

FAST FASHION



In light of the media attention on Boohoo and alleged exploitative working conditions in Leicester¹, as well as the disruptive impacts of the Covid-19 pandemic on global apparel supply chains, it is a pertinent time for us to explore the concept of 'fast fashion', its rise, what fuels it, its social, environmental and ecological costs, and EdenTree's position.

WHAT IS 'FAST FASHION'?

'Fast fashion' is typically understood to refer to the rapid evolution of clothing and apparel trends. Trend creation and change is fast; production of clothing is fast; purchasing is fast and easy; delivery is fast; and the discarding of garments is equally fast. Cheaper, poor-quality materials are a further characteristic, with clothing and footwear only expected to last for a relatively brief period of time.

In essence, 'fast fashion' promises everyone the ability to buy cheap, trendy clothing, and throw it away when the next style or trend is created. Styles move swiftly from magazines, catwalks, and social media into brands' collections and stores.

WHERE DID 'FAST FASHION' COME FROM?

Fast fashion is a relatively recent phenomenon, with its modern form dating back to around the 1990s, when mass consumerism aligned with the exploitation of labour and cheap natural resources in globalised supply chains. In the US, for instance, legislation also facilitated this shift; the 1993 North American Free Trade Agreement (NAFTA) unravelled a quota system that had limited the number of imported items entering the country. For people with purchasing power, or simply access to credit (increasingly branded as 'consumers', above all else), apparel became cheaper in monetary terms, fashion cycles sped up, and clothes shopping became a hobby. This development has only accelerated with the advent of social media and aggressive, data-driven advertising that has come with it. Fast fashion retailers such as H&M, Zara, and Topshop now dominate high streets, and numerous other fast fashion brands and retailers occupy the online apparel landscape.

The results are stark: an analysis by McKinsey & Co in 2016 found that the average person today buys 60% more items of

clothing than they did just 15 years ago, but keeps each item of clothing for far less time.²

THE SOCIAL COST

Workers in Supply Chains

Garment production is one of the most labour-intensive manufacturing industries, with estimates suggesting it employs upwards of 60 million people worldwide.³ For the most part, the production process in the fast fashion industry has been globalised. In the pursuit of quick profits, rapid production and distribution, labour costs have been progressively squeezed, with a race to the bottom on health & safety, working conditions, and pay. Many apparel brands have, for instance, recently shifted production to Southeast Asia – and out of China – as wages in the latter rose steadily over a couple of decades.

The choices being made in the fast fashion industry were brought sharply into focus on 24 April 2013, when the Rana Plaza garment factory in Chittagong, Bangladesh, collapsed, killing 1,138 people. The tragedy shocked the industry and regulators into some long-overdue action, with the legally-binding Accord on Fire and Building Safety in Bangladesh signed by global brands, retailers, and trade unions.



Aerial view of the Rana Plaza Building following its collapse in April 2013. Source: Guardian/Munir Uz Zaman/AFP/Getty Images

² McKinsey & Co. 'The State of Fashion 2019'; Remy, N., Speelmann, E., and Swartz, S.; "Style that's Sustainable: A new fast fashion formula", McKinsey & Co (October 2016).

³ Sandy Black (editor) Sustainable Fashion Handbook (2013); as referenced in 'Fixing Fashion: Clothing Consumption and Sustainability'. Environmental Audit Committee, UK Parliament. 19 February 2019

¹ <https://www.theguardian.com/business/2020/jul/13/boohoo-shares-drop-18-as-new-leicester-factory-reports-threaten-sales>

FAST FASHION

Yet despite this, and whilst consciousness of the conditions in which garment sector workers toil has been raised through campaigns such as 'Who Made My Clothes', human rights abuses, poor pay, long hours, and low standards of worker safety and welfare within fast fashion supply chains are still apparently widespread and prevalent.



