

Ethics and Sustainability – New Luxury Features of Fashion?

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In the News.....

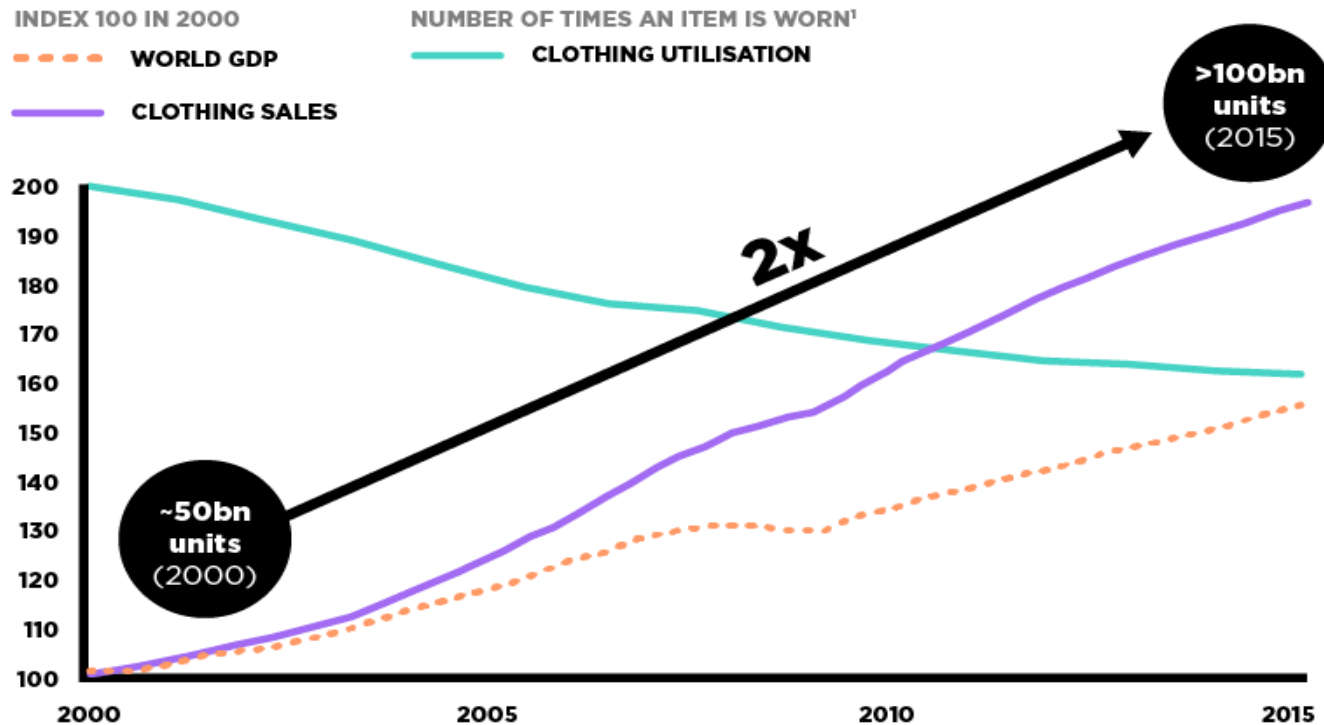
[Environmental profit and loss accounting: a tool for sustainable luxury](#)

Marie-Claire Daveu, chief sustainability officer at French group Kering, explains how it puts a monetary value on the environmental impacts of its processes and those of its suppliers, and works with them to reduce harm to the environment

[Read this on scmp.com](#) > 5 September 2018

Changing Habits

Growth of clothing sales and decline in clothing utilisation since 2000



Average number of times a garment is worn before it ceases to be used
Source: Euromonitor International Apparel & Footwear 2016 Edition (volume sales)

