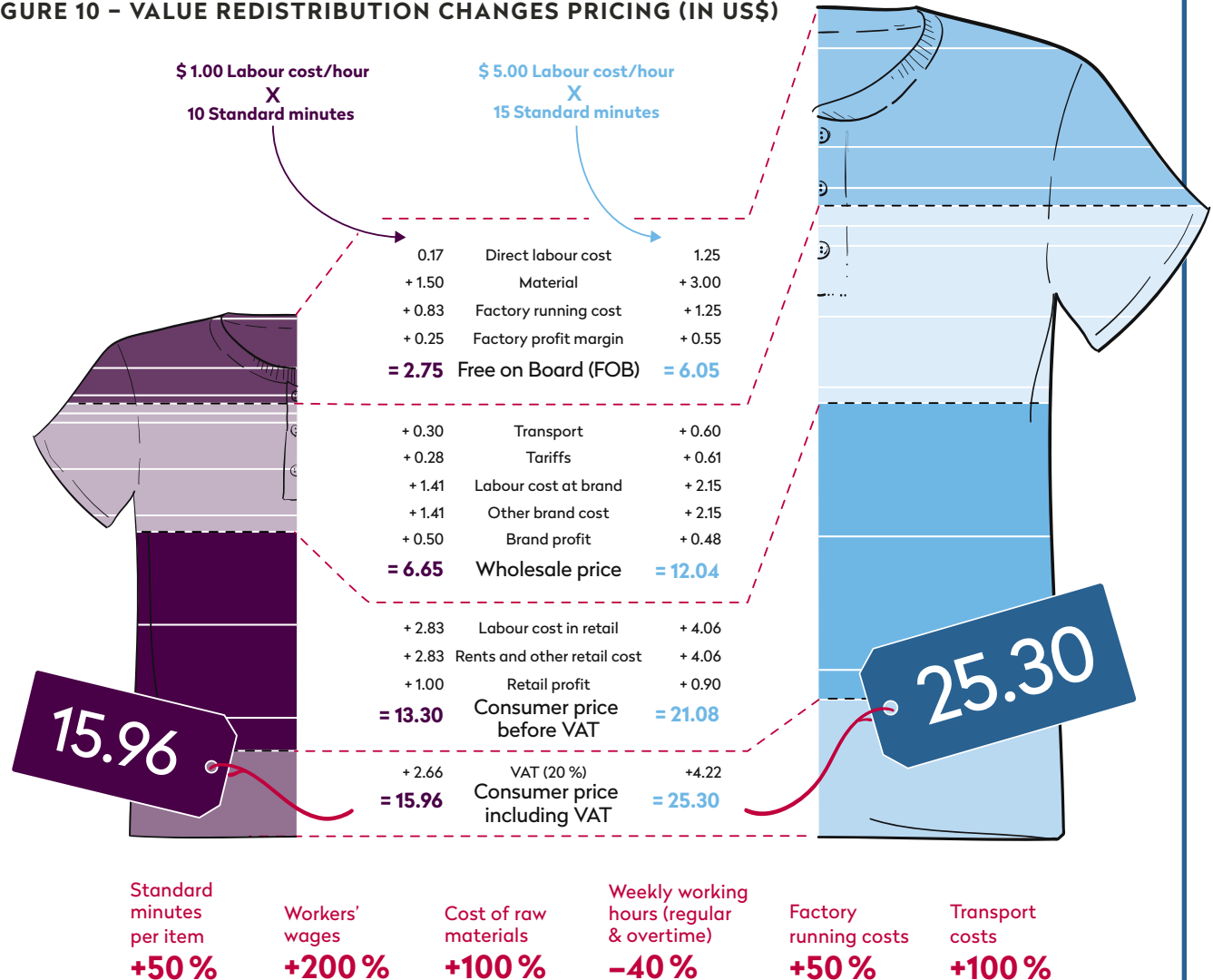
**BOX 7 - VALUE REDISTRIBUTION AND PRICING; AN EXAMPLE**

A fairer distribution of value-added within the supply chain would obviously impact the price structure of specific products. The following example compares a typical hypothetical pricing structure of a basic cotton Henley shirt (manufactured in India and sold overseas) with an alternative pricing structure.

