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# The place of CSR in the textile and Fast Fashion Industry

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<p>This thesis focuses on the current global environmental, social and economic issues in the fashion industry. We are living in a world where many ethical and moral rules are no longer respected by the industries and specifically the fashion industry. Consumers, investors, shareholders and other stakeholders are beginning to become aware of the urgency of the situation and are increasingly advocating and appreciating responsible production methods.</p> <p>It is therefore in the interest of companies to review their production methods towards responsible practices for the environmental, social and economic aspects as well as for the sustainability of their activities.</p> <p>This thesis therefore focuses on the manner and remedies available to companies in the textile industry to return to a more responsible way of production.</p> <p>The objective of this thesis is therefore to analyse possible CSR measures to be implemented in companies and their impact on the sustainability of the textile industry. In this way we will be able to demonstrate that integrating CSR into a company is an excellent initiative if it is not just a temptation to greenwash.</p> <p>The study is a literature review based on secondary data. The research consists of analyzing information from academic book, company reports, movies, videos and scientific published articles.</p>	

Keywords	Fast Fashion, Sustainability, CSR (Corporate social responsibility), Environmental, Social, Economic, Ethics, Greenwashing
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# 1 Introduction

## 1.1 Overview

We are currently living in a period where the issue of global warming and sustainable development are at the heart of political and public discussions, debates. The same questions keep coming up. Who are the culprits of global warming? What measures should be adopted to stop or at least limit this global warming? Is sustainable development THE solution to the problem?

In recent years, the evolution of human activities has led to the depletion of non-renewable natural resources and the demand for energy is constantly increasing. Moreover, the phenomenon of climate change in which man undoubtedly has his share of responsibility is threatening the balance of our ecosystems and becomes a risk for our planet.

Unfortunately, environmental issues are not the only ones, the social side must also be taken into account. In a professional world where the employee has not always been considered or put at the heart of the company's strategy, an awareness is emerging. Investment in human capital and stakeholder relations must continue to grow.

From the economic side, in a world where the competition between companies is more and more fierce, they have to struggle in order to reach as much as market shares as possible. Their only objectives? being the best by reducing to the minimum their production costs and this, often at the expense of the environmental and social pillars of sustainable development.

Global warming and the question of the place of employees within the company has therefore triggered a real awareness, particularly on the government side, with the implementation of standards and laws allowing companies to follow guidelines in order to operate in a socially, economically and environmentally responsible manner.

Nowadays, all sectors try to integrate into their strategy statements a notion of responsible social, economic and environmental action on a larger or smaller scale. But to what extent are these statements an accurate reflection of the reality?

Political and business leaders concluded that responsible and transparent management on these three points could significantly improve the competitiveness and profitability of their company.

The integration of CSR issues into company strategies aims to reduce their environmental impact and to develop relations with their stakeholders as much as possible, all within a responsible and profitable economic dynamic.

This is particularly true in the textile industry, the second most polluting industry in the world according to UNCTAD (the UN Conference on Trade and Development). (Villemain C, 2019)

The challenge of developing a CSR strategy there, is particularly important and difficult in a period when fast fashion is constantly developing and accelerating. Renewing as soon as possible collections of clothing at very low prices, not intended to be kept by the buyer from one season to the next. Here is a definition of fast fashion that is difficult to reconcile with the concepts of respect for the environment and socially responsible practices. However, it is here that all the challenges of companies in the textile industry are concentrated. Nowadays and more than ever, it becomes necessary to change the mentality and the manufacturing methods of the clothing industry. Therefore, the creation of a CSR strategy seems to be the solution to adopt to counter this fast fashion in inadequacy with current environmental and social issues.

So, we can ask ourselves:

## 1.2 Research questions

Can the textile industry return to a more responsible mode of production thanks to CSR?

Does CSR really have an impact on this industry, which is reputed to be one of the most unsustainable?

If yes, by what means would CSR enable companies to make their production more sustainable and responsible?

### 1.3 Structure and methodology

In order to address these problematics, the thesis will be based on different sources such as academics books, scientific articles, company and non-governmental organisation reports, internet searches and a documentary film with reliable sources about the fast fashion industry.

Regarding the topic of the thesis, it would be relevant to conduct and structure the searches in two parts and then analyze these, taking a critical look at them. On the one hand, the study will cover the environmental, social and economic problems that the textile/apparel industry has caused and is still causing. On another hand, after having identified the issues of this sector, the study will show how it is possible to overcome these, and how companies by the use and the development of CSR practices can minimize them.

### 1.4 Limitation: identification of specific research problem arising

As mentioned above, nowadays, the clothing industry is the 2nd most polluting after the oil industry. (Greeny bird dress, 2018) Originally, the term "textile industry" was used to refer to the weaving of fabrics from fibers. In the past, plants, seeds or animal hair were used to make natural fibers. It was not until the 19th century that the first synthetic fibers were developed. Although much more polluting, these fibers made from cellulose or oil continue to be used more and more. Nowadays, natural fibers such as silk, cotton, wool and linen are still used, but they are no less polluting. Indeed, cotton production requires a considerable amount of water and use of pesticides. Approximately 10 % of worldwide pesticides and 25% of worldwide fertilizers and insecticides are used for cotton farming. (Andii, L 2019)

The industrial revolution of the 19th century was a turning point in the textile and clothing industry. Especially since the 19th century, the population has become more and more urban, forcing industry to modernize in order to meet the needs of this new population in search of clothing adapted to the city. Such needs are different from those of the wealthy class, who continue to have their clothes made to measure by craftsmen.



After the birth of ready-to-wear in the 1950s and globalization in the 1980s, everything accelerated, as the demand for clothing became more and more important, and companies focused more on making more profit. That's how fast fashion appeared.

From primary researches and readings, it is easy to realize that the polluting and unaccountable trend of fast fashion seemed difficult to reverse, but consumers on a small scale are beginning to realize and denounce this considerable pollution. In response to this consumer awareness, companies must therefore act by offering them products that are more environmentally and ethically responsible.

The honesty of this strategy is questionable. And it is fair to wonder whether it is not just a facade (greenwashing) to please consumers and win even more customers. The most appropriate solution for companies to adopt in order to reduce their environmental impact would therefore be to implement a viable CSR strategy.

Moreover, the most important issue identified during the research is the fact that the regulations in terms of CSR are all different from one country to another; some have not even adopted it yet. It is therefore questionable whether the fact that only a few countries take CSR measures really has an impact on the textile industry because if only a part of them make efforts to make their production more responsible, the impact is only less. (Novethic.fr. 2017)

Regarding the limitations of the thesis itself, it does not include any interviews or survey that could have provided a wider range of information instead of just focusing on literature-based research. It might have been interesting to ask different companies about their CSR policies and practices and to know more about the future innovative measures that these professionals plan to put in place in order to improve their practices in a sustainable development dynamic.

However, on the one hand, we could easily have collected these data, but it would have been difficult to verify if they were indeed effective and true. And on the other hand, because of the situation regarding the Covid-19 at the time of writing, any point of contact with companies has been complicated as they have other priorities to manage before responding to thesis research.

## 2 Environmental, Social and economic issues of the textile/fast fashion industry

### 2.1 The history of textile: from craft to fast fashion

Historically, the typical life cycle of a fashion brand includes “four stages: the introduction and adoption of style by fashion leaders, growth and increased public acceptance, mass compliance and finally the decline and obsolescence of fashion.” (Heuer, M. and Becker-Leifhold, C 2018)

Before the 1980s, fashion forecasts were mainly dominated by fashion shows and trade fairs. Traditional clothing retailers were already using their ability to forecast consumer demand and fashion trends well in advance of actual consumer time. At that time, as competition in the industry became more and more important, fashion retailers had to constantly innovate. To do this, they relied heavily on future trends rather than “using real-time data to assess consumer needs and desires.” (Heuer, M. and Becker-Leifhold, C 2018) They also relied on the “low-cost mass production of standardized styles that did not change frequently due to design restrictions” by plants. (Heuer, M. and Becker-Leifhold, C 2018) At that time, companies relied little on the desires and needs of consumers who were also less sensitive to style and fashion.

In the late 1980s, fashion was dominated by several major retailers, intensifying competition in the market. Despite this, the trend of low-cost mass production is slowing down. It is now more important than ever to win over the consumer. Fashion retailers then completely changed their production methods and distribution channels. New production and sales strategies are being implemented, which are now based more on consumer demands and needs than on the product itself. Alliances with suppliers from all over the world are created and they placed greater emphasis on brand management. (Heuer, M. and Becker-Leifhold, C 2018)

From the 1990s onwards, fashion changed profoundly. Retailers are beginning to out-source their production in order to expand their product range. The aim is to be ever more competitive by responding more quickly to new fashion trends by offering ever more refreshing products. Although the reduction of production costs was not their main concern at the time, this production process through subcontracting made it possible to save money, particularly in labour costs, by relocating production. However, this process was not that much successful to the extent it was long to realized. Indeed, it took about

a year and a half for a product to be put on the market. In addition, this process proved complex due to the geographical dispersion of supply chain partners, long delivery times, forced markdowns and communication difficulties, all leading to lower profitability.

At the end of the 1990s, the clothing and fashion industry was still undergoing a great deal of change. The expansion of the industry and increased competition led to a decline “in mass production, an increase in the number of fashion seasons and a change in the structural characteristics of the supply chain.” (Heuer, M. and Becker-Leifhold, C 2018) In addition, fashion shows and events are becoming increasingly accessible to the public, leading to greater consumer awareness of fashion. As consumers are more and more exposed to exclusive designs and runway-inspired styles, they become much more demanding when it comes to fashion. On the other hand, the pace of life is accelerating due to social and cultural factors and therefore the needs and desires of consumers are following the trend. (Heuer, M. and Becker-Leifhold, C 2018)

Popular culture has, undoubtedly, also played an important role in the formation of fashion trends and the birth of fast fashion.

At that time, the media exerted a very great influence on consumers through cinema, television, etc. The fashion industry was affected by cultural expression on the street, in clubs and in other popular social circles. These socio-cultural phenomena have led to the rise of fast fashion, where some high fashion retailers have compressed their delivery times to meet market demand by offering the right product in the right place at the right time.

The definition of fast fashion can be found in the book *Eco-Friendly and fair: Fast fashion and consumer behaviour* as:

“a retail strategy where retailers adopt marketing approaches to respond to the latest fashion trends by frequently updating products with short renewal cycles and turning the inventory at a rapid rate. Along with short renewal cycles, fast fashion retailers stock limited quantities of products per style and deliberately manipulate merchandise on the retail floor. They are also known to adopt shorter, more flexible supply chains such as quick response, just-in-time and agile supply chains.” (Heuer, M. and Becker-Leifhold, C 2018: ebook chapter 2 Evaluating fast fashion)

In other words, fast fashion relies to a mass-produced and standardized concept which consist of renewing as soon as possible collections of clothing at very low prices, not intended to be kept by the buyer from one season to the next. Nowadays, in the context

of fast fashion, there is practically 52 seasons a year instead of having only 2 a year. (Siegle, L, 2015, *The True Cost*) “Sales and growth are increased by maximizing economies of scale and minimizing costs”. (Fletcher, K. 2010) Here is a definition of fast fashion that is difficult to reconcile with the concepts of respect for the environment and socially responsible practices. (Fletcher, K. 2010 pp 255-266)

The book *Eco-friendly and fair: Fast fashion and consumer behaviour* so teaches us more about the history and very definition of fast fashion.

