




GUIDING LEADERSHIP STRATEGIES TOWARDS A NET POSITIVE FASHION INDUSTRY

FASHION CEO AGENDA 2025

GFA
GLOBAL FASHION AGENDA

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BACKGROUND

The industry ambitions and corresponding actions for brands and retailers presented in the Fashion CEO Agenda have been shaped by years of stakeholder engagement and further consolidated by the global [Fashion Industry Target Consultation 2022 - 2024](#) led by Global Fashion Agenda (GFA) and the United Nations Environment Programme. While not exhaustive, these actions reflect broad consensus among industry stakeholders and experts and are considered both material and meaningful.

First introduced in the [Fashion CEO Agenda 2023](#), the ambitions have undergone further consultation this year with GFA's [Impact Partners](#) and broader multi-stakeholder initiative network to ensure they remain relevant, bold and actionable.

DISCLAIMER

The Fashion CEO Agenda is an independent GFA publication. The report does not constitute the explicit views of GFA's partners, nor do their organisations or members holistically endorse this report or the included ambitions. Although GFA advocates for urgent action from all actors, the report is not intended to bind partners or member brands to any commitment or course of action. For the industry at large to be able to act upon the identified ambitions, a conducive environment for change is needed with supportive policy, access to finance and innovation.

Reflecting policy initiatives of both the EU and the Americas, the policy initiatives mentioned in this document are a selection and are not meant to be exhaustive. Learn more at globalfashionagenda.org/policy-advocacy

ABOUT GLOBAL FASHION AGENDA

Global Fashion Agenda is a non-profit organisation that fosters industry collaboration on sustainability in fashion to drive positive impact. With the vision of a net-positive fashion industry, it accelerates action by mobilising, inspiring, educating and influencing all stakeholders.

The organisation has been leading the movement since 2009 and convenes the renowned international forum on sustainability in fashion, the [Global Fashion Summit](#), and the [Innovation Forum](#), issues thought leadership publications including the [Fashion CEO Agenda](#), the [GFA Monitor](#) and the [Upstream Circularity Playbook](#), and initiates impact programmes including the [Circular Fashion Partnership](#) and the [Renewable Energy Initiative](#). Visit globalfashionagenda.org to learn more.

OPENING ADDRESS

Dear Leaders,

Our collective potential can drive transformative change. I write to you at a moment of profound complexity. In 2025, fashion finds itself navigating a global landscape marked by economic volatility, growing deregulation and escalating environmental and social crises. Yet, while the challenges are vast, so too is our collective power. Progress will depend on bold leadership – leadership that combines ambition with unity, consistency and courage.

We are in a decisive decade. Scientists now warn that we have just three years left to alter the trajectory of global warming before we risk triggering catastrophic tipping points.¹ Last year marked the first time global average temperatures exceeded the 1.5°C threshold set by the Paris Agreement.² The effects are no longer distant projections, they are unfolding around us. Extreme heat, flooding, crop failures and disrupted ecosystems are endangering communities, livelihoods and businesses. In an increasingly uncertain world, the only certainty is climate change.

The cost of not acting on sustainability is greater than the investment needed to address it. Indeed, inaction exposes companies to serious financial losses and reputational harm. I acknowledge the difficult balancing act companies face: meeting shareholder expectations, while navigating fragile supply chains and political changes. Today, fashion businesses are under strain as they face new and rising tariffs, geopolitical uncertainty, rerouted shipments and heightened inflation, especially in key sourcing

countries like Bangladesh, Turkey and Vietnam.³ Companies are grappling with higher production costs and changing consumer behaviours as purchasing powers shrink. But ignoring sustainability under these conditions is not a cost-saving strategy, it's a risk multiplier.

Glimmers of progress give us hope. From the growing adoption of circular business models and action on post-industrial textile waste to advancing equity in the workplace, the fashion sector is showing that it can change course when ambition is matched with accountability. Despite deregulation in some regions, many new regulations together with cross-sector collaboration and multi-stakeholder initiatives are creating promising momentum – notably in areas such as fair compensation, collective bargaining agreements, social audits, decarbonisation, scaling recycling efforts and many more.

The pace of change is too slow. Systemic transformation demands more ambition, more accountability, strategic and financial alignment, and above all, courageous leadership. The kind that challenges the status quo, makes bold decisions under uncertainty and prioritises long-term impact over short-term gain. While reaching for higher competitiveness, we must shift from short-term cost efficiency towards long-term responsibility.

Fashion must not treat sustainability as a siloed function. It must be placed at the core of how we define success and create value – for society, the environment and the economy. With smart innovation, investment, incentives and regulation, it is possible for profit and conscientious purpose

to coexist. I encourage you to align corporate strategies to the priorities and actions laid out in the Fashion CEO Agenda, collaborate across the value chain to double down on implementation and ground your actions in measurable progress.

Progress cannot come at the expense of people's livelihoods: it must be driven with and for the people involved and affected. We are all called on to listen, learn and lead, knowing that every decision made today has the power to shape future generations.

FEDERICA MARCHIONNI

CEO, Global Fashion Agenda





INTRODUCING THE FASHION CEO AGENDA 2025

Developed for executives of fashion brands and retailers, the Fashion CEO Agenda 2025 is a concise, strategic checklist designed to help leaders embed sustainability into core business strategies. It provides a practical foundation for developing leadership approaches that contribute to a net-positive fashion industry.



REINFORCING A PROVEN FRAMEWORK

This year's edition reinforces the agenda's long-standing five-priority sustainability framework:

- **Respectful and Secure Work Environments**
- **Better Wage Systems**
- **Resource Stewardship**
- **Smart Material Choices**
- **Circular Systems**

These priorities remain essential in guiding brands and retailers towards meaningful, system-level change. Their continued relevance reflects the industry's enduring challenges and the need for holistic, future-fit transformation.

BUILDING ON 2023'S AMBITIONS

The *Fashion CEO Agenda 2023* introduced clearly defined ambitions under each priority. They were established through years of stakeholder engagement and validated by GFA and UNEP's global [Fashion Industry Target Consultation](#). Two years on, these ambitions remain central to industry-wide progress. For 2025, they've been re-evaluated in consultation with leading multi-stakeholder initiatives and experts to ensure continued ambition, impact and relevance.

The agenda is structured in two parts:

- **Part 1:** Overarching ambitions for the fashion sector
- **Part 2:** Immediate, short-term actions that brands and retailers can take today

With 2030 fast approaching – a critical milestone on the road to net positive by 2050 – this edition focuses on concrete steps companies can take in their short-term strategic planning to align with long-term industry goals.

ENABLING TRANSFORMATION AND TAILORED IMPLEMENTATION

Delivering on this Agenda requires significant investment, effort and coordinated action across the value chain. Governments, financial institutions and civil society all play vital roles in creating an enabling environment to support transformation, while empowering citizens and consumers.

We recognise that there can be no one-size-fits-all approach. Companies will prioritise actions differently based on materiality, baselines and trade-offs specific to their operations. The agenda is designed to support flexibility while encouraging collective momentum on the most pressing issues.



TODAY'S LANDSCAPE

In 2025, the fashion industry is confronting a turbulent global climate shaped by economic volatility, deregulation and persistent ethical and environmental crises. Luxury fashion, once a symbol of consistent growth, is experiencing a marked slowdown as up to 50 million consumers scale back discretionary spending amid inflation and the cost-of-living crisis.⁴ Simultaneously, brands are grappling with rising tariffs, geopolitical instability and disrupted trade routes forcing a shift towards nearshoring, multi-sourcing and AI-driven forecasting to secure stability and growth.

Compounding these pressures are significant cuts to foreign development budgets, particularly in the US and Europe, which have undermined humanitarian initiatives that protect labour rights in fashion's value chains, leaving brands more vulnerable to reputational and political fallout. Meanwhile, deregulation in both the EU and US is weakening sustainability and due diligence mandates, leaving companies exposed amid growing investor and consumer scrutiny. With human rights safeguards eroding and supply chain fragility deepening, brands are pressed to demonstrate real progress moving beyond policies to measurable impact. Amid this complexity, the industry faces a critical reckoning: balance cost-efficiency with long-term responsibility, or risk heightened reputational and operational threats in an era increasingly defined by scrutiny, social injustice and climate urgency.

How to use the Fashion CEO Agenda

- **PRIORITISE ACTION:** Focus on five critical areas: Respectful and Secure Work Environments, Better Wage Systems, Resource Stewardship, Smart Material Choices and Circular Systems.
- **IMPLEMENT CONCRETE STEPS:** Leverage clearly defined action areas developed based on broad stakeholder input to guide decision-making and investment.
- **ADAPT TO CONTEXT:** Tailor actions based on your company's material issues, baseline and resources while recognising that all priorities are interconnected and must be collectively addressed.
- **ACCESS TOOLS AND INSIGHTS:** Freely download supporting materials including industry tools and guidance, executive summaries and presentation assets to help deliver and communicate the agenda across your company. For deeper data insights on industry progress, explore the latest [GFA Monitor](#) and [Fashion Impact Toolkit](#) for support in identifying companies' most material impacts.
- **LEAD INTERNALLY:** Disseminate lessons learned from the Fashion CEO Agenda within your own organisation to drive sustainability engagement. Freely download supportive resources [here](#).

