



Sustainable fashion

The practical guide for a new model

This is a practical guide that brings together the experience and knowledge of different experts on fashion and sustainability in Spain. Our report outlines the current state of the industry, how things are changing, and what trends are on the horizon in terms of sustainable fashion.

This whitepaper has been developed and published by Docuten, a company dedicated to the digital transformation of business processes for large companies across different industries, including fashion. It was created in collaboration with Milbrait Asesores, a strategic consulting firm committed to sustainable industrial development through technological solutions.

Acknowledgments

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Origins and evolution
of sustainability
in Fashion

What is the meaning of sustainability?

The *Our Common Future* report from the World Commission on Environment and Development reflects the concept of sustainability predominately in use today.

Published in 1987 by the UN, this seminal document is also known as the Brundtland Report, acknowledging the important role of former Norwegian Prime Minister Gro Harlem Brundtland in its development. For the first time, the impact of our economic model on the environment was analysed and questioned, and the concept of “sustainable development” introduced as a way to fulfill current needs without compromising those of future generations. Its findings maintained that *“sustainable development is a process of change in which the exploitation of resources, the direction of investments, the orientation of technological development; and institutional change are all in harmony and enhance both current and future potential to meet human needs and aspirations.”*

The Brundtland Report pushed the idea of sustainability at a global level, calling on countries to adopt more socially minded and environmentally friendly policies. Ultimately, it recognised the

interconnected nature and far-reaching effects of the problem at hand, and the necessity of working together to achieve change:

“We recognize that poverty, environmental degradation, and population growth are inextricably related and that none of these fundamental problems can be successfully addressed in isolation. We will succeed or fail together.”

Sustainability in the fashion industry

According to the UN, the fashion industry is one of the worst offenders when it comes to pollution, second only to the oil industry.

María Eugenia Girón, a prominent businesswoman and expert on the fashion industry and luxury markets in Spain, contends that the data is extremely worrying: the production of a single shirt uses 20,000 litres of water, the



textile industry is responsible for 20% of CO2 emissions and each of us throws away around 30 kilos of textile waste annually—material that produces very high levels of atmospheric pollution. Each year, these processes use an enormous amount of toxic chemicals to manufacture garments and generate more than 92 million tons of textile waste. The fashion industry also produces the second highest amount of wastewater. Most damning, however, is the fact that the fashion industry produces 20% of the pollution that is generated globally, a reality that very much underscores the severity of the situation.

The challenge here lies not only in the cycle of manufacturing and recycling, but in everything related to production, from the environmental impact to the social impact of economic gain. Businesses in the industry must adopt the mentality that “not everything goes,” and environmentally friendly practices become inherent to the values of the company.

In this vein, it should be noted that our understanding of sustainability in the fashion industry goes beyond the conventional model. It is not only about reducing the industry’s environmental footprint by using materials more respectful to the earth but about upholding and improving the rights of workers.

This is a new way of understanding the textile industry that takes into account the three pillars of sustainability that were outlined in report *The New Sustainability* (along with a number of others). These three pillars are environmental, social and economic sustainability. The aim is to implement a new form of responsible and sustainable consumption for lasting progress.

Origins and evolution in the industry

The concept of sustainable fashion derives from a growing interest in taking care of the environment, a trend that is part of a larger movement aimed at sustainable design. This approach takes into account environmental and social impact when designing and creating products.

The origins of sustainability can be looked at through three different lenses that frame our current understanding of its evolution in the fashion industry.

A first perspective relates to the term sustainability, which originated in the economic sphere. Oxfam Intermón defines a sustainable economy as

“a social context in which there is well-being and economic growth that benefits the entire community and offers them the opportunity to be happy”.

The second is centered on an eco-friendly mindset. The term *slow fashion* arose in 2007 by Kate Fletcher, an activist, writer and entrepreneur, who laid the groundwork for this concept. She explained that it is possible to produce clothes and dress responsibly based on a commitment to our planet and the people who inhabit it.

Making clothes this way actually boosts the creativity of the design and of fashion in general. The key is to use design to promote social change.

Finally, a third perspective builds off of this wider social awareness. Many believe that sustainable fashion was propelled into the spotlight after what occurred on April 24, 2013 in Bangladesh: the Rana Plaza collapse. A garment factory that housed several textile workshops and was manufacturing apparel for some of the world's most famous fashion brands collapsed, resulting in over one thousand deaths. While this may not have been the start of sustainable fashion, it did mark a before and an after for the industry since it opened up a debate on how fashion is made and the situation of factory workers. It also spurred many subsequent sustainable fashion initiatives.

Following this event, the *Fashion Revolution* campaign emerged. The movement was founded by Carry Somers and Orsola de Castro to raise awareness about the problems in the industry



and to fight to improve conditions. Every April 24th Fashion Revolution Day serves to commemorate the anniversary of the terrible events that occurred at Rana Plaza.

Since 2013, sustainable fashion has been positioning itself as the future of fashion, and the vast majority of prominent industry brands are committed to implementing measures and improvements in production.

Catharina Martínez Pardo is a core member of the Boston Consulting Group and forms part of their team of sustainability experts. At the South Summit 2019, in her presentation titled *Fashion, Retail and Sustainability; Enemies or Allies*, she maintained that although measures are being adopted slowly and not completely efficiently, the direction that companies are taking is the right one.

PALOMA GARCÍA

A graduate of the Universidad Complutense de Madrid with a degree in Journalism and an expert in IART (Instituto Superior de Arte) Business Communication, Paloma García is CEO and founder of The Circular Project, a comprehensive sustainable fashion initiative that is part of the Economy for the Common Good and that goes beyond the simple act of marketing fashion.

Paloma is also president of the Sustainable Fashion Association of Madrid (Asociación de Moda Sostenible de Madrid). Her experience in sustainable fashion, the result of years of commitment and intense field work, has earned her the Award for Good Practices in the Value Chain from the esteemed Cepaim Foundation in Spain.

Among her many achievements, Paloma is partner of the New Economy Social Innovation – NESI Madrid, collaborator with the Fashion Law Institute, member of Somos SANNAS, Mercado Social, and her work is audited by the Economy for the Common Good. She also works to promote Sustainable Fashion Week in Madrid.

Interview with Paloma García López, founder and CEO of The Circular Project

You have extensive experience in the retail sector, especially in the realm of ecodesign and the circular economy. A few years ago these were practically unknown terms, and whether or not they would have longevity and lasting impact was unclear. What prompted your commitment to these concepts?

I was at a crossroads in my career and had to stop and reflect. I had been let go under unfair circumstances and needed to think about how I wanted my life to be moving forward, and what I was willing to give up in order to have a job. It came to me pretty quickly: I needed my life to have meaning both personally and professionally. That is where my project began. It was an instinctive choice that opened me up to an incredible world where things could be done differently and where the circular economy was a very powerful force. This, in turn, led me to ecodesign. That is why my project is called [The Circular Project](#).

When would you say that the fashion industry took an interest in sustainability?