**Assumptions**

- The alternative pricing model accounts for substantially higher wage costs at living wage level (+200%) and reduced weekly working hours (from 60 to 36) according to the transformational targets for these areas.
- The standard labour minutes per item are increased by +50% to reduce workload stress and allow for higher manufacturing quality.
- The price of material is doubled, in order to increase price in the cost of agroecological cotton production and living wages and incomes in upstream value-chain steps.
- The factory running costs are increased by +50%, to account for investments in secure, ergonomic and more sustainable workplaces supporting wellbeing of employees.
- Transport costs are doubled, to allow for investments in sustainable, fossil-energy-free transportation and warehousing, and to account for decent working conditions and living wages in logistics.
- Brand and retail operation margins are reduced from a typical 100% top-up to 66% in branding and 75% in retailing. Given that it's based on substantially increased land cost and wholesale prices, it would still allow for higher labour and other costs at brand and retail level.
- Brand and retail profit share of margin is reduced by a third, from 15% to 10%, equalling the assumed manufacturer profit share. This would reduce shareholder profits, but still be sufficient to cover finance and investment costs.

**FIGURE 10 - VALUE REDISTRIBUTION CHANGES PRICING (IN US\$)**



Own illustration and projection.

► Continued from p. 73

### The impact of higher prices

As a consequence of such a fundamental redistribution in the value chain, the overall **value-added per product increases**. To achieve that same economic value, fewer item sales are required. The impact of higher prices on household budgets depends on the extent to which they also change consumption behaviour and incomes. If buying behaviour remains unchanged, it will drive up the share of household spending for fashion. But it is more likely that higher prices, especially when combined with higher quality, will reduce impulsive purchases and incentivize increased wear cycles. And especially for current low-paid labourers, the re-distribution of value across fashions supply chain (and hopefully similar shifts in other sectors) will increase household incomes substantially.

However, there is no automatism for such income shifts. The **practical dilemma** that arises here should not be carelessly pushed aside: The higher prices resulting from the desired inclusion of the cost of sustainable production (and handling) stand in conflict with the goal of satisfying the basic needs for clothing for low-income families. Many of them are currently not overconsuming fashion, but rather experience deprivation in terms of self-selected and dignified clothing. Referring to longer use or second-hand clothing as a solution for low-income groups might be well-intentioned advice. However, it implies classism, and – with an eye to the one-sided transcontinental flow of used clothing – racist elements. The poor shouldn't wear out the clothing of the rich, but all should have sufficient income to satisfy basic clothing needs in a similar mix of new and pre-worn items. The practical dilemma cannot be resolved through redistribution within the fashion system in isolation, but only together with a general, profound and global reduction of economic inequalities.

## IDEA FOR REGULATION

### A MINIMUM PRICE FOR GARMENT AND FOOTWEAR TRADE



To prevent predatory pricing by international buyers and to retain a greater share of value added, apparel- and footwear-exporting countries could impose minimum export prices. An example that could be adopted is the minimum export price for bananas introduced by Ecuador to prevent the retail price of a standard box of bananas from falling below the cost of production. Such an instrument has not yet been used in the fashion industry.

Of course, minimum prices for fashion items would need to be more complex and require expert guidance to account

for the specifics of items and materials, but the principle would be the same: the export price of a basic T-shirt from a specific country cannot fall below a minimum price, which limits price negotiations between exporters and international buyers at the lower end.

Although in principle such price benchmarks should be set to cover at least the costs of sustainable production, including living wages, the fierce competition among producing countries would make a unilateral sharp increase difficult, especially for countries with a small global production share. Ideally, such minimum prices would be internationally coordinated and gradually increased.

## STEP FOR BUSINESSES



In the absence of legal minimum trade prices, companies can use product-specific minimum price benchmarks as a measure in their due diligence process to ensure that their purchase prices do not contribute to negative price pressure.

## REDISTRIBUTION OF VALUE-ADDED FROM CAPITAL TO LABOUR AND SOCIETY

**Collective bargaining** for higher wages and social security is not only crucial to achieve more distributive justice within companies and at the industrial level, it also strengthens the individual resilience of workers and their families to adapt to the climate and other ecological crises. Corporate income **taxes**, together with strategies to tackle tax avoidance, are important tools for securing public resources in support of

transformation. At their core, both approaches, collective bargaining and taxation, aim to redistribute some of capital's share of the value-added from economic activity to labour and society.