EXECUTIVE SUMMARY

RESPECTFUL AND SECURE WORK ENVIRONMENTS

- Drive **open and standardised transparency**
- Demonstrate measurable improvements towards **responsible purchasing practices**
- Promote worker access to effective **grievance mechanisms**
- Respect workers' rights to **freedom of association (FoA)** and to organise and bargain collectively
- Implement recognised **converged social assessments**
- Implement **diversity, equity and inclusion** policies and requirements
- Create an industry-aligned strategy to address the unique challenges of **informal workers**
- Implement global standards for **human rights due diligence**
- Ensure fair and ethical treatment of **migrant workers**
- Empower workers through **inclusive automation** and **reskilling**

BETTER WAGE SYSTEMS

- Promote **fair compensation and living wage**
- Enable more workers to be covered by **collective bargaining agreements (CBAs)** that provide fair compensation and living wage
- Achieve **pay equity** and close the **gender pay gap**

RESOURCE STEWARDSHIP

- Limit GHG emissions across scope 1, 2 and 3 by 2030 and commit to achieving **net zero emissions** by no later than 2050 in line with UNFCCC requirements
- Establish **freshwater stewardship**
- Mitigate **microfibre pollution** from processes where release occurs
- Implement initial steps towards science-based targets (SBTs) for **land**
- Conform all utilised **chemical formulations** to a recognised Manufacturing Restricted Substance List (MRSL)

SMART MATERIAL CHOICES

- **Source 100% priority materials** that are both **preferred** and **low climate impact** by 2030 in line with UNFCCC requirements
- Source and produce all **cotton** from preferred raw materials, prioritising regenerative farming methods
- Source and produce all **polyester** from preferred raw materials, prioritising textile-to-textile recycled raw materials
- Source and produce all **man-made cellulosic fibres (MMCFs)** from preferred raw materials, prioritising next-generation and textile-to-textile recycled raw materials
- Source and produce all **sheep wool** from preferred innovative raw materials, prioritising regenerative farming methods
- Source and produce **bovine leather** which is from deforestation- and conversion-free supply chains

CIRCULAR SYSTEMS

- Significantly reduce **absolute finite resource** use against a baseline no later than 2022
- Reduce **overproduction**
- **Design** all products fit for the circular economy
- Drive increased gross revenue share from **circular business models**
- Increase share of **consumer marketing messages** promoting circular business models over traditional models
- Support **textile-to-textile recycling** of post-industrial textile waste and post-use textile waste
- Measure actual impact on **job quality** and **job availability** from circular business models and mitigate negative consequences

PRIORITY ACCELERATORS



Innovation



Capital



Courage



Incentives



Regulation

PRIORITY ACCELERATORS

Critical levers that cut across all five sustainability priorities for accelerating industry-wide transformation beyond incremental change. While some, like capital, innovation, and regulation, have defined frameworks, others such as courage and incentives are more conceptual and vary by market and maturity.



INNOVATION refers to advanced technologies, circular business models (resale, repair, rental, remaking) and nature-inspired solutions reshaping how fashion is designed, consumed and used. Progress is needed across all of these areas. Core to industry transformation is urgent

progress in textile-to-textile recycling using both chemical and mechanical methods and enabled by AI-driven technologies in sorting and material identification. Investment in hard tech, preferred materials and local recycling infrastructure is necessary to scale material circularity and meet rising regulatory demands. For innovation to drive lasting change, industry leaders must back solution providers, fund R&D and embed sustainability across operations to prove that profitability and environmental responsibility can advance together.



CAPITAL is vital to bridge the widening gap between declining impact investment trends and the immense funding required to drive systemic change. Unlocking capital at scale is essential to bring critical innovations such as circular solutions, renewable energy, next-gen materials

and AI-enabled technologies to market as well as for improvements to workplaces and programmes that support fair compensation. Forward-looking investors and companies stand to gain from early leadership in a transforming industry. However, financing will only flow when brands, suppliers and investors collaborate to create conditions that de-risk innovation, offer competitive returns and deliver measurable impact.



COURAGE – Amid mounting socio-environmental and economic challenges, it takes bold, courageous leadership to champion sustainability in the face of complexity, resistance and short-term pressures. Whether reshaping norms around gender equity or circular design, climate action and beyond, these defiant leaders effectively break down barriers and build bridges. Their actions inspire others to follow and can help to inform ambitious policy agendas, demonstrating that meaningful progress begins with brave decisions. Now more than ever, the industry must celebrate and support those with the courage to lead the charge towards a net-positive fashion industry.



INCENTIVES can support fashion's urgent transformation by aligning financial, regulatory and internal motivations with long-term impact. With five years to meet key climate and social targets, all progress hinges on strategic choices, and incentives are powerful levers. Government policies like the EU's due diligence legislation, investor pressure and internal ESG-linked bonuses are driving accountability. Consumer-driven incentives such as resale rewards or repair credits are reshaping behaviour, while efficiency-focused solutions with clear ROI offer immediate business cases. Yet incentives for social outcomes

such as worker well-being remain under-leveraged. Smarter structures are essential to accelerate innovation, reward leadership and make sustainability not just aspirational, but operational.



REGULATION, if developed constructively, can be one of fashion's most powerful tools for accelerating transformation. Well-designed and ambitious policies level the playing field, mandate accountability and align incentives across brands, suppliers and consumers. While the EU has led on due diligence and sustainability disclosures, recent proposals to streamline rules (i.e. the Omnibus package) risk weakening rules and undoing progress. Meanwhile, deregulation, a volatile tariff environment and lack of federal leadership on sustainability in the US are undermining progress on labour rights and environmental protection. Still, regulation is here to stay. To avoid unintended consequences such as companies relocating activities to bypass local bans, and to ensure producing countries are consulted, a globally coordinated policy response is urgently needed. Fashion leaders must act now by co-shaping fair, effective rules to be best positioned to adapt, compete and lead through turbulence. The era of voluntary progress is ending; compliance and impact must now go hand in hand.



RESPECTFUL AND SECURE WORK ENVIRONMENTS

Upholding standards for the respect of universal human rights for all people employed along the value chain

What's at stake?

Prioritising ethical labour practices presents a powerful opportunity for brands and retailers to strengthen reputation, attract impact investors, and build more resilient supply chains.⁵ A key enabler of this is responsible purchasing practices, ensuring that buying decisions, such as lead times and pricing, support rather than undermine fair working conditions. This allows businesses to demonstrate real commitment to workers' rights and wellbeing across their value chains. Neglecting this priority risks non-compliance, reputational damage, production disruptions, and missed opportunities for innovation and supplier collaboration.

With more than 300 million people employed across the fashion value chain, ensuring due diligence end to end can have far-reaching and direct social impacts, as it means safer working conditions, fair wages and stronger protection – especially for women, who make up 75% of the sector.⁶ Collaboration between sourcing, compliance, sustainability, procurement and CSR teams and their engagement with suppliers, unions, regulators, auditors, industry alliances and advocacy groups are essential to drive lasting impact and ensure a fairer, more sustainable future for all.



Current Industry Status

KEY PROGRESS AND MOMENTUM

Meaningful strides are being made towards fostering safer and more respectful work environments in the garment sector. A range of new initiatives, spearheaded by NGOs and unions, are addressing this issue from multiple angles across key production regions. Notably, recent efforts in Bangladesh and Indonesia have focused on advancing gender justice and combatting gender-based violence within the industry. In Bangladesh, up to 80% of female garment workers have experienced harassment⁷, underscoring the urgent need for greater recognition of gender-based violence as a major societal issue demanding action. An increased use of worker voice tools, such as the [Amader Kotha Helpline](#) in Bangladesh, has also been observed, enabling workers to report and resolve concerns around treatment and safety.

There is also some promising movement towards more harmonised value chain transparency efforts pressured by evolving legislation. Besides supporting transparency efforts, audits have become an essential tool in improving labour standards in practice. In 2023 alone, streamlined audits were performed at over 9,200 facilities, covering 6.6 million workers and unlocking up to USD 26 million in savings.⁸ However, the rise in non-compliance – such as failures to meet legal, ethical or sustainability standards on wages, working hours or safety – and audit fatigue remains a challenge, highlighting how audit effectiveness hinges on management's approach and commitment to worker welfare.

As a powerful means of upholding fundamental labour rights as well as strengthening freedom of association and collective bargaining, legally binding agreements between trade unions or worker representatives and brands such as the International Accord are increasingly important, now signed by over 2,000 brands⁹, facilitating the implementation of country-specific safety programmes. It has expanded beyond Bangladesh

to Pakistan and Morocco, with India, Sri Lanka and other countries considering following suit. The resulting more than 180 factory safety inspections conducted in the interim have significantly improved worker safety and support worker's rights to freedom of association.¹⁰ Similar voluntary industry-led initiatives like Nirapon supports over 350 factories and a million workers in sustaining post-Rana Plaza safety improvements through sustainable safety management systems. In parallel, leading collaborative initiative, RISE reached some 400,000 workers in 2024¹¹ and aims to reach 1.5 million by 2026, supporting the industry in advancing equality for supply chain workers. Aside from increasing productivity, the programme has already achieved a 30% reduction in employee turnover¹², showing the positive impact of empowering workers, especially women, with skills and awareness. This is critically important at a time when automation, while leading to higher efficiencies and profitability for some companies, is already replacing 31% of garment workers in Bangladesh alone, and posing significant challenges to workers, who need to protect their livelihoods.

PERSISTING GAPS AND BARRIERS

While momentum is building in certain areas, key gaps remain. Most brands don't own their production facilities and therefore engage in multi-stakeholder initiatives to drive impact on the ground. However, recent cuts to US foreign aid have put many social programmes, including in garment supply chains, at risk of termination or downsizing.

Today, over 15,000 home-based garment workers, mostly women and migrants, still face extreme exploitation.¹⁴ Many work long hours in poor conditions and are unable to negotiate better pay or labour protection standards.

Despite official condemnation, child labour and forced labour remain widespread in key production regions, including Malaysia, Taiwan and China, with many migrant workers trapped in debt bondage or living in overcrowded conditions and experience wage theft. While many brands

have made some efforts to combat these issues, including implementing strict zero-tolerance policies, significant gaps remain, particularly regarding subcontracted workers. Under the [Commitment to Responsible Recruitment](#), the leading NGOs [Fair Labor Association](#) and [American Apparel & Footwear Association](#), brands and governments are joining forces to address forced labour risks, focusing on responsible recruitment and ethical business practices. Demonstrating that collective efforts can drive change, more than 100 companies¹⁵ are supporting efforts to create conditions for supplier action. As a good practice, some brands have also begun requiring suppliers to reimburse recruitment fees to workers.

While reforms are underway, regulatory gaps persist. In major garment production hubs like Bangladesh and India, large parts of the workforce operate in the informal sector – outside of formal contracts and legal protections – leaving workers especially vulnerable to abuse. Despite reforms in Uzbekistan, forced labour remains an issue in the cotton sector, exposing the global supply chain to risks, including for EU markets, where new due diligence legislation will soon be making an impact.

Climate change also presents a growing threat, yet the industry has so far been slow to adapt. Record-breaking heatwaves in Asia in 2024 impacted workers severely, as reflected in the increased incidence of illness, absenteeism and lower productivity.

Compounding matters, cuts in funding for labour rights groups and slashed development cooperation budgets, most notably in the United States, are undermining vital advocacy work and weakening momentum for a more inclusive and equitable industry, with potentially drastic consequences for humanitarian efforts. There is a risk that manufacturing countries will become more unstable and companies will face more uncertainty.



Where to focus impact?

Key actions the industry must take to achieve respectful and secure work environments throughout the textile value chain.

DRIVE OPEN AND STANDARDISED TRANSPARENCY

A. Utilise industry-aligned mechanisms to map and disclose relationships¹⁶ across tier 1-2 sites including subcontractors in an open, standardised format, fostering collaboration and accessible datasets. Frontrunners should strive for tier 1-4 disclosure.

