SEVEN SUSTAINABILITY PRIORITIES FOR FASHION INDUSTRY LEADERS
We thank Kering, H&M, Target, BESTSELLER, Li & Fung and Sustainable Apparel Coalition for contributing their time and expertise to the development of the CEO Agenda.

In addition, we thank our sounding board, the industry experts and the company executives who have contributed their time and insight.

Publisher: Global Fashion Agenda
Authors: Caroline Chalmer, Jonas Eder-Hansen, Morten Lehmann, Thomas Tochtermann and Sofia Tärneberg.
Copywriter: Cornelius Grupen
Graphic designer: Daniel Siim
Art director: Thomas Blankschøn
Photos: Simon Lau

© 2018 copyright Global Fashion Agenda

The CEO Agenda reflects a shared belief by Global Fashion Agenda and its Strategic Partners that the seven priorities are the most important current challenges for the industry to tackle together. It does not represent a commitment by the Strategic Partners to solve the listed issues within a given timeframe, but a support for the dialogue in the industry to move in this direction.

IN PARTNERSHIP WITH

KERING

H&M

BESTSELLER

LI & FUNG

Sustainable Apparel Coalition
PUBLISHED BY

GLOBAL FASHION AGENDA
NOTE FROM THE AUTHORS

Our mission at Global Fashion Agenda is to mobilise the international fashion industry to transform the way we produce, market and consume fashion. A year ago today, we took the pulse of the fashion industry in terms of sustainability. Our diagnosis was threefold:

• **A strong opportunity and need for change.**
  The case for sustainability emerged strongly and clearly (see the insert), and most executives acknowledged the importance of sustainable practices to safeguard future growth.

• **A group of first movers.**
  About half of the companies we looked at had already taken some or a lot of action on sustainability. A small group of “sustainability champions” stood out specifically, but these accounted for only 3% of the total market in terms of value.

• **A worrying level of inertia.**
  The other half of the industry had not taken any action on sustainability at all. Executives at these companies said that they had not yet incorporated environmental and social considerations into their business strategies.

In other words, many of the very people who acknowledged the need for change and held the key to bring it about were hesitant to take action. In the ensuing months, we reached out to executives in both groups, starting with those who had not taken any action at all. What we heard most frequently was some variety of “We acknowledge the need to take action, but we are awed by the magnitude and the complexity of the challenge.” But what really struck us was what the first movers told us. Although they had already started to implement sustainable practices at their companies, many of them said they lacked the solutions and collaboration structures needed to complete the transformation. In essence, what we heard from both groups was a request for guidance. Even veterans of the industry concede that sustainability is too big a challenge for any one company to tackle by itself, and that it will take a joint effort by the industry as a whole to focus on the biggest challenges.

In response to these requests for guidance and a common industry focus, we sat down with our Strategic Partners and select experts to define the top priorities for the fashion industry in terms of sustainability. The result of that process is the CEO Agenda you hold in your hands today. It is a historic first, and we hope it will shape the transformation of the fashion industry for years to come. For the first time, high-profile fashion brands have joined forces to spell out what it will take to effect real change. As a living document, the CEO Agenda is meant to inform and guide the actions of all fashion brand executives who share our belief that it takes a coordinated effort to move the needle on sustainability. We are confident that the CEO Agenda will speak both to early movers and late adopters among fashion industry executives. For late adopters of sustainability, the CEO Agenda provides orientation on where to focus their efforts. For early movers, the CEO Agenda contains advice on how to proceed on their journey, and in which areas to form coalitions with their peers. For everyone, the CEO Agenda will help establish and advance sustainability as a common cause for the entire industry.