While the maximization of shareholder profits is a top priority for most company boards in the fashion system, the actual capability to capture profits accordingly differs substantially and is confined by the companies' position within the global value chain (See Box 9). Without a substantial re-distribution within the value-chain links, it's hard for companies and coun-

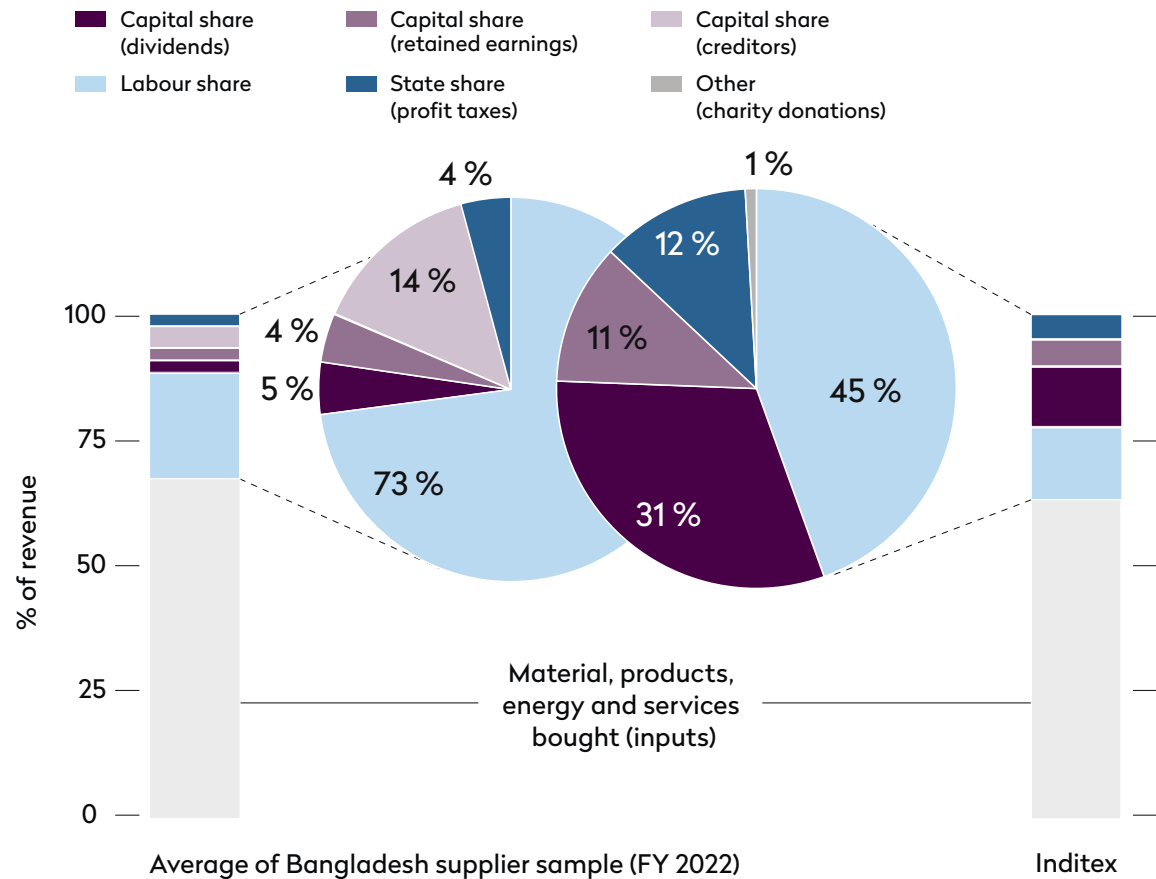
**BOX 8 – INEQUALITY IN VALUE-ADDED DISTRIBUTION BETWEEN SUPPLIERS AND LEAD COMPANIES**

The left-hand column in Figure 11 displays key financials of typical companies at the bottom of the value curve, specifically the average of eight apparel manufacturers in Bangladesh.<sup>142</sup> The low average item prices of around 2 euros that these companies can obtain from their overseas clients don't leave much to distribute within the companies. The cost of production, especially materials, eats up most of the revenue. The gross operating profit stands at 8%. After financials and taxes, only an average net profit of 3% of revenue remains.