Despite the rise of fast-fashion and the success it brings to retailers such as Zara or H&M, its production method, supply chain and practices are very little respectable and very polluting. A certain awareness is emerging among consumers who no longer support this environmentally and ethically disrespectful production method. (Rauturier, S. 2018)

## 2.2 The context of today: environmental, social and economic issues of the fast fashion

### 2.2.1 Over consumption and environmental issues

Nowadays, fast fashion is synonym of use of cotton fibre (extremely polluting), use of chemicals, pesticides to produce clothes, millions of pieces of clothing landfill every year, dangerous work environment for garment workers... (Rauturier, S 2018). That’s why it is important to overcome them. The textile industry is the second most polluting industrial sector in the world (after the petrol industry).

Overconsumption of clothing has a considerable impact on our planet. Every year, millions of tons of clothes are thrown away. Materials use, means of transport use, wastefulness... are all factors that make the textile industry a significant contributor to environmental pollution.

With 1.2 billion tons of greenhouse gases emitted every year, which represents more than both international air and maritime traffic.

Washing our clothes in the washing machine releases about 500,000 tons of microparticles of plastic into the oceans every year which corresponds to 50 billion of the plastic bottles thrown in the ocean.

A lot of environmental consequences are fatal and irreversible for the earth as the loss of Aral Sea, due to overconsumption of water to water cotton fields. (Lejambre C.,2018)

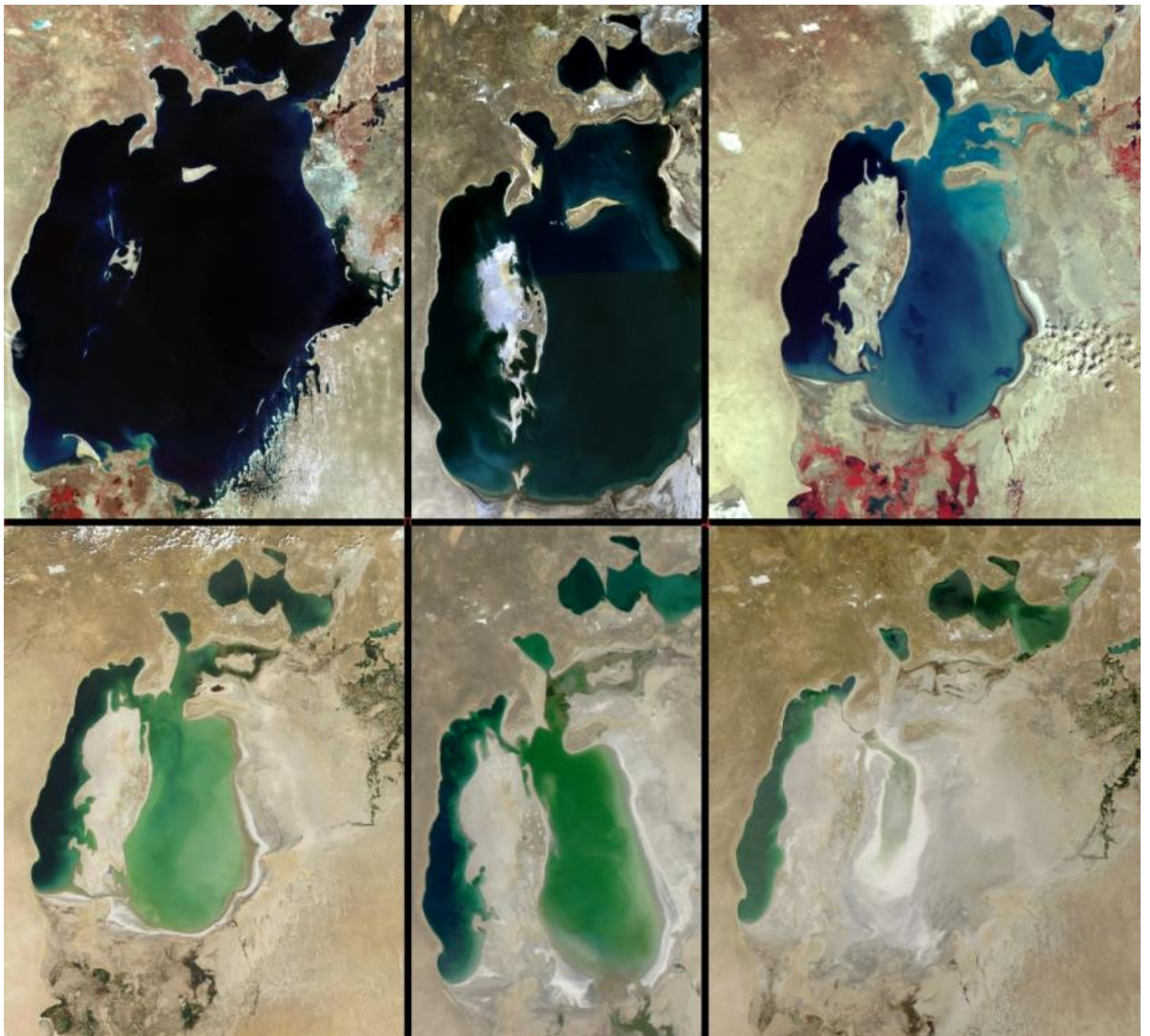


Figure 1. Photographs illustrating the diminution of the Aral Sea, from left to right: (Top row) 1973, 1989, 1999, (Bottom row) 2001, 2003, 2009 (US geological survey and NASA)

Dry lakes, polluted rivers are environmental consequences of the textile industry, indeed 70% of China's waterways are polluted because of the textile industry so it is changing colors of the water, entire villages are sick, and populations are forced to constantly live with masks.



Figure 2. Polluted rivers in China (Lejambre, C. 2018)

Today, global warming and years consumption of planet resources reaches a new record. Every year, the textile industry "swallows" 98 million tons of non-renewable resources, such as oil to make synthetic fibers, fertilizers to produce cotton and chemicals for textile dyeing and processing. Without forgetting the 93 billion of a cubic meter of water used by the fabrication process representing as 85 million of swimming pools. (Lejambre C., 2018)

Here are some numbers that give a general idea of the impact of the textile industry on the environment:

“One freight freighter corresponds to fifty million cars in term of pollution

- Seventy million barrels of gasoline are needed for polyester production each year
- 2700 liters of water are needed to make a 250-gram t-shirt
- The conception of one pair of jeans uses between 7000 and 11000 liters of water
- About wasteful: 70% of our wardrobe is not worn, twelve kilos of clothes are thrown away every year by each French people

- A European citizen buy approximately twenty kilos of new clothes every year, it's is so polluting knowing that every article contributes to approximately twenty times its weight to greenhouses gases emissions" (Greeny bird dress, 2019)
- By 2030 global apparel consumption is projected to rise by 63%, from sixty-two million tons today to 102 million tons—equivalent to more than 500 billion additional T-shirts." (www.parliament.uk, 2019)

Clothing industry is the cause of water consumption, energy emissions, chemicals usage, waste creation... Which as a real impact on the earth.

On these following charts, we can see than in 2015, the planet boundaries have already been breached due to anthropomorphic activities.

If the textile industry doesn't change its way of producing by 2030, the planet boundaries will be even further exceeded.

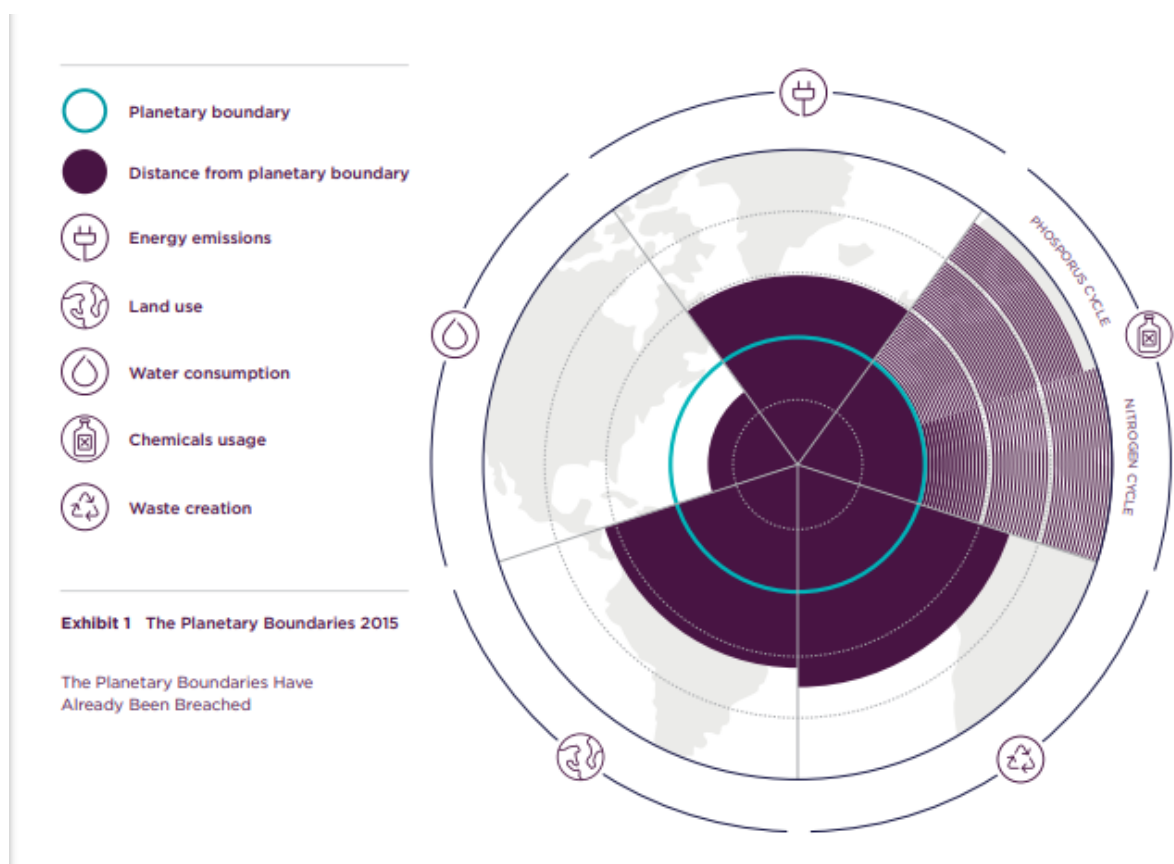


Figure 1: The planetary boundaries 2015, Pulse of the fashion industry (Source: BCG analysis; UN environment Programme (2012), Rockström et al. (2009), Steffen et al (2015))