---

**THE CASE FOR CHANGE**

The fashion industry employs 60 million people worldwide and generates EUR 1.5 trillion in global revenue (apparel and footwear), but that value is at risk. Planetary resources like water and land are limited. Consumers increasingly insist on sustainable practices. Employees rightly request safer working conditions. Owners and shareholders seek to protect the long-term viability of their investments. The total value at stake adds up to a staggering EUR 160 billion for the global economy, a figure that reflects the potential cost savings derived from more efficient and respectful use of natural and human resources. While pioneering players lead the way towards more sustainable practices, the average fashion company only scores 32 out of 100 on the Pulse Score sustainability barometer. If these companies don’t take action, they will curb their prospects for future growth and profitability. For details, see the *Pulse of the Fashion Industry 2017* report, authored by Global Fashion Agenda and The Boston Consulting Group.
THE CEO AGENDA

Initiated and brokered by Global Fashion Agenda (see insert), the CEO Agenda 2018 spells out seven priorities that will help make fashion more sustainable. The CEO Agenda reflects the values and aspirations for the global fashion industry of our Strategic Partners and advisers, a diverse group of high-profile fashion companies such as Kering, H&M, Target, BESTSELLER, Li & Fung and Sustainable Apparel Coalition. It draws on the most pressing issues and the biggest opportunities for environmental and social impact as outlined in our Pulse of the Fashion Industry 2017 report. With the CEO Agenda, we seek to steer the conversation about sustainability and encourage fashion industry leaders to take action.

Fashion brand CEOs are the primary target audience of the CEO Agenda because their decisions affect the entire value chain, and they hold the power to make sustainability an integral part of their business strategy. At the same time, we hope that the CEO Agenda will serve as an invitation to other players such as investors, suppliers, government officials, researchers, initiatives and NGOs to engage in a conversation with fashion brands about the right path towards a more sustainable fashion industry.

The CEO Agenda 2018 comprises two sections. It includes three core priorities for immediate implementation and four transformational priorities for fundamental change in the longer term.

The first three core priorities have already been implemented by pioneers of the industry, and there are countless cases that substantiate the value they bring, both from a corporate and from a macroeconomic perspective. We urge fashion brand CEOs to kick off the implementation of these priorities right away.

While the other four transformational priorities are just as crucial and urgent to make the fashion industry more sustainable, the right course of action to bring about change is less certain in these areas. We do not know what future taxation and regulation will look like. And nobody has a full understanding of how exactly automation and other technological advances will affect the way clothes and shoes are produced and distributed. Yet we believe that fashion brand CEOs have an obligation, both to their shareholders and industry stakeholders, to blaze the trail. They should engage with their peers, suppliers, NGOs, academics and policy makers to tackle these issues today and start developing solutions. It is our aspiration for the CEO Agenda to inform and guide that process.

ABOUT GLOBAL FASHION AGENDA

Global Fashion Agenda is a leadership forum on fashion sustainability. Anchored around the world’s leading business event on sustainability in fashion, Copenhagen Fashion Summit, Global Fashion Agenda advances a year-round mission to mobilise the global fashion system to change the way we produce, market and consume fashion, for a world beyond next season. A non-profit initiative, Global Fashion Agenda collaborates with a group of Strategic Partners including Kering, H&M, Target, BESTSELLER, Li & Fung and Sustainable Apparel Coalition on setting a common agenda for focused industry efforts on sustainability in fashion.
THREE CORE PRIORITIES FOR IMMEDIATE IMPLEMENTATION

**SUPPLY CHAIN TRACEABILITY**
Trace tier one and two suppliers

**EFFICIENT USE OF WATER, ENERGY AND CHEMICALS**
Implement water, energy and chemicals efficiency programmes in processing stages

**RESPECTFUL AND SECURE WORK ENVIRONMENTS**
Uphold standards for the respect of universal human rights for all people employed along the value chain

FOUR TRANSFORMATIONAL PRIORITIES FOR FUNDAMENTAL CHANGE

**SUSTAINABLE MATERIAL MIX**
Reduce the negative effects of existing fibres and develop new, more sustainable fibres

**CLOSED-LOOP FASHION SYSTEM**
Design products and invent novel collection and recycling systems that enable the reuse and recycling of post-consumer textiles at scale

**PROMOTION OF BETTER WAGE SYSTEMS**
Collaborate with industry stakeholders to explore opportunities to develop and implement better wage systems

**FOURTH INDUSTRIAL REVOLUTION**
Embrace the opportunities in the digitalisation of the value chain and engage with other brands, manufacturers and governments to prepare for the transition of workforces
THE ROAD AHEAD

We hope the CEO Agenda will trigger a continuous conversation about sustainability in the fashion industry. In the upcoming Pulse of the Fashion Industry 2018 report, in collaboration with our knowledge partner The Boston Consulting Group, we will further explore these topics and propose concrete actions executives can take to capture that potential.