The labour share of value-added (including not only workers, but also employees and managers) is relatively high (more than 70%). But this is not an expression of a strong negotiating position of trade unions. On the contrary, the remuneration levels are extremely low and workers organizations face fierce repression. Instead, it's an arithmetic consequence of a labour-intensive business that operates on very small margins. The average capital share of value-added stands at 22.9%. Interesting here are the details: more than half of it goes to creditors, not to shareholders. That's a sign that the companies rely heavily on loans at high interest rates to run their businesses. And less than 5% of value-added goes to the state in the form of taxes.

The financials of the leading global fashion brands sitting on the top of the value curve reveal a completely different world. The right-hand column in Figure 11 shows the latest results of the Spanish fast-fashion giant Inditex. Its gross operating profit margin of 27% is a result of its strong market power vis-à-vis suppliers as well as consumers. After financials and taxes, shareholders

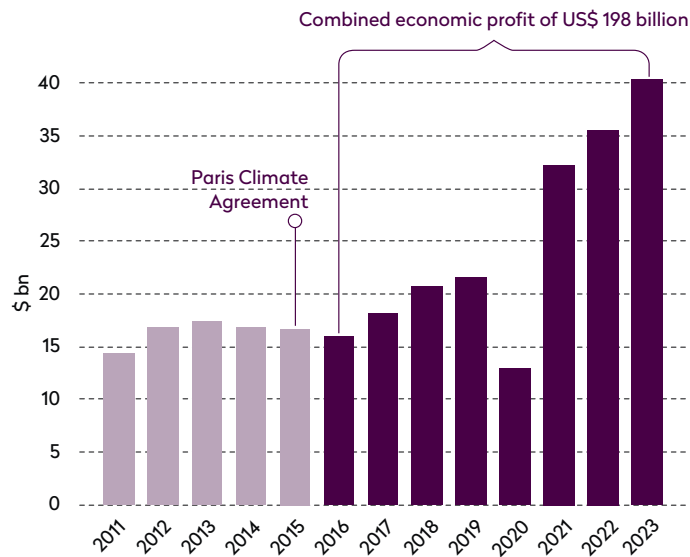
**FIGURE 11 – EXAMPLES OF COMPANY VALUE-ADDED DISTRIBUTION**



receive a net profit of 15% of revenue. The capital share of value-added stands at 42,5% capital share of value added. And most of this goes directly into shareholder dividends.

**SOURCE** own calculations and estimates.  
**SOURCES OF DATA** Inditex Annual Report 2023, Annual reports 2022 of eight stock exchange listed apparel manufacturers in Bangladesh.

**FIGURE 12 – THE PROFITS OF THE TOP 20 FASHION COMPANIES 2010–2022**



SOURCE OF DATA McKinsey State of Fashion Report 2024

tries at the bottom of the international value curve to secure the resources needed for a socio-ecological transformation.

Over the last decade, the 20 most profitable exchange fashion corporates, many of them luxury brands, captured most of the economic profit within the industry. In the eight financial years since the signing of the Paris agreement (2016–2023), they accumulated a combined economic profit of US\$ 198 billion (Figure 12).<sup>143</sup> In parallel, other brands, big retailers and trading platforms accumulate huge profits for their owners.

A report by the Apparel Impact Institute and Fashion for Good calculated that just to put the industry on a net-zero pathway to 2050, investments amounting to US\$ 1 trillion are needed.<sup>144</sup> The authors found that the major part of this should come from banks and other financial investors. The 50-billion share that, according to authors, should come from brands is not presented as a genuine contribution from their profits, but as inner-supply-chain credit-flow from brands to manufacturers. However, financing transformation through commercial investments risks cementing existing, and creating new, debt, dependencies, and inequalities in the industry. For a transformation that addresses not only technical adaptation but also the injustices in the industry, it would make far more sense to redistribute a part of the economic profit that is currently concentrated in the accounts of a small share of companies and their shareholders. Higher prices to suppliers, increased wages and taxation on earnings to secure public and democratically governed funds for transformation are key instruments for this objective.