B. Publish responsible business conduct information, including as part of organisations' responsibility to carry out due diligence in accordance with [OECD Due Diligence Guidance](#). Frontrunners should also publish relevant documentation of an effective strategy on respectful and secure work environments and human rights, such as complaints reports and third-party evaluations.

Utilise recognised standards for disclosure such as [The Transparency Pledge](#) and supply chain mapping platforms such as [Open Supply Hub](#), [Retraced](#), and [Worldly](#).

DEMONSTRATE MEASURABLE IMPROVEMENTS TOWARDS RESPONSIBLE PURCHASING PRACTICES

A. Adopt and implement measurable responsible purchasing practices that support suppliers and workers. Collaborate with multi-stakeholder initiatives (MSIs), worker representatives and trade unions to establish the approach and drive improvement.

B. Co-design solutions with suppliers to create win-win partnerships ensuring purchasing practices are not contributing to harm, enabling independent data collection to demonstrate and report progress annually.

In line with [OECD Due Diligence Guidance](#); utilise recognised frameworks such as [The Common Framework for Responsible Purchasing Practices \(CFRPP\)](#). Utilise recognised platforms for collecting independent data such as [Cascale's Better Buying tools](#) and [Higg Brand Retailer Module](#).

PROMOTE WORKER ACCESS TO EFFECTIVE GRIEVANCE MECHANISMS

Disclose third-party validated data on the percentage of workers with access to confidential, trusted grievance mechanisms in tier 1–2 facilities, aligned with UNGP effectiveness criteria and developed in consultation with trade unions. These should include joint investigations and adequate remediation. Frontrunners should extend disclosure to tiers 3–4 and report on context-sensitive quality indicators and functionality, such as uptake and resolution rates.

In line with [OECD Due Diligence Guidance](#); utilise the [UN Guiding Principles – Effectiveness criteria for non-judicial grievance mechanisms](#).

RESPECT WORKERS' RIGHTS TO FREEDOM OF ASSOCIATION (FOA) AND TO ORGANISE AND BARGAIN COLLECTIVELY

Develop and publish strategies in consultation with trade unions and Global Union Federations, addressing barriers to workers exercising these rights to FoA and to organise and bargain collectively across the value chain. Conduct risk-based human rights due diligence to identify and prioritise geographies where the right to FoA and collective bargaining is at greatest risk. Where improvements are unfeasible, follow responsible exit guidance.

In line with ILO Conventions [87](#), [98](#).

IMPLEMENT RECOGNISED CONVERGED SOCIAL ASSESSMENTS

Utilise converged social assessments across all tier 1 and 2 sites, applying recognised frameworks that enable standardisation, comparability and data sharing. Ensure validation of assessment findings through meaningful engagement with workers, their representatives and trade unions. Frontrunners should aim to extend this approach across the full value chain and exclusively use converged social assessments in tier 1.

Utilise recognised converged assessment tools such as [SLCP's Converged Assessment Framework \(CAF\)](#).

IMPLEMENT DIVERSITY, EQUITY AND INCLUSION POLICIES AND REQUIREMENTS

Publish collectively defined diversity, equity and inclusion policies and disclose their implementation within the organisation's own operations. Frontrunners should extend disclosure across the value chain, including active prevention of cultural appropriation and practising cultural appreciation.

In line with ILO Conventions [100](#), [111](#), [159](#), [190](#), [200](#).

CREATE AN INDUSTRY-ALIGNED STRATEGY TO ADDRESS THE UNIQUE CHALLENGES OF INFORMAL WORKERS

A. Companies sourcing from informal or high-risk segments should collaborate with third-party organisations to develop a joint industry strategy and implement enhanced due diligence to support informal workers.

B. Companies not directly sourcing from informal workforces can contribute by supporting multi-stakeholder initiatives, aligning supplier expectations, and advocating for the integration of informal workers.

In line with ILO Convention 204.

IMPLEMENT GLOBAL STANDARDS FOR HUMAN RIGHTS DUE DILIGENCE

Apply an aligned due diligence approach to prevent, mitigate and cease adverse impacts in own operations and across the supply chain, and supporting worker access to remedy within their supply chain.

In line with ILO Declaration on Fundamental Principles and Rights at Work; utilise recognised standards for disclosure such as the OECD Due Diligence Guidance, UN Guiding Principles Reporting Framework and MNE Tripartite Declaration.

ENSURING FAIR AND ETHICAL TREATMENT OF MIGRANT WORKERS

Implement responsible recruitment practices in line with the Apparel & Footwear Industry Commitment to Responsible Recruitment. Conduct due diligence where risks and harm to migrant workers are identified and incorporate responsible recruitment practices into social compliance standards and periodically report on progress through sustainability and due diligence reporting and/or modern slavery legal disclosures

In line with ILO Declaration on Fundamental Principles and Rights at Work, ILO Conventions 29, 105, 181 and the ILO General Principles and Operational Guidelines for Fair Recruitment.

EMPOWERING WORKERS THROUGH INCLUSIVE AUTOMATION AND RESKILLING

Implement targeted reskilling programmes focused on digital literacy and machine operation, accessible to vulnerable workers, especially women, older workers and those with limited literacy or technical skills, encouraging automation that complements rather than replaces jobs.

Utilise ILO Guidelines on Skills Development for a Just Transition.



Policy

The actions of this priority relate to the following policy initiatives:

LEGISLATIVE INITIATIVES

In Force

[UK Modern Slavery Act \(2015\)](#)

[French Duty of Vigilance Law \(2017\)](#)

[Australian Modern Slavery Act \(2018\)](#)

[Dutch Child Labor Due Diligence Law \(2019\)](#)

[US Uyghur Forced Labor Prevention Act \(2021\)](#)

[German Supply Chain Due Diligence Act \(2021\)](#)

[Norwegian Act relating to enterprises' transparency and work on fundamental human rights and decent working conditions \(2022\)](#)

[EU Corporate Sustainability Reporting Directive \(2022\)](#)

[Canadian Act to enact the Fighting Against Forced Labour and Child Labour in Supply Chains Act \(2023\)](#)

[Mexican Forced Labour Statute \(2023\)](#)

[European Sustainability Reporting Standards \(2023\)](#)

[EU Corporate Sustainability Due Diligence Directive \(2024\)](#)

[EU Regulation Prohibiting Products Made with Forced Labor \(2024\)](#)

[New York Fashion Workers Act \(2024\)](#)

Ongoing

[Omnibus Simplification Package](#)

[New York Fashion Act](#)

[Massachusetts Fashion Act](#)

[Washington Fashion Act](#)

NON-LEGISLATIVE INITIATIVES

[International Accord for Health and Safety in the Textile and Garment Industry \(2021\)](#)

[Partnership for Workers' Rights \(2023\)](#)

[Colombian Memorandum on Public Policy on Business and Human Rights \(2024\)](#)

[U.S. Trade Strategy to Combat Forced Labour \(2025\)](#)

[EU Roadmap for Women's Rights \(2025\)](#)

This priority addresses Sustainable Development Goals:

1 NO POVERTY



3 GOOD HEALTH AND WELL-BEING



5 GENDER EQUALITY



8 DECENT WORK AND ECONOMIC GROWTH

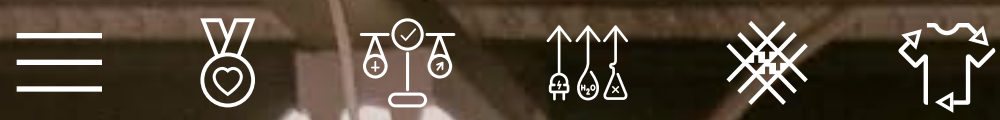


10 REDUCED INEQUALITIES



12 RESPONSIBLE CONSUMPTION AND PRODUCTION





BETTER WAGE SYSTEMS

Establishing the systems needed to enable payment of fair compensation and living wages to all workers, strengthened by responsible purchasing practices and workers' rights to freedom of association

What's at stake?

Introducing better wage systems in the fashion industry delivers fundamental improvements for workers and their communities, permitting brands, manufacturers and retailers to future-proof their businesses. Inaction in this priority exposes companies to compliance risk as well as business risk associated with low levels of worker morale, productivity and retention, labour unrest and operational inefficiencies, besides putting their reputation and consumer trust at stake.

While brands don't directly pay garment workers, they influence wages through purchasing practices and pricing decisions. Sourcing teams must adopt responsible purchasing practices to ensure suppliers can meet fair wage standards. Buying and merchandising teams play a crucial role by ensuring pricing structures support these expectations. Meanwhile, sustainability and CSR teams can educate suppliers, align with NGOs and unions, and work with auditors to monitor wage compliance. Legal and compliance teams ensure adherence to labour laws and wage levels. Wage outcomes are also shaped by intermediary suppliers, subcontracting, and complex supply chain dynamics.

At the pan-institutional level, partnerships with industry associations, labour organisations, auditors and governments can help establish and enforce fair wage policies. Unions and NGOs are key in safeguarding workers' rights and advocating for reform. When brands engage across these actors, they not only strengthen their supply chain but also drive collective progress towards a fairer, more resilient fashion industry.

Advancing wage systems can significantly improve the livelihoods of millions of garment workers, enhance economic stability, healthcare access, and gender equality, while building supply chain relationships and supporting long-term stability.

Current Industry Status

KEY PROGRESS AND MOMENTUM

The fashion industry has taken some important steps towards improving wage systems. According to The Industry We Want, the wage gap score – the difference between minimum and living wages – narrowed to 41% in 2025, an 8.5% drop from 2024 across 31 garment-producing countries.¹⁷

More brands are engaging in MSIs that focus on living wage commitments, generating valuable wage data for awareness-raising campaigns and helping push action beyond policy statements. Progress is also being made in promoting sector-wide collective bargaining agreements (CBAs). ACT's work in Cambodia has led to a pioneering CBA framework co-developed by local unions, brands and employers. Ten brands have formally committed to agreements with IndustriALL Global Union, signalling support for stronger industrial relations and consistent wage standards across factories. In another example, the combined efforts of the Solidarity Center and the Moroccan Workers' Union (UMT) have helped organise some 2,000 textile workers to address unpaid overtime, wage delays and workplace abuse.¹⁸

Initiatives are also picking up momentum further up the supply chain. Tackling long-overlooked wage issues in upstream supply chains, Better Cotton is piloting a wage sampling tool on 25% of Pakistan's cotton farms¹⁹ that is expected to scale globally after 2025.