When they had no choice. The textile industry was doing very well as it was, making billions of dollars, manufacturing like crazy and growing exponentially. Even though industry practices and functioning had been called into question long before (Greenpeace and the Clean Clothes Campaign, for example, had been drawing attention to the tremendous environmental and social problems in the industry for years) it was the collapse of Rana Plaza that acted as impetus to highlight all the issues for the rest of society and in other industries. It was impossible to cover up.

Now the industry has begun to implement different improvements and restructuring plans,

but in my opinion, they are insufficient and unrealistic considering the situation we will face ten years from now. The objective is a controlled decrease of scale and the construction of an industry that is radically different from the current one. Unfortunately, however, inertia is very powerful and the industry is trying to apply the same methodologies as always to a problem that requires much more complex and diverse approaches.

The problem is that they do not want their incomes to be affected (which, in some ways is understandable) so corrective or preventive measures are put in place in the short term, or the medium term, but not in the long term. We now have to think about what is coming in the next ten, twenty years.

How did [The Circular Project](#) come about?

As I mentioned before, it came from a place of unease with the current system, a need to use my time in a more useful way for myself and for others. It was the result of a personal evolution. At first, I started to create a clothing brand but then I realized that I had nowhere to show it, that there was no space that shared the same principles as those I wanted to apply to the project. That is how [The Circular Project](#) was born.

At first it was a showcase for brands with very high standards that were creating fashion that was extremely conscious of its impact and worked to minimise its footprint with every detail. Little by little, though, it has evolved into the more holistic project that it has become. It is an initiative that works to encourage and promote sustainable and circular fashion from different

angles: marketing, dissemination, training, as well as events that put sustainability at the forefront.

In addition to being the founder of The Circular Project, you have had an important role in promoting Sustainable Fashion Week in Madrid. How was such an innovative initiative first received?

Sustainable Fashion Week in Madrid has also evolved since it began in 2014 as *Let it Slow!* which was its coming out.

When we launched the SFW Madrid in February 2020, it was very well received, which was a welcome surprise for us. There was a lot of curiosity, a desire to see fashion in a different way and to understand what we are doing. A fundamental thing for us has been a commitment to our level of CO2 emissions. We put out a report and will be compensated thanks to PEFC Spain. We are already thinking about a second edition.

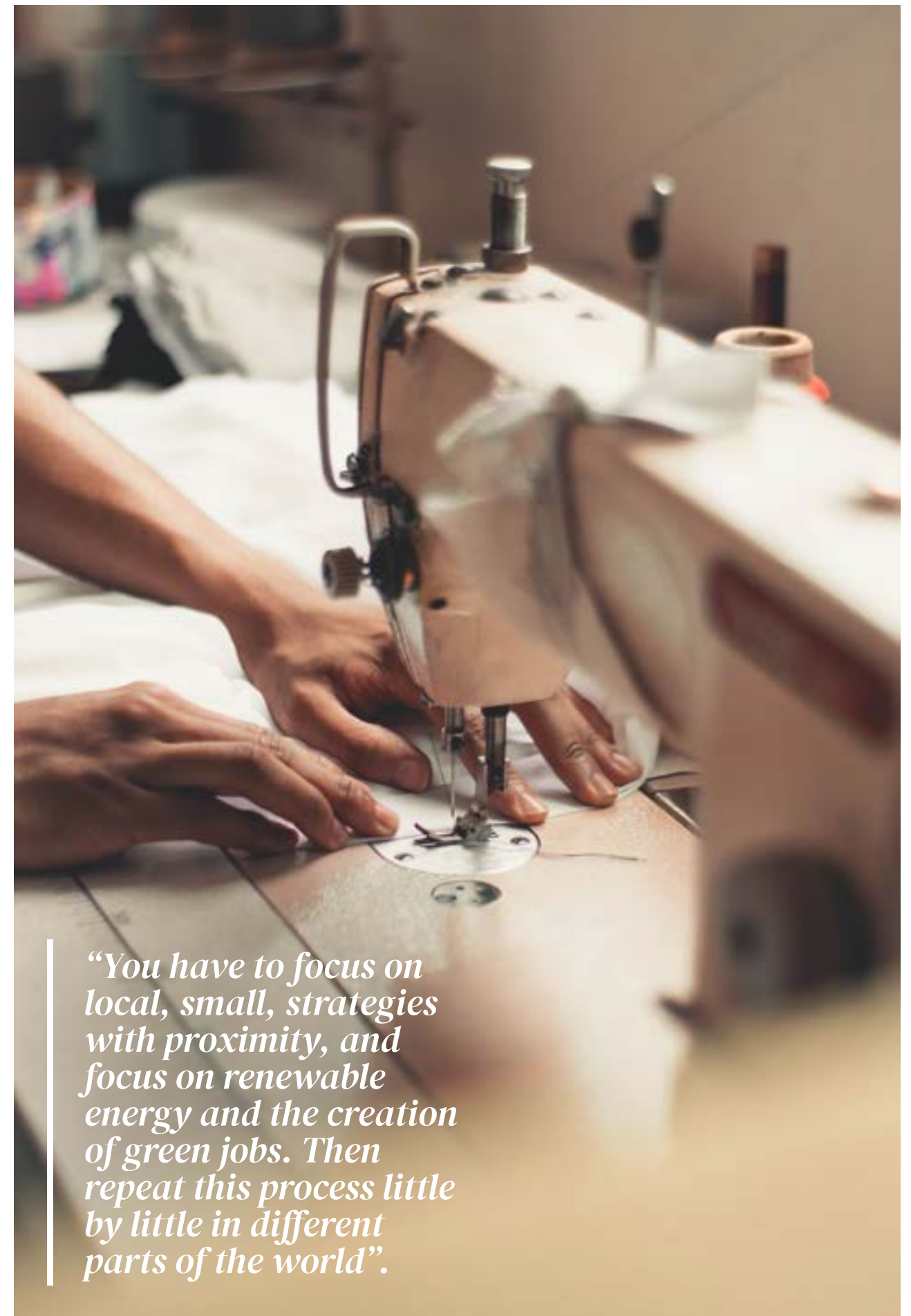
Currently, what point do you think sustainability is at in Spain?

I think we have a long way to go. Most of the industry still does not understand or does not want to understand what it means to be sustainable. Perhaps, as Naomi Klein would say, “they know it better than anyone, and that is why they seek shortcuts and underhanded strategies to avoid having to apply [sustainable practices] as extensively and earnestly as possible.” In Spain, there is a propensity towards grand gestures and now suddenly from one day to the next we are all slow, sustainable, and ecological without any restructuring and without having internalised what this implies when putting it into practice.

Once again I will say that sustainable fashion is restraint, it is a decrease in growth, and taking shortcuts will invalidate describing such work as sustainable.

From my point of view you have to focus on local, small, strategies with proximity, and focus on renewable energy and the creation of green jobs. Then repeat this process little by little in different parts of the world.

This is not what's happening, so we're moving in the opposite direction.



“You have to focus on local, small, strategies with proximity, and focus on renewable energy and the creation of green jobs. Then repeat this process little by little in different parts of the world”.