Spurred by the Rana Plaza disaster, the Who Made My Clothes campaign began in 2013, with participants in over 100 countries. It aimed to show the faces and lives of the people working in the garment industry across the world. Source: ethicalconsumer.org

“Excessive working hours are a continuing and entrenched problem. Production peaks are managed by relying on excessive overtime. Workers are compelled to work extremely long hours in order to supplement their basic earnings towards a level where they can support themselves and their families. Precarious employment conditions are rife, with temporary contracts, agency work and sub-contracting the norm.”

IndustriALL / UK Parliament ‘Fixing Fashion’ Report

Fast Fashion and the UK

The UK’s role in fast fashion is principally as a ‘consumer society’; most clothes purchased in the UK are manufactured in Asian countries – in particular, Bangladesh, Cambodia, and Vietnam. However, a number of companies have brought production back into the UK, in a bid to cut lead times and transport costs.⁴ These tend to rely on factories in the midlands, especially Leicester, for their supply of cheap, quickly-produced clothing, fostering exploitative practices in the region. An exposé by the *Financial Times* in 2018 revealed that workers at factories in Leicester were being paid as little as £3.50 an hour, at the time well under half the UK minimum wage. The scandal surrounding Boohoo in summer 2020 is

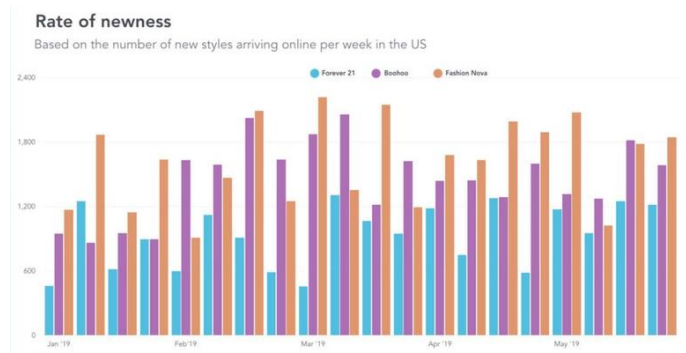
⁴ Crumby, A. ‘What is Fast Fashion and Why is it a Problem?’ *Ethical Consumer*, 5 September 2019.

just the latest instance in which these conditions have been brought to widespread public attention.⁵

Advertising, ‘Novelty’ and Social Anxiety

Modern advertising has its roots in the career of Edward Bernays, who built on the psychoanalytical work of his uncle, Sigmund Freud, to create advertising and media campaigns which appealed to and manipulated the parts of the human brain governing emotions. By triggering emotional responses (fear, excitement, and so on), advertising very successfully convinces people to desire things they don’t need (and probably weren’t even aware of before seeing or hearing an advertisement).⁶ This model and advertising technique is used extensively in fast fashion, increasingly through social-media advertising aimed at younger generations.

Novelty in the form of new trends and clothing collections has taken off in recent decades, and continues to accelerate. In Europe, fashion companies went from an average offering of two collections per year in 2000 to five in 2011. Some brands now offer as many as 24 collections per year, but this is nothing compared to the likes of Fashion Nova – perhaps Instagram’s most popular fashion brand – which introduces up to 900 new pieces *per week*.⁷



Source: edited.com

⁵ O’Connor, S. ‘Dark factories: labour exploitation in Britain’s garment industry’, *Financial Times*, 17 May 2018;

⁶ Gunderman, R. ‘The manipulation of the American mind: Edward Bernays and the birth of public relations’, *The Conversation*, 9 July 2015.

⁷ European Parliamentary papers; <https://fashionunited.uk/news/business/the-secret-of-fashion-nova-s-success/2019062143826>

FAST FASHION



Through social media platforms, purchases can be made via a few swift clicks and swipes, with brands and influencers gathering millions of potential customers in the form of followers. Whilst some influencers use their positions to highlight the importance of 'sustainable fashion', this is the exception, not the rule. According to research by the Fashion Retail Academy, more than half of shoppers believe social media influencers have contributed to the rise in fast fashion.⁸

The psychological and psychosocial impacts of social media are manifest in the context of fast fashion. A study commissioned by Barnardo's suggested that a quarter of people would be embarrassed to wear an outfit to a special occasion more than once, but this figure rises to 37% for young people aged 16-24 (and falls to just 12% for over 55s).⁹ Bombarded with seductive or anxiety-inducing advertising, people find themselves running faster just to stand still in the race to stay 'fashionable'.