In addition to rights-based approaches such as CBAs and due diligence, long-term brand commitments and incentive-based mechanisms like multi-year sourcing agreements, cost-sharing for social protection, or pricing models that reward wage benchmarks will be critical to scaling wage improvements at the supplier level.

PERSISTING GAPS AND BARRIERS

Progress to date is unevenly distributed. Despite reports of a narrowing global wage gap, many workers still earn only a fraction of what they need for basic living costs. While some brands are adopting responsible purchasing practices, many continue to exert pressure on suppliers. Just 48.9% of suppliers report receiving order prices that allow for compliant production and profit²⁰. Among those underpaid, over 80% say buyers don't cover even basic input and labour costs, directly undermining wage improvements.²¹

Wage inequality continues to define the global garment industry, with workers in high-income countries earning over 16 times more than their counterparts in low-income nations.²² In countries like Bangladesh, inflation has eroded the impact of minimum wage hikes, leaving workers with the lowest purchasing power among major apparel-producing nations. In Turkey, where the government enacted a minimum wage increase in 2023, 1.5 million garment workers still face a 14% gap between minimum and living wages²³, underscoring the severe reality for many workers in countries where inflation often outpaces earnings. Factory owners remain concerned that raising wages could compromise competitiveness, making wage reform a sensitive issue requiring an international response.

Factories often lack structured pay systems and an awareness of legal wage obligations. Even where minimum wages exist, implementation is variable, underlining the need for stronger enforcement and clearer wage structures across production countries. Wage transparency also remains limited, with brands rarely disclosing actual wage data or supply chain locations, making it harder to track improvements or hold companies accountable. Suppliers report that their input is often not factored into the

development of labour costing solutions, leading to misaligned expectations and impractical wage targets.

Gender inequality further complicates wage reform. Women dominate the workforce but are underrepresented in leadership and concentrated in low-paid, precarious roles. This issue spans both developing and developed regions. In Italy, for example, women earn 19% less than men in the textile sector, and 81.3% of businesses are small enterprises exempt from pay equity laws.²⁴ Despite measurable evidence, 80% of CEOs deny the existence of the gender pay gap, exposing a disconnect between perception and reality.²⁵

Despite the challenges, awareness is growing, data collection is improving and more brands are engaging with stakeholders to drive systemic change. Collective bargaining, responsible purchasing and pilot programmes are

Where to focus impact?

Key actions the industry must take to achieve better wage systems throughout the textile value chain.

PROMOTE FAIR COMPENSATION AND LIVING WAGE

Work with suppliers to develop an effective wage management system and promote digital payments. Publish a roadmap and annually report progress towards fair compensation and living wage across own operations and tier 1-2 facilities. Frontrunners should strive for tier 1-4 disclosure.

Utilise recognised tools and criteria such as [Fair Labor Association's Wage Data Collection Tool](#), [Fair Compensation Blueprint Guidance](#) and [Living Wage Public Reporting Guidance](#).

ENABLE MORE WORKERS TO BE COVERED BY COLLECTIVE BARGAINING AGREEMENTS (CBAs) THAT PROVIDE FAIR COMPENSATION AND LIVING WAGE

Develop and publish strategies developed in consultation with trade unions and suppliers, on increasing the proportion of workers covered by CBAs that provide pathways to fair compensation and living wage across the value chain. In countries with legal barriers to CBAs, all actors should carry out effective due diligence, including meaningful engagement with international union federations. Where a living wage gap exists and improvements to wage levels are not possible after all steps have been exhausted, take recommended steps towards a responsible exit.

In line with [ILO Convention 98](#).

ACHIEVE PAY EQUITY AND CLOSE THE GENDER PAY GAP

A. Research and assess the gender pay gap in own operations and tier 1 sites, collaborating with suppliers and workers representatives to develop and disclose an action plan. Where recordkeeping may be inconsistent or legally restricted, work with suppliers to build capacity for generating gender-disaggregated wage data.

B. Frontrunners should extend these efforts to tiers 1-4 sites and provide evidence of measurable progress in reducing the gender pay gap.

In line with [ILO Conventions C100 and C111](#).

Utilise recognised tools such as [Fair Labor Association's Wage Data Collection Tool 2.0](#).



Policy

The actions of this priority relate to the following policy initiatives:

LEGISLATIVE INITIATIVES

In Force

[Californian Garment Worker Protection Act \(2021\)](#)

[EU Corporate Sustainability Reporting Directive \(2022\)](#)

[Norwegian Act relating to enterprises' transparency and work on fundamental human rights and decent working conditions \(2022\)](#)

[EU Pay Transparency Directive \(2023\)](#)

[European Sustainability Reporting Standards \(2023\)](#)

[EU Corporate Sustainability Due Diligence Directive \(2024\)](#)

[New York Fashion Workers Act \(2024\)](#)

Ongoing

[Omnibus Simplification Package](#)

[New York Fashion Act](#)

[Massachusetts Fashion Act](#)

[Washington Fashion Act](#)

[US Fashioning Accountability and Building Real Institutional Change Act or "Fabric Act"](#)

NON-LEGISLATIVE INITIATIVES

[The ACT Initiative – a Global Commitment on Living Wages and American Bar Association's Contractual Clauses Project](#)

[Partnership for Workers' Rights \(2023\)](#)

[EU Roadmap for Women's Rights \(2025\)](#)

This priority addresses Sustainable Development Goals:

The infographic features four icons on a teal background. From left to right: 1. '1 NO POVERTY' with an icon of a family. 2. '8 DECENT WORK AND ECONOMIC GROWTH' with an icon of a bar chart with an upward arrow. 3. '10 REDUCED INEQUALITIES' with an icon of three horizontal bars of different heights. 4. '12 RESPONSIBLE CONSUMPTION AND PRODUCTION' with an icon of a circular arrow.



RESOURCE STEWARDSHIP

Decoupling value creation from virgin resource extraction and emission growth through coordinated and multi-stakeholder action

What's at stake?

Embedding resource stewardship in operations is critical if the fashion industry is to address its environmental footprint and secure a liveable future. With emissions projected to reach 1,243 Gt by 2030²⁶ and resource depletion, biodiversity loss and climate change intensifying, urgent action is required.

Strengthening climate resilience not only safeguards vital inputs but also mitigates business risks such as supply chain disruption, rising raw material costs and long-term profit erosion. By engaging local stakeholders, communities and indigenous people brands can help protect workers from extreme conditions, health hazards and livelihood loss due to environmental degradation. Efficiency and circular practices can further offer reduced operational costs, drive innovation, and enhance investor confidence and compliance readiness. Executive leadership must empower sustainability, logistics, operations and legal teams to embed stewardship into core strategy working closely with suppliers to deliver real impact.



Current Industry Status

KEY PROGRESS AND MOMENTUM

The fashion industry is showing signs of progress towards decarbonisation with leading brands reporting reductions across scope 1, 2 and 3 emissions and committing to increase renewable energy use and phase out suppliers' on-site coal boilers by 2030. Shifting freight from air to sea or land has already delivered CO₂ savings. Electrification technologies such as electric boilers and heat pumps, supported by renewables, are emerging as scalable solutions. MSIs are driving collective action through offshore wind projects, regenerative cotton farming and facility-level scope 3 support. Over half (52%) of brands and suppliers in Textile Exchange's benchmark have adopted science-based targets.²⁷

On freshwater stewardship, supplier-level reductions are being achieved via MSI-led efforts. The industry's first net-positive water strategy has also been launched, aiming to cut freshwater withdrawal in key basins. Wastewater improvements are moreover underway with over 3,000 suppliers now publishing wastewater test results²⁸, and 76% meeting Manufacturing Restricted Substance List (MRSL) guidelines.²⁹ Regulatory momentum is also accelerating in countries like India that are tightening wastewater rules, while the EU is planning a potential ban on PFAS in consumer products in the coming years due to their health and environmental risks.

Microfibre pollution continues to gain attention, with 5.6 million tonnes of synthetic fibres released annually through washing and textile production wastewater.³⁰ More than 100 brands have committed to work towards zero impact from fibre fragmentation from textiles to the natural environment by 2030³¹, and research efforts are advancing across the textile lifecycle to strengthen industry collaboration and drive impactful action.

More companies are committing to eliminate ancient forest use critical for forest conservation, species protection, and carbon storage. While deforestation rates are slowing, the world has still lost a net 178 million hectares of forest since 1990.³² To support stronger action, a new deforestation-free leather fund has been established to help companies meet their commitments. MSI-led programmes are also promoting responsible land management and regenerative agriculture as key strategies to reduce impacts on nature. To meet climate goals, such initiatives must also be paired with direct carbon removal efforts like reforestation that actively removes carbon and goes beyond the supply chain alone.

PERSISTING GAPS AND BARRIERS

Despite clear momentum, the fashion industry still faces major challenges. Emissions are rising alongside global apparel consumption projections rising to 63% by 2030 partly due to ultra-fast fashion, with some projections suggesting fashion could consume over 25% of the global carbon budget by 2050.³³ Yet, over half of brands still lack emissions targets, and 63% are off-track for their 2030 decarbonisation goals.³⁴ Transparency and accountability remains a barrier, with 94% not disclosing supply chain decarbonisation investment³⁵ and most focusing still on scope 1 and 2, despite scope 3 making up over 95% of emissions.³⁶ While decarbonising the sector may require up to USD 1 trillion³⁷ increased investment and collaborative financing models offer a path forward.

Water use remains a critical challenge, especially in dyeing processes, which consume 5 trillion litres annually.³⁸ While MSI-led initiatives and rising awareness are starting to drive progress, 90% of brands still don't disclose water risks³⁹, particularly upstream in tier 3-4, where data infrastructure is weak and implementation maturity remains low. Science-based water targets remain rare, despite severe freshwater impacts in raw material production. Phased approach and alignment with local water governance can help avoid overwhelming suppliers. Meanwhile hazardous chemicals

such as pesticides, fertilisers and chemicals used in wet processing further compound water-related risks. Climate-driven floods, droughts and heatwaves are threatening production and worker wellbeing, prompting more companies to consider action to futureproof their operations. Local mitigation and climate adaptation will be crucial to futureproof operations against increasingly unpredictable climate events.

Land-use change currently accounts for 12% of global emissions⁴⁰, with sourcing of materials such as cotton, leather and wool exerting significant pressure on ecosystems. As fibre production accelerates, land use is projected to increase by 35% by 2030⁴¹, increasing pressure on ecosystems, local communities and indigenous peoples. The industry must go beyond isolated supply chain actions and support landscape-level efforts to conserve and restore sourcing regions. Meaningful collaboration with indigenous peoples and local communities is essential to avoid further harm and to integrate their vital knowledge into climate, nature and biodiversity strategies.⁴²



Where to focus impact?