**Industry impact within the framework of the 3
fundamental pillars**

Environmental impact

Negative impact

Fashion is currently the second most polluting industry in the world, only behind the oil industry. According to the United Nations Conference on Trade and Development, the pollution that comes from the fashion industry exceeds that of transport, food, energy and manufacturing.

Every year, 70 million barrels of oil are used to make polyester, the world's most widely used fiber to make clothing. It will take more than 200 years to decompose.

Every year, 70 million trees are cut down to produce rayon, viscose or lyocell, materials made from cellulose.

Cotton consumes 24% of the world's insecticides and 11% of the world's pesticides, which greatly affects land and water.

It takes approximately 7,500 litres of water to make jeans, the equivalent of the amount of water an average person drinks in 7 years.

Fashion is the second most consuming industry when it comes to using water in its processes and produces 20% of wastewater on a global scale.

Currently, emissions from the fashion industry account for 20% of global carbon dioxide emissions, more than all international flights and the shipment of goods by sea combined.

Taking into consideration these figures, it is not surprising that the UN has classified fast fashion as an environmental emergency.

What's more, every year half a million tons of plastic microfibers are dislodged from fibers such as polyester and plastic during washing and this debris flows into our oceans. 85% of textiles end up in landfills or are incinerated.



According to the United Nations Economic Commission for Europe (ECE), 70% of the industry's emissions come from production, due in large part to the use of synthetic fibers; 22% comes from consumer shopping trips; and 4% comes from merchandise transport via containers.

This data underscores an urgent need to change current business models for more sustainable frameworks, such as circular economy models, in the long term.

Minimising impact

It should be noted that in recent years many companies have begun to show a real concern for developing solutions to an increasingly obsolete business model.

For their part, consumers are demonstrating a growing interest in how and where garments are made, regardless of cost or appearance. This has encouraged brands both large and small to start investing in better manufacturing processes and

more environmentally friendly materials with the aim of improved sustainability.

Companies are now focusing on manufacturing garments with natural materials (such as organic cotton), opting for garment designs that take into account sustainability criteria, employing local manufacturing processes and using recycled materials. This leads us to the two foundational models that make up the backbone of sustainability: ecodesign and the circular economy.

ANA RODRÍGUEZ

Ana Rodríguez is trained in industrial design, but her passion for sustainable development has always been at the forefront of her educational and professional decisions. She studied a Master's degree in Strategic Leadership towards Sustainability at the Blekinge Institute of Technology (BTH) in Sweden, and later specialised in renewable energy and corporate social responsibility.

Throughout her career, she has had the opportunity to study and work in innovative and multicultural environments in different parts of Spain, Portugal, Italy, Cameroon, China, Sweden, Armenia and Cape Verde.

She currently works as a researcher, mentor and consultant in strategic sustainability, supporting organisations that want to integrate economic goals with social and environmental sustainability and move towards a circular business model.



Ecodesign | By Ana Rodríguez Vázquez, Strategic Sustainability and Circular Economy Consultant

As an industrial designer by trade, I have always found it shocking and simplistic that the word design is associated with merely aesthetic elements. How many times have we heard “*this is design*”?

However, if you think about it, all the objects that surround us have been designed by someone more or less successfully: the clothes we wear, the buildings we live in, even our toothbrushes.

In other words, design is the way we create products, services and systems. It is the mechanism by which we shape the material environment around us to satisfy our needs and desires, and this, under the predominant approach of the linear economy translates to EXTRACT - PRODUCE - USE - DISPOSE. It rarely takes into account impact beyond economic considerations

In fact, 80% of the impact that a product has throughout its life cycle is determined in the design phase. In this phase, key decisions are made that affect the way it is manufactured: where the materials come from, if they are toxic or not, how the product will be used, if its life can be extended in some way through other features, if it will be easy to disassemble for repair or recycling, etc. Thus, waste, pollution or loss of biodiversity are not accidents, but the consequences of poor decisions made at the design stage.

If we continue with the current linear production and consumption patterns, by 2030 our consumption of energy and food will have increased by 50% and our consumption of water by 40%. By 2050, our demand for materials will have multiplied by 7. The earth's resources are

limited, though, and not infinite as it might seem from how we exploit them.

It seems logical, then, to ask what would happen if instead of being linear our economy were circular, and what we now consider waste was nothing other than the nutrient or the raw material of another process—that the concept of waste did not exist? Well, that is what the circular economy aspires to be: a model in which no waste is generated, because everything is kept in a closed circle and in which the value of products and materials is maintained over time.

However, most of our products today are designed to fit a linear model. This means that almost everything must be redesigned according to a circular economy, which is based on 3 principles:

1. Eliminate waste and pollution.
2. Keep products and materials in use.
3. Regenerate natural systems.

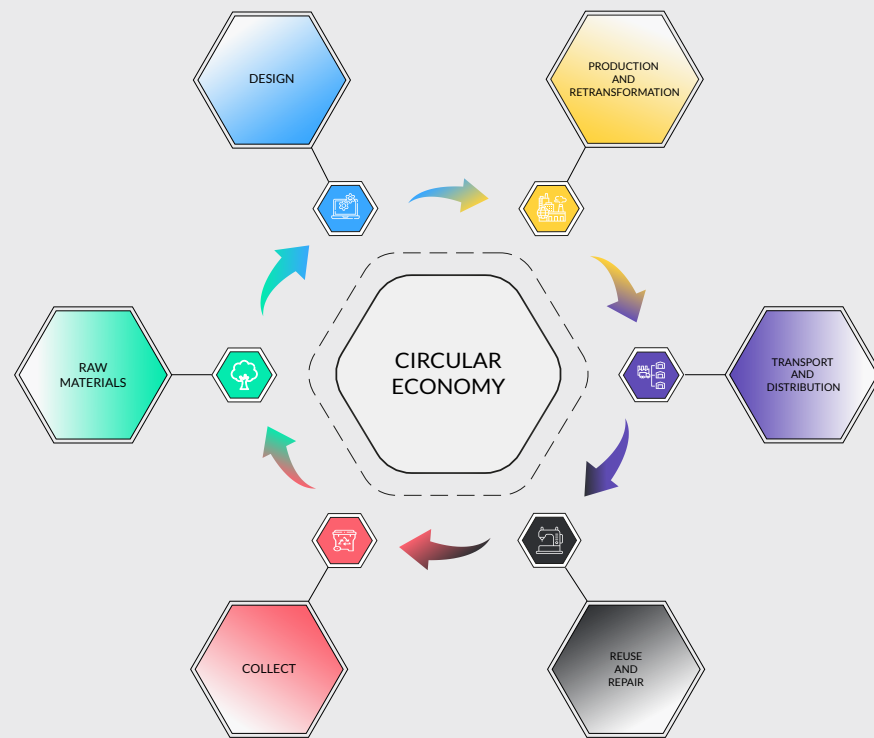
Design is therefore the key to the first principle of a circular economy (eliminate waste and pollution) but it contributes across all three.

The adoption of a circular economy approach means transforming the way we design products and services, changing the way we do business and reorganising our society to respect the rest of the living beings with whom we share the planet.

It is important to remember that we are only 0.01% of all the species on earth.