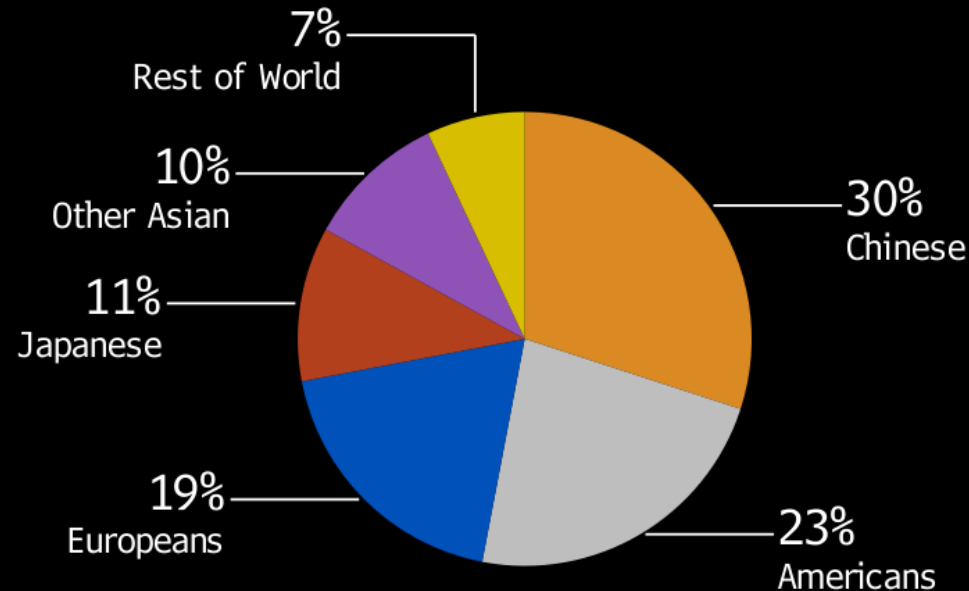
Millennials Love Luxury Fashion



Demand for Luxury Goods

Sales by Nation

Chinese and Americans buy more than half the world's luxury goods



Source: UBS Group AG

Bloomberg

Characteristics of Luxury Brands

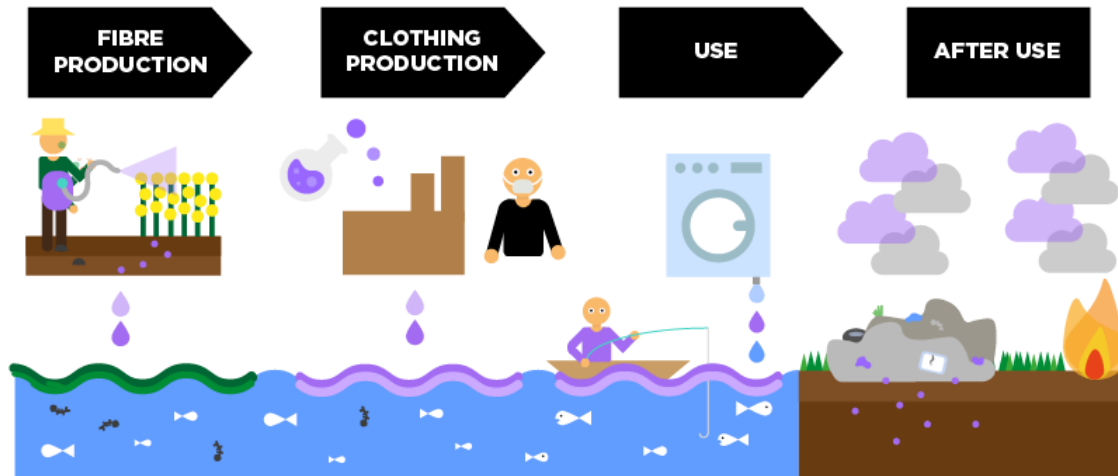
- Price
- Quality (of the product)
- Aesthetics
- Rarity
- Extraordinariness
- Symbolism

Luxury

“Luxury brands are regarded as *images in the minds of consumers* that comprise *associations* about a high level of price, quality, aesthetics, rarity, extraordinariness and a high degree of non-functional associations.”