**Exhibit 2 The Planetary Boundaries 2030**

In 2030, the Planetary Boundaries Will Be Even Further Exceeded

Note: Illustration adapted from UN Environment Programme, Rockström et al. and Steffen et al. representing today's status.  
Source: BCG analysis; UN Environment Programme (2012); Rockström et al. (2009); Steffen et al. (2015)

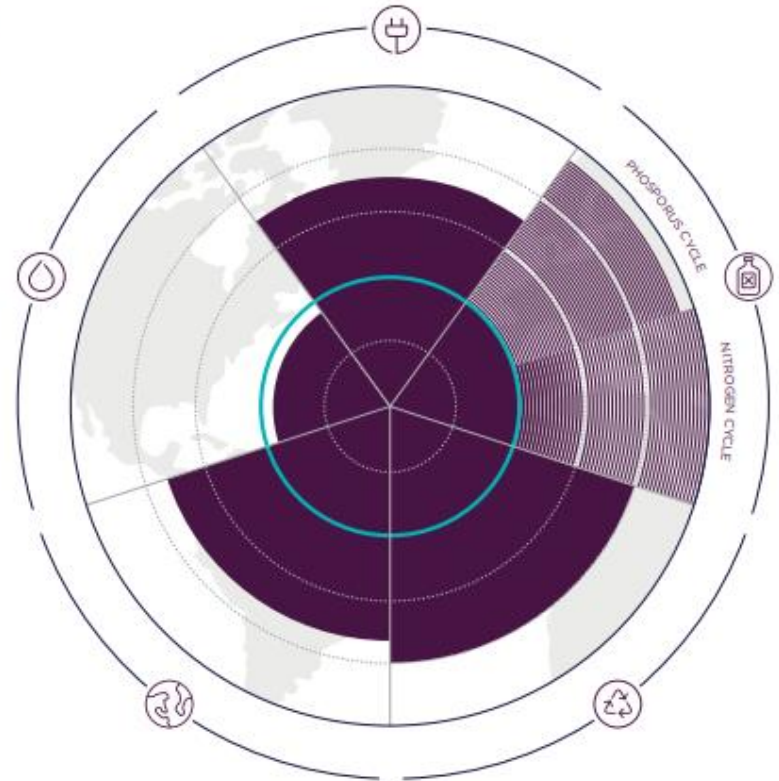


Figure 2: The planetary boundaries 2030, Pulse of the fashion industry (Source: BCG analysis; UN environment Programme (2012), Rockström et al. (2009), Steffen et al (2015))

The documentary *The True Cost* covers several aspects of the textile industry, mainly by exploring the lives of low-wage workers in developing countries and its effects such as soil and river pollution, pesticide contamination, disease and death. Using an environmental, social and psychological approach, it also examines consumption and mass media, and makes the link with global capitalism. This documentary is a combination of several interviews with environmentalists, employees in the garment industry, factory owners, and fair trade.

The film director, Andrew Morgan, had the idea to make this documentary following the disaster of the Rana Plaza building which collapsed in Bangladesh, killing more than a thousand employees working for various international clothing brands. (Henrich, E. 2019) This is precisely a disaster that it is well representative of the working conditions of some employees in the textile industry. (Hueur, M and Becker-Leifhold, C. 2018)

Most companies are relocating their production to Asian countries in order to reduce their costs. Indeed, 34% of the total employment in manufacturing is located across key Asian



production countries. (Global fashion agenda & The Boston consulting group, 2017) Moreover, it is said in the report *The True Cost* that during the 1960's 95% of American clothing was made in America, compared to only 3% today and the 97 other percent is outsourced to developing countries around the world. (e.g: China, Bangladesh, India...)

Overworked and underpaid workers are often the secret to the ever-lower prices of the clothes we wear.

While this industry is generating so much profit for handful of people, we can ask ourselves why is it unstable to support millions of its workers properly? Why is that is not able to guarantee their safety? Why is it unable to guarantee that whilst generating these tremendous profits?

### 2.2.2 Case of the Rana Plaza

If we benchmark the price of a garment over the last year, we will find that there is a deflation of the product. The price is going down overtime. However, cost of production for outsourced suppliers are not going down. (Lee, R, *The True Cost*, 2015) Indeed, large clothing groups are putting pressure on their outsourced suppliers, they have the power over them because they know that the textile industry is a considerable source of income for them and that without this job they have nothing to live on. So, when these large groups are coming to their suppliers for an order and negotiating, they always force them to lower their prices otherwise they threaten them to stop their collaboration. (Jebtik, A, *The True Cost*, 2015) Competition in this industry has a lot to do with is, Clothing brands have embarked on fierce competition for the cheapest prices for their customers, but often at the expense of human lives, the lives of workers in developing countries.

“Cutting corners and disregarding safety measures had become an accepted part of doing business in this new model until an early morning in April 2013. When an event brought a hidden side of fashion to front page news” (*The true cost*, 2015): The Rana Plaza. An eight-story building, in which thousands of people worked for the garment industry collapsed, killing more than 1130 people and injuring more than 2000 people, making it the worst garment-industry disaster in history. Garment workers in Bangladesh payed the price for cheap clothing.

In the report *The True Cost*, the executive director of “War on Want”, an anti-poverty charity, testified: “One of the most profoundly impressive things about the rana plaza

disaster was that news that the workers have already pointed out to the management the cracks in the building and that it was structurally unsafe, and they've been forced back in. One month before this event a factory fire had already killed more than 100 people" (Hilary, J, 2015, *The true cost*)

Indeed, workers have formed unions, this is particularly the case of Shima Akhter who worked in the Rana Plaza. In the report *The True Cost* she testified that she was president of an union whose the aim was to submit list of demand to their manager regarding the working conditions. But after her manager receive this list, there was an altercation between her union and the managers. 30 to 40 staff members attacked her and her union's members and beat them up. "They used chairs, sticks, scales, and things like scissors to beat them up. Mostly they kicked and punched them and banged their heads on the walls. They hit them mostly in the chest and abdomen." (*The True Cost*, 2015)

The managers did not take into account at all the demands of Shima and his union to improve the working conditions, while other dramatic events such as the Pakistan shoe factory fires in 2012 killing almost 300 people and seriously injuring more than 600 people or even the 2012 Dhaka garment factory fire in the Tarzeen fashion factory with at least 117 dead people and over 200 injured, already occurred. (Shima, *The True Cost*, 2015)

Deplorable working conditions have been and are still very present in the textile industry, as are the far too low wages earned by workers in developing countries. Currently there is almost "40 million garment-factory workers in the world, almost 4 million of these workers are here in Bangladesh working in almost 5000 factories, making clothing for major Western brands. Over 85% of these workers are women and with a minimum wage of less than 3\$ a day, they are among the lowest paid garment workers in the world." (The True Cost, 2015)

In the case of Shima, she earned about \$10 a month working at Rana Plaza. She even had to take her daughter there because she couldn't afford childcare when it was terribly hot inside the factory and that there were chemicals very harmful for children inside.

"Low wages, unsafe conditions and factory disaster, are all excused because of the needed jobs they create for people with no alternatives. It's estimated that one in every six people alive in the world today work in some part of the global fashion industry, making it the most labor-dependent industry on earth. Most of this work is done by people, like Shima, who have no voice in the larger supply chain." (The True Cost, 2015)

According to Global Fashion Agenda & The Boston Consulting Group:

“Over 50% of workers are not paid the minimum wage in countries like India or the Philippines

Minimum wages in the industry are ½ of what can be considered a living wage

Noncompliance to minimum wages can be as high as 87% for women while it is 27% for men in Pakistan

Companies on average spend 0,2% of sales on community spending, while the UN<sup>1</sup> proposes 0,7% in its development goals

The industry has on average 5,6 injuries per 100 workers per year, while in suppliers' factories of a large sports goods manufacturer number is only 2,5” (Global Fashion agenda & the Boston Consulting Group, 2017: 13-14)

Moreover, here are some examples of unethical working condition in China, India and Bangladesh:

China	India & Bangladesh
Adolescent work	Health and Safety of the working environment
Forced labour	Security conditions not met (e.g. building security)
Prohibition of association and collective bargaining	Hygiene requirements not met
Health and safety conditions not respected (lack of protection of workers when using dangerous chemicals or machinery)	Child labour
Double/Triple bookkeeping: working time not respected, non-payment of overtime	Unpaid working time and overtime
	Discrimination

<sup>1</sup> UN figure given for sovereign states

Discrimination	Corruption
Corruption	

This waste, mass pollution and lack of respect for the ethical values of the work of employees in the textile industry is not without consequences.

Beyond the opinion of consumers, it is their health that is particularly affected and a victim of fast fashion.

Indeed, consumers are now faced with sad realities, with pollution being the cause of more and more cancers and hormonal imbalances.

### 2.3 Decision and actions by the authorities

Since the 1980s, global warming has increasingly been at the heart of political/public discussions and debates. From a general point of view, the government is aware about the urgency of the situation about the climate change that's why many measures are implemented by the authorities.

In 1988, the Intergovernmental Panel on Climate Change (IPCC) was established by the United Nations to synthesize scientific studies on climate. In its 2007 Fourth Assessment Report, involving more than 2,500 scientists from 130 countries, the IPCC states that global warming since 1950 has been caused by the increase in anthropogenic (human-induced) greenhouse gases. (GIEC. 2008, p5)

State authorities are also aware about the urgency of the situation and begin to implement measures such as for example the "climate-energy package" which is an action plan with the objectives of reducing greenhouse gas emissions, increasing the share of renewable energy and improve energy efficiency by 2030. (European commission 2019)

The European commission set up key objectives for 2030:

"- Reduce greenhouse gas emissions by at least 40% (compared to 1990 levels)

- Increase the share of renewable energy to at least 32%.
- Improve energy efficiency by at least 32.5%.” (European commission 2019)

Moreover, climate conferences, such as the COPs (Conferences of the Parties), are held annually at the international level. Their purpose is to adopt agreements and establish rules to overcome global warming.

In addition, CSR has a special place within the European Union. Indeed, 15 European Union countries actively participate in CSR regulation and public policy development. CSR efforts and policies differ from country to country due to the complexity and diversity of government, business and social roles. This diversity of CSR approaches within companies can complicate regulatory processes. (European commission 2019)

In order to regulate CSR, standards such as ISO 26000 have been set up. These standards allow companies (including those from the textile industry) to follow guidelines to set up their own CSR. They also represent an international consensus as they have been developed by representatives of governments, NGOs, industry, consumer groups and the world of work.

CSR is a voluntary process on which each company determines its strategy. To be able to compare their environmental and social performance, they are asked to provide so-called “extra-financial reporting”. In theory, it allows stakeholders, starting with responsible investors, to understand what companies are doing in this area. But as we can see on this map, the bluer a country is, the more its legal reporting framework is structured. Therefore, in some regions of the world the question of CSR is not yet considered which is a problem as the textile industry makes collaborate companies from all over the world. (Novethic.fr. 2017)

NGOs are also aware of the social and environmental impact of the textile industry and take part in the fight against the non-responsible actions of the textile industry. This is why they are implementing actions to encourage companies to adopt more responsible strategies through CSR practices.