It is useless to pick up plastic from beaches, for example, if we do not act on the origin of the

problem, on how products and processes are designed, and if we do not change our consumption models. It is about reformulating the current model so that it is regenerative by design.



“That is what the circular economy aspires to be: a model in which no waste is generated, because everything is kept in a closed circle and in which the value of products and materials is maintained over time”.

The path to environmental sustainability | Business

Ecoalf is one of the companies in the textile industry seeking to minimise negative environmental impact. The Spanish company is a benchmark for sustainable fashion, since it was conceived with the premise of creating high-quality designer clothes from waste, including fishing nets, plastic bottles, wheels, and even scraps of coffee. It is also the first and only fashion brand in Spain recognised with the B Corp™ certificate for its commitment to people and the planet. Creating a profitable model from recycled materials is demonstrative of the possibilities of sustainable fashion.

- Ecoalf has already recycled more than 200 million plastic bottles.
- All Ecoalf vendors have at least one of the certifications of the Bluesign® system, or STANDARD 100 by OEKO-TEX®.

Like Ecoalf, many other large and small companies are working towards a more sustainable world:

- **Xiro Atlantic Denim**, is a Galician brand that uses organic cotton and local production to create jeans within a circular economy model. It is GOTS (Global Organic Textile Standards) certified.
- **Green Forest Wear**, is a brand based in Madrid that makes t-shirts and sweatshirts from organic cotton. The cotton comes from sustainable crops free of pesticides, polluting dyes and toxic agents. As a result, the company’s products are hypoallergenic and ecological.
- **North Face**, a US-based company specialised in clothing and equipment for mountaineers, climbers, skiers, etc., also offers sustainable fashion to its customers. The brand’s best-selling Cali beanie, that is currently sold out, has a net-negative carbon impact. The company’s Climate Beneficial™ wool comes from Bare Ranch, which

uses regenerative agricultural methods to trap more carbon dioxide than is emitted.

→ **Everlane** is another US company that bases its strategy on total transparency of its production processes and value chain. Some of its policies include using materials from sustainable sources and recycled materials, like plastic extracted from the oceans. One Everlane initiative even manages to take a toxic product and turn it into something very practical. Their Saitex factory recycles 98% of water used, and toxic waste produced in the denim manufacturing process is extracted and mixed with concrete to make bricks that are later used in low-cost housing.

These are just some of the examples of sustainable fashion that are actively engaged in reducing the environmental impact of the industry.

Economic impact

Looking at consumption data, it is clear that the economic impact of the fashion industry is massive: the global value of the industry on a whole is over \$400 billion.

The Spanish fashion retail industry is considered a strategic sector for the country since it is one of the most important domestic industries. It holds significant economic weight nationally, with increasing growth in exports and as one of the areas where employment is most generated.

In Spain, according to the EY fashion industry report, "the fashion industry represents an economic and social pillar of our country. Companies in the sector are fundamental economic drivers, generating 2.8% of the national GDP and contributing 4.1% to the labor market."

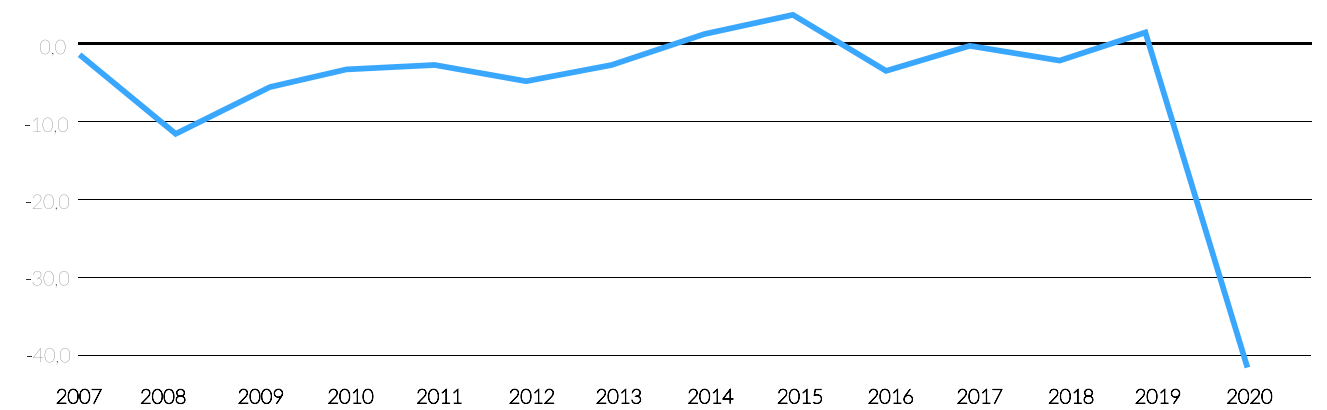
Negative impact

The 2008 financial crisis had a negative impact on the fashion industry, causing large declines in employment, as well as a significant drop in sales.

Large companies were forced to make changes in order to move forward and improve business.

Currently, we are also facing economic and social uncertainty. While present circumstances affect many industries, fashion retail has been noticeably impacted. According to a study done by The Boston Consulting Group, in 2019, the fashion industry had a revenue volume 20% lower than in 2007. In 2020, due to the COVID-19 crisis (among other factors) the sector suffered a 36.6% slump in profits.

Economic recovery in this industry, as with many others, will not be immediate. Social distancing and remote work policies are ongoing, and the precarious economic situation will have ramifications into 2021 and beyond. It will be difficult for the fashion industry to return to the same level of sales it had in years prior, which will hold complex consequences for textile companies moving forward.



Graph: Evolution of the Fashion trade indicator, 2007-2020 | Source: Acotex

Industries related to fashion are also facing social and economic repercussions.

In particular, the manufacturing industry that works in tandem with the fashion industry has been directly affected by the closure of shops. As sales and distributions declined to zero, textile production came to a complete standstill. Ultimately, the deterioration of the fashion retail industry has had a domino effect, implicating diverse industries linked to the business of fashion such as logistics, or even shopping centers.

Positive Impact

Even with the aforementioned setbacks, in recent years, the fashion industry in Spain has been adapting to a highly competitive, globalised landscape. It has been regaining momentum, making the industry an important investment opportunity.

The fashion retail industry was critical in advancing the modernisation of Spain, both economically and socially. As an industry-leader internationally, fashion has also facilitated an increase in shopping tourism, which attracts consumers to the country. Additionally, fashion has helped other industries (like logistics) to expand and flourish, and has propelled the development of shopping centers.

The Fashion retail industry also addresses three challenges facing today's society that directly relate to economic growth:

Employment: fashion is one of the industries that creates the most jobs in a number of Autonomous Communities throughout Spain including Galicia, Andalucía, Castilla-La Mancha and the Comunidad Valenciana.

Integrating women in the workforce: according to a report on industries in Spain, women represent more than 50% of workers in the textile and footwear industries, as well as in the fashion industry overall.

Jobs for vulnerable factions of society: the industry provides opportunities for people who have difficulty finding work, including unskilled workers or graduates of vocational training programs.