"We see others with an item, and we want to have it too...Fashion floods the market with particular styles, colours, and textures...and so some people feel they are not fashionable if they're not wearing the latest trend."

Carolyn Mair, PhD, psychologist¹⁰

THE ENVIRONMENTAL AND ECOLOGICAL COST

According to the Fixing Fashion report, a cross-party analysis published by the UK Parliament in 2019, the fast fashion business model is "encouraging over-consumption and generating excessive waste." It noted that "textile production contributes more to climate change than international aviation and shipping combined, consumes lake-sized volumes of fresh water and creates chemical and plastic pollution."¹¹

⁸ Santamaria, B. 'Shoppers Think Fast Fashion is Driven by Influencers, Survey Finds', *Fashion Network*, 16 October 2019.

⁹ <https://www.barnardos.org.uk/news/barnardos-calls-people-think-pre-loved-buying-new-clothes>

¹⁰ As quoted in Tomlin, A. 'Here's How Buying in to Fast Fashion Affects Our Brains—Not Just Our Budgets', *Well+Good*, 31 October 2018.

¹¹ Fixing Fashion: Clothing Consumption and Sustainability. Report Summary. Environmental Audit Committee, UK Parliament. 19 February 2019

Carbon Emissions

The fashion industry is responsible for perhaps as much as 10% of global anthropogenic greenhouse gas emissions.¹² On current trends, emissions from the industry are expected to increase by 50% by 2030.¹³ Oxfam has estimated that more than two tonnes of clothing is bought each minute in the UK, and this produces "nearly 50 tonnes of carbon emissions, the same as driving 162,000 miles in a car." The same study indicated that buying just one new white cotton shirt produces the same emissions as driving a car for 35 miles.¹⁴

Impacts in the Production Process

One of the most popular fabrics used in the world of fast fashion is polyester, an oil-based fabric whose supply chain includes oil production and refining, and the associated environmental impacts that go with it. Dyeing a single tonne of fabric can take 200 tonnes of water and enormous quantities of energy. Cotton production is also highly water-intensive, and much of it is reliant on agrochemical inputs. Other fabrics and clothing materials, such as leather, are associated with significant land-use change. Despite improvements in efficiency – both in terms of resource and energy use – the sheer increases in production volumes demanded in the fast fashion business model have outstripped any gains from these improvements. Across the board, impacts from the industry are growing.



Cotton accounts for 10% of all agricultural chemicals and 25% of all insecticides worldwide. Source: Stock Photo

¹² Intergovernmental Panel on Climate Change (IPCC), 2015.

¹³ <https://www.worldbank.org/en/news/feature/2019/09/23/costo-moda-medio-ambiente>

¹⁴ <https://fashionunited.uk/news/fashion/new-survey-reveals-environmental-impact-of-fast-fashion/2019090245019>

FAST FASHION



Regulations around pollution in manufacturing countries are often underdeveloped; the result is chemicals in wastewater leaching and being discharged into watercourses, which people are reliant on for drinking water and fishing.¹⁵ Water pollution is also an issue during the 'use' and 'disposal' stages of the fast fashion product lifecycle. Washing certain items of clothing releases micro-plastic particles into watercourses (some 500,000 tonnes per year¹⁶), and clothing items thrown 'away' often end up in watercourses, lakes, and oceans.