For example, Greenpeace has launched the detox campaign. (Greenpeace, 2018) It denounces the use of toxic substances by big international brands of textile. This campaign was launch in 2011 by Greenpeace China due to the Dirty Laundry report which revealed

toxics practices used by suppliers of big brands of textile such as the Youngor textile group and the Well dyeing limited.

Through this campaign, Greenpeace is asking policy makers in both producing and importing countries to translate best practices into regulations.

Greenpeace also encourages all companies in the textile industry to adopt Greenpeace's Detox Charter and develop a more responsible strategy through the CSR. (Greenpeace France. 2018)

The confederation Oxfam that act against injustices and poverty also tries to sensitize the consumers by launching campaigns such as #SecondHandSeptember. Through this hashtag, Oxfam is asking the consumer to reduce their consumption of clothes and to favor the purchase of second-hand clothes for 30 days.

To encourage consumer to realize this "challenge", Oxfam published a report in which it exposed striking and alarming facts and figures on the textile industry.

- More than two tons of clothing are bought each minute in the UK
- Buying one new white cotton shirt produces the same emissions as driving a car for 35 miles
- The emissions from all the new clothes bought in the UK each month are greater than those from flying a plane around the world 900 times
- The average adult spends £27 a month in fast fashion outlets and currently owns two items which remain unworn" (Oxfam, 2019)

Other fast fashion facts:

"It would take 13 years to drink the water needed to make one T-shirt and a pair of jeans

Every week the UK sends eleven million items of clothing to landfill

The clothes sent to only UK landfill every year weigh as much as the empire state" (Oxfam 2019)

With these alarming facts, Oxfam hopes to reach as many consumers as possible and make them aware of the urgency of the situation.

Companies therefore certainly have a role to play in this fight against global warming but also against the unethical practices of the textile industry. They must therefore find solutions to address this climate emergency, but also to counter the bad public opinion.

#### 2.4 Slow fashion

In recent years, fast fashion has been the subject of many controversies and contradictions. “People express that they are interested in sustainability but continue to seek out fast inexpensive fashions.” (Johansson, E. 2010) Consumers are seduced by the ever-cheaper prices of clothing, their accessibility in many shopping malls, the short delivery times... However, an awareness emerges, consumers are starting to be disappointed with the quality of clothing, and more importantly, they are starting to realize the environmental and social impact that the clothing industry can have.

“Therefore, there is a growing movement of “ethical consumerism” with consumers demanding that the goods they buy are made in ways that do not harm the environment or the workers who made them. Studies have indicated that consumers are often willing to pay more for “green” products or “sweat-free” goods” (Gam et al., 2009; Kahn, 2009; Pookulangara et al., 2011)

“Ethical fashion, eco fashion and sustainable fashion: all these terms have become familiar within the media over the last few years” (Fashion Futures, 2010, n.d.). However, as stated earlier, it is difficult to for retailers to be sustainable and maintain low costs as well as achieve superior product quality especially in the fast fashion led industry. This has encouraged the growth of a new movement that counteracts the increasing demand for fast fashion—the “Slow Fashion” movement.

Slow fashion does not refer to time as its name suggests, but rather to a philosophy of attentiveness which is mindful of its various stakeholders’ respective needs (with “stakeholders” referring to designers, buyers, retailers, and consumers) and of the impact producing fashion has on workers, consumers, and ecosystems (Fletcher, 2008).

“Slow fashion is not just adopting classics, or literally slowing down the production process; it is a means of incorporating social responsibility, sustainability, transparency and other core concepts to improve businesses practices as well as maintain profitability.” (Fletcher, 2010).

Slow apparel is “fashion that is not time based, but is about producing, designing and consuming better.” (Nakano 2009: 58)

Slow fashion is a concept in opposition to the notion of "fast fashion". Slow ware or slow fashion refers to collections of clothing designed to combine fashion, quality and conservation by the buyer, at least from one season to another. In contrast to fast fashion, slow fashion also positions itself on the promotion of raw materials and CSR through the use of production and supply techniques that respect the environment and socially responsible working conditions. Its marketing positioning most often consists in opposing quality to quantity (fast fashion). Given the textile fashion sector to which it applies, the claim is not always easy, but the extreme, slow fashion is promoted by brands with an activist and offbeat image, whose aim is to promote a more thoughtful and responsible consumption. (emarketing.fr, 2019)

Slow fashion is “an opportunity to begin to engage better with systems-level questions in the fashion sector in order to build deeper and longer-lasting change towards sustainability.” (Fletcher, K. 2010, pp 255-256)

### **3 An essential change, The CSR in the textile industry**

What is the role of the CSR in a company? Why the development of this strategy worth for the company?

#### **3.1 History and definition of CSR**

Corporate Social Responsibility therefore appears to be an indispensable strategy to be setting up by companies in today's world. Faced with reputational risk and growing consumer demand for more ethical fashion, the textile industry must adapt and opt for more responsible production methods and strategies.

CSR “brings together all the practices put in place by companies in order to respect the principles of sustainable development, i.e. to be economically viable, have a positive impact on society but also to better respect the environment.” (Youmatter, 2019)

CSR is defined by the European commission as « the responsibility of enterprises for their impact on society » (European commission 2019 : whether on the environment, the social, the economy ... and this in all fields identified by the ISO 26000 standard, international standard of recommendation on CSR. (Youmatter, 2019)



The European commission also published in 2001 a Green book of the corporate social responsibility in order to help companies get involved in the sustainable development. It then defined CSR as being “the voluntary integration of social and environmental concerns into business operations and stakeholder relations. Being socially responsible means not only fully complying with applicable legal obligations, but also going beyond and investing "more" in human capital, the environment and stakeholder relations.” (European commission, 2001) (Youmatter, 2019)

Different laws have been set up worldwide in order to help companies to build up and stretch out their CSR strategies.

In the case of France, there are laws such as: NRE law, Grenelle law, energy transition law, duty of care... in order to support the development of CSR strategies in companies.

Standards such as ISO 26000 have also been set up to regulate the CSR. ISO 26000 is above all, it is a standard of recommendations that provides a framework for reflection and action. ISO 26000 is designed as a flexible guide and not as a standard. This means that ISO 26000 provides guidance, advice and a method for an organization to define and act on its social responsibility, but it does not set a target that can justify certification. (Youmatter 2019)

However, this implementation can lead to certification to ISO 9001 (quality management) and/or ISO 14001 (environmental management), standards with which it is complementary and compatible.

ISO (International Organisation for Standardisation), the organisation in charge of defining international standards governing corporate trade, has also defined the CSR as being

“an organisation's responsibility for the impacts of its decisions and activities on society and the environment, reflected in ethical and transparent behaviour that - contributes to sustainable development, including the health and well-being of society; - takes into account the expectations of stakeholders; - complies with applicable laws and is consistent with international standards of behaviour; and is integrated throughout the organisation and implemented in its relationships.” (ISO, 2019)

In order to commit to and develop a CSR approach, these companies can rely on seven major areas such as: good business practice, consumer protection, labour relations and

working conditions, human rights, the environment and the governance of the organisation by implementing good practices (e.g. promoting diversity among employees), or even opening up to new business models.

A company committed to CSR will therefore seek to have a positive impact on society, to respect the environment and its employees while being economically viable. A balance that it will build within its ecosystem, with its stakeholders (its customers, employees, shareholders, suppliers or local players, etc.).

Some will even go so far as to transform their business model in order to make it more impactful in the fight against climate change (limiting the rise in global temperature to 2°C) or to better manage natural resources (raw materials, biodiversity, use of renewable energy). (Envols responsables, 2019)

Moreover, the book *Clothing Poverty: The Hidden World of fastfashion and Second-Hand Clothes* written by Brooks, A. in 2015, gives us an example of a solution and awareness of fast fashion. In particular, it shows us that some companies are becoming aware of the urgency of the situation and are trying to put in place much more responsible strategies and production methods. This is especially the case of Tom's shoe company, a non-profit corporation founded in 2006 by Blake Mycoskie, a Texas-born entrepreneur. This company's business model is simple, it's called "one for one" "which means that for every pair of shoes that a customer bought from Toms Shoes, the company would give away a free pair to someone who needed shoes and especially to a poor child from developing countries." (Brooks, A. 2015)

Beyond its positive environmental, social and economic impact, CSR is an important element in attracting potential investors. Indeed, by showing their interest in making efforts and making their environmental and social impacts more responsible, consumers will have a better image of the brand and consequently will be more inclined to consume products of this brand rather than those of its less responsible competitors.

Moreover, the Accenture Chemicals Global Consumer Sustainability Survey conducted

“on 6,000 consumers in 11 countries across North America, Europe and Asia, whose results were previewed at the American Chemistry Council (ACC) Annual Meeting, found that while consumers remain primarily focused on quality and price, 83% believe it's important or extremely important for companies to design products that are meant to be reused or recycled.

Nearly three-quarters (72%) of respondents said they're currently buying more environmentally friendly products than they were five years ago, and 81% said they expect to buy more over the next five years." (Accenture Agency 2019)

Furthermore, 50% of consumers are willing to pay more for a product that was designed to be reused or recycled and 36% are willing to pay more for a product that was made from recycled materials. (Accenture Agency 2019)

"The shift in consumer buying, with more consumers willing to pay extra for environmentally friendly products, reinforces the need for companies to increase their commitments to responsible business practices." (Accenture Agency 2019)



### 3.2 The solution that can be taken

#### 3.2.1 Labels

Consumers are paying more and more attention to the origin and provenance of their clothes. To verify the origins of a product, a consumer can rely on different Ecologic labels of textile.