The CEO Agenda itself will be a living document. We will update it on a regular basis to reflect the evolution of the fashion industry and its progress towards more sustainable practices and new solutions. We will track that progress with the Pulse Score (see insert), a global barometer of sustainability in the fashion industry. The Pulse Score will be updated and published every year.

We encourage fashion industry leaders to engage with us and with their peers on the priorities laid out in the CEO Agenda. It is up to them to develop an understanding of the most pressing topics, the opportunities they present and the shortest route towards more sustainability in the ways their products are produced, marketed and consumed.

Says François-Henri Pinault, chairman and CEO of Kering: “Sustainability is an opportunity. It creates long-term value for stakeholders and it is optimistic, not constricting.”

THE PULSE OF THE FASHION INDUSTRY

The Pulse of the Fashion Industry is an annual report published by Global Fashion Agenda and The Boston Consulting Group. The report follows the strong belief that the environmental, social and ethical challenges the industry faces today are not only a threat, but also an immense, untapped opportunity for creating value.

The Pulse Score, powered by the Higg Index, is a global and holistic baseline of sustainability performance in the fashion sector. It was jointly developed by Global Fashion Agenda and The Boston Consulting Group. It is based on the brand module of the Sustainable Apparel Coalition’s proprietary Higg Index, which recognises policies regarding both environmental factors, such as water consumption, and social factors, such as labour practices. The Pulse Score extends the Higg Index by extrapolating the findings to include the entire industry. The Higg Index is the most extensive and representative existing measurement tool for the industry. It covers the majority of large companies and was extended to include small to medium-sized players.
THREE CORE PRIORITIES FOR IMMEDIATE IMPLEMENTATION
WHERE ARE WE TODAY?

The fashion industry is one of the most complex global production networks. The complexity and fragmentation of the fashion supply chain can make it difficult for fashion brands to keep track of where and how their products are made. As a result, many fashion brands across segments lack traceability and full visibility of their supply chain, and they often do not know where the raw materials used in their products come from. The good news is that there are tools that enable fashion producers to track all relevant product details, including the environmental and social impact involved in the production of a given garment.

WHY DOES IT MATTER?

Traceability is a prerequisite for identifying and improving the environmental, social and ethical impact of fashion production. It enables brands and their suppliers to identify challenges and risks along their supply chain, as well as to understand and manage the opportunities to introduce more sustainable practices. This is why traceability is crucial to unlock the EUR 160 billion at stake for the world economy (see the insert “The case for change”). As an added benefit, supply chain traceability can help companies make their supply chain more efficient. Traceability enables transparency, and it puts fashion companies in a position to collaborate with their peers and external stakeholders on sustainability more productively. Finally, traceability equips brands to communicate with consumers about sustainability and the impact of their products in a credible manner, and it can help reduce public pressure on fashion companies. Transparency builds trust, and trust drives brand value.

WHAT NEEDS TO CHANGE?

To increase product traceability, fashion brands must map tier one and two suppliers as a first step. They need to understand the production practices of these suppliers, including their environmental, social and ethical impacts, using a standardised approach across all suppliers. As a second step, we encourage fashion brands to disclose a list of tier one and two suppliers continuously, or on an annual basis. These steps will increase transparency, enable collaboration and drive stakeholder engagement on sustainability.

Frontrunners looking to go beyond the core priority and distinguish their brands through transparency can submit tier three and four suppliers to the same scrutiny. This will result in a comprehensive overview of the full environmental and social impact generated at all stages of the supply chain.
WHERE ARE WE TODAY?

The fashion industry currently contributes 2% to the global carbon budget. Over the course of the next few decades, that share could increase more than tenfold. Looking at the fashion value chain, the activities with some of the largest impacts on climate, water and chemical pollution, can be found in the processing stage. This means that this stage has the highest priority for immediate action in most segments, from chemical tanning of leather for luxury brands to denim processing for high-street retailers. Although many fashion brands have already made significant progress in this area, a large gap persists between top and bottom performers. Many companies still have significant improvement potential.