Chemicals and waste from nearby tannery factories turn a local watercourse. Dhaka, Bangladesh. Source: Reuters/Rafiqur Rahman

Waste

With the shortening of 'seasons' as part of the fast fashion model, and with some of the societal pressure around re-wearing items, a 'throw-away' culture is pervasive. Much clothing ends up in landfill sites in the Global North, but waste is also exported to the Global South. Even now, less than 1% of used clothing is recycled into new garments. The Ellen MacArthur Foundation estimates that \$500 billion in value is lost due to clothing that is barely worn, not donated, recycled, or ends up in a landfill. It is thought that a truckload of 'waste' clothing is burned or dumped in a landfill every second.¹⁷ In the UK, citizens discard around a million tonnes of textiles per year, and despite high rates of charity-shop donation, 300,000 tonnes of clothing still ends up in household bins every year

¹⁵ <https://www.theguardian.com/fashion/2020/apr/07/fast-fashion-speeding-toward-environmental-disaster-report-warns>

¹⁶ Ibid.; UNEP/Ellen McArthur Foundation

¹⁷ McFall-Johnsen, M. 'The Fashion Industry Emits more Carbon than International Flights and Maritime Shipping Combined. Here are the Biggest Ways it Impacts the Planet', *Business Insider*, 21 October 2019.

with around 20% of this going to landfill and 80% incinerated.¹⁸

EDENTREE'S POSITION ON 'FAST FASHION'

EdenTree's exposure to fast fashion is minimal. The apparel and clothing companies held in EdenTree's Funds – at the time of writing include: M&S, Fenix Outdoor International, Hugo Boss, NEXT, N Brown, Adidas, Nike, and Sosandar – do not subscribe to the fast fashion model, and we are comfortable with the management of their social and environmental impacts. We recognise that even these companies are not perfect, but we feel that they have a better balance between responsible business and sustainability than pure fast fashion brands and retailers.

Companies such as Boohoo and Primark (owned by Associated British Foods), would *likely* fail our screening process for a number of reasons, not least the socially and ecologically unsustainable nature of the business model. Where we seek exposure to clothing and apparel companies, we look for strong supply chain management, in terms of water use, emissions, chemical usage, workers' rights, pay, and so forth. Whilst global supply chains can be nebulous, we expect our investee companies to have close relationships with suppliers, strong audit processes, and robust remediation procedures where necessary. As we consider circularity, we are also interested in how companies seek to reduce, reuse, and recycle products, and how easy it is for customers to return or recycle unwanted items (such as M&S's "Swopping" initiative). Fast fashion brands and retailers fall short in most, if not all, of these areas.

CONCLUSION

We would not seek to exclude apparel companies *de facto* from the screened funds. However, in the world of fast fashion, clothing and other apparel can be produced, marketed, sold and disposed of so cheaply and so rapidly only because the social, ecological, and environmental costs of their production and disposal are never truly accounted for. Ultimately, it is arguably the antithesis of sustainability, from both a social and ecological perspective, and our lack of exposure to fast fashion companies reflects this.

¹⁸ WRAP, Valuing Our Clothes: the cost of UK fashion. July 2017; Defra, Statistics on waste managed by local authorities in England in 2017/18, December 2018.

FAST FASHION



THE EDENTREE RI TEAM



Neville White
Head of RI Policy
and Research



Esmé van Herwijnen
Senior Responsible
Investment Analyst



Jon Mowll
Responsible
Investment Analyst

We have a specialist in-house Responsible Investment (RI) team who carry out thematic and stock-specific research to identify ethically responsible investment ideas for our range of Amity funds. Headed up by Neville White, Head of RI Policy & Research, and supported by Responsible Investment Analysts Esmé van Herwijnen and Jon Mowll, the team is also responsible for creating an on-going dialogue with companies, allowing us to engage on a wide variety of ethical and socially responsible investment concerns. Our ethical and responsible investment process is overseen by an independent Amity Panel that meets three times a year, and comprises industry and business experts, appointed for their specialist knowledge.

We hope you enjoy this RI Expert Briefing and find it useful and informative. For any further information please contact us on 0800 011 3821 or at ifa@edentreeim.com