### REDUCING WAGE INEQUALITY

The third dimension of value re-distribution addresses the huge **inequality that divides the global workforce** along the fashion value-chain. Guaranteeing the right to a living wage for all workers across the fashion system is crucial in protecting rights, but it's only a starting point for achieving economic justice. For a just transformation, we need to overcome the classist, neo-colonial and patriarchal paradigms that frame in-

come differences as normal within companies, between genders and social groups and between workplaces located in different countries and continents.

When garment workers in one country earn only a fraction of what their colleagues in a high-income country earn for the same tasks (and adjusted for local purchasing power), this is not an expression of “normal” differences between “advanced” and “developing” economies, but the result of the global economic, trade and finance governance that perpetuates colonial inequalities. The same global governance allows capital and goods to move freely but denies people the right to migrate and seek opportunities across national borders. And when managers or owners earn a hundred times more than the average employee, this is not because they toil so much harder or are more skilled, but because their upper position in the organizational hierarchy gives them the respective power over the company's resources, and because owners often use executive remuneration to secure the leadership's loyalty and thereby to maximize shareholder value.

A just transformation of the fashion system will reduce the level of wage injustice across its value chains to a certain extent, but it can't overcome the underlying patterns of inequality that are enshrined across all economic sectors. However, it should at least alter the perception of normality and immutability of extreme income inequalities, help develop a vision for **global wage justice**, and pursue this objective through collective bargaining, political campaigning and regulation. What would such a vision look like? This should be the result of a broader discussion within the global labour movement. As a contribution to this discourse, this report proposes four elements: (1) a global minimum wage benchmark<sup>145</sup> above living wages; (2) a benchmark for a maximum wage span across global value chains, and in consequence a limit of excessive managerial remuneration; (3) non-discriminatory pay; and (4) the principle of transparency that would allow individuals and trade unions to identify pay inequalities.

## 4.4 *Power shift: regulate, democratize and reset ownership in the fashion system*

**T**he transformational shifts and corresponding business model overhauls won't just happen as a matter of course. Vested interests of wealthy actors are key, as they have the economic, and often also political power, to keep the system working in their favour for as long as possible.

As long as these power structures remain unchanged, **it's naive, if not misleading, to see consumer behaviour change as the main lever or driver of industry transformation.**

Obviously, patterns of consumption, use and value retention of clothing are important and must be part of fashion transformation. But consumerist fast-fashion lifestyles didn't just happen; they are the result of marketing and business strategies deliberately designed for that purpose. And also the result of economic policies that make growth the overarching goal, allowing companies and investors to engage in destructive business practices and pass on the social and environmental costs.