WHY DOES IT MATTER?

In the future, clean drinking water and water for crops will become increasingly scarce. Today, energy is cheap in comparison to the environmental impact of fossil fuels. In the future, an increase in demand and the introduction of carbon tax could drive up the cost of electricity. The energy used during processing can account for as much as half of a fashion brand’s contribution to climate change. Fortunately, the untapped potential for a more efficient use of water and energy in processing is substantial. On average, textile processing mills can cut water use by 11% and energy use by 7%, with a return on investment within 14 months. Reducing the use and release of hazardous chemicals, such as tanning agents and leather dyes, in processing will help improve the health of workers and reduce the damage done to the environment. The total value at stake for the world economy is in the magnitude of EUR 9 billion. Because wasteful practices in processing are typically easy to identify and can be Remedied in holistic improvement programmes that tackle multiple types of resources, this priority is a low-hanging fruit.

WHAT NEEDS TO CHANGE?

We encourage industry leaders to work closely with their suppliers and start by identifying and tracking water, energy and chemicals consumption and pollution in the processing stage to gather a baseline. Companies should then implement efficiency programmes that reduce the consumption of all three resources and minimise pollution in the processing stage of the supply chain.

Frontrunners that have already reduced the environmental impact of processing should apply the same principles to earlier stages of the supply chain, especially to the sourcing of raw materials, in order to reduce their carbon footprint even further.
RESPECTFUL AND SECURE WORK ENVIRONMENTS

Uphold standards for the respect of universal human rights for all people employed along the value chain

WHERE ARE WE TODAY?

The 60 million people employed along the fashion value chain\(^{16}\) have historically been exposed to occupational hazards ranging from exposure to dangerous work conditions to discrimination\(^{17}\). While the industry has come a long way in recent years, non-secure and non-dignified work environments still exist, be it in a cut-and-sew factory in Bangladesh or on the shop floor of a retailer in Italy. Human rights violations occur at all stages of the value chain, although the most virulent issues vary across segments. For example, high-street brands often focus on health and safety in developing countries. In contrast, luxury brands are typically more concerned with inequality and discrimination. While these may be the most common patterns, there are many nuances across the value chain.

WHAT NEEDS TO CHANGE?

Fashion brands need to make sure and demonstrate that they respect universal human rights of direct and indirect employees\(^{21}\). Specifically, companies should implement policies and processes for the respect of universal human rights, including safe working conditions, no discrimination and no forced labour for all people employed directly or indirectly in the production and marketing of their products.

Frontrunners will want to engage with brands, manufacturers, employee representatives, local governments and associations to raise standards for the respect of human rights.

WHY DOES IT MATTER?

Respect for universal human rights is not only an ethical imperative, it is also good business. Secure and respectful work environments can bring numerous economic benefits: higher productivity, fewer sick days, fewer errors and shorter turnaround times. The productivity uplift alone has been demonstrated to reach 18% in the manufacturing stage\(^{18}\). Respectful and secure work environments are also a key factor in employee attraction and retention. But many workers, especially in the early stages of the value chain, are still exposed to hazards such as factory fires and the use of hazardous chemicals. On average, one in twenty fashion industry workers suffer an injury every year. Reducing the average level of injuries to industry best practices could be worth EUR 12 billion for the world economy\(^{19}\). Two thirds of the global garment workforce are female, and many of these women suffer from discrimination. For example, in Pakistan only 13% of female workers are paid the minimum wage, compared with 73% of men\(^{20}\).
FOUR TRANSFORMATIONAL PRIORITIES FOR FUNDAMENTAL CHANGE
WHERE ARE WE TODAY?

Across segments, the choice of raw materials can determine up to half of a fashion brand’s environmental footprint. Yet the fashion industry is currently placing little focus on the development of new, more sustainable raw materials possibly because deciphering the environmental and social impact of raw materials is a complex undertaking, and the picture is muddled further by the variety of calculation methods used. There are still debates on how to weigh the different trade-offs with existing fibres, and a miracle fabric, be it natural or man-made, is not yet in sight. It will take a major innovation push to improve existing materials and to develop new materials that are less resource-intensive and that can be recycled more easily.

