

Sustainability in 2023: Act quickly, act big and act now



As the climate crisis deepens, each Earth Day that arrives takes on additional significance

[Earth Day 2023](#), celebrated on 22 April, comes on the heels of another report by the Intergovernmental Panel on Climate Change (IPCC) in March, which was described as a "final warning" from scientists.

The IPCC, a UN intergovernmental body created to assess the science related to climate change regularly publish research studies to help policymakers and the public understand the implications and potential future risks, as well as put forward adaptation and mitigation options. The reports have consistently concluded that the situation is dire and that the world is running out of time to act. The latest report published in March is no exception in this regard, but it underlines the urgency of the problem and calls for governments and businesses to move quickly to net or near-zero emissions.

"We are still seeing a significant gap between ambition and tangible action," says Amir Sokolowski, Global Director for climate change at CDP, a non-profit organisation that runs an environmental disclosure system. "The fashion sector has a high environmental impact and also a huge opportunity to engage people culturally and drive positive change along global value chains."

But what are the main areas on which the sector should focus in order to make a significant impact?

Supply chain

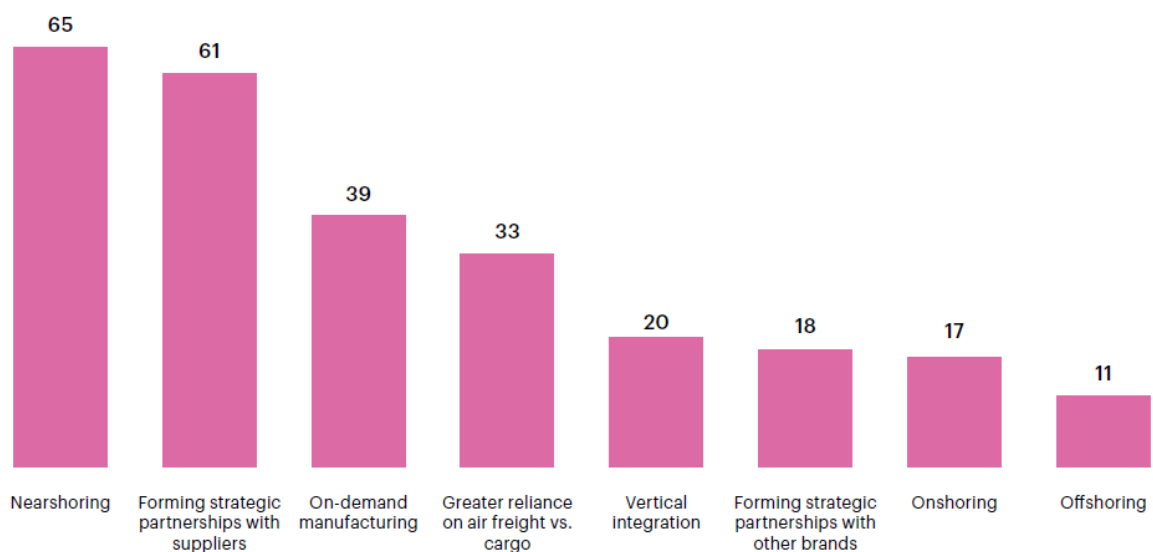
CDP has it clear: the priority focus of fashion's climate efforts must be the supply chain, as a company's supply chain emissions are 25 times greater than its direct emissions.

The fashion industry operates with an outdated manufacturing system with unsustainable supply chains. With brands seeking the lowest prices, manufacturing practices have become fragmented as brands increasingly outsource production to extensive supplier networks in developing countries.

Companies should engage with suppliers, explains Sokolowski, offering them incentives and resources where appropriate, as well as participating in supply chain monitoring and ensuring that procurement practices are sufficient to ensure that suppliers maintain high labour and environmental standards in their operations.

However, the system is beginning to show signs of change. As the [BoF-McKinsey State of Fashion 2023 Survey](#) points out, brands are relying on enhanced digitisation to shift to new supply chain models based on vertical integration, nearshoring and on-demand systems.

Strategies being considered to achieve greater supply chain security,
% of respondents



Source: BoF-McKinsey State of Fashion 2023 Survey

Sourcing from closer-to-home can generate environmental benefits, whether by reducing greenhouse gas emissions and energy use, or by unlocking access to more sustainable materials and improving water management.

With more than 70% of the industry's greenhouse gas emissions generated upstream, some manufacturers are aiming to decarbonise manufacturing and differentiate themselves from the competition.

The impact of materials and the role of innovation

Reducing the use of synthetic materials is another possible goal, as they not only rely on fossil fuels for their production, but also damage ecosystems throughout their life cycle. This is due to the microfibres they release into the environment and the intensive manufacturing and finishing processes they undergo. Fashion’s impact on water pollution and misuse, for instance, [has been overlooked for years](#) in sustainable plans. In fact, “CDP data suggest that relatively few apparel companies are actually aware of their water use”. In CDP’s 2022 water questionnaire, for example, of the mere 56 apparel companies that responded, only 27% stated that sufficient quantity and quality of fresh water is vital to the success of their business”.

Nevertheless, with significant investment in R&D, it is likely that a number of technologies and new materials will be applied on a large-scale. The fashion industry's path to sustainability has many facets, including extending the lifespan of products through design. Material recycling and innovative fibres deserve more attention from the fashion industry.

