

drift for transition

summary

The transition to good fashion

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Executive summary

Over the last several decades, the fashion industry has grown into a large, globalized, highly complex system producing not only billions of garments each year and creating livelihoods for millions, but also producing severe negative environmental and social impacts. The industry as a whole is far removed from 'good fashion'. Though many actors in the industry are making efforts to address these issues, initiatives are not adding up to industry-wide change. It seems fashion is stuck in an economic and power structure that encourages a 'race to the bottom'.

The current fashion system

Transitions are large-scale shifts in societal systems that emerge over decades. They occur in societal systems that face complex and persistent problems due to historical path dependencies and lock-ins. This report applies a transitions perspective to the fashion industry to map the system dynamics that keep it entrenched. The same perspective is used to collaboratively develop transition pathways to help actors in the industry move beyond the persistent problems by disrupting the status quo in fashion and transforming the global industry into something new.

Several underlying systemic characteristics reinforce the persistency of problems in the fashion industry, including:

- **Disconnected:** The transactional relationships, fragmentation and unequal power relations that characterize the industry lead to collective irresponsibility, conservatism and risk aversion.

- **Uncontrollable:** The unregulated global apparel market, in which negative externalities can be produced freely, has led to a 'footloose' industry that moves production to wherever it is cheapest, with strong vested interests to keep practices opaque.
- **Extractive & growth-driven:** Extractive and growth-driven: When price is the major point of competition between companies, margins are squeezed to maximize profit, and sustainability is often considered a costly additional feature.
- **Disposable:** The global culture values consumption and individualism. Customers therefore demand quantity and novelty over quality and practicality, and they dispose of items quickly.

There are many landscape influences that affect the status quo. These macro-developments either reinforce the regime (for example, global GDP growth or globalization) or put pressure on it (for example, climate change or increasing resource scarcity). There are many niches experimenting with alternative ways of doing, thinking and organizing within and outside the fashion industry. These can, however, be broadly characterized into technology and fibers, business models and customer relations, and value chain models and partnerships.

Where are we now?

In a transition, the flaws in the regime are exacerbated by landscape developments, such as the problematic dependency of the fashion industry on fossil fuels in the context

of climate change. While the stress on the regime increases and starts to break down, alternatives gradually mature in the margins until the system reaches a tipping point and a new status quo is established. In the fashion transition, we see a reasonable amount of experimentation in various niches, but since interaction with the regime is limited, innovations do not reach the scale needed to accelerate the transition. Simultaneously, most effort in the industry is still focused on initiatives that further optimize the current regime and do not yet add up to transformative change (examples include many forms of compliance or down-cycling textile waste). While some of these actions do reduce negative impact, they do not challenge the current industry model. Signs of destabilization are occurring, but efforts in niche acceleration and breaking down unsustainable practices are limited to a small percentage of the industry.

Shaping a good fashion future

Four shaping principles are conditions for the transition to a future in which fashion is a force for good. The future fashion industry should be **connected**, with value chains that are transparent and traceable. These are characterized by reciprocal and long-term relationships between value chain actors, who treat each other as partners and share the ownership of risks and benefits in their value chain. The industry is held **accountable** and is no longer ruled by companies that are free to seek the path of least resistance in environmental and social issues because interested actors can hold it to account. Activities, processes and products regenerate rather than degrade ecosystems and communities. The industry adds value in the form of ecosystem services as well as high-quality employment opportunities, prosperity and equality. It is an industry where all negative impacts are **internalized** and materials are **valued** in a way that they can move from one product cycle to the next.

Customers contribute to this new system by assuming an identity that has ethics and positive impacts at its core. Governments, investors and non-profit organizations also contribute to this new system through enabling legislation, taxation, financing and advocacy.

Fashion transition pathways

We have defined six transition pathways that are potentially powerful in transforming the sector, building on the niches and landscape pressures that are already happening. Transition pathways describe possible routes to reach our envisioned future. They are neither fixed plans nor detailed scenarios; rather they are storylines that provide insight into what is needed both in the short and long term. They can exist simultaneously. A variety of actors are needed to contribute to each pathway, in different roles. The possible interventions these actors can make to accelerate these pathways include the use of a variety of levers for change, for example, transparency, pre-competitive collaboration or proof of concepts.