WHY DOES IT MATTER?

Changing the mix of materials can reduce the environmental footprint of a fashion producer significantly. For example, replacing conventional cotton with organic cotton can cut the corresponding environmental footprint by one quarter. If the industry were to find a way to cut conventional cotton use by 30%, it would be worth EUR 18 billion to the world economy. At first sight, natural fibres generally appear superior from a sustainability perspective. Natural plant fibres, such as cotton, are renewable and biodegradable. However, conventional cotton production is one of the biggest drivers of water consumption in the supply chain. Natural animal fibres, such as wool, leather and silk, are very durable. But their production can entail force feeding, live plucking and unethical slaughtering practices. Also, animal farming has a high environmental impact because of its land use and climate effects. When it comes to leather, the heavy use of chemicals for tanning is particularly problematic. So, what about synthetic alternatives? Some man-made fibres look promising. They typically require less water than natural fibres, are often very durable and can be more easily recycled. However, most existing synthetic fibres rely on fossil fuels and chemicals during production, and they are not biodegradable. When laundered, many synthetic fibres shed microfibres that account for up to 30% of plastic pollution in the oceans. Cellulosic fibres present an opportunity if their impact on deforestation and land degradation can be decreased. While the industry is still far away from a truly sustainable material mix, it is worth investing in innovation in this area. The environmental and economic payoff will be tremendous, especially considering the growing global population and the increasing scarcity of natural resources.

HOW CAN WE GET CLOSER TO A SOLUTION?

We encourage fashion industry leaders to identify and evaluate the environmental and social impact of the materials they use and to shift their mix towards low-impact materials, e.g. by using organic instead of conventional cotton.

Frontrunners should work with raw materials suppliers and industry associations to reduce the negative effects of the production of existing fibres and raise the bar on animal welfare. Leaders will embark on a journey of discovery to develop new, more sustainable materials.
CLOSED-LOOP FASHION SYSTEM

Design products and invent novel collection and recycling systems that enable the reuse and recycling of post-consumer textiles at scale

WHERE ARE WE TODAY?

Today, fashion is primarily produced in a linear system of “take, make, dispose”, with 73% of the world’s clothing eventually ending in landfills\textsuperscript{29}. Currently, less than 15% of clothes are collected for recycling, and less than 1% of the material used to produce clothing is recycled into new clothing\textsuperscript{30}. Every second, a whole garbage truck full of textiles is thrown out\textsuperscript{31}. Many of today’s products are designed with neither durability nor recycling in mind. They often consist of mixed fibres and compositions that are hard to disassemble. In effect, the fashion industry is far away from a closed-loop system in which materials are designed and recycled to avoid waste and generate additional value\textsuperscript{32}. And although an increasing number of companies is exploring circular models, progress is slow because of regulatory, logistical, technical and economic issues with textile collection and recycling. The solutions and infrastructure required to make a closed-loop fashion system a reality simply do not yet exist.

WHY DOES IT MATTER?

If today’s textile collection rate were tripled by 2030, it could be worth more than EUR 4 billion for the world economy\textsuperscript{33}. This figure merely represents the value of those products that would not end up in landfills. If the industry were to find a way to collect and recycle all fibres, the value could be up to EUR 80 billion\textsuperscript{34}. In any case, decreasing the use of virgin material will make the industry less vulnerable to fluctuations in raw material prices. And unless the industry starts acting now, the linear model will soon reach its physical limits. According to current forecasts, the world population will exceed 8.5 billion people by 2030, and global garment production will increase by 63%\textsuperscript{35}. But land and fossil fuel are finite resources, and water will become increasingly scarce. This is why current practices are putting both the industry and the planet in jeopardy.

HOW CAN WE GET CLOSER TO A SOLUTION?

We encourage fashion industry leaders to train their design and product development teams to create products that are made for durability, disassembly and recycling, and to increase the share of recycled fibres in their products. Retailers should also increase the collection of used garments.