For example:

<p><b><u>Max Havelaar Label</u></b></p> 	<p>It ensures that the cotton, which is made from clothing, has been grown by small producers certified for fair trade. Cotton farmers are committed to social as well as ecological criteria. In addition, the entire textile processing chain is transparent for each product and meets recognized social standards that are controlled by the foundation through its international network.</p> <p>Since 1992, the NGO Max Havelaar France has been working to develop fair trade that respects human rights and the environment. It campaigns for an ethical</p>
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	<p>and responsible global economy. With the Fairtrade/Max Havelaar label, it mobilises companies, citizen-consumers and public authorities in France to ensure better remuneration and decent working conditions for farmers and salaried workers in developing countries. In particular, it campaigns against child labour and for the respect of women's rights. (Maxhavelaar-france.org, 2019)</p>
<p><b><u>EU ecolabel</u></b></p>  <p>The logo for the EU Ecolabel features a green Euro symbol (€) surrounded by twelve blue stars, with a green leaf sprout growing from the bottom. Below the symbol, the text 'EU Ecolabel' is written in blue, and the website 'www.ecolabel.eu' is written in green.</p>	<p>As its names suggests, this label has been creating thanks to the European Union. The criteria relate to the type of fiber, the limitation of the presence of harmful substances in textile fibers and the limitation of air and water pollution. (European commission, 2019)</p>
<p><b><u>The IMO label (Insitute for Marketecology)</u></b></p>  <p>The logo for the IMO label consists of a stylized green leaf shape above the word 'control' in blue, and the letters 'IMO' in large green font. Below 'IMO' is the text 'INSTITUTE FOR MARKETECOLOGY' in a smaller blue font.</p>	<p>Created by the principal international certifier organism, the IMO label guarantees the ecologic nature of cotton during its production and throughout the stages of transformation of the raw material into a textile fiber, up to the dyeing of the fabric.</p>

<p><b><u>Skal Eco label</u></b></p>  <p>The logo for Skal 1301 certified organic. It features the text 'Skal 1301' at the top, a central square containing the letters 'EKO' inside a circular graphic, and the words 'certified organic' at the bottom.</p>	<p>It is not only concerned with the cultivation itself, but also with the processing of the cotton or its packaging. So there is no question of using chlorine for bleaching, for example, or dyes based on carcinogenic dyes and allergenic substances, or heavy metals. The social conditions of production are also examined, and manufacturing must be carried out with respect for human rights. (Skal.nl, 2019)</p>
<p><b><u>BioRE label</u></b></p>  <p>The logo for BioRe Sustainable Cotton. It features a stylized red leaf or cotton boll shape above the text 'bioRe' with a registered trademark symbol, and 'Sustainable Cotton' below it.</p>	<p>This Swiss label, created in 1997, certifies that the cotton is organically grown and that no chemicals are used in the dyeing process. It also advocates that farmers adopt a diversified crop to replace monoculture and thus limit damage to the environment. The BioRe label also guarantees correct working conditions for employees and producers.</p> <p>It also guarantees compliance with the SA 8000 standard, which includes a ban on child labour, the setting of social minima and the regulation of working hours. (Bleu Mer, 2019)</p>

Since this craze for slow fashion, companies have had to react and prove to consumers that their production methods are sustainable. For this, the implementation and promotion of their CSR strategy is essential. This can be done, for example, by obtaining one or more of these labels.

CSR is notably linked to the concept of sustainable development and is based on 3 fundamental pillars: Environmental, economic and social. Companies can see these three

pillars as areas for improvement to be considered in the development of their CSR strategy.

### 3.2.2 CSR measures according to the three pillars

#### 3.2.2.1 Environmental

##### 3.2.2.1.1 Circular economy

As part of the context of sustainable development, the circular economy is a solution that companies could adopt. This concept consists to produce goods such as clothes by using the recycling which permits to reduce consumption of non-renewable energies and the wastage of raw materials such as the cotton. Indeed, As seen before, a quarter of the world production of textile fibers come from cotton. Its culture necessitates a lot of water, sun and pesticides. Approximately 25% of all pesticides and 10% of fertilizer used on the world are used for cotton farming. That's why we must avoid taking excessive resources on our earth and first opt for clothes with recycled fibers.

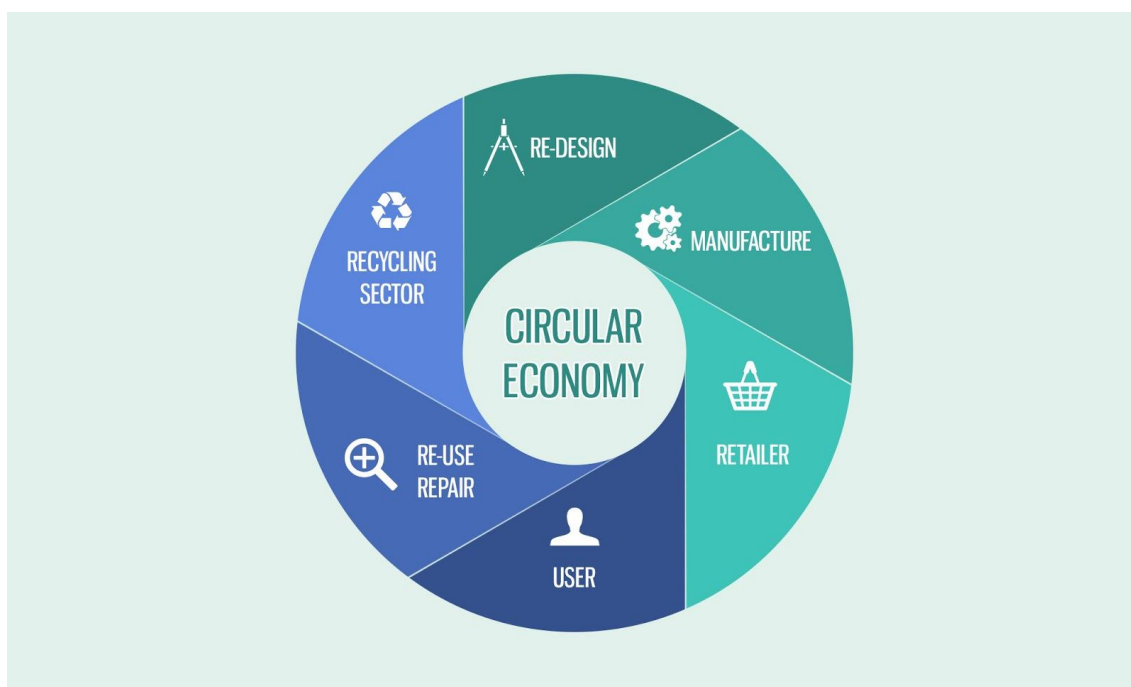


Figure 5. Circular economy (Cooper. R, 2018)

One of the solutions to preserve resources of our planet, is on the one hand (for the industries), to create clothes composed of recycled fiber, and on the other hand for the consumers, to buy the latter.

### 3.2.2.1.2 Recycling

“More than \$500 billion of value is lost every year due to clothing underutilization and the lack of recycling” (Ellen Macarthur Foundation, 2017)

Indeed, during the recycling process, plastic bottles together with different cotton off-cuts are collected then crushed to be transformed into cotton or polyester fiber. Necessitating less water and less nonrenewable energies, these recycled clothes would be in average 98% less polluting for the environment. Moreover, less than 1% of the materials used in the production of clothes are used to make new ones. This represents a colossal loss of \$100 billion per year compared to optimal reuse. And some of the companies understood that.

This is particularly the case of the Inditex group which is composed of the brands such as Zara, Massimo Dutti, pull and bear... This group took the decision to engage itself in order to form its employees to the recycling of clothes. In other words, 3,5 million of dollars will be invested in order to search for innovations and improvement in terms of textile recycling by 2020.

Other brands of the fast fashion also participate in their own way to the recycling by releasing collections of used clothes. This is the case of the brands Camaieu, mango, Uniqlo and H&M which plan to collect about 30 000 tons of clothes by year. In exchange, to encourage population to give them their used clothes instead of thrown them away, most of these brands offer discount vouchers. All of these decisions have been taken in 2017 at Copenhagen Fashion Summit. (Global fashion agenda, 2017) However for the moment, companies have not made their results public. They'll probably do it in a report at the end of 2020.

### 3.2.2.1.3 Upcycling

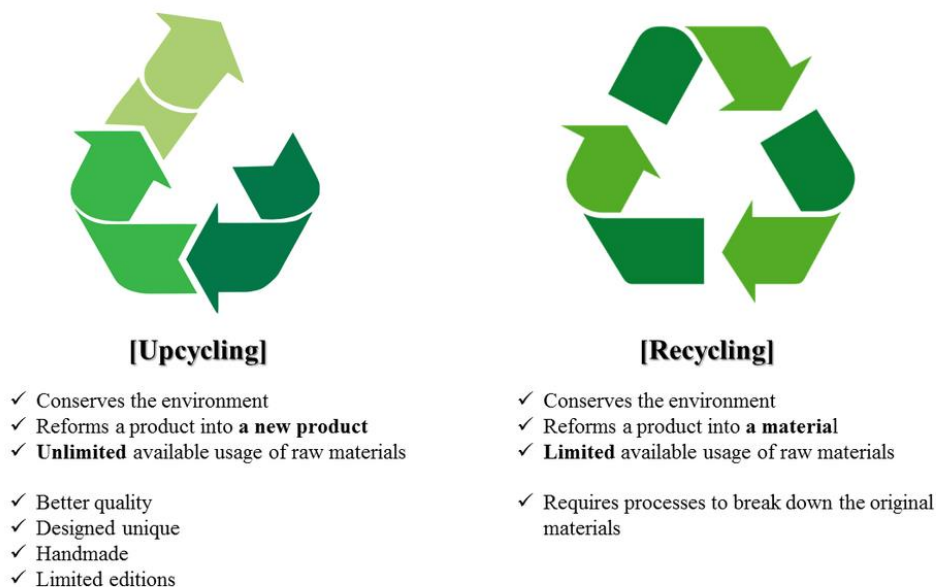


Figure 6. Upcycling VS Recycling (Multimedia Production team of university studies senior Capstone, 2016)

Upcycling consists in using objects and materials that were intended to be thrown away to reintroduce them into the consumer chain, after having given them back a value, a different use, an original destination compared to the one they originally had. This recycling action is part of a broader desire for sustainable development.

Patagonia is an example of company that is using upcycling. The brand highlights the upcycling process through the Recrafted clothing collection it launched in 2017 Patagonia recovers used and damaged products and transforms them into completely new and unique products in a workshop in Los Angeles. The slogan of this collection is a perfect definition of upcycling: "These are clothes made from other clothes". (Patagonia, 2019)

In brief, circular economy, recycling, and upcycling can be good actions to implement for companies in a CSR and environmental protection approach.

However, CSR does not only consider the environmental impact of a company, but also its economic and social side.

### 3.2.2.2 Economic



From an economic point of view, here are some CSR actions that companies could put in place to limit fast fashion:

- Investing in the CSR
- CSR is a broad topic that encompasses more than environmental awareness. CSR is now being taken into account by financial players. In order to judge the strategy and therefore the growth potential of companies, bankers and insurers are adding non-financial elements to the classic financial criteria, which evaluate the CSR policy of companies, thanks to ESG criteria. This international acronym designates the Environmental, Social and Governance criteria that allow an extra-financial analysis of a company. The investor can thus find out whether it is implementing a socially responsible strategy, and particularly how it behaves with the environment and its stakeholders, i.e. its employees, partners, subcontractors and customers. In other words, ESG analysis is an investor's measure of a company's CSR performance.

In the financial world, investors are increasingly focused on companies that highlight their “ESG” practices – environmental, social and governance. This is contradictory, because governance refers to the way in which the company is managed, and if shareholders are dissatisfied with profit levels, then this is likely to result in negative consequences for a management that might otherwise be pursuing worthwhile CSR policies.