Key actions the industry must take to achieve resource stewardship throughout the textile value chain.

LIMIT GHG EMISSIONS BY 2030 AND COMMIT TO ACHIEVING NET ZERO EMISSIONS BY 2050

- A.** Set emission reduction targets (SBTi or UNFCCC-approved) across scope 1, 2 and 3 by the end of 2025 to achieve a 50% reduction in GHG emissions by 2030 (in relation to a 2019 or later baseline).
- B.** Develop and implement a supply chain electrification strategy with clean renewable energy procurement requirements, set clear target dates for supplier adoption and allocate budgets to support their transition.

In line with [UNFCCC's Fashion Industry Charter for Climate Action](#) and following recommended interventions outlined in [Apparel Impact Institute](#) and [WRI's Roadmap to Net Zero and Apparel Impact Institute's Low-Carbon Thermal Energy Roadmap for the Textile Industry](#).

ESTABLISH FRESHWATER STEWARDSHIP

A. Apply contextual and SBTN methods to assess material pressures (Step 1) and prioritise locations and business components for target setting (Step 2). Adopt relevant target setting methodologies across all sites with material freshwater impacts.

Frontrunners should strive to set SBTs for freshwater on all sites that have material impacts on freshwater, incorporating climate adaptation measures to strengthen resilience to changing water availability and extreme weather.

B. Commit to and take an active role in supporting good water governance in line with SDG 6 (Clean Water and Sanitation) for all relevant supply chain river basins through collective action. Ensure and evidence adequate access to WASH for all onsite workers and surrounding communities. All producers with wet processes should ensure they have effective wastewater treatment.

Align with the latest [SBTN](#) and [WWF](#) guidance on target setting and utilise recognised tools such as the [AWS Standard](#) and [ZDHC Wastewater Guidelines](#).

DEVELOP A LIFECYCLE APPROACH TO FIBRE FRAGMENTATION IN YOUR SUSTAINABILITY STRATEGY

A. Prevent fibre fragmentation at the source through informed material choices: proactively test finished fabrics for fibre fragmentation, using industry-aligned and scientifically validated methods to guide the selection of materials that have a lower propensity to shed.

B. Minimise fibre loss during manufacturing and prevent release into the environment: evaluate and optimise key production processes that contribute to fibre loss and monitor fibre fragments in wastewater to reduce emissions from your manufacturing partners.

Leverage guidance documents and educational content from [The Microfibre Consortium's tools & resources](#) and the [ZDHC Wastewater Guidelines](#).

IMPLEMENT INITIAL STEPS TOWARDS SCIENCE-BASED TARGETS (SBTS) FOR LAND

Apply SBTN methods to assess material pressures (Step 1) and prioritise locations and business components for target setting (Step 2). Adopt relevant target setting methodologies to halt conversion of natural ecosystems, reduce land footprint and improve the ecological condition of landscapes.

In line with the latest [SBTN](#) guidance and [Textile Exchange's Guidance on SBT's for Nature for the Fashion, Apparel, and Textile Industry](#). Utilise tools such as [The Fashion Pact's biodiversity tool](#), [UN Biodiversity Lab](#) and [WWF's Biodiversity Risk Filter](#).

CONFORM ALL UTILISED CHEMICAL FORMULATIONS TO A RECOGNISED MANUFACTURING RESTRICTED SUBSTANCE LIST (MRSL)

A. Prevent fibre fragmentation at the source through informed material choices: proactively test finished fabrics for fibre fragmentation, using industry-aligned and scientifically validated methods to guide the selection of materials that have a lower propensity to shed.

B. Minimise fibre loss during manufacturing and prevent release into the environment: evaluate and optimise key production processes that contribute to fibre loss and monitor fibre fragments in wastewater to reduce emissions from your manufacturing partners.

Utilise recognised MRSLs such as [ZDHC MRSL](#) and apply solutions such as [ZDHC Gateway](#) and [ZDHC InCheck solutions](#). In line with provisions of [ILO Conventions 155, 170, 187](#) and the [ILO's Code of Practice on safety and health in textiles, clothing, leather and footwear](#).

Policy

The ambitions of this priority relate to the following policy initiatives:

LEGISLATIVE INITIATIVES

In Force

- [French Anti-waste and Circularity Law \(2020\)](#)
- [California Climate Corporate Accountability Act \(2022\)](#)
- [EU Taxonomy Regulation \(2020\)](#)
- [EU Corporate Sustainability Reporting Directive \(2022\)](#)
- [California Product Safety, Textile Articles PFAS \(2022\)](#)
- [NY Act to Prohibit the use of PFAS in Apparel \(2022\)](#)
- [EU Regulation on Land Use, Forestry and Agriculture \(2023\)](#)
- [EU Regulation Prohibiting the Making Available and Exporting of Deforestation and Forest Degradation Products \(2023\)](#)
- [EU Corporate Sustainability Due Diligence Directive \(2024\)](#)
- [Revision of the EU Waste Shipment Regulation \(2024\)](#)
- [Revision of the EU Industrial Emissions Directive \(2024\)](#)
- [EU Common Rules Promoting the Repair of Goods Directive \(2024\)](#)
- [EU Ecodesign for Sustainable Products Regulation \(2024\)](#)
- [EU Nature Restoration Regulation \(2024\)](#)
- [New Mexico PFAS Protection Act \(2025\)](#)

Ongoing

- [New York Fashion Act](#)
- [Massachusetts Fashion Act](#)
- [Washington Fashion Act](#)
- [California Fashion Act](#)
- [Revision of the EU Waste Framework Directive](#)
- [US SEC Proposed Rules on the Enhancement and Standardization of Climate-Related Disclosures for Investors](#)
- [EU 2040 Emissions Reduction Target to Set a Path to Climate Neutrality in 2050](#)

Upcoming

- [Revision of EU Regulation on Registration, Evaluation, Authorisation and Restriction of Chemicals](#)
- [EU Circular Economy Act](#)
- [EU Chemicals Industry Package](#)
- [EU Innovation Act](#)
- [EU Bioeconomy Strategy](#)
- [EU Climate Adaptation Plan](#)

NON-LEGISLATIVE INITIATIVES

- [Chilean 2020-2040 National Circular Economy Roadmap to Prevent Waste \(2021\)](#)
- [EU Strategy for Sustainable and Circular Textiles \(2022\)](#)
- [Global Framework on Chemicals \(2023\)](#)
- [EU Affordable Energy Action Plan \(2025\)](#)
- [EU Clean Industrial Deal \(2025\)](#)
- [EU Single Market Strategy \(2025\)](#)
- [EU Water Resilience Strategy \(2025\)](#)
- [European Oceans Pact \(2025\)](#)

This priority addresses Sustainable Development Goals:

6 CLEAN WATER AND SANITATION

7 AFFORDABLE AND CLEAN ENERGY

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

14 LIFE BELOW WATER

15 LIFE ON LAND



SMART MATERIAL CHOICES

Preferred fibres or raw materials are those that consistently deliver reduced impacts and increased benefits for climate, nature, people, and animals against the conventional equivalent, through a holistic approach to transforming production systems.⁴³

What's at stake?

Brands and retailers face growing supply chain risks linked to climate change, biodiversity loss and resource scarcity, as well as regulatory pressures. Sourcing materials from preferred production systems should be viewed as an investment in business and supply chain resilience, helping brands and retailers to mitigate supply chain disruptions, ensure regulatory compliance and respond to rising consumer demand for transparency. Such investment creates the necessary demand signals for fibre producers, helping de-risk their on-the-ground investments into scaling preferred production systems.

Ideally, brands and retailers build direct relationships with their tier-4 producers or producer groups, including by establishing long-term contracts or providing other direct financial investments.

Executive leaders at brands and retailers have the opportunity to drive these investments in supply chain resilience from the top down, through their materials sourcing strategies.

Current Industry Status

KEY PROGRESS AND MOMENTUM

Progress is being made to expand the market for recycled and sustainably-sourced renewable materials. Globally, recycled polyester fibre production grew from approximately 8.6 million tonnes in 2022 to around 8.9 million tonnes in 2023⁴⁴, highlighting ongoing investment and scaling efforts. Certified and recycled sheep wool continue to gain market share, and luxury brands are increasingly shifting towards ethical alternatives to real fur. In leather, 22 brands have now committed to the [Deforestation-Free Call to Action](#), promoting transparent, deforestation- and conversion-free supply chains. 60–65% of man-made cellulosic fibres (MMCFs) are now certified by [FSC](#) or [PEFC](#)⁴⁵, and over half of global MMCF production is rated low-risk for deforestation, supported by collective action through initiatives like [CanopyStyle](#) and [Pack4Good](#). Meanwhile, next-gen materials are on the rise, with projections they could reach 8% of the global fibre market by 2030.⁴⁶