- **New value chain models:** New models in which supply chain actors enter into a partnership based on connection, mutual understanding and reciprocity.
- **Workers exercising their rights:** Workers and their communities can exercise their rights to negotiate for the priorities they choose, including higher wages, better labor conditions, and a healthier environment.
- **Holding the industry to account:** NGOs and citizens are equipped to demand better fashion. There is oversight in the industry by governments who protect their environment and citizens.
- **Product & manufacturing innovation:** Technologies and practices that support a circular production model are adopted and scaled, so that material loops can be closed.

- **Natural capital approaches:** Natural capital assessment and radical transparency provide public access to the true cost of environmental impact and the origins and materials of apparel.

- **New business models:** Moving away from the take-make-waste model towards business models that provide fashion as a service keeping materials in circulation.

What needs to happen?

Transitions cannot be planned. To effectively contribute to a transition, we need to acknowledge the complexity of the system, the myriad of interrelated actors and scale levels, and the fact that too often the solutions are part of the problem. It might not be possible to steer a transition and no single actor can dictate the pace of transition, but one can still nudge the direction of changes and strengthen specific developments, especially in joint intervention with others.

Fostering transitions is about creating interventions that play into existing dynamics of change, aiming to push efforts into a next phase on the transition curve, and breaking down the old while building up the new. The key is a combination of interventions: from scaling innovations to phasing out current practices. The movement towards a 'good' fashion industry is getting stronger, but there is a need to build alignment and focus on interventions with the greatest potential. We have suggested interventions that have the potential to accelerate or influence the transition along each pathway as well as some general recommendations for the industry as a whole:

- Break out of the 'inner circle' of brands, retailers, suppliers and sustainability initiatives to move beyond optimization efforts. Connecting to niche initiatives, policy makers, financial institutions or actors in other industries in transition (e.g. energy, transport or packaging) systematically along the transition

pathways will help bring creative energy in new spaces for solution development;

- Many practices in the fashion industry are not acceptable, including supporting activities that contribute to the root of unsustainability of the fashion system (being disconnected, uncontrollable, extractive and growth-driven, and disposable). More work needs to be done to shift the industry from non-binding pledges and unverified adaptations alongside business as usual to binding efforts to transform;

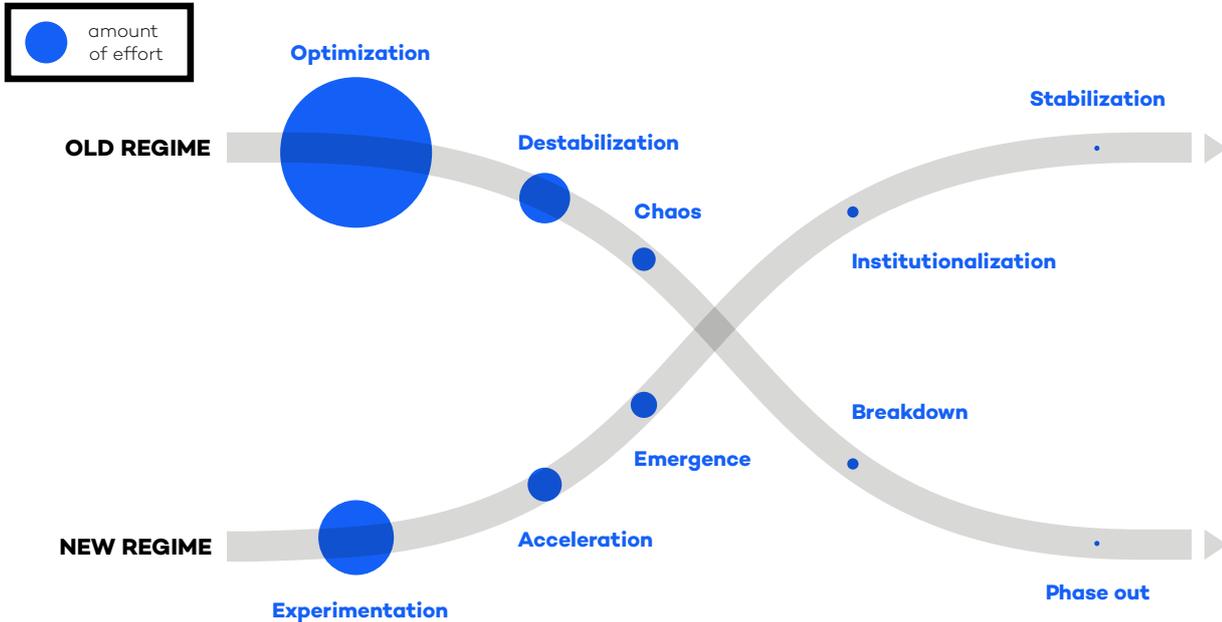
- Innovation in the fashion system is currently used as a tool to tweak current practices and keep experimentation in the margins. Actors need to invest in transformative innovation and scaling that disrupts and radically challenges current business models and common practices;