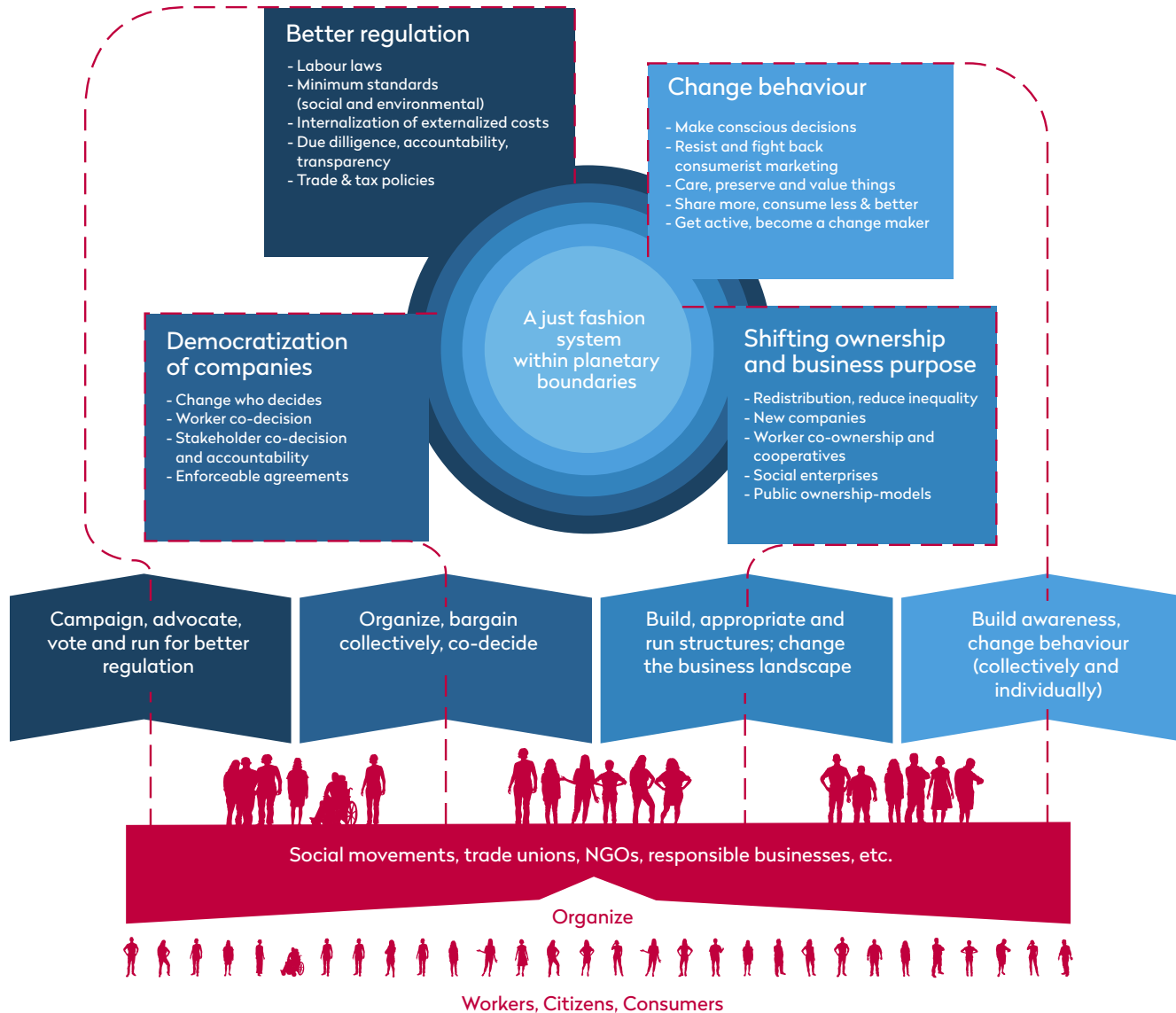
The fact that many people are still fighting economic headwinds that impede progress, and trying to consume more sustainably, gives us hope. But instead of relying solely on the spirit of consumer resistance for a better fashion system, we should change the direction of these winds. This can be done

on four levels: first, by changing the regulatory framework around the industry; second, by fostering more participatory and democratic decision-making within the industry; third, by rebalancing unequal ownership structures and business purpose; and fourth, by empowering ourselves and others to act more consciously, to change behavioural patterns, and to become actors in transformation. Workers, citizens and consumers can act individually, but when they organize in unions and other associations, their transformative power is amplified (Figure 4 on p.78).

### **BETTER REGULATION**

The current shortcomings in the industry's operating system are systemic. Leading systemic change is first and foremost a political responsibility. Lawmakers and governments have the mandate and the tools to set industry on a path of transformation that respects planetary and societal boundaries. This includes not only setting and enforcing labour laws and other rules and standards to prevent harm, but also incentivizing transformation and better practices.

FIGURE 4 – POWER SHIFTS FOR A JUST TRANSITION



The neoliberal *laissez-faire* approach and the belief that the market is already self-regulating have failed miserably. If we bury the myth that regulation is something to be avoided, then we can finally **leverage the full potential of democracy**. We can then shape the fashion system in a needs-orientated way, with dignified work, in the interests of the common good, and in harmony with our environment. Notes with ideas for concrete regulatory actions have been presented as pieces of the puzzle throughout the report. As many challenges and solutions are global in nature, international governance should play a relevant role in regulation.

**DEMOCRATIZATION OF COMPANIES:**

Most businesses are organized as private enterprises, but what they do, create and use, and how they organise work, is not private at all. Democracy should therefore not stop at the gate of the company's premises, and managerial authority should be counterbalanced by **co-decision-making** tools, negotiations and other participatory elements for internal and external stakeholders affected by corporate practices. Socio-ecological transformation requires adjustments and often reorientations of business models, and for equitable outcomes, workers and communities around enterprises should be fully involved. **Economic democracy** does not mean that all companies become collectives of equals, but that the right and responsibility to make decisions is expanded. Economic democracy can and should be promoted through regulation as well as through organizing in and around companies and collective bargaining.