- Engaging in Green finance
- Implementing fair pricing
- Satisfying and retaining customers
- Ensuring quality of service
- Supporting local suppliers

- Paying invoices on time
- Demonstrating transparency to investors, stakeholders, shareholders...
- Carrying out Partnerships: For example, the Adidas brand has entered several partnerships in order to minimize its overall impact. Two partnerships are characteristic of the success of the Adidas CSR in particular:
  - The collaboration with Stella McCartney whose aim was to produce as little waste as possible and reusing leftover fabric.
  - The collaboration with Parley for the Oceans whose aim was to create a wide range of products made of recycled plastics from the ocean.

“These collaborations were publicized and created a positive brand image. It is a public relations work that Adidas has used to promote their CSR and so far turned out to be successful.” (Moschetti R 2019)

### 3.2.2.3 Social

As mentioned before, the textile industry is well known for its very polluting aspect, particularly in terms of freight transport. 1 freight freighter is equivalent in terms of consumption to 50 million cars. However, most brands choose the countries where their garments are produced where labour is cheapest. That's why before being sold in stores, clothes can travel thousands of miles during their various design stages. "Creation, weaving, dyeing, assembly, packaging, storage...". It is, therefore, more eco-responsible to buy local clothing. Eco responsible because it reduces transport and therefore pollution, but it also avoids making employees work under very rudimentary working conditions and at poverty wages.

Other actions concerning the social pillar of CSR could be developed such as:

- Slowing down the supply chain

- Strengthening equal opportunities and diversity
- Ensuring health and safety in the workplace
- Respecting workers' rights
- Choosing suppliers by ensuring that their production methods are sustainable
- Improving the working conditions of workers: this can be achieved through flexible working hours, offering comfortable facilities such as report rooms, comfortable seating, provision of masks and gloves when employees work with hazardous substances, etc. But also the setting up of certain other complementary services such as, for example, the provision of a crèche in the company so that employees can have their children looked after, relaxation rooms with games such as billiards, table football and so on. (Arengo. E, 2019)
- Training staff

## 4 Analysis

### 4.1 H&M, a fervent brand of CSR

H&M, the world's second largest ready-to-wear company, has also taken action and since 2002 has published annual CSR reports in order to highlight successful CSR measures as well as the next sustainable steps that the company aims to take.

From the beginning H&M claims to have democratized fashion. From now on, their goal is to make it sustainable. Their sustainability vision is to use their size and scale for good, and to lead the change towards circular and renewable fashion while being fair and equal company, with the help of technology and innovation. To achieve this, they have developed an ambitious strategy built on three key ambitions:

- "100% leading the change

- 100% circular & renewable
- 100% fair & equal” (H&M, 2019)

(Appendix 1)

In its CSR report of 2018, H&M has already spotlighted some measures that have proven successful.

- « 57% of all materials we use to make our products are recycled or other sustainably sourced materials.
- We've reduced CO2 emissions from our own operations by a further 11%. This takes us another step closer to achieving climate positive value chain by 2040
- We collected 20 649 tons of textiles for reuse and recycling through our garment collection initiative. That's 16% more than last year and represents the equivalent of 103 million T-shirts.” (H&M sustainability report 2018)

Regarding its supply chain, H&M asserts in its CSR report 2018 that they pay attention to the suppliers they work with. 100% of their suppliers have therefore signed their code of ethics, sustainability commitment, child labour policy and home working policy in order to be sure that every worker employed by the group, works under ethical working conditions.

Moreover, to preserve the environment, their suppliers are also asked to sign the animal welfare and material ethic H&M's policy, the chemicals and food H&M's policy.

Other CSR measures are in progress:

- “During 2019, H&M and H&M home are rolling out a new transparency tool in their online stores, enabling customers to trace most of their products to the factory they have been made in, and find further information to make more conscious choices”
- H&M Group has developed 2030 greenhouse gases emissions reduction goals that have been approved by the Science Based Targets initiatives” (H&M Sustainability report 2018)

Besides, their report advocates transparency, one of the key values of the CSR, by committing to report and communicate all their positives and negatives impacts across their value chain.

The company also launched its new "Conscious" collection in April 2019 with a "vision for a sustainable fashion future" said the brand. (Roth, I 2029) Their goal is to ensure that "each piece in the collection is made from a sustainably sourced material, such as 100% organic cotton, Tencel or polyester." (H&M website, 2019)

Finally, one of their most ambitious goals is to become a circular and climate positive value chain by 2040, which means removing more emissions from the atmosphere than their value chain emits. (Appendix 2)

Firstly, their priority is to decrease their carbon emissions then they would like to maximize the use of renewable energy in their supply chain and using 100% renewable energy to finally have the ambition to become climate positive by using carbon sinks. According to their report, H&M has already proven that the company is keeping its promise by having already lowered their total emissions in tons from 341675 to 56 978 between 2014 and 2018. (Appendix 3)

Additionally, their percentage of renewables in their own operations total electricity use has sharply increased from 27% in 2014 to 96% in 2018. (Appendix 4)

#### 4.2 The limits of CSR through H&M case: Greenwashing

The implementation of CSR within companies is a good thing and helps to reinvigorate the sustainable development strategy of the company, nevertheless it has some limitations.

***Corporate Social Responsibility as an international Marketing approach*** written by Kolja Paetzold, in 2010 is a book that gives us an overview of CSR and explains how it is implemented within companies.

« Since the world's population is growing at a fast rate environmental problem are steadily increasing. Therefore, people became more and more conscious of the possible consequences. They started to keep an eye on corporation's involvement in respect to social and environmental problems, in order to prevent further damage. This is the reason why CSR initiatives are gaining on importance. » (Paetzold, K. 2010)

The main aim of this book is to "identify an approach to merchandize "CRS" on an international level. It is shown how companies can evaluate the potential that lie behind the implementation, demonstrating benefits for the company itself and other parties that can

profit from CSR initiatives.” (Paetzold, K. 2010) It also shows that sometimes CSR can be used only as a marketing tool, to look good in front of consumers, completely overshadowing the main goal of this strategy. Indeed, originally, the goal of CSR is more to reduce its environmental impact and return to more responsible practices than to make it a marketing tool (greenwashing). Paetzold K also highlights the fact that some companies have practices that mislead consumers with false claims for their own profit but also by embellishing their CSR actions.

It also shows that the fraudulent practices of these companies are never profitable in the long term. Indeed, sooner or later these practices will come to light to the dismay of these companies, which will create a bad image for themselves more than anything else. A disappointed consumer is very difficult to recover.

In the current context, where the big question for companies today is "Is it possible to be clean, green and profitable at the same time?", some companies are trying to find alternatives to their irresponsible practices and production methods, while others are trying to cheat. The first companies are quite legitimate to promote their ecological actions through green marketing. This process, which consists of a set of actions aimed at using a brand's ecological positioning, allows it to increase its sales or improve its brand image. (Jay Polonsky, M, Rosenberger, P. 2001)

Elisabeth Laville, European expert in corporate social responsibility and creator of UTOPIES, a consulting firm specializing in sustainable development consulting, gives an eloquent definition of green marketing:

"Green marketing consists in designing and promoting products and services by providing ecological added value in at least one phase of their life cycle." (Anolis, 2013)

However, other companies attempt to associate themselves with eco-friendly practices by promoting it without substantially improving their environmental performance or that of their products. Using green marketing without being able to prove the eco-friendly practices promoted is what we call greenwashing. (Jay Polonsky, M, Rosenberger, P. 2001)

Although fashion giant H&M is stepping up CSR initiatives, it is at the same time being accused of greenwashing. Greenwashing is defined by the Cambridge dictionary as “a

behavior or activities that make people believe that a company is doing more to protect the environment than it really is.”

In other words, greenwashing is the fact that companies advertise the use of CSR practices to protect the environment in order to mislead consumers and enhance their brand image when these CSR practices are in fact not, or only partially, carried out.

At the beginning of 2018, H&M was in the midst of controversies with, among other things, the publication of an advertisement featuring a black child wearing a sweater with the inscription « coolest monkey in the Jungle ».

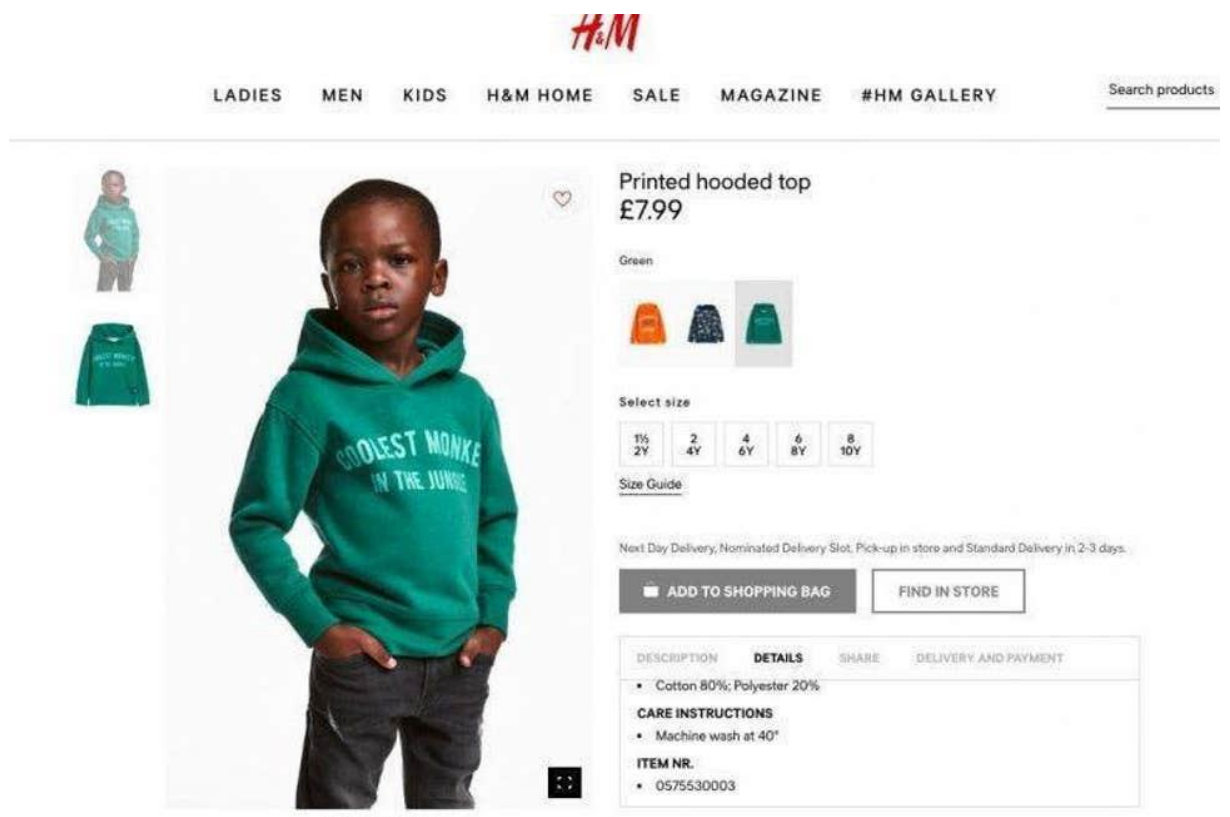


Figure 7. Printed hooded top "Coolest Monkey in the Jungle" from H&M web site (H&M, 2018)

In addition, the company that launched the "Conscious" collection, which is supposed to be eco-responsible, is accused by the Norwegian consumer authority of not giving enough information about the sustainability of these clothes. It is clearly accused of greenwashing, i.e. carrying out communication operations that attempt to promote environmental commitments in the absence of actions commensurate with this communication.