Frontrunners should collaborate with their peers, industry organisations and governments to develop better systems for the wide-spread collection of used clothes and invest in the development of innovative technologies that will allow them to turn textile waste into high-quality fibres.
PROMOTION OF BETTER WAGE SYSTEMS

Collaborate with industry stakeholders to explore opportunities to develop and implement better wage systems

WHERE ARE WE TODAY?

The global fashion industry is a driver of economic prosperity and a major job creator. It employs 60 million people along its value chain. Research suggests that many factories fail to comply with applicable minimum wage laws and that wages paid in some garment-producing countries are too low to meet workers’ basic needs. Where wages are inadequate, this is often linked to bigger issues, such as a lack of governance and institutional support mechanisms. Although there are some examples of successful collaboration between private and public stakeholders to drive wage improvements, there is still a need to develop a holistic understanding of how wages should be measured and how systemic change towards better wage systems can be brought about. Future research needs to take into account the fact that compensation is a complex issue, from base pay and deductions to pensions and non-cash benefits, such as insurance and healthcare.

WHY DOES IT MATTER?

Promoting industry-wide implementation of wages that meet the basic needs of workers is an opportunity for fashion brands to expand their contribution to the prosperity of the people employed along their value chain, their families and the greater community. There is EUR 5 billion at stake for the world economy in increased prosperity of garment workers. Although most fashion brands do not set the wages of production workers, they have a role to play in promoting systemic changes, which is needed due to institutional failings. They can support a dialogue between manufacturers, local governments and employee representatives to improve wage practices. As part of this dialogue, brands can encourage governments to create the necessary legal frameworks and systems for periodic adjustments and fair negotiations of wage levels. Fashion brands can further contribute to the introduction of better wage systems by exploring opportunities in areas such as purchasing, training and digitisation of payment systems.

Implementing improvements in these areas could not only better the lives of workers and their families, but also help increase productivity and reduce employee churn, increase the quality of output, improve the reliability of deliveries and foster employee-driven innovation. Such systemic change will not happen overnight. It will require unprecedented, pre-competitive collaboration between rival companies and other stakeholders, as well as government efforts to make sure all players work together.

HOW CAN WE GET CLOSER TO A SOLUTION?

Fashion brands need to ensure that suppliers as a minimum comply with applicable local law requirements, i.e. that they pay at least minimum wages without undue delay and unlawful deduction, or the imposition of other unfair or unreasonable impediments. We encourage brands to explore how improvements in areas such as purchasing, productivity improvements and training can contribute to the establishment of better wage systems.

We encourage frontrunners to support a dialogue between brands, manufacturers, employee representatives, local governments and associations to promote systemic change towards clear, functioning, robust and reliable wage-setting mechanisms.
Embrace the opportunities in the digitalisation of the value chain and engage with other brands, manufacturers and governments to prepare for the transition of workforces.

WHERE ARE WE TODAY?
Ever since the introduction of the power loom in 1784, technology has been a major driver of change in the fashion industry. Today, the industry is in the midst of a digital revolution. Technologies such as automation and the Internet of Things will transform the way garments are made and distributed. By 2020, robots are expected to carry out 25% of all manufacturing[^41]. This development primarily affects segments that rely on low-cost manual labour in developing countries, i.e. high-street, mid-market and sportswear retailers. That said, all players are likely to feel the impact of digitisation. Automation and new technology-driven production methods will inevitably transform the fashion value chain, especially its manufacturing, processing and retail stages. However, the extent of that transformation is currently unknown and hard to predict.

WHY DOES IT MATTER?
Digitisation of the supply chain can bring social, environmental and economic benefits. Technology can rid workers of repetitive and dangerous tasks, such as dyeing and cutting fabric, and allow them to focus on more creative and more rewarding activities[^42]. Additionally, technological advances that improve accuracy, productivity and transparency could help reduce energy use and waste. From a value creation perspective, digitisation can bring more flexibility to accommodate fluctuations in demand, speed up production, reduce variability and errors, and enable customisation at scale. Once the privilege of a chosen few, made-to-measure clothes and shoes could soon become ubiquitous thanks to technologies such as 3D printing and in-store heat moulding[^43].