The current situation has caused many companies in the fashion retail industry to change and adapt. This has meant digitising completely, and thus creating new consumer habits. During these last months, for example, online purchases have grown exponentially. E-commerce has a promising future: 60% of users will continue to buy online once the pandemic ends, according to a study done by Sales Layer titled *The State of the Commercial Landscape for Manufacturers and Retail After the Impact of COVID-19*.

This change in consumer behaviour will be key to reactivating the Spanish economy—especially in the fashion retail industry. Digitalisation will improve efficiency and profits, and will create new experiences for the consumer.

E-commerce has endured and dominated during these times of COVID-19 and the public has swiftly adapted to this shift to digital to meet their needs. Online shopping has become the norm, along with remote work. These changes have not only benefited large companies but also small businesses, and most will now be able to continue offering their products seamlessly as a result of technology. Companies are moving towards a mixed model that engages their mechanisms with the marketplace to boost sales and reach more consumers.

Social impact

Negative impact

In general, there are many consumers who prefer quantity over quality when it comes to fashion. This attitude has been driven by low prices and the mass production coming from many companies in the industry, who release more and more collections each year.

Currently, there are up to 52 micro-seasons throughout the year, with consumers buying much more clothing than they did in the year 2000, but with each piece lasting for half the time. On average, 40% of clothing bought is never used.

In order to maintain this production rate over time and be profitable, many large companies choose to manufacture their garments in countries where labor is very cheap. This leads to unregulated and subpar— or even dangerous—working conditions for workers.

A very clear example of this is the previously discussed collapse of Rana Plaza, which has proven to be one of the most important milestones for the rethinking of the fashion industry in terms of sustainability. More than 1,000 people lost their lives and 2,000 were injured in this tragic event, exposing the dark underbelly of industry practices such as the terrible working conditions of factory workers.

After what happened at Rana Plaza, there has been more concern by consumers and companies regarding the origins and manufacture of clothing.

Positive Impact

In contrast to irresponsible consumption behaviours and production processes detrimental to workers, sustainable fashion proposes a more responsible mindset with an ethical commitment: garments must have a fair price, must be backed by quality materials and must be manufactured in compliance with safety standards. It is not about buying more, but buying better.

In this vein, consumers are becoming increasingly aware of the origins of the clothes they buy. Although this isn't the general mentality of all consumers yet, a focus on ethical fashion is gaining more traction.

As a result, big brands are developing sustainability strategies and focusing more on timeless

fashion, which means fewer collections. This reduces the workload of and the pressure on workers who are part of the production chain.

Without a doubt, it is everyone's duty—both consumers and companies alike—to develop more responsible consumption habits.



Rethinking the paradigm:
the great challenge of
sustainability



Sustainability as a business obligation

More than 30 years ago, the 1987 report *Our common Future*, often referred to as the “Brundtland Report,” emphasised the idea of sustainable development in an effort to combat the trajectory of destruction that has had terrible consequences on the planet and can only be mitigated if the necessary measures are put in place.

As has been discussed throughout this whitepaper, and in many other reports, it is clear that the current business model is unsustainable.

Since the fashion industry is the second most polluting in the world, companies in the sector must play a key role in making changes. They have a responsibility to formulate a new social and business reality that integrates sustainable strategies and curbs ongoing damage to the planet.

As Catharina Martínez Pardo stated in her presentation “*Fashion, Retail and Sustainability; Enemies or Allies*”, held at the South Summit 2019, sustainability has proven to be a fundamental part of a business. Determining how a company can be more efficient in using resources contributes to positive business outcomes. Looking to the future and being aware of the fact

that resources are increasingly scarce, the price of materials will substantially increase and consumers are more conscious and concerned about sustainability, it makes sense to invest in something today that in the medium or long term will be profitable.

Not only is this considered a business or moral obligation, but it is a legal obligation in Spain as a result of [Royal Decree-Law 18/2017 on non-financial information](#).

This law came into existence after the European Union required Member States to create legislation that would oblige companies with certain determining factors to publish relevant information beyond their income statements. This includes information on environmental management, corporate social responsibility, social reports and information on personnel, human rights related elements, business commitments

to sustainable development, dealings with sub-contractors and suppliers, etc.

Thus, sustainability should in fact be seen as an obligation on all fronts. The President of HP Spain and Portugal, Helena Herrero (2019), stated it best: it is “an imperative for the workforce.” The Davos Forum (2020) also made it clear, emphasising the obligation of large companies to “do good, doing it well.” Meaning, Corporate Social Responsibility is completely compatible and works in tandem with business success. Incorporating sustainable goals into business strategy is not only the right thing to do, but it is an opportunity to innovate, drive efficiency, productivity, generate profits, and build loyal and lasting relationships with customers.

The consequences of companies not adapting sustainable measures does not only impact the environment but also holds significant social and economic implications.

Sustainable investment criteria

The significance of sustainability in the textile industry is directly related to the fact that it is one of the criteria most valued by investors when considering whether to invest in a company or not.

Environmental, social and governance (ESG) criteria are a series of standards that evaluate how companies operate that investors use to assess a potential investment opportunity.

The objective is to verify that a positive financial return on an investment would be coupled with long-term social change. These ESG indicators offer relevant information on risks and opportunities for investors.

The different criteria include:

- **Environmental criteria**, which looks at a company’s performance in regard to eco-friendly behaviours.
- **Social criteria** which evaluates how companies interact with suppliers, customers, employees, and the surrounding communities.

→ **Governance criteria** which considers how a company is led, audits, internal operations, shareholder relations, etc.

There are a wide variety of reasons that drive companies to engage in sustainable investments. Regardless of the ultimate goal, using ESG criteria can help companies invest in a much better environmental and social future.

This shift toward sustainable investing can also be seen in a [letter written by Larry Fink](#), President and CEO of BlackRock, a US-based global investment management company. In it, he discusses the relationship between environmental impact and investment risk, and its increasing relevance for investors.

BlackRock insists that companies focused on sustainability are the future and that, to achieve long-term profits, companies must have a clear, eco-friendly trajectory. Accordingly, BlackRock puts sustainability at the center of its investment approach.

ANA GIL

Ana Gil holds a Law Degree from the University of Santiago de Compostela, and has always been passionate about the world of law and new technologies. Upon finishing her training as a lawyer, she decided to specialise in sustainability and completed la Cátedra Inditex-UDC sobre Sostenibilidad e Innovación Social (CESIS), a specialisation course on sustainability and innovation.

She currently works at Milbrait, a technology consultancy firm created in 2016, where she heads the sustainability department.