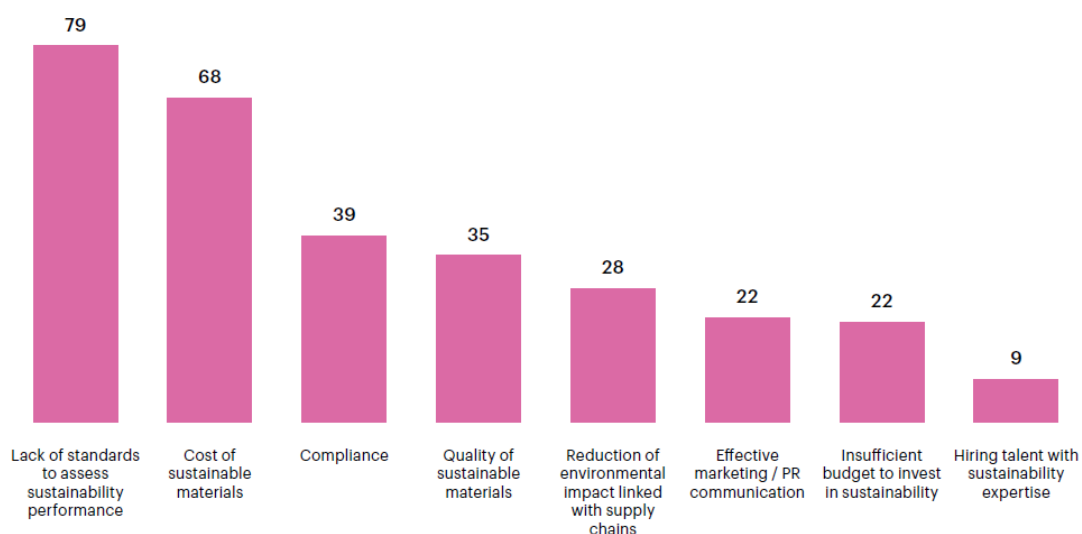
Developments in these two areas could significantly improve its sustainability through the innovative cost-competitive solutions and the potential to connect with customers.

Business models and transparency for a just transition

According to Sokolowski, brands have a responsibility to present credible transition plans that describe how they will adapt their business models to adjust to a 1.5°C trajectory. He argues the fashion industry lacks such plans, claiming recent CDP data showing that the apparel sector ranks close to the fossil fuel sector in having "one of the lowest levels of disclosure of a credible climate transition plan".

Indeed, the need for common frameworks is evident. As the [survey](#) conducted by Business of Fashion reveals, fashion executives believe the lack of standardised tools and metrics is the biggest obstacle to improving consumer perception of their sustainability efforts.

Biggest challenges to improving sustainability credentials in the eyes of consumers, % of respondents



As consumers, regulators and other stakeholders increasingly scrutinise how brands communicate their sustainability credentials, communication must reflect brands' long-term commitment to sustainability by defining realistic, time-bound targets and the progress made towards achieving them.

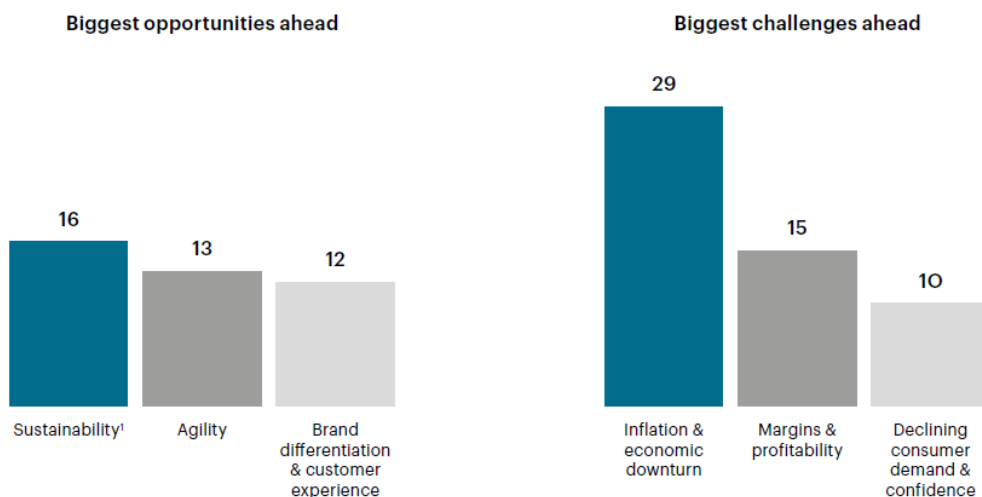
Fashion industry leaders have the opportunity to forge new foundations of engagement on sustainability, from aligning company-wide marketing, regulatory and other information, to working with policy makers, industry bodies and other brands to address weaknesses. Ultimately, the brands best equipped to deliver credible change will be those that ensure that every part of their operations is committed to sustainability, not just talking about it.

Reimagining the organisation of the future

Similarly, successful execution of strategies will depend in part on the company's alignment around key functions. Fashion leaders have the opportunity to overhaul their internal organisation, focusing on attracting and retaining top talent, as well as strengthening teams and roles essential to executing priorities such as sustainability.

Despite the many challenges on the horizon, as inflation reduces consumer confidence and costs soar for many companies, fashion leaders cannot put off the difficult task of reinventing their organisations, which can also translate into a sustainable advantage.

Top three opportunities and challenges,
% of respondents



¹ Also mentioned as a top industry challenge or opportunity in The State of Fashion 2022

Source: BoF-McKinsey State of Fashion 2023 Survey

Despite the seriousness of the situation, IPCC experts assure that there is still time, also in the fashion industry, to correct course, but that we must act now. “Effective and equitable climate action now can lead to a more sustainable, resilient and just world, and more ambitious action will provide wider benefits for nature and people,” IPCC chair [Hoesung Lee said at the 20 March press conference](#) releasing the report. “Action now along many dimensions could result in the transformational changes into the future we all wish for.”