- Take an active role in breaking down structures, incentives and institutions that reinforce the persistent problems in the regime. Working towards sustainability implies phase-out and destruction as much as it requires innovation.

We do not suggest starting another platform or initiative. Many of the current activities and initiatives by the myriad of actors present in this industry have the potential to be transformative if they adapt in terms of scale, ambition or disruptive capacity. We hope that the systems analysis and transition pathways developed in this report provide a framework for actors and initiatives to push the industry into more transformative efforts, which will accelerate a transition towards a good fashion future.

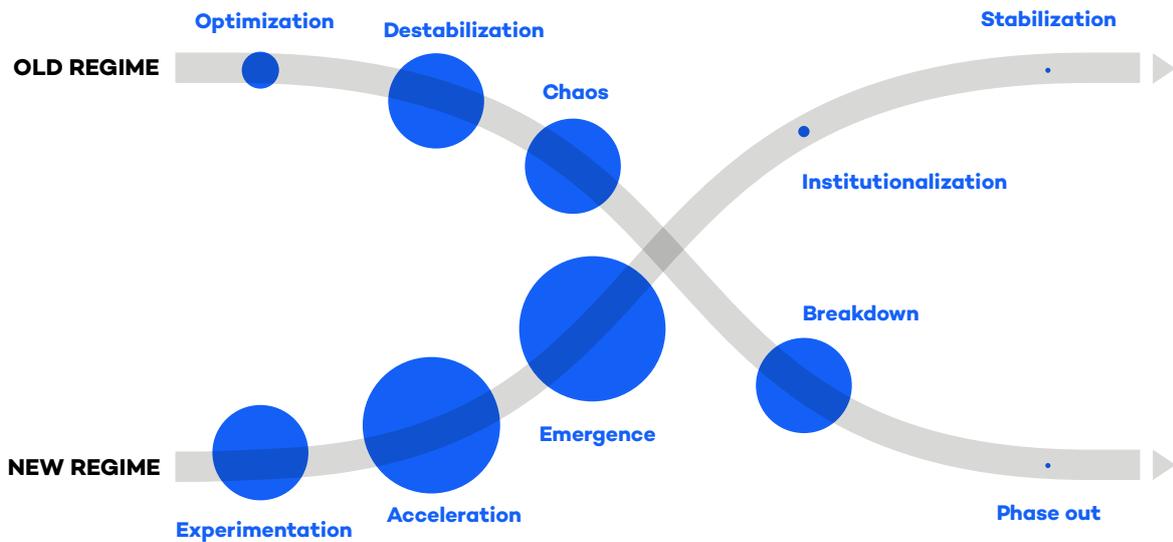
CURRENT TRANSITION DYNAMICS

In the current fashion system most sustainability efforts focus on optimization of the status quo or experimenting with innovations. The systems shows the first signs of destabilization but transformative initiatives rarely manage to scale.