Sustainability reports and the importance of corporate reporting, by Ana Gil

The year 2020 has ushered in many changes in different areas, including advances in the field of sustainability. Progress came, in part, by way of a letter published by the CEO of Black Rock. In his letter, Larry Fink addressed shareholders declaring that the corporation would only invest in companies that meet sustainability criteria, putting environmentally friendly practices at the core of their approach. Since then, the companies that strive to stand out in this area have grown in number. Mr. Fink's letter has been the definitive push that companies needed to begin to focus on how to integrate sustainability into their business models, an undertaking that is often complex but totally necessary for a company to survive in this day and age. This important shift has been underpinned by legal obligations. At the end of 2018, Law 11/2018, of December 28, on Non-Financial Information and Diversity was passed in Spain requiring companies that met specific parameters regarding volume of business, total assets or average number of workers to issue a report that outlines the consolidated non-financial status of the company. Meaning, a company was required to report on the environmental, social, human rights, corporate and economic governance impact that it generates through its business activity. Thus, corporate reporting is more necessary than ever, not only because it has been mandated for certain companies by Law 11/2018 in Spain, but because shareholders want to know what value a company contributes to its surroundings and its real environmental impact. This very report addresses

the aforementioned developments and requirements, and is, in fact, a form of sustainability report. It may at first be surprising that a company dedicated to clients in fashion retail puts out a sustainability report, since the general opinion is that sustainability is limited to the environmental arena. However, the reason why the law requires reporting on other factors is because sustainability is structured around several axes: one is environmental, but there are others that deal with social and economic elements, as well as good corporate governance.

Regarding the first pillar of sustainability (the environment), as has been said, it is the most well-known and is perhaps where most impact is generated by more companies. Examples of the negative impact that companies or industries have on the environment include pollution, illegal dumping, deforestation, destruction of natural habitats—anything that occurs as a direct or indirect consequence of the company's business activities. Companies must ask themselves, then, questions like: what impact am I generating on the location where production is carried out? Can I minimise it? If I cannot minimise it, what other measures can be adopted to lessen the damage done to the place where my company is established? This information should be reflected on, and various other points addressed, in the corresponding report. Examples include pollution (measures that the company has adopted to reduce or make up for carbon emissions that seriously affect the environment), climate change, the circular economy, or waste

management and prevention (actions to prevent, manage, recycle or reuse).

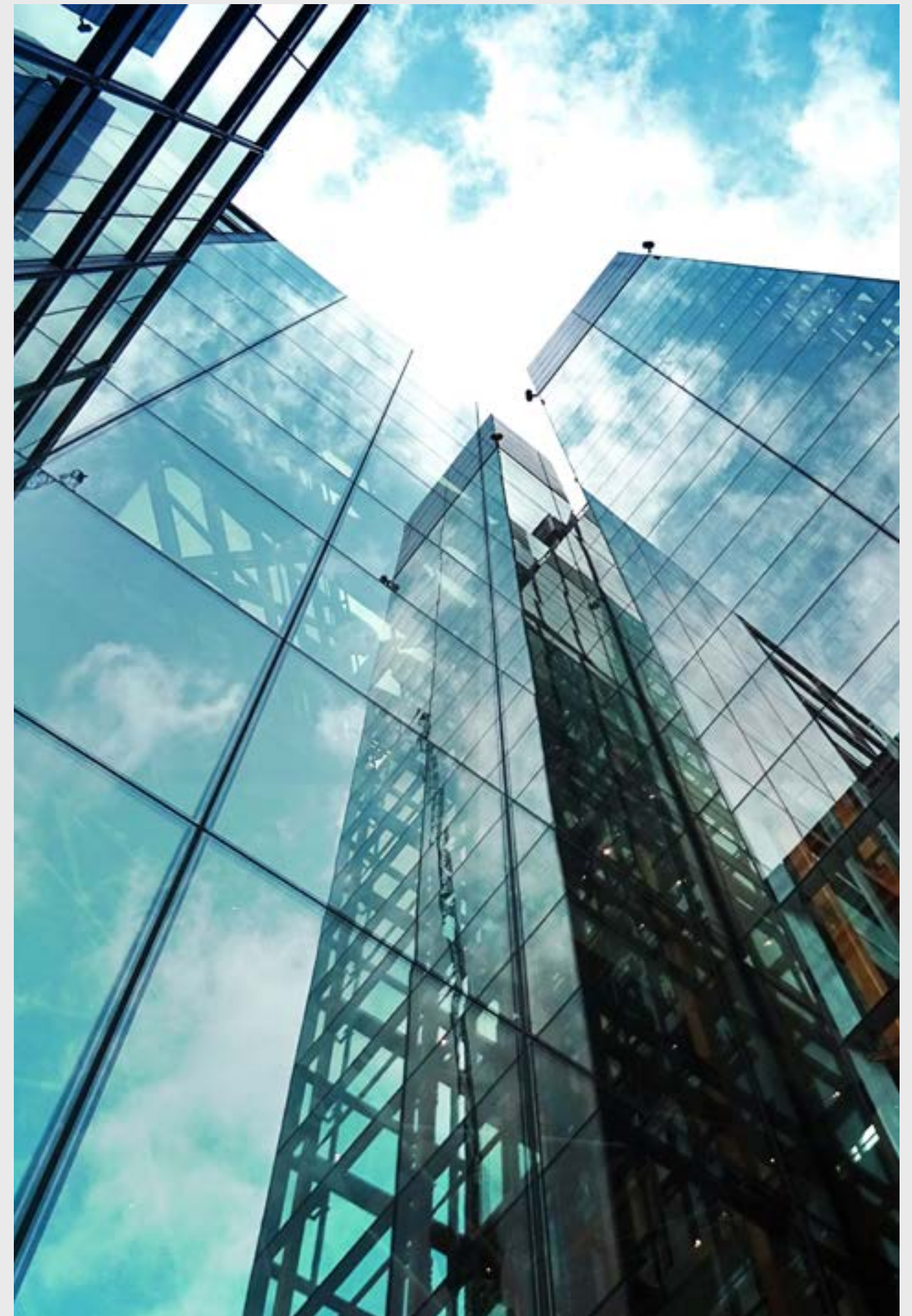
Social impact is not as well-known in the world of sustainability but is perhaps one of the most important tenets. In general, this deals with the welfare of people, but more specifically, a company's employees. How are my actions affecting the population? What activities could be developed to improve problems that exist in the country where I operate? When thinking about society in a broader context, the role of businesses as agents of social change is clear. Companies can have a massive social impact (both positively and negatively) through their activities, and it is their duty to know how to remedy any harm done and promote the well-being of people. Regarding company employees, it is about ensuring compliance with working conditions (health and safety at work, decent compensation for work performed, non-discrimination, policies that guarantee equality, etc.) and implementing labor policies that allow labor conciliation, as well as the non-penalisation of workers who suffer occupational accidents or occupational diseases, etc. It is worth highlighting the important role that external audits play in verifying that suppliers comply with the labor rights of employees, and if they are not in compliance, that there are adequate sanctions. Legislation in Spain requires the publication of issues related to employment (numbers, distribution by sex, wage gap, etc.), safety and job assignment, equality and organisation of responsibilities. Law 11/2018 also requires reporting on compliance with and respect for human rights (the application of due diligence procedures in the field of human rights, the elimination of forced or compulsory labor, the effective abolition of child labor, among others). It should be noted that this social pillar within sustainability is going to be one of the most affected by COVID-19, and it will be important for companies to reinforce good practices and increase the resources allocated to this area in an effort to reduce the

impact that this pandemic will have on the day-to-day lives of many people.