Linear Clothing System

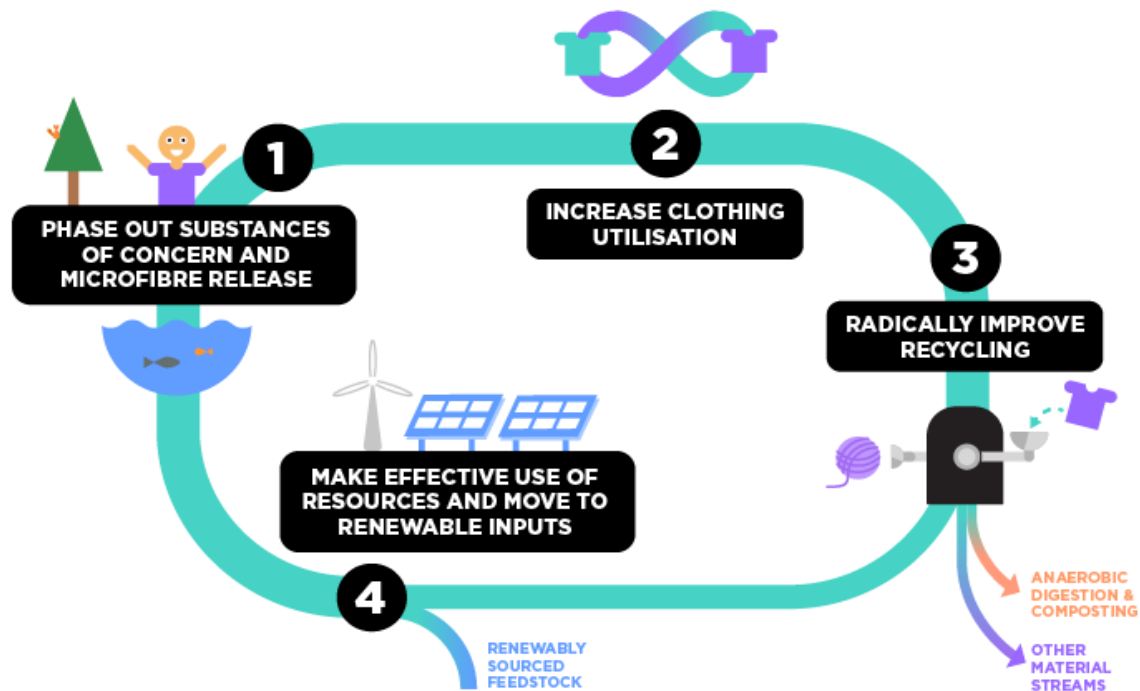
Today's linear clothing system has damaging effects on society and the environment



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New Textile Economy

Creating a new textiles economy



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1. Phasing out of toxic substances

In the forefront is Greenpeace with its DETOX campaign since 2011 with major publications of results in 2014, 2016 and most recent in 2018.

- Existence of a detox plan 2020 - a system for eliminating hazardous chemicals that is proactive and precautionary.
- PFC (perfluorinated compound) elimination - substituting hazardous PFCs with safer alternatives.
- Transparency - disclosing information on suppliers (tier 1,2,3) and the hazardous chemicals they discharge.

Phase out Substances of Concern

For a greenpeace report, 27 products from eight luxury fashion brands were tested for one or more of the following chemicals:

- nonylphenol ethoxylates (NPEs)
- phthalates, per- or polyfluorinated chemicals a class of hormone-disrupting chemicals that accumulate in the environment
- antimony.

Luxury Brands and use of toxic chemicals

- 16 of the products analysed were tested positive
- Luxury fashion brands like Versace, Louis Vuitton and Dolce & Gabbana were using the same hazardous chemicals used in the manufacturing of fast fashion to produce **children's clothes**. Greenpeace researchers found the highest total concentration of PFCs in a Versace jacket for kids.

Beautiful Fashion, Ugly Lies?



Luxury Brands and use of toxic chemicals

- Only two luxury brands, Valentino and Burberry, are participating in the Detox campaign of Greenpeace.