PERSISTING GAPS AND BARRIERS

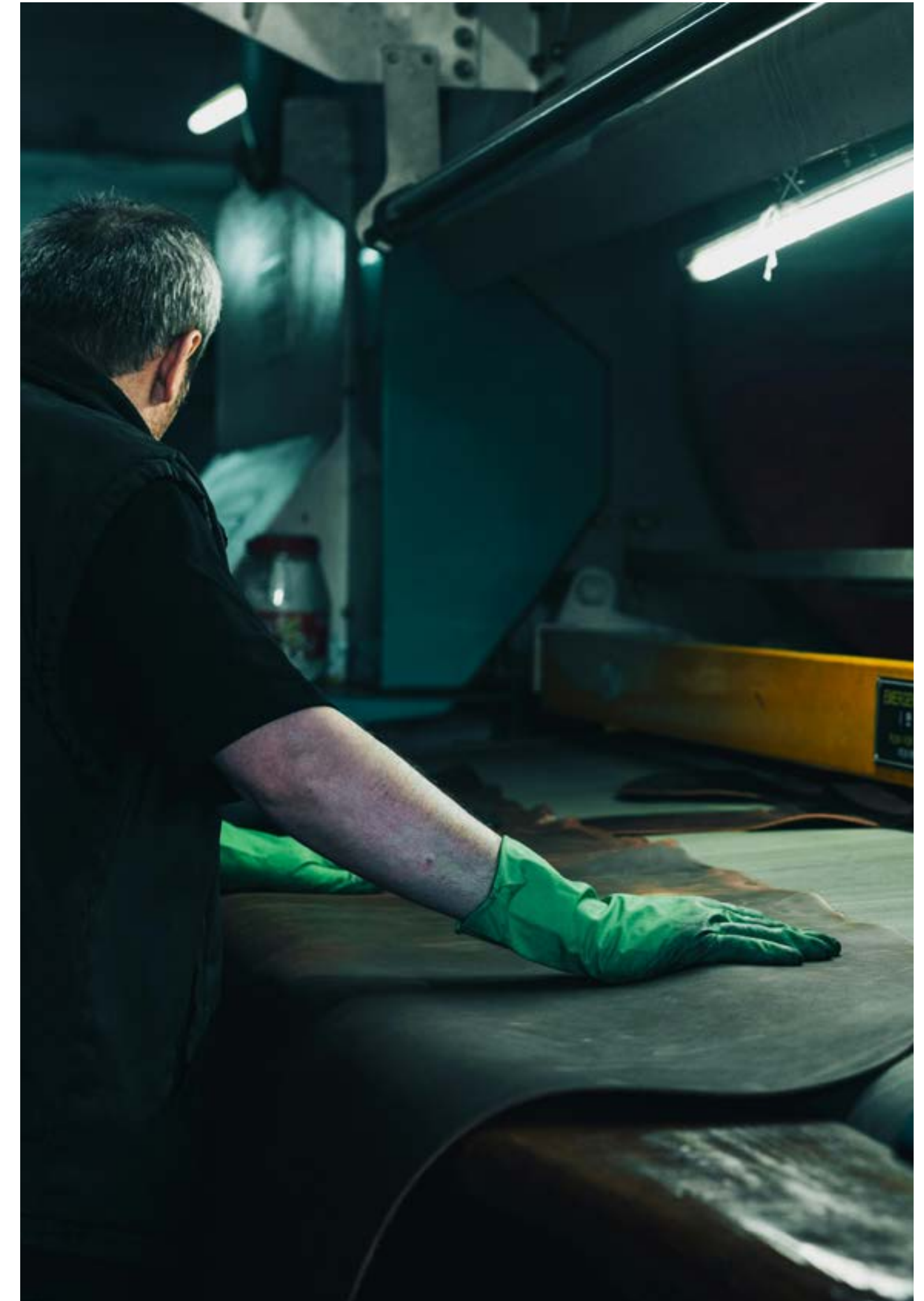
Economic barriers at tier 4 remain a key challenge to scaling preferred production systems. Many farmers and growers operate with minimal margins, making brand and retailer investment essential to grow the supply of sustainably-sourced renewable materials. In recycled systems, limited investment in collection, sorting and processing infrastructure hinders textile-to-textile recycling, which accounted for less than 1% of global fibre supply in 2023.⁴⁷

Traceability remains a major gap, with 75–80% of reported cotton and polyester fibre volumes reported into the 2024 Textile Exchange Materials

Benchmark lacking country of origin data.⁴⁸ Brands' lack of visibility to tier 4 limits their ability to understand and address environmental and human rights risks and to direct meaningful investments toward scaling preferred production systems. With regulatory pressure mounting, brands must strengthen traceability through robust standards, direct supplier engagement, and long-term partnerships. Specific fibre categories also face hurdles. Most global cotton production still relies on synthetic pesticides and fertilisers, contributing to greenhouse gas emissions, biodiversity loss and human health concerns. In wool and leather, regenerative practices such as adaptive multi-paddock grazing show strong potential for ecosystem benefits but remain limited in adoption. Textile Exchange's Regenerative Agriculture Outcome Framework offers a centralised, yet flexible and context-specific, reference point for the various regenerative outcomes that can be measured across the dimensions of ecological health; social and economic equity; and animal welfare.

Recycled polyester's global market share declined from 13.6% in 2022 to 12.5% in 2023 due to an increase in virgin polyester production.⁴⁹ However, industry guidance is helping to accelerate the shift away from fossil fuel-based feedstocks through textile-to-textile recycling, biosynthetics and carbon capture.⁵⁰

Next-gen materials like recycled MMCFs and alternative leathers remain limited, comprising just 1% of the market despite ongoing research and development.⁵¹ To scale brand adoption by 2030, brands need clearer definitions and impact data measurement. Startups require stable, long-term support such as investments in manufacturing facilities and multi-year purchase agreements or shared investment models, rather than short-term pilots or fragmented funding.





Where to focus impact?

Key actions the industry must take to achieve smart material choices throughout the textile value chain.

SOURCE 100% OF PRIORITY MATERIALS THAT ARE BOTH PREFERRED AND LOW CLIMATE IMPACT BY 2030 IN LINE WITH UNITED NATIONS FASHION CHARTER ON CLIMATE CHANGE (UNFCCC)

- A. Report raw material volumes and progress.
- B. Source and produce verified raw materials from preferred production systems, including measurement of outcomes.
- C. Improve outcomes through collective action and investing in transformation.

Align with the [United Nations Fashion Charter on Climate Change](#) and [Textile Exchange's Material Pathways](#). Utilise [Textile Exchange's annual reporting platform](#).

SOURCE AND PRODUCE ALL COTTON FROM PREFERRED RAW MATERIALS, PRIORITISING REGENERATIVE FARMING METHODS

Source preferred cotton of which an increasing amount is derived from regenerative or recycled raw materials.

SOURCE AND PRODUCE ALL POLYESTER FROM PREFERRED RAW MATERIALS, PRIORITISING TEXTILE-TO-TEXTILE RECYCLED RAW MATERIALS

Source preferred polyester which an increasing amount is derived from textile- to-textile recycled primary raw materials.

Align with ZDHC's [Recycled Polyester Guidelines V1.0](#).

SOURCE AND PRODUCE ALL MAN-MADE CELLULOSIC FIBRES (MMCFs) FROM PREFERRED RAW MATERIALS, PRIORITISING SUSTAINABLY MANAGED FORESTS OR RECYCLED MATERIALS

Source preferred MMCFs from sustainably managed forests and increase the use of textile-to-textile recycled materials.

Align with ZDHC's [Man-made Cellulosic Fibre \(MMCF\) Guidelines V2.2](#) and [MMCF Pulp Guidelines](#). Utilise recognised programmes and standards such as [CanopyStyle](#), [PEFC](#) and [FSC](#).

SOURCE AND PRODUCE ALL SHEEP WOOL FROM PREFERRED RAW MATERIALS, PRIORITISING REGENERATIVE FARMING METHODS

Source preferred sheep wool of which an increasing amount is derived from certified recycled or regenerative raw materials.

Utilise recognised standards such as [RWS](#), [ZQ](#), and [SustainaWOOL](#).

SOURCE AND PRODUCE BOVINE LEATHER WHICH IS FROM DEFORESTATION AND CONVERSION-FREE SUPPLY CHAINS

Source bovine leather from deforestation-free supply chains.

Join the [Deforestation-Free Call to Action for Leather](#).

Additional industry targets and actions related to cropping, animal, forestry, and recycled production systems will be released by Textile Exchange in late 2025 and early 2026.

Policy

The actions of this priority relate to the following policy initiatives:

LEGISLATIVE INITIATIVES

In Force

[EU Regulation on Land Use, Forestry and Agriculture \(2023\)](#)

[EU Regulation Prohibiting the Making Available and Exporting of Deforestation and Forest Degradation Products \(2023\)](#)

[Mexico City Circular Economy Law \(2023\)](#)

[EU Ecodesign for Sustainable Products Regulation \(2024\)](#)

[EU Directive to Empower Consumers for the Green Transition \(2024\)](#)

Ongoing

[EU proposal for a Green Claims Directive](#)

[Revision of the EU Waste Framework Directive](#)

[EU Revision of the Textile Labelling Regulation](#)

[California Voluntary Sustainable Apparel Labeling Act](#)

Upcoming

[EU Revision of the Legislation on Animal Welfare](#)

[Chile Circular Economy Strategy for Textiles by 2040](#)

EU Circular Economy Act

EU Advanced Materials Act

NON-LEGISLATIVE INITIATIVES

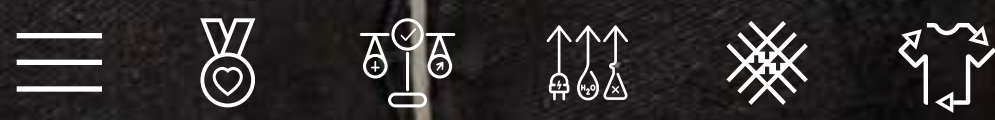
[EU Strategy for Sustainable and Circular Textiles \(2022\)](#)

[Canada Circular Economy Action Plan \(2023\)](#)

[Brazil National Circular Economy Strategy \(2024\)](#)

This priority addresses Sustainable Development Goals:

<p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	<p>13 CLIMATE ACTION</p>	<p>14 LIFE BELOW WATER</p>	<p>15 LIFE ON LAND</p>
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CIRCULAR SYSTEMS

A just, fair and inclusive circular economy that decouples economic development from the consumption of finite resources and in which waste and pollution are eliminated, products and materials are circulated and nature is regenerated.

What's at stake?

Transitioning to circular systems offers a path to decouple growth from finite resource use. By 2030, circular practices could reduce global demand for virgin raw materials by 27%.⁵² For brands and retailers, circular systems present opportunities to cut upstream emissions, extend product lifecycles, improve asset efficiency and reduce dependency on volatile resource markets. They can also open doors to new revenue streams, partnerships, regulatory readiness, funding opportunities and increased consumer acquisition and loyalty through differentiated offerings. Addressing the global textile waste crisis - such as the dumping of discarded clothing from Western markets in the Global South - also underscores the urgent need for circularity.

Embedding circularity into core business strategy requires strong leadership and a coordinated, cross-functional effort. Designers must embed circular principles from the outset, while supply chain teams enable closed-loop systems. Sustainability, business development and marketing teams play a key role in aligning strategy, innovation and consumer engagement. Beyond internal efforts, collaboration with investors and supply chain partners as well as support from policymakers and co-ordinated industry-wide initiatives are essential to create enabling conditions to scale solutions, create dignified employment across the value chain and realise the economic and environmental potential scale.



Current Industry Status

KEY PROGRESS AND MOMENTUM

Regulatory pressure, tech innovation and shifting consumer behaviour is driving momentum towards circularity. Offering economic and environmental resilience, a circular economy for fashion requires industry leadership across three key drivers: product design, business models and infrastructure. While overproduction remains a critical challenge – not only in terms of excess stock but also the sheer volume of products placed on the market – upcoming measures such as the EU Waste Framework Directive’s Extended Producer Responsibility (EPR) scheme as part of the EU Strategy for Sustainable and Circular Textiles are poised to hold brands financially accountable for waste and are expected to drive large-scale adoption of collection, sorting, reuse and recycling infrastructure. In anticipation, brands are leveraging AI-driven demand forecasting tools to better align production with consumer demand and minimise unsold inventory. Progressive players are designing products fit for a circular economy, using mono-fibre fabrics and safer dyeing processes to facilitate end-of-life recyclability and increasing their use of textile-to-textile recycled materials, with work ongoing to increase overall product durability. Higher-end players are exploring the use of fibres sourced from regenerative production practices.