The economic pillar has gained more prominence as it has become increasingly relevant for the survival of the company. It centers on how a company's business model can be sustainable over time. The aim is to implement efficient and innovative solutions in the field of sustainability. It affects everything related to the financial health and earnings of a company.

Finally, the pillar of good corporate governance deals with avoiding unfair business practices like corruption or bribery within companies, and the existence of transparency in the different governing bodies. The law states that the actions taken to prevent corruption and bribery must be published, as well as measures to combat money laundering, and contributions to foundations and non-profit organizations, etc.

In broad strokes, these are the pillars on which sustainability is built, and all of these elements should be present in reporting. In a sustainability report, the main interest groups of a company are reflected, how value is created, an analysis of the company's materiality, etc. However, it should also reflect what measures were implemented in response to improvement indications from the different departments and countries where it operates, plus any initiatives that were launched to enhance existing objectives. All of this information should appear broken down with the corresponding data (the results after applying different measures, like the GRI Standards) as well as the short- or medium-term objectives. Collectively, this information makes up the report, which is a true reflection of the structure and values of a company, and thus has immense value for society. If I had to summarise the purpose of sustainability reports, I would say that they serve to shed light on the question: how can companies improve people's lives and the planet we inhabit through their business activities? This is a question that only companies can answer, and they have the duty to do so.



Consumer attitudes towards sustainable fashion

Besides the fundamental purpose of apparel, society uses fashion as a form of expression. Clothing defines us: what brands we choose to buy and how we combine outfits are manifestations of who we are. It allows us to create our own identity.

The fashion industry advances based on changes in society, and society evolves alongside fashion. It could be said that the two are inexorably linked.

The attitude that consumers adopt towards the industry is pivotal for its future since fashion without consumers ceases to exist. It is defined as the “collective and changing tastes of clothing and accessories.”

Various studies, such as the one carried out by aDRresearch ESIC on *Attitudes towards sustainability and fashion: an exploration by age groups* show that in the minds of buyers sustainability in fashion is still at a beginning stage, while in other industries (like food) it is much more present. That said, the space for sustainability has been broadening in recent years.

As societal concern for the environment gradually increases, it also grows within the fashion industry. 90% of consumers believe that companies have a responsibility to care for the planet. This has led to a paradigm shift: by creating new

“sustainable” fashion lines with organic fabrics, brands raise consumer awareness about the need to buy more responsibly. In turn, by taking into account the demands of a much more responsible, educated and environmentally conscious consumer the textile industry is pushed towards more sustainable practices.

There is a percentage of people who are already familiar with sustainable fashion and demonstrate their interest through how they consume. There are several modes of consuming more responsibly.

Some buy vintage clothing, others prefer DIY or making the clothing themselves. Another trend is *slow fashion* (as opposed to *fast fashion*) which refers to clothes created with care through artisanal rather than industrial processes, producing locally instead of globally, and with authenticity at the core. Finally, there is also the trend of *trash-fashion*— fashion made out of trash (clothing made from garbage or waste). One of the best-known



examples of this trend is the Ecoalf clothing brand, which was discussed previously.

However, the attitude of consumers with sustainable fashion must go beyond the moment of purchase. If you are going to buy large quantities of apparel with a certain degree of frequency, it is not enough to buy sustainable clothing. The concept of buying less, higher quality clothing is essential.

This trend, where consumers invest more money in fewer clothes of higher quality, may continue to grow. The financial situation of 58% of Spanish consumers has worsened during the pandemic, and as a result, 42% of consumers have become more selective when it comes to buying. This will surely contribute to changing philosophies regarding “quantity over quality.”

In summary, brands are increasingly relying on transformation strategies to make the industry more sustainable, and are having an important impact on consumers. Ultimately, people are choosing to buy products from brands that have

sustainable policies. From the fabrics of the garments to the packaging they use, and policies towards workers— everything counts.

For a more sustainable model to be effective, this change in our societal way of thinking is crucial, as well as the evolving mindset of the industry itself.

LAURA OPAZO

Laura holds a degree in Advertising and Public Relations, and is a Media Commentator specialising in fashion. She has worked in the industry since 2001 in different roles such as styling, marketing, advertising and image, experiences that have given her a holistic vision of the sector.

Her multidimensional perspective on the fashion industry has come from working in various capacities: on the advertising side for lifestyle magazines, on the client side for marketing and PR, and in media platforms like radio and television (on fashion, styling and travel programs).

Throughout her professional career, she has not stopped educating herself, pursuing an MBA in Business Administration and Management at ISEM Fashion Business School along with a sustainable fashion course taught by REAS and the Mercado Social de Madrid.

Laura recently published her first book, *Armario Sostenible (The Sustainable Wardrobe)*, on intelligent and conscious consumption from the Zenith Green collection by Planeta publishing. It is already a best seller on well-known digital platforms.



Interview with Laura Opazo, Author of *Armario Sostenible*, Professor, and Radio and TV Commentator

If you had to explain in a few words the importance of sustainable fashion, how would you do it?

Over the last twenty years, Earth Overshoot Day has been moving up in the calendar. The date is determined by dividing the world biocapacity (the amount of natural resources generated by Earth), by the world ecological footprint (how much of Earth's resources humanity consumes). Fashion exhausts many of these resources and there is an urgent need to transition not only in fashion but in many areas towards sustainable consumption.

You are an expert in styling and fashion. What factors would you say determine this pressing need of consumers to continually buy new garments?

We can't deny the fact that most people like novelty and feel a need to be innovative and differentiate themselves from the rest. However, it is very clear that advertising and marketing work well for large corporations, and that they use many tools like cognitive psychology and neuroscience to study our deepest unconscious desires, which is what influences us to buy.

In your opinion, how can we change these habits?

Self-knowledge. Many times we consume badly: we let ourselves get carried away with trends and we buy things that we don't really need because we don't know ourselves. Self-knowledge would help us to be more aware

of who we are and enable us to create our own narrative and buy at the pace we choose.

One of the terms you refer to is *smart shopping*. What is it and what does it consist of?

Buying smart refers to using your head when you purchase something. Normally, advertising appeals to our emotions to make us consume impulsively and thoughtlessly. The idea of smart shopping is to use good judgment and appeal to common sense. The aim is to rethink the pace set by fast fashion (one that urges you to buy without much thought) and replace it for another, slower rhythm that allows for reflection.

The concept also invites us to think about consumption in a holistic way, to assume responsibility and be aware of how our decisions affect the planet and other people. In this framework, we would take into account the versatility of the other pieces we have in our closets, treat them well to lengthen their life cycles and actively try to integrate them back into the process once we have used them to their fullest.

You just published your book *Armario Sostenible (The Sustainable Wardrobe)*. In it you state: "We allow brands and objects to define us, we link them closely with our self-esteem". What would you say is the relationship that unites consumers with fashion nowadays?

A tyrannical relationship unites us. On the one hand, brands no longer completely impose their narrative because they're listening to us, seeing what we like and producing it to satisfy the "needs" we have. But on the other hand, the

production system is so accelerated that in the end brands are constantly creating needs for us so that they can sell all these collections that are being launched every two weeks in stores. It is a vicious cycle that encourages you to consume constantly and is exhausting since garments are so rapidly aesthetically obsolete— something seems outdated because it is from 4 months ago. In our current society, if you are not a consumer you are often made to feel like a social pariah and our consumption system only includes those who can spend. It segregates between consumers and non-consumers, those who are included and those who are excluded.