2. Increase Clothing Utilization

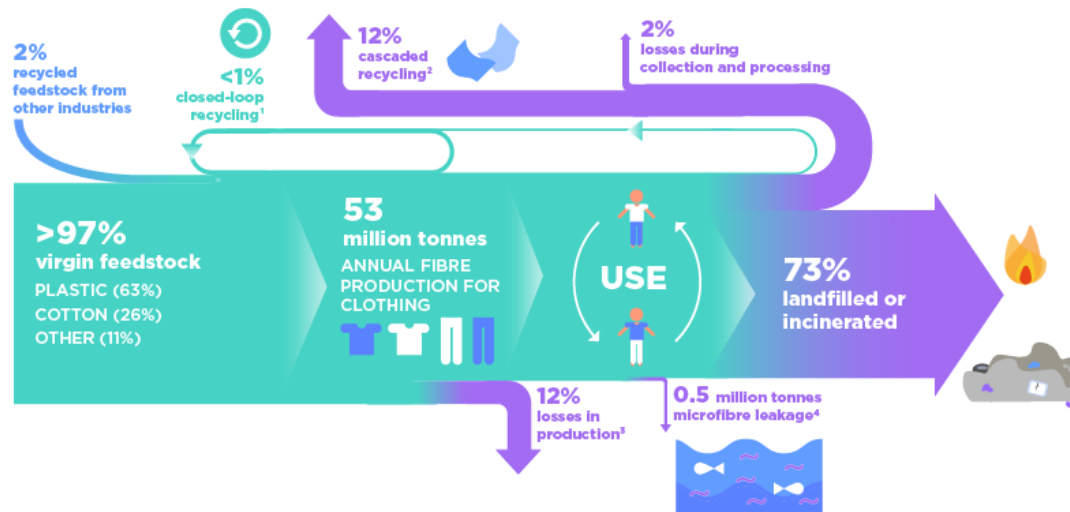
- Re-attach worth and value to the clothing you (shop) and use
- Produce Less -> scarcity is a feature of luxury items.
- Generate Profit by Value instead of Volume
- Increase quality and environmental standards of fibres/of materials
- Increase level of craftsmanship involved

3. Radically Improve Recycling

- >97% of the materials used for production of clothing are virgin resources, only 2% are recycled materials.
- Currently, 73% of material used for clothing production is landfilled or incinerated after its final use, representing a lost opportunity of more than USD 100 billion annually, coupled with negative environmental impacts.
- Zero Waste Cutting
- Reduction of pre and post consumer waste
- Utilization of pre and post consumer waste
- Refashion, Repurpose
- Rent, swap

Global Material Flows

Global material flows for clothing in 2015



1 Recycling of clothing into the same or similar quality applications
 2 Recycling of clothing into other, lower-value applications such as insulation material, wiping cloths, or mattress stuffing
 3 Includes factory offcuts and overstock liquidation
 4 Plastic microfibres shed through the washing of all textiles released into the ocean
 Source: Circular Fibres Initiative analysis - for details see Appendix B of the full report

Usage of New Resources

The textiles industry uses significant amounts of resources



The production of 1 kilogram of cotton garments uses up to 3 kilograms of chemicals.



The equivalent of more than 3 trillion plastic bottles is needed to produce plastic-based clothes every year.¹



Textiles production (including cotton farming) uses almost 100 billion cubic metres of water annually, representing 4% of global freshwater withdrawal.

¹ Based on an average weight of 10 gram of a 0,5 litres PET bottle
Source: KEMI, Chemicals in textiles: Risks to human health and the environment (2014), p.33; World Bank, AQUASTAT, and FAO, Dataset: Annual freshwater withdrawals, total (2014); Circular Fibres Initiative analysis