SHIFTING TRANSITION DYNAMICS

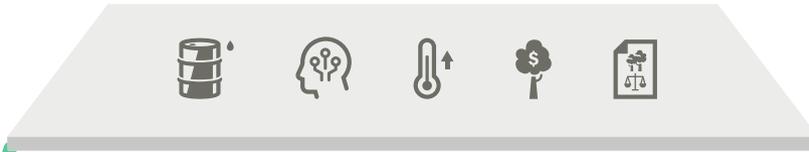
Actors in the fashion system can shift the transition dynamics by aligning efforts around transformative interventions that focus on accelerating alternative solutions and breaking down inhibiting structures.



CURRENT FASHION SYSTEM

Landscape

External developments and trends threatening or reinforcing the fashion regime.



REINFORCING THE REGIME

- Consumerism
- Population & GDP growth

CHALLENGING THE REGIME

- Public attention to social issues
- Environmental & climate policies
- Resource volatility

Regime

The dominant culture, structure and practices of the global fashion system.



REINFORCING THE NICHES

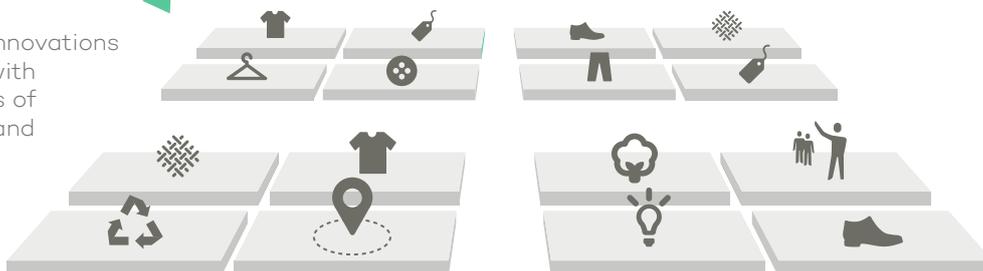
- Platform economy
- Revival of cooperatives
- IT, new media & blockchain
- Fourth industrial revolution
- Responsible consumption
- Natural capital paradigm

CHALLENGING THE REGIME

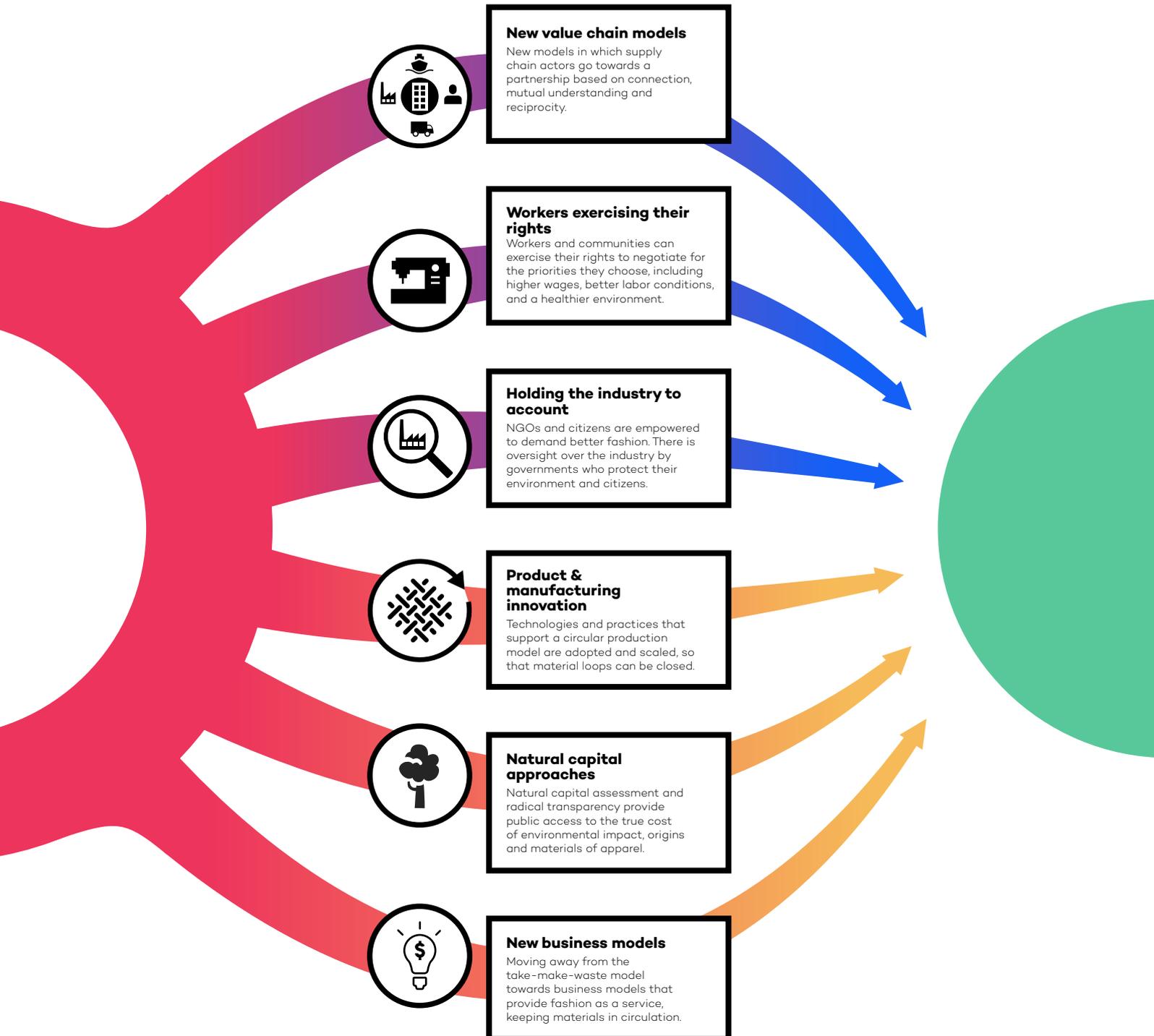
- Business models & customer relations
- Value chain models & partnerships
- Technology & fibers