"Based on the Norwegian website of H&M we found that the information given regarding sustainability was not sufficient, especially given that the Conscious Collection is advertised as a collection with environmental benefits," (Haugseth Lier E. CEO of the Norwegian consumer authority)

Elisabeth Lier Haugset questions H&M's transparency and accuses it of not being precise enough about the percentages of recycled fibres contained in clothes, for example. H&M is "misleading" consumers by failing to provide adequate detail about why their garments are less polluting than other garments. Without more information, it is unclear to the consumer whether H&M is in fact engaging in sustainable manufacturing and sourcing, or simply painting itself as more sustainable than it really is to sell more products.

And according to Greenpeace, transparency is "The public's right to know which hazardous chemicals are being used and discharged into the environment and where precisely this is happening" (Greenpeace 2020)

Transparency being one of the fundamental elements of CSR, if it is not respected then the company can be accused of Greenwashing.

Moreover, H&M launched in 2013, a garment collecting program whose overall initiative is to prevent customers unwanted clothes from going to landfill. For that H&M has state that for every bag of old textiles a consumer brings in, he'll get a 15% discount on his next purchase. But it just encourages people to shop more at their stores for clothing that is not sustainable. It creates a cycle that is only beneficial to H&M and not good for the cause for sustainability or the environment.

And then H&M announced that "all clothes collected by H&M are either reused, reworn or recycled with 0% going to landfill" (H&M Group 2020). But according to Elizabeth Cline, a journalist and expert on fashion and sustainability, it is impossible to recycle all clothes to the extent that "most clothing fabric is a blend of many different types of fibers which are very hard to separate once blended. As well, fibers like cotton and wool are very hard to recycle because their quality goes down greatly once recycled" (Cline E. 2018)

Lastly, H&M announces on its website that their code of ethics was introduced in 2003 and the code of conduct in 2010.



It stipulates that the company:

- « Refuses child labour »,
- « Requires their suppliers to make employee safety a priority»
- « Refuses all forms of forced labour»
- Requires that "every employee shall be treated with respect"
- Requires that "no employee shall be discriminated against".
- Requires that "regular hours of work shall not exceed the legal limit".
- ... (H&M Group code of conducts 2010)

However, in 2016, the international organization, Asia Floor Wage Alliance, published a report about labour abuses of the H&M company. Asia Floor Wage Alliance is an international alliance of trade unions and labour rights activist who are working together to demand garment workers are paid a living wage. The report focuses on the working conditions of women (representing 90% of employees) in H&M's factories in Cambodia and India. It states that in "11 out of 12 Cambodian factories, employees witnessed or were terminated during pregnancy". Those who did manage to work while pregnant remained on shift as late as possible before the birth, often risking their lives.

The pace of work is also very intensive. As confirmed by an H&M employee interviewed in the report, "We get sick once a month on average. We don't eat enough. We can't even stop to go to the bathroom. Sometimes we go back to the factory, after hours, to finish the job. It doesn't leave much time to rest". (Asia Floor Wage Alliance, 2016)

In addition, still according to the report, employees in 9 out of 12 factories surveyed reported being victims of sexual harassment in their workplace. (Asia Floor Wage Alliance, 2016)

This whole study of the H&M case demonstrates a great contradiction between the words and deeds of the textile giant. On the one hand, the company claims every year in a CSR report to be very close to its employees and the environment by implementing CSR actions to reduce their pollution or to continuously improve the working conditions of its

employees. On the other hand, the company has been in the middle of many controversies and criticisms showing that these practices are not always very transparent.

So, genuine desire to improve their social and environmental impact or simply greenwashing, the answer is hard to come by. Faced with such facts, failure to comply with some of the CSR measures that had been announced may give investors, shareholders, stakeholders, consumers, etc. the feeling that they have been betrayed or lied to. As a result, greenwashing or non-compliance with the announced CSR measures could lead to a significant drop in the company's sales.

#### 4.3 Greenwashing penalties

The law prohibits misleading advertising, but neither French nor European law obliges companies to prove their ecological arguments. European rules merely set obligations as to the means of combating greenwashing but do not oblige States to achieve results.

The Autorité de Régulation Professionnelle de la Publicité (ARPP) which corresponds to the French professional Advertising Regulatory Authority, published a "Sustainable Development" recommendation in 2009. It sets a framework and rules for companies and advertisers on the use of ecological arguments in their advertising campaigns. (ARPP, 2009) However, this measure is once again little dissuasive and non-binding: there are no penalties for non-compliance with the recommendations. (Vitard, A. 2019)

In America, fines can be imposed on those who mislead environmental claim. This has been the case of several retailers such as, Nordstrom, Bed Bath & Beyond, Backcountry.com or even JC Penney that have been fined \$1.3 million by the Federal Trade Commission. A fine, however insignificant, compared to the profits made by greenwashing. (Lyons Hardcastle, L. 2016)

## 5 Conclusion

In the current context of climate change and global warming, but also of an overconsumption trend, the textile industry has been strongly criticized and singled out by NGOs, authorities as well as consumers themselves, because of the over-polluting nature of this industry but also because of the lack of ethical and responsible practices in the sector.

In recent years, the reputation of this industry has therefore been at the heart of many controversies, the economic, social, health and ecological consequences having reached a very critical point.

Current textile manufacturing processes do not meet the requirements of fair trade or even current environmental requirements. On the contrary, they contribute to the destruction of biodiversity and the deterioration of human health.

On the one hand, consumers are confronted with pollution through CO<sub>2</sub> emissions, the use of pesticides in cotton production, the discharge of chemicals into rivers and the sea... The use of pesticides and chemicals during the manufacturing process of a garment contaminates both the cities in which they are produced and the health of those who wear them. The problem of water pollution seems to be closely linked to the production of cotton used as the raw material for many garments.

On the other hand, many workers in the textile industry are often underpaid (only a few dollars a month) and work in miserable conditions, sometimes even to the point of death, as the episode of Rana Plaza showed. Thousands of garment industry workers perished in the collapse of this textile factory while working in miserable conditions while being paid only a few dollars a month.

Faced with this environmental but also social scourge, sustainable trade and the implementation of CSR strategies and practices by companies therefore seem to be the best solutions to combat this growing pollution.

Indeed, consumers and certain other social actors such as the authorities or NGOs have become aware of the urgency of the situation. A growing trend towards "sustainable" has been felt and some movements such as slow fashion have emerged in recent years, in order to face the issues of the fast fashion by trying to slow down the garment production process.

Following the appearance of such movements, some brands have therefore understood that in order to perpetuate their activity, it is necessary to bet on innovation and on "sustainable" evolution. Sustainable in the desire to find new clothing manufacturing processes that are beneficial to their economy, society and the environment. It is therefore

a turning point in the history of textiles that companies are currently facing: to include an eco-responsible strategy to last over time.

Companies in the industry seem to be becoming aware of the situation and are starting to draw up CSR reports each year in order to list their positive impacts from the previous year as well as to set CSR objectives such as reducing their CO<sub>2</sub> emissions for the following year.

Standards such as ISO 26000 have therefore been created. They can be followed by companies as guidelines in order to develop a CSR strategy and to be informed about good practices to be implemented in an eco-responsible production perspective. Labels have also been created to certify the veracity of the CSR measures communicated by companies to the general public. (consumers, stakeholders, shareholders, investors...).

A more ecological and responsible way of production is necessary in order to eliminate the ecological footprint of the sector, so companies are deciding to implement new practices such as circular economy through upcycling, recycling for example. By recycling or upcycling, which consists of reprocessing or reusing old clothes, companies allow a reduction in the consumption of non-renewable energies and the wastage of raw materials.

Companies also take economic measures in terms of CSR by first investing in all CSR practices, implementing fair pricing, establishing partnerships, ESG and so on... On the social front, companies still have work to do but are slowly starting to turn towards more responsible practices by developing CSR practices such as creating training for employees, improving their working conditions, reinforcing equality between different employees, etc.

Today, companies understand communicating their CSR practices has become essential in order to convey a positive image to their consumers, stakeholders, shareholders and investors, as they are the ones who ensure the sustainability of their business. Thus, their opinion counts a lot and responding to their criticisms is very important for companies.

Brands such as H&M publish every year their success stories in terms of CSR (Reduction of CO<sub>2</sub> emissions, implementation of a code of ethic, sustainability commitment, child

labour policy and home working policy signed by their suppliers and so on...) in order to reduce their ecological and social impact.

However, in some cases CSR practices are not always exposed in a transparent manner and can often be embellished.

Having been at the heart of scandals and strong controversies, companies in the textile sector are increasingly investing in marketing campaigns to improve their eco-reputations, with the aim of enhancing their brand image. Thus, many CSR practices are being implemented with the sole aim of creating a craze around the brand and to build a renewed brand image. This was notably the case for H&M which, after the Rana Plaza episode, intensified its communication in terms of CSR. In some cases, companies even communicate about CSR practices that are unsubstantiated or very unsubstantiated, as the Swedish authorities have indicated to H&M, accusing them of not communicating accurate and substantiated facts about the CSR measures they had announced.

Thus, CSR is a very good way of helping companies to direct their production methods towards more eco-responsible processes. However, these practices can be exposed and embellished for purely marketing purposes.

Some companies like H&M could use so-called CSR practices in order to mislead the consumer as well as stakeholders, investors... By communicating false information about CSR, some companies resort to greenwashing which could be assimilated to misleading advertising insofar as the CSR measures will be partially or not at all followed by the company.

However, companies must avoid "greenwashing" because if these practices are revealed to the general public, the company could lose the confidence of its consumers as well as its stakeholders, including investors and, as a result, sales may collapse drastically, leading to a considerable drop in turnover.

However, for the moment, there are very few sanctions against greenwashing, and the few fines imposed are too small in relation to the profits that companies make from it. Greenwashing is in some ways still too profitable for companies, which does not deter them from putting an end to these fraudulent practices.

Thus, even if companies in the textile industry are increasingly developing their CSR strategies, it is still difficult for the general public (consumers, investors, stakeholders, shareholders...) to know whether these measures are real and well-founded or whether it is just greenwashing. This is despite the labels that have been put in place and the CSR reports of companies.