**SHIFTING OWNERSHIP AND BUSINESS PURPOSE**

Will the current large brand, retail and production conglomerates still be the leading companies in a transformed fashion system? It's hard to imagine. That's not to say that companies with a narrow focus on profit maximization won't be able to adapt to new circumstances and, in particular, legal require-



A Cambodian worker speaks on a loud speaker during a strike outside a garment factory in Phnom Penh on September 15, 2010.

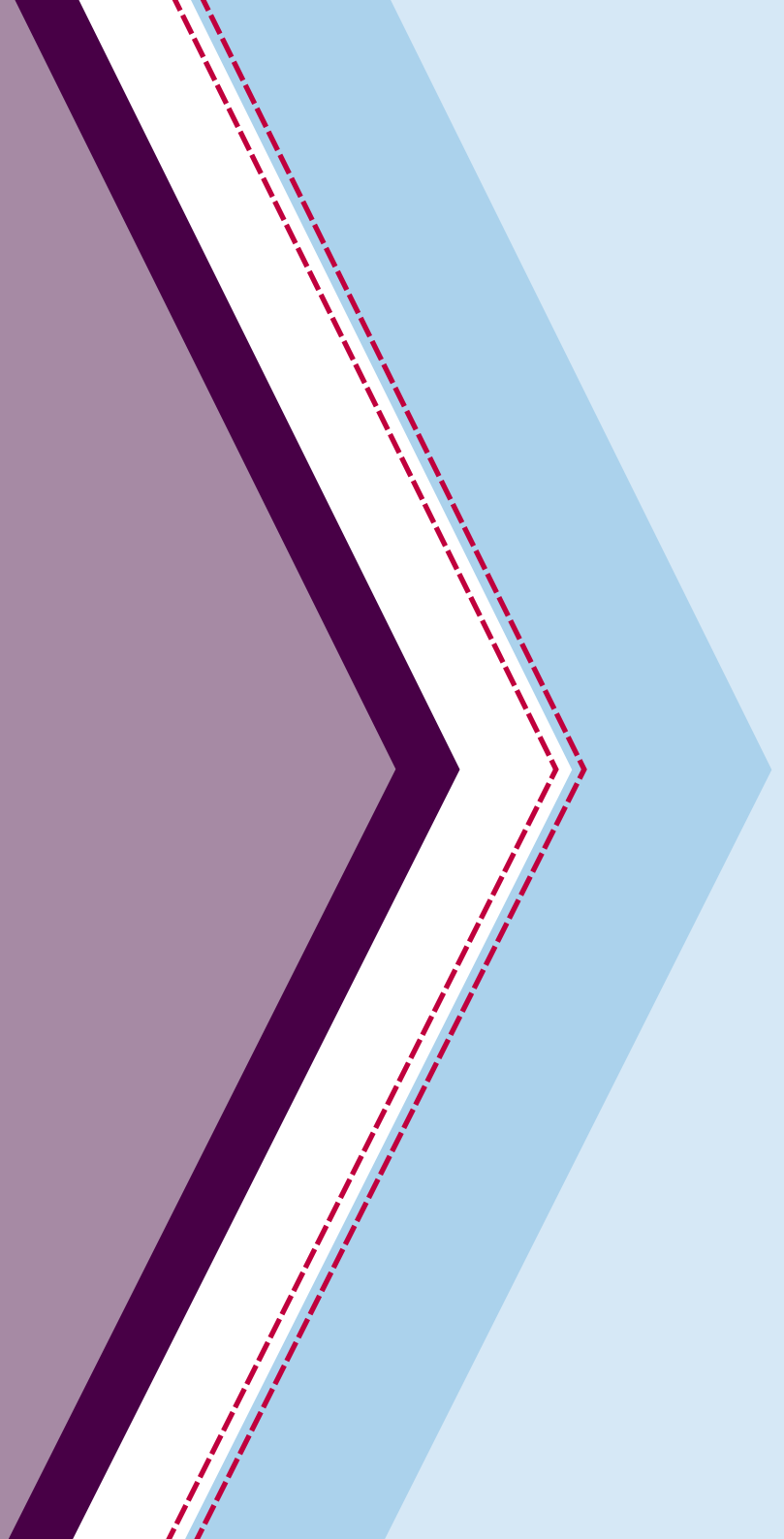
ments. But given that a redefinition of the core objectives of economic activity is an element of this transformation, existing companies will need to undergo substantial structural and cultural changes if they are to be compatible with a new operating system. The creation and strengthening of **economic entities that are not primarily focused on shareholder profits**, but rather on purposeful work, well-being and the common good, can be supported by better regulation. This includes antitrust policy and the break-up of companies and platforms with dominant market positions, public welfare requirements in company law, support for social enterprises or worker co-ownership models, and by tax and other legislation aimed at reducing economic inequalities in general on a large scale. But a shift in ownership also requires workers, citizens and entrepreneurs who are willing to appropriate existing and build new economic structures to complement or gradually replace the current corporate landscape in industry.