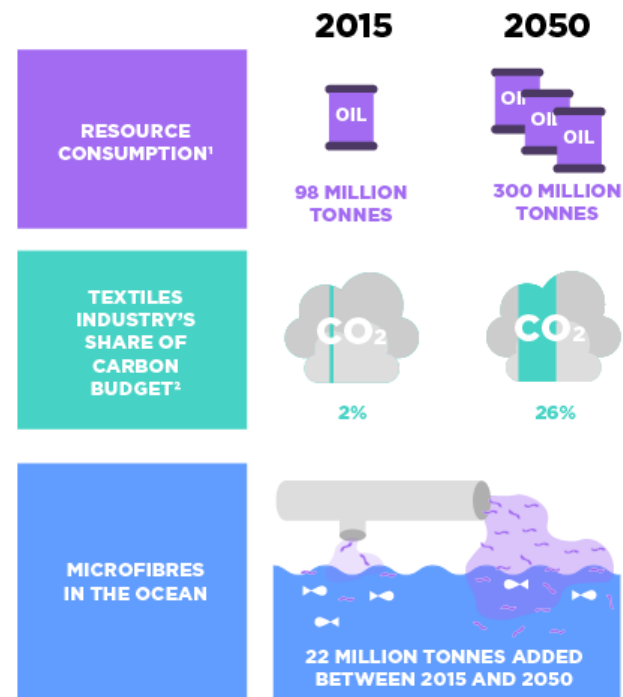
Impact of Textile Industry on the Environment

Negative impacts of the textiles industry are set to drastically increase by 2050



1 Consumption of non-renewable resources of the textiles industry, including oil to produce synthetic fibres, fertilisers to grow cotton, and chemicals to produce, dye, and finish fibres and textiles
2 Carbon budget based on 2 degrees scenario
Source: Circular Fibres Initiative analysis - for details see Part I of the full report

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A case from the industry



A case from the industry.....

- January 2014. After two weeks of public pressure the British Brand Burberry started a new trend in the Luxury Segment and agreed to join the DETOX campaign of Greenpeace.
- May 2018. B. signed an agreement to reduce waste, “Making Fashion Circular”.
- July 2018. News broke that B. burned unsold stock worth 38 million USD in the past fiscal year. Some of its shareholders aren’t happy about the practice, raising concerns about the environment.
- Sept 2018. UK based sustainable luxury brand supports B. in re-using leather goods and accessories

(Business of Fashion (BoF), 18 July 2018; Greenpeace 2014; Positive Luxury 2018)

Millennials Love Luxury Fashion that ...



Voices of the Fashion Industry

.....clothes that zoom in on “the art and the craft” of fashion and resist shallow trends.

“We need to understand that ***ultimate luxury*** is to keep your wardrobe and to enjoy it for many years, and to pass it on to your daughter or your granddaughter or your grandson or your son.”

(Anna Wintour, editor-at-large, Vogue America, at Milan Fashion Week, January 2018)

Voices of the Fashion Industry (2)

“At Kering we believe that the shift towards **sustainability and innovation** in luxury fashion is not only an imperative, in our world of finite resources, but also a goldmine of opportunity.”

(François-Henri Pinault, Chairman and CEO of Kering, 2018)

Future Fashion Feature?

“Sustainability will be the next major battlefield where brands will compete for millennial spend.”

(BoF, Ed op April 2018)

Handsomeness of Fashion

“In order for fashion to be truly good, the handsomeness of an object must be matched by the handsomeness of how it was made. There is poetic grace and heightened pleasure in fashions of conscientious construction.”

(Joshua Katcher - Brave GentleMan, New York)

Sources of information

Ellen MacArthur Foundation, *A new textiles economy: Redesigning fashion's future*, (12/2017, <http://www.ellenmacarthurfoundation.org/publications>).

Greenpeace, *Destination Zero: Seven Years of Detoxing in the Clothing Industry*, 07/2018.

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South China Morning Post, 07/12/2017; How ethical fashion is growing in Asia-Pacific and five sustainable clothing brands to watch.

BoF 01/10/2018, Greenpeace report spotlights fashion's progress at detoxing.

Huffington Post, *Impact* 29/09/2018, Destroying unsold clothes is fashion's dirty secret.

Vogue 12/02/2018, *Brave Gentleman*, by Lee Carter;

<https://www.vogue.com/fashion-shows/fall-2018-menswear/brave-gentleman>.

Bloomberg, UBS Group Analysis

Photos: Gucci, Burberry, Greenpeace.

Internalisation of environmental and societal cost

A new textiles economy reflects the true cost (environmental and societal) of materials and production processes in the price of products.

In a new textiles economy, the price of clothing reflects the full costs of its production, including environmental and societal externalities (or the cost to avoid them ex ante).

Such costs are first analysed and presented in company reporting, and ultimately reflected in product prices.