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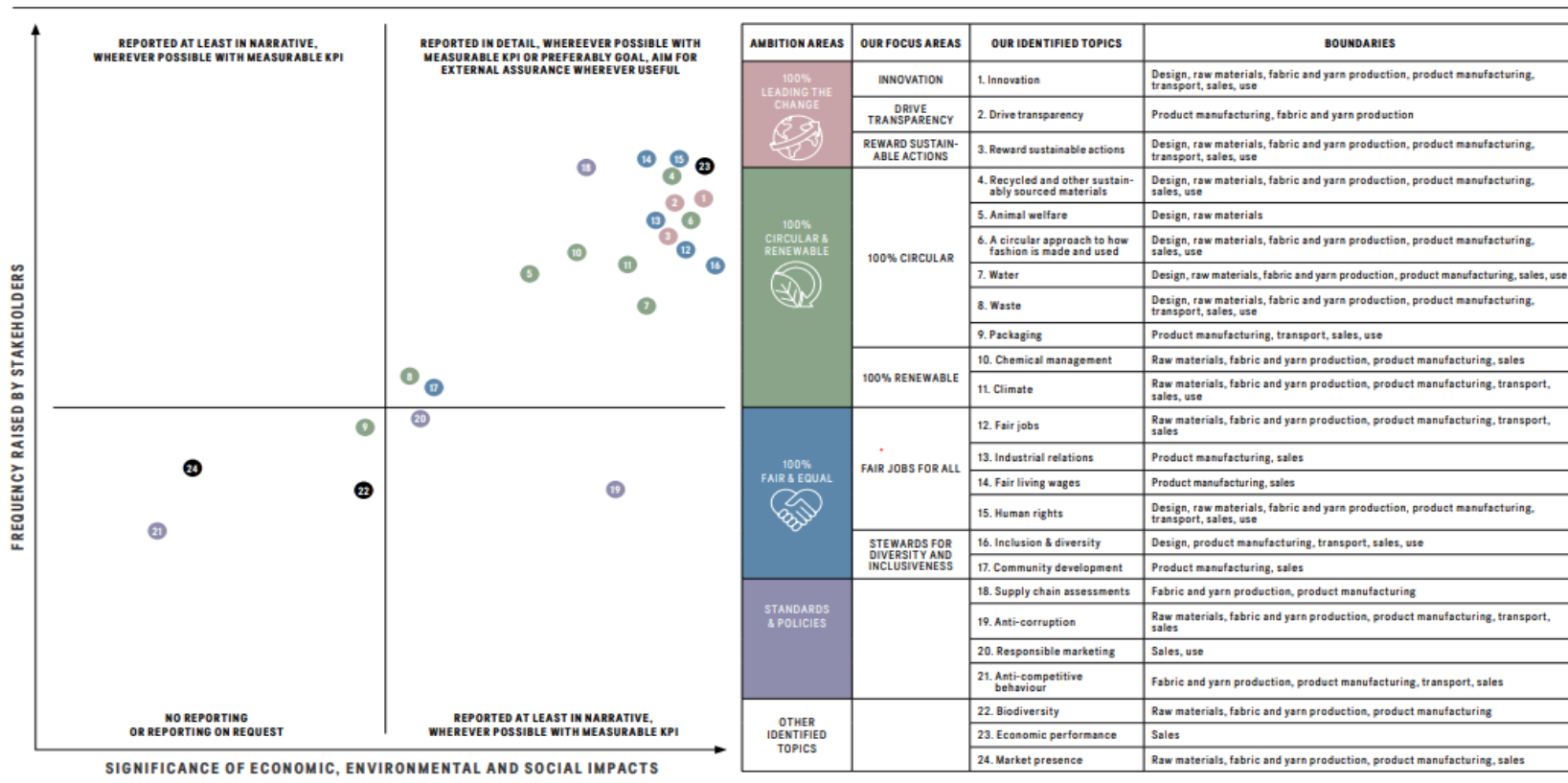
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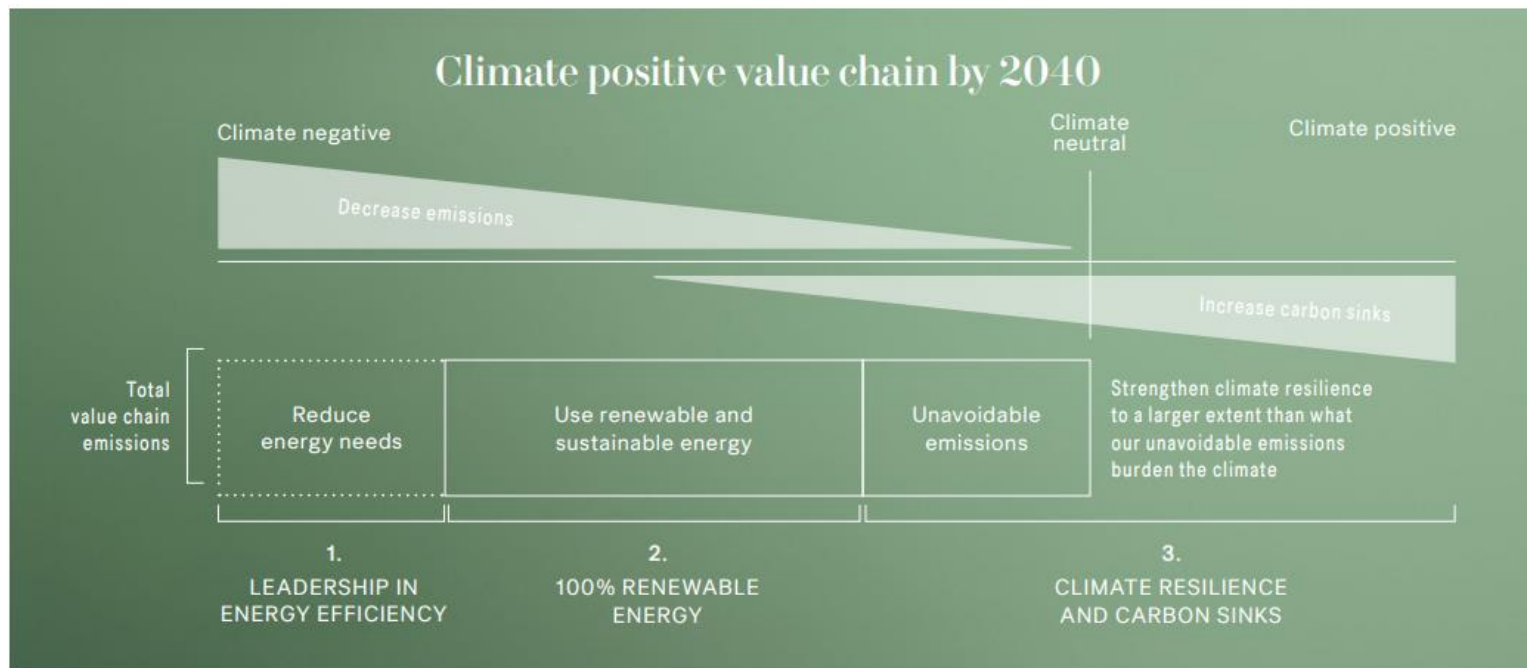
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**H&M matrix summarizing all CSR actions implemented and their significance in terms of economic, environmental and social impacts according to the frequency raised by stakeholders**

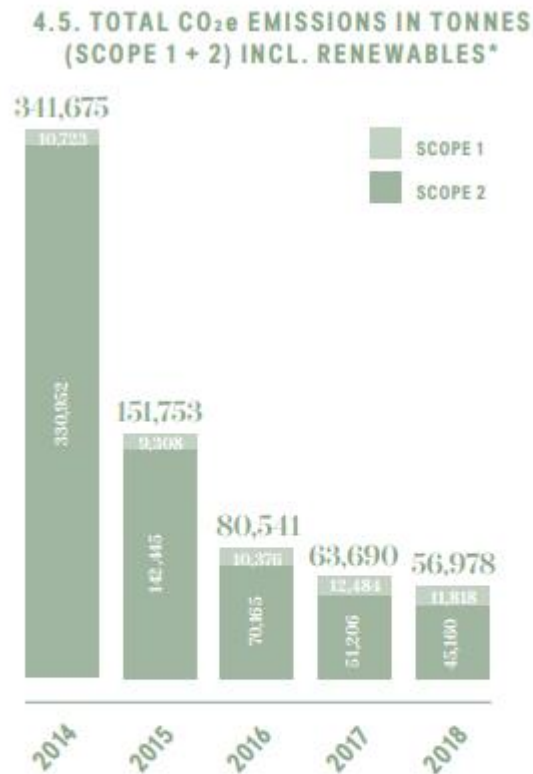


## Climate positive value chain by 2040



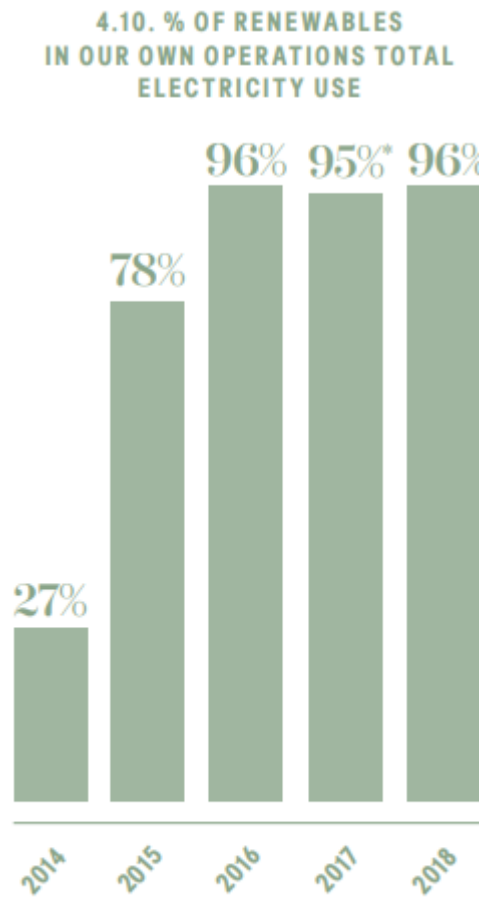
(H&amp;M group sustainability report 2018)

**Total CO2 emissions in tonnes (Scope 1 + 2) incl. renewables**



\*Our GHG emissions accounting and reporting is aligned with the GHG protocol. Scope 2 emissions under the market-based approach is equal to 45,160 tonnes CO<sub>2</sub>e. Under the location-based approach (using grid average emission factors), comparable to emission figures in our 2013, 2015, 2016 and 2017 reports, scope 2 emissions were 662,739 tonnes. For further details and data, please see our CDP Climate Change Investor Response 2018. CO<sub>2</sub>e emissions include carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs) and sulphur hexafluoride (SF<sub>6</sub>). An independent assurance statement related to GRI 305-1 and 305-2 is included on page 106.

(H&M group sustainability report 2018)

**Percentage of renewables in H&M operations total electricity use**

\*Due to inaccuracy in calculation, the 2017 share has been corrected from 96% to 95%.

An independent assurance statement related to GRI AF21 is included on page 106.

(H&M group sustainability report 2018)