But there is no denying the fact that such technological advances have a downside. Automation will claim jobs[^44], in some countries up to 90% of garment workers stand to lose their jobs.

In countries like Bangladesh, where the garment industry employs 3.6 million people[^45], supply chain digitisation will have significant impacts on the workforce and these will need to be managed to avoid adverse and disruptive impacts.

HOW CAN WE GET CLOSER TO A SOLUTION?
Individual brands need to start preparing for the effects of technological innovation by analysing its potential impact on their value chains. But it will take a collective effort by the whole industry and public policy makers to prepare for the effects on entire workforces. Fashion brands need to work with industry stakeholders to develop a model of responsible automation that takes into account impacts on workforces and workers across the supply chain.

We encourage frontrunners to invest in training and up-skilling and engage in contingency planning. Considering the prospective magnitude of the change, executives will want to reach out to their suppliers and local governments to gauge the possible ramifications of technology-driven production methods and prepare to support the transition of workforces at scale.
METHODOLOGY

The Pulse of the Fashion Industry 2017 report, published by the Global Fashion Agenda and The Boston Consulting Group in May 2017, set the framework for the CEO Agenda 2018. The report presented a baseline for where the fashion industry stands in terms of sustainability, represented by the Pulse Score.46

The report also outlined a landscape for change, comprising 42 impact levers with a high potential to improve the industry’s overall sustainability performance. The CEO Agenda 2018 is based on the insights from this first-ever baseline of industry sustainability performance, as well as on the combined experience and insights of Global Fashion Agenda’s Strategic Partners, some of the world’s largest and leading fashion companies, including Kering, H&M, Target, BESTSELLER, Li & Fung and Sustainable Apparel Coalition. These quantitative and qualitative insights have been combined with the perspectives of industry experts representing different stakeholder groups, such as suppliers, investors, academics and NGOs, to shape the CEO Agenda.

ENDNOTES


2 Tier one is defined as manufacturing and tier two as processing. For details, see Global Fashion Agenda & The Boston Consulting Group (2017). Pulse of the Fashion Industry 2017 report.


4 For example, the Sustainable Apparel Coalition’s Higg Index and Kering’s Environmental P&L.

5 The astute reader may notice that the impact estimates mentioned in the following pages do not add up to the total potential for the world economy of €160 billion. There are two reasons for this difference: 1) the estimates reflect the exemplary impact from activating one specific impact lever, e.g. water savings from reducing conventional cotton use, not from any other material (please refer to the Pulse of the Fashion Industry 2017 report for details) and 2) the full solution space for some of the outlined priorities are still unknown, and as of today, we still do not know the full extent of the impact potential associated with them. Global Fashion Agenda & The Boston Consulting Group (2017). Pulse of the Fashion Industry 2017 report.


7 Tiers three is defined as cultivation and tier four as sourcing of base materials. For details, see Global Fashion Agenda & The Boston Consulting Group (2017). Pulse of the Fashion Industry 2017 report.


9 By 2050, the share could reach up to 26%. See Ellen MacArthur Foundation (2017). A New Textiles Economy: Redesigning Fashion’s Future.


18 Ibid.

19 Ibid.


23 Average Pulse Score for this phase was as low as 17/100. Global Fashion Agenda & The Boston Consulting Group (2017). Pulse of the Fashion Industry 2017 report.


Ibid.

In 2017, the Pulse Score for the end-of-use phase was 9/100, the lowest among all stages in the value chain. Global Fashion Agenda & The Boston Consulting Group (2017). *Pulse of the Fashion Industry 2017* report.


For example ACT (Action, Collaboration, Transformation).


ILO (2016). *ASEAN in transformation: How technology is changing jobs and enterprises.*


The Pulse Score is a global and holistic baseline of sustainability performance in the fashion sector primarily based on the brand module of the Sustainable Apparel Coalition’s proprietary Higg Index. The Pulse Score extends the Higg Index by extrapolating the findings to include the entire industry.
FOR A WORLD BEYOND NEXT SEASON