### CHANGING BEHAVIOUR

Behavioural change in fashion should not be misunderstood as primarily focused on individual consumption. Challenging flawed paradigms, fighting back manipulative marketing, and raising our and others' awareness is essential to changing behaviour. Making our own, more conscious choices about how we access, make, use, value, care for, share and dispose of fashion items will certainly change consumption patterns. But more importantly, it will help us become more aware of the **transformative power we have within ourselves** as citizens, workers and trade unionists, activists and politicians, producers and entrepreneurs, individually and collectively. And also to use that power and the levers within our reach to build a just fashion system within planetary boundaries.

5

*Let's reclaim  
fashion*





# Let's reclaim fashion

The fashion system stands at a critical crossroads. As we face an escalating climate emergency and extreme economic inequalities along global value chains, the need for a radical overhaul has never been more urgent.

This report highlights the severe environmental and social injustices perpetuated by current fashion business models, driven by the relentless pursuit of more, faster, and cheaper production and consumption. For twelve priority areas of transformation, we propose concrete targets for change that should be achieved by 2030.

The aims discussed throughout this report – such as reducing the use of virgin materials and overproduction, paying living wages, ending discrimination and gender-based violence, and promoting an agro-ecological transition – may at first appear to be separate issues. However, they are deeply interconnected, interdependent and mutually supportive. They should not be seen as competing challenges, but as elements of a multifaceted struggle for a new, just operating system for fashion that operates within planetary boundaries.

We hope this report provides food for thought and action. We call on all those who believe that a better, more just and ecologically sound fashion system is possible to join forces in spinning the threads of this transformation. While this report covers many aspects, it's not a comprehensive transition strategy. We invite you to reflect on the targets, paradigm shifts, and ideas for regulation and business action presented. And to challenge and improve them, and to add the missing pieces to the larger puzzle of the socio-ecological transformation of the fashion industry.

The pitiful state of the fashion industry today shows us that despite the many nice promises and initiatives, we should not rely on the will and ability of the current power holders to lead the transformation process towards a just fashion system. It's up to us to change the underlying paradigms and to democratize, reappropriate and reclaim fashion.

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- 140 "Share the fruits of progress to all" is among the key visions of the Philadelphia Declaration of 1944, the Foundation Document of the International Labour Organization.
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How should we dress on a dying planet? The Earth is facing a climate emergency, but the fashion system is simply adding fuel to the fire. Textiles, clothing, leather, and footwear are among the most polluting and unjust industries, built on widespread exploitation of cheap labour and the planet's resources. Despite this devastating track record, *more, faster and cheaper* continue to be the driving forces in fashion business models.

The fashion system clearly needs a radical overhaul. *Less* resource and energy use, *slower* production and consumption, and *fairer* distribution of economic value must become the new fashion trends for a liveable climate and a just future on Earth. This is not merely about a few tweaks here and there – it's about making a transition to a new operating system for fashion.

The aim of this report is to advance the international debate on socio-ecological transformation and a just transition in the fashion system by proposing 33 concrete targets for change and 4 paradigm shifts. Meaningful and measurable transformation targets are essential for honest stocktaking and effective guidance.



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