Is it possible for someone who is active in the consumerist system to become more conscious and start buying in a more sustainable way? When might the turning point be?

Of course it's possible, it happened to me. I was very wrapped up in the consumerist system and now, although I am not the pinnacle of virtue, I relate to consumption in a totally different way. The turning point is very personal. In my case there was no specific click, several things came together that sparked an interest in changing how I interacted with consumption.

I spent indiscriminately, without worrying about the different levels of consequences. And, curiously enough, despite everything that I had accumulated, I wasn't even more stylish because my own fashion sense had been distorted to follow the latest trends. What resonated with me the most was becoming truly aware of how things were being made, cooked up in the back rooms of factories. This, coupled with the fact that it is well-documented that the textile industry is the second most polluting in the world solidified my shift to a different mindset.



“It is a vicious cycle that encourages you to consume constantly and is exhausting since garments are so rapidly aesthetically obsolete— something seems outdated because it is from 4 months ago”.

PILAR RIAÑO

Pilar Riaño holds a degree in Journalism from the Ramon Llull University and an MBA from Isem-University in Navarra. She began her professional career at the newspaper Expansión, where, for seven years, she was in charge of monitoring different industries including real estate, fashion and technology for the Barcelona division.

In 2009, she founded the online newspaper Modaes.es and since 2010 has been exclusively dedicated to this project. In 2014, she was recipient of a National Fashion Award for Professionals in Communication, Academics and Culture (first edition) from the Ministry of Industry, in recognition of her work as head of Modaes.es.

Pilar is a regular speaker at conferences and panel discussions, and is part of the teaching staff at several Spanish universities.



Interview with Pilar Riaño, founder and CEO of Modaes.es

How do you think the consumer values sustainability right now?

One has to look at the situation prior to the pandemic and after the pandemic. Before the pandemic, if we consider objective data in a country like Spain, it's clear that sustainability was not highly valued, at least in purchasing decisions. The highest selling brand in Spain in the last year was Primark, which isn't exactly characterised by sustainable products, but by low prices.

So we can't really say that sustainability is valued in a country like Spain when it comes to purchasing decisions. However, if we look at surveys on what concerns the population, that's where you can see that sustainability emerges as a transformation vector for the industry because the consumer is increasingly recognising its importance.

In this post-pandemic stage, various things have occurred. One thing to keep in mind is that the pandemic made the world come to a standstill for a month or month and a half (depending on the country) and images of clear skies, cities without pollution, have reached the masses and we are aware that this happened. We have become much more concerned with health, which is directly correlated to sustainable materials. The post-pandemic world seems like it will be or already is a reflection of what consumers want. But, we also have to remember that an economic crisis is most likely on the horizon as a result of the pandemic and consumers will have less money to spend. It is too soon to tell whether or not the consumer will value sustainability and if it will become more important than price.

Would you say that the importance of sustainability for consumers has evolved?

I would say so, it's much more relevant now. Five years ago no one was talking about sustainability and today they are, just like in the food industry, and in other industries. However, if you go to a store and see a shirt made of organic cotton that costs 20 euros and a shirt made from regular cotton that costs 5 euros, I'm not sure that the typical consumer would opt for the 20 euro shirt. It's true that there is a small percentage of the population that would buy the more expensive shirt, and that that percentage is growing. However, we have to think about the pace at which that percentage would grow during an economic downturn. We also have to see what the brands do, since in the end it's the brands that teach us, or make us buy in a more sustainable way. The impact will be much greater if it comes from large distribution groups. As these companies become more and more sustainable, or even 100% sustainable, more importance will be given to sustainability. Meaning that once ZARA, H&M, C&A put greater emphasis on sustainability in their products (as they are doing now), the consumer will be prompted to buy in a more sustainable way.

Does the sustainability of a product influence the purchasing process?

Sure, as I mentioned before, but its impact differs depending on the parts of the population we are talking about. There is a lack of knowledge on what exactly sustainability is. The general public does not know what it is, for example. That is something that the brands themselves normally take on. They are the ones who teach

consumers that the jeans sold by brand X consume much less water, which is good for the planet, or that they are made with material that can be recycled or reused etc.

We have a tool called the barometer through which we have interviewed more than 300 Spanish companies. Until about a year or two ago we would ask why sustainability was relevant and most of them answered that it was a matter of marketing. It's increasingly clear that true sustainability cannot be achieved through marketing. Thankfully, brands are realising that it is in fact a matter of shifting their business models. Again though, the pandemic broke the mold. One thing is clear: you either have to invest in new materials, in generating new raw materials, reusing or lowering consumption, and there is a shift in that direction, or the current model is over. What brands can't do is lie, which is why many have not explained the situation until now. Sustainability should not be a marketing tool, it should be part of the business model. We shouldn't be concerned with sustainability as a matter of image, but rather as a better way of functioning.

How would you say the pandemic has affected the sustainability sector?

It's too early to tell but sociologists point out that sustainability is and will be very important moving forward. Nevertheless, in an industry like fashion that is so sensitive to earnings, the question is whether money or sustainability will be more important. In the previous financial crisis money won out, but it is too early to tell what will happen.

What are some identifying characteristics of the modern consumer? Would you say that we are talking about a more informed consumer?

The modern consumer is informed, but deep down the product information that he or she wants to know is the same as always. The big difference is that now consumers can interact directly with brands. An example of this would

be #BlackLivesMatter. In the past, not all brands have been involved in racial justice issues, but as a result of the BLM movement, all brands have had to position themselves on the issue because the consumer has demanded it. Through Instagram, Twitter, and other platforms the consumer has asked: Hey, why aren't you saying anything? The consumer now has the power to interact with and call out the brand. It is a matter of technology and access to new channels. We are talking about two-way communication that did not exist before. Before, brands launched their messages and that was the end of the conversation, but now they have to take into account that messages can come back to them. About 10 years ago, GAP decided to change its logo, but after 24 hours it had to back down due to the criticism it had received on social networks. Today, anyone sends out a tweet and if that message is shared by hundreds of people you may end up forcing a brand to make a decision or position itself on an issue that it would rather not have had an opinion on. The current consumer has a power that 10 or 15 years ago they did not have.



“In an industry like fashion that is so sensitive to earnings, the question is whether money or sustainability will be more important”.

Standards and certifications

Sustainable standards or certifications allow companies to accredit their sustainability practices to stakeholders. There are a number of different standards that companies can rely on to strengthen processes and elements of its value chain. They represent an important tool in systematising and communicating progress made. Here we note some of the more prominent standards and certifications.

GRI

Global Reporting Initiative (GRI) is an organisation that is in charge of producing sustainability reports for different types of companies. The reports act as a framework, a guide that establishes the main indicators to follow to achieve better economic, environmental and social performance in your company.

The GRI standards are designed to be used when preparing sustainability reports, focusing on