Niches

Initiatives and innovations experimenting with alternative ways of doing, thinking and organizing fashion.



TRANSITION PATHWAYS



GOOD FASHION

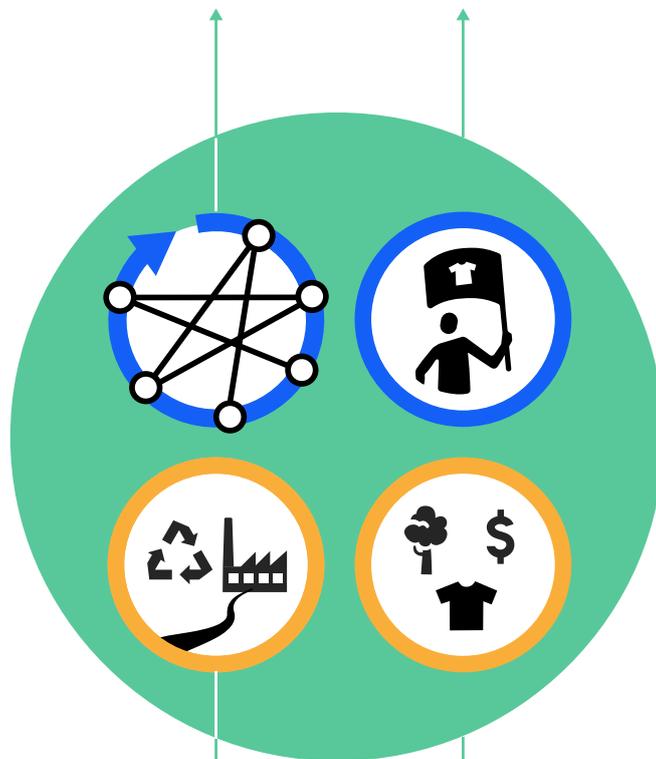
POWER

Connected

The value chains in the industry are transparent and traceable. Value chain partners share ownership of risks and benefits.

Accountable

Governments, NGOs, citizens and companies create transformative change through legislation, taxation, financing and advocacy.



VALUE

Internalized

Fashion production considers and cherishes the ecosystems and communities they rely on. All impacts, costs and benefits are internalized.

Valued

The industry appreciates materials by designing for circular product cycles. Customers treat products like valuable resources.