Leading brands are adopting new circular business models to extend product life, including resale, rental, repair and remaking. Third-party repair and recycler collaboration is gaining traction, and initiatives like the [Fashion ReModel](#) are supporting brands in scaling up efforts to increase their gross percentage revenue derived from these models. Consumers, too, are increasingly turning to second-hand options, particularly online, indicating rapid growth in digitally enabled circular models. The U.S. second-hand market grew 14% in 2024 expanding at 5x the rate of the

broader retail clothing market.⁵³ AI tools are also enhancing the second-hand shopping experience, making circular consumption more accessible and appealing.

With increasing scrutiny on misleading green claims, marketing needs to evolve to support this shift, to drive consumer adoption of these models at point of sale throughout the product journey. Brands are committing to more transparent communication to build trust and comply with forthcoming EU legislation banning vague sustainability terms.

Moreover, textile-to-textile recycling is gaining investment. Brands are backing technologies, with some committing to multiyear agreements to meet recycled material targets by 2030. Investments are also being directed towards AI-powered fabric sorters that improve fibre identification.

PERSISTING GAPS AND BARRIERS

A circular economy approach is the only solution that matches the scale of global textile waste, ensuring textiles are used more, made to be made again and made from safe and recycled or renewable inputs. In this system, businesses help to ensure their products are collected, reused, repaired, remade or recycled into new textile products.⁵⁴

The global second-hand apparel market is projected to reach USD 367 billion by 2029⁵⁵, offering strong economic potential for circular business models. Despite this, adoption remains limited. Moreover, scaling circular business models like repair, rental, resale, and remaking can significantly cut emissions from fibre, fabric, and garment production (up to two-thirds of total value chain emissions), provided rebound effects are addressed. Each 1% market share gain in circular models could reduce GHG emissions by 13 million tonnes, supporting both economic growth and climate goals. The rise of ultra-fast fashion and the convenience of online shopping have accelerated overproduction, overconsumption, returns and waste. Its true scale is concealed by a lack of transparency around production

volumes, which remain largely undisclosed despite mounting pressure for accountability. Markets like Kantamanto in Ghana – the world’s largest second-hand clothing hub – are overwhelmed by low-quality imports that can’t be resold or repaired and often lack the infrastructure to manage growing volumes of waste with worsening socio-environmental impacts.⁵⁶ Today, the large-scale economics for separate collection and recirculation of textiles do not stack up – this is a key barrier to achieving a circular economy for textile.⁵⁷ While companies tackle challenges in circular product design, scaling circular business models and textile-to-textile recycling with renewed vigour, companies are calling for policy support to make the economics work and for support in managing textile waste and adhering to upcoming EPR requirements. Scaling involves substantial upfront investment in infrastructure and logistics, and more R&D is needed to develop chemical recycling technologies capable of handling blended materials and producing high-quality recycled inputs that can be reintroduced into new products.

In view of the impact of technological advancements, including automation, already evident among low-skilled workers in the textile sector, brands are acknowledging the need for investment to align sustainability with quality job creation. Circular models must therefore be designed to enhance job dignity, support inclusion, and enable a just transition, rather than risk undermining livelihoods.



Where to focus impact?

Key actions the industry must take to achieve circular systems that decouple growth from finite resource use.

SIGNIFICANTLY REDUCE ABSOLUTE FINITE RESOURCE USE AGAINST A BASELINE NO LATER THAN 2022

Achieve a significant reduction in absolute finite resource use, in line with planetary boundaries. The reduction should be benchmarked against a baseline no later than 2022.

Align strategies with Ellen MacArthur Foundation's Vision for a Circular Economy for Fashion and utilise tools such as the Higg Index Product Tools to map your materials portfolio.

REDUCE OVERPRODUCTION

Develop and implement a strategy to reduce surplus stock that is unsold, sold at discount, resold or destroyed and carry out due diligence. Annually report total unit volumes of unsold items and returns.

In line with the ongoing EU proposal for a Regulation on Eco-design for Sustainable Products and outlined in the Textile Exchange Reimagining Growth Landscape Analysis.

DESIGN ALL PRODUCTS FIT FOR THE CIRCULAR ECONOMY

Design all products for the circular economy, enabling them to be used more, made to be made again and made from safe and recycled or renewable inputs.

Embed circular design principles, in line with Ellen MacArthur Foundation's Vision for a Circular Economy for Fashion, utilise tools such as Ellen MacArthur Foundation's Jeans Redesign guidelines and WRAP's Circular Design Toolkit.

DRIVE INCREASED GROSS REVENUE SHARE FROM CIRCULAR BUSINESS MODELS

Embed circular business models in core business and growth strategies with a view to decoupling revenue from resource consumption. Engage with consumers and suppliers to scale rental, resale, repair and remaking.

Utilise guidance outlined in Ellen MacArthur Foundation's Scaling circular business models: a guide for fashion leaders and insights from The Fashion Remodel.

INCREASE SHARE OF CONSUMER MARKETING MESSAGES PROMOTING CIRCULAR BUSINESS MODELS

Deliver training with relevant internal and external communication stakeholders on how to champion consumer engagement with circular business models.

Adopt guidance outlined in UNEP and UN Climate Change's The Sustainable Fashion Communication Playbook and Ellen MacArthur Foundation's Marketing Playbook for a Circular Economy.

SUPPORT TEXTILE-TO-TEXTILE RECYCLING OF POST-INDUSTRIAL TEXTILE WASTE AND POST-USE TEXTILE WASTE

Implement strategies to support recycling of post-industrial and post-use textile waste, taking account of the waste hierarchy and potential social impact risks within the recycling value chain.

Utilise guidance outlined in CEIC Corporate Circular Target-Setting Guidance and join impact programmes such as Global Fashion Agenda's Circular Fashion Partnership to support ambitions.

MEASURE ACTUAL IMPACT ON JOB QUALITY AND JOB AVAILABILITY FROM CIRCULAR BUSINESS MODELS AND MITIGATE NEGATIVE CONSEQUENCES

A. Integrate a roadmap for a just, circular transition within a broader company strategy, including social impact assessments linked to job quality, job availability and upskilling.

B. Frontrunners should measure and disclose disaggregated information about the influence of circular business models on job quality and job availability and demonstrate investments that prioritise opportunities for displaced workers.

C. Ensure measures that are implemented to reduce environmental impacts do not further harm the rights and livelihoods of producers, workers and communities in the value chain.

Follow ILO Guidelines for a Just Transition towards Environmentally Sustainable Economies and Societies for All and utilise guidance outlined in BSR's Keeping Workers in the Loop.

Policy

The ambitions of this priority relate to the following policy initiatives:

LEGISLATIVE INITIATIVES

In Force

[French Anti-waste and Circularity Law \(2020\)](#)

[Dutch EPR for Textiles \(2020\)](#)

[Mexico City Circular Economy Law \(2023\)](#)

[Revision of the EU Waste Shipment Regulation \(2024\)](#)

[EU Regulation on Packaging and Packaging Waste \(2024\)](#)

[EU Ecodesign for Sustainable Products Regulation \(2024\)](#)

[EU Common Rules Promoting the Repair of Goods Directive \(2024\)](#)

[California Responsible Textile Recovery Act \(2024\)](#)

Ongoing

[EU proposal for a Green Claims Directive](#)

[Revision of the EU Waste Framework Directive](#)

[New York Proposal for Textile EPR](#)

[Washington Act to Establish Producer Responsibility for Textiles](#)

Upcoming

[EU Circular Economy Act](#)

[EU Innovation Act, EU Bioeconomy Act](#)

[EU Advanced Materials Act](#)

[Chile Circular Economy Strategy for Textiles by 2040](#)

NON-LEGISLATIVE INITIATIVES

[EU Textiles Ecosystem Transition Pathway \(2023\)](#)

[Uruguay National Waste Management Plan \(2021\)](#)

[Chilean 2020-2040 National Circular Economy Roadmap to Prevent Waste \(2021\)](#)

[EU Single Market Strategy \(2025\)](#)

This priority addresses Sustainable Development Goals:

8 DECENT WORK AND ECONOMIC GROWTH



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



12 RESPONSIBLE CONSUMPTION AND PRODUCTION





DEFINITIONS

ANCIENT AND ENDANGERED FORESTS – Ancient and endangered forests are defined as intact forest landscape mosaics, naturally rare forest types, forest types that have been made rare due to human activity and/or other forests that are ecologically critical for the protection of biological diversity. (Canopy)

BASELINE – Value of impacts or state against which an actor's targets are assessed in a particular previous year. (SBTN)

CLIMATE ADAPTATION – Actions that help reduce vulnerability to the current or expected impacts of climate change, for example weather extremes. (UNDP)

CIRCULAR BUSINESS MODELS – Business models which keep products at their highest value, including rental and re-commerce, which result in the decoupling of economic development from resource consumption. Products are designed and manufactured to last and align with the business model that will deliver them. (Ellen MacArthur Foundation)

CIRCULAR DESIGN – Ways of designing and manufacturing materials and products to last and at end of life be disassembled so that they can be reused, remade, recycled and – where relevant, after maximum use and cycling – safely composted. (Ellen MacArthur Foundation)

COLLECTIVE BARGAINING, COLLECTIVE BARGAINING AGREEMENT (CBA) – Process of all negotiations between an employer (or employers' organisation) and one or more trade unions, with the aim of developing a collective bargaining agreement. CBAs clearly outline work conditions at a factory, regional or sectoral level and are agreed between employers and trade union representatives. These are written, legally

binding, enforceable contracts that outline the terms and conditions of work for a specific period of time. (Fair Wear Foundation)

CONTEXTUAL TARGET SETTING – Taking a contextual approach to target setting which enables a company to become more responsive to local challenges and set up internal processes to manage locally specific performance targets. (WWF)

CONVERGED SOCIAL ASSESSMENTS – A method wherein multiple organisations adopt the same social assessment framework, so the organisation under review does not need to complete multiple and oftentimes duplicative audits; results become comparable across the industry and resources can be redirected to improvement. (SLCP)

DECARBONISATION – Reduction of greenhouse gas emissions. (Apparel Impact Institute, Fashion For Good). Phasing out dependence on carbon-containing fossil fuels and carbon embedded in other societal and industrial processes. (EESC Glossaries).

DEFORESTATION – The conversion of forest to other land uses regardless of whether it is human-induced. (FAO)

DIVERSITY, EQUITY AND INCLUSION (DEI) – Policies that address diversity, equity and inclusion. Diversity recognises and celebrates differences among people, including individual, social, cultural and political differences. Equity involves providing fair opportunities for everyone based on their specific needs and acknowledging barriers such as discrimination and bias. Inclusion is the meaningful action that connects equity and diversity. (Forum for the Future)

DUE DILIGENCE – The process through which enterprises can identify, prevent, mitigate and account for how they address their actual and potential adverse impacts. (OECD) Refer to [OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector](#).

EFFECTIVE WASTEWATER TREATMENT – Refer to [ZDHC's Wastewater Guidelines Version 2.2](#).

FAIR COMPENSATION – Worker's right to compensation within a regular working week that is sufficient to meet their basic needs and have some discretionary income. Employers shall pay at least the minimum wage or the appropriate prevailing wage, whichever is higher, comply with all legal requirements on wages and provide any benefits required by law or contract. (Fair Labor Association)

FASHION INDUSTRY – Companies such as brands, retailers and producers responsible for the design, production, promotion and selling of clothing, footwear and accessories. (Global Fashion Agenda)

FASHION SECTOR – Comprises the entire ecosystem of actors that influence the operating environment of the fashion industry, including but not limited to brands, retailers, producers, governments, NGOs, MSIs, investors, innovators and consumers. (GFA)

FIBRE FRAGMENTATION LEVEL – The process of fibre loss from a textile product during its life cycle and/or through its subsequent breakage in the natural environment. (The Microfibre Consortium)

FINITE RESOURCE – Materials that are non-renewable on timescales relevant to the economy, i.e. not geological timescales. (Ellen MacArthur Foundation)

FREEDOM OF ASSOCIATION – The right of workers and employers to establish and join organisations of their own choosing without previous authorisation. They shall have the right to draw up their constitutions and rules, to elect their representatives in full freedom, to organise their



administration and activities and to formulate their programmes. Freedom of Association is the prerequisite for collective bargaining. (ILO)

GENDER PAY GAP – Difference in average gross hourly earnings between women and men. (EU Commission)

GRIEVANCE MECHANISMS – Any routinised, state-based or non-state-based, judicial or non-judicial process through which grievances concerning business-related human rights abuse can be raised and remedy can be sought. (United Nations Guiding Principles)

HAZARDOUS CHEMICALS – Chemicals mean chemical elements and compounds, and mixtures thereof, whether natural or synthetic. Hazardous chemicals include any chemical which has been classified as hazardous in accordance with Article 6 or for which relevant information exists to indicate that the chemical is hazardous. (ILO)

INDIGENOUS PEOPLES – Those who self-identify as indigenous and/or who likely have customary social and political institutions and historical continuity and attachment to specific lands. (Conservation International, Textile Exchange)

INFORMAL WORKERS – Workers that are often linked to contracted and or temporary work arrangements commonly excluded from formal frameworks and fundamental entitlements associated with being employed, including social protection, employment contract, decent working conditions and the rule of law, undermining workers' rights.

JOB AVAILABILITY – Number of jobs available.

JOB QUALITY – A multi-dimensional concept that can include but is not limited to sexual harassment and discrimination, poor working conditions and health and safety risks, physical and verbal abuse, human rights violations, remuneration, working time, barriers to freedom of association, collective bargaining, social security coverage, access to paid leave, parental leave, sick leave, job security, contractual agreement, access to remedy and career advancement opportunities. (BSR)

JUST TRANSITION – Greening the economy in a way that is as fair and inclusive as possible to everyone concerned, creating decent work opportunities and leaving no one behind. In the context of this report, just transition can mean ensuring all supply chain workers are fully included in the circular transition, including marginalised groups who are not directly employed by fashion brands or suppliers. (ILO)

LIFE CYCLE ASSESSMENT (LCA) – An LCA is a compilation and evaluation of the inputs, outputs and the potential environmental impacts of a product system throughout its lifecycle. It explores the environmental aspects and potential environmental impacts (e.g. use of resources and environmental impacts of emissions) from raw material extraction through to production, use, waste treatment, recycling and final disposal. (PST)

LIVING WAGE – The remuneration received for a standard workweek by a worker in a particular place sufficient to afford a decent standard of living for the worker and her or his family. Elements of a decent standard of living include food, water, housing, education, health care, transportation, clothing and other essential needs including provision for unexpected events. (Global Living Wage Coalition)

LOCAL COMMUNITIES – Those who depend directly on their ecosystems for their livelihoods and as a result have developed traditional knowledge about their area. Although local communities do not have the same legal standing as indigenous peoples, it is important to recognise that they are still impacted by the fashion, apparel and textile industries. (GFA)

LOW CLIMATE IMPACT MATERIALS – A fibre or material that generates a lower level of GHG emissions, as measured by CO2 equivalent, when compared with the conventional method of production. (Textile Exchange)

MANUFACTURING RESTRICTED SUBSTANCE LISTS (MRSLs) – A list of chemical substances that are banned from intentional use in facilities processing textile materials, leather, rubber, foam, adhesives and trim parts. (ZDHC)

MICROFIBRE POLLUTION – Microfibres (or fibre fragments) are formed during the production, use and laundering of textiles and enter the environment through a range of pathways (e.g. air, land and water) where they can cause harm due to their physical shape and size or chemical content. (The Microfibre Consortium)

MITIGATION (MICROFIBRES) – Evidence-based choices to prevent and reduce fibre fragmentation and release at the root cause. (The Microfibre Consortium)

NET POSITIVE FASHION INDUSTRY – An industry that gives back more to society, the environment and the economy than it takes out. (GFA)

ONGOING POLICY INITIATIVES – Initiatives that are currently being adopted, revised and undergoing legislative procedures. It also includes EU Directives until the end of their transposition period. (GFA)

OVERPRODUCTION – When a company buys or produces more stock than it can sell to its customers - leaving unsold stock that is then sold at a discount, resold to other parties or potentially destroyed. (GFA)

PAY EQUITY – Equal remuneration for men and women workers for work of equal value. (ILO)

POLICY INITIATIVES IN FORCE – Initiatives that are currently active and deploying legal effects. (GFA)

POST-INDUSTRIAL TEXTILE “WASTE” – Any textile coming from an industrial process such as milling, spinning, printing and garmenting processes that is traditionally classified as waste. Often clippings from garmenting. Also known as pre-consumer waste/materials. (GFA)

POST-USE PRODUCTS OR TEXTILES – Clothing and textile products or left-overs that have been used by a consumer and then discarded after use. Also known as post-consumer materials or materials generated by households. (GFA)

PREFERRED FIBRE OR RAW MATERIAL – A fibre or raw material that delivers consistently reduced impacts and increased benefits for



climate, nature and people against the conventional equivalent, through a holistic approach to transforming production systems. (Textile Exchange)

RECYCLED – Material that has been reprocessed from recovered (reclaimed) material by means of a manufacturing process and made into a final product or into a component for incorporation into a product. Recovered material could be from pre-consumer material or post-consumer material. (Textile Exchange)

RESPONSIBLE EXIT – The process of preventing and mitigating adverse human rights impacts when ending business relationships with suppliers. (Fair Wear Foundation)

RESPONSIBLE PURCHASING PRACTICES – Purchasing practices that do not negatively impact workers in supply chains and that support suppliers to operate sustainably and enable them to pay living wages to their workers. Responsible purchasing practices are characterised by providing order visibility to suppliers, maintaining stable ordering patterns, giving suppliers enough time to complete all processes, fair financials and shared responsibility for improving supply chain social and environmental sustainability. (Better Buying Institute)

SCIENCE-BASED TARGETS – Measurable, actionable and time-bound objectives, based on the best available science, that allow actors to align with Earth's limits and societal sustainability goals. (SBTN)

Science-based targets for freshwater – Targets that support a company to reduce its impacts on freshwater resources and are in line with latest hydrological science. (SBTN)

SUSTAINABLE DEVELOPMENT GOALS (SDGS) – 17 goals adopted by the United Nations in 2015 as a universal call to action to end poverty, protect the planet, and ensure that by 2030 all people enjoy peace and prosperity. Countries have committed to prioritise progress for those who're furthest behind. (UNDP)

SUSTAINABLE FOREST MANAGEMENT – An integrated, inclusive approach that balances biodiversity conservation, ecosystem-service provision and socio-economic benefits, ensuring long-term forest health, resilience and equitable benefit-sharing among all stakeholders. (IUCN)

TIER 1 – Product-/garment-making (cut, make and trim (CMT)) suppliers that manufacture the final products. (Textile Exchange)

TIER 2 – Fabric producers. Suppliers that process cotton yarn into fabric. (Textile Exchange)

TIER 3 – Yarn producers. Suppliers that process fibre into yarn (by spinning). (Textile Exchange)

TIER 4 – Raw material producers and processors of primary or secondary (reclaimed) raw materials. (Textile Exchange)

TRANSPARENCY – Relevant information that has been made available to all elements of the value chain in a standardised way, which allows common understanding, accessibility, clarity and comparison. (European Commission)

UPCOMING POLICY INITIATIVES – Initiatives that are yet to be formally proposed by an institution and their adoption has been anticipated in an official legislative agenda. (GFA)

VALUE CHAIN – Production of 'economic value' along a series of activities, sites and entities. The value chain can be divided into three segments – upstream, direct operations and downstream. Each of these segments involves places where economic activities occur that the company manages or relies upon. Most value chain frameworks cover a suite of activities, starting with the raw materials and extending through end-of-life management, that (a) supply or add value to raw materials and intermediate products to produce final products for the marketplace and (b) are involved in the use and end-of-life management of these products. (SBTN)

VIRGIN RESOURCES – Materials that have not yet been used in the economy. These include both finite materials (e.g. iron ore mined from the ground) and renewable resources (e.g. newly produced cotton). (Ellen MacArthur Foundation)

WASTE HIERARCHY – Refer to the [EU Waste Framework Directive](#) which defines a 'hierarchy' to be applied by EU Member States in waste management.

WATER STEWARDSHIP – Use of water that is socially and culturally equitable, environmentally sustainable and economically beneficial, achieved through a stakeholder-inclusive process that includes both site- and catchment-based actions. (Alliance for Water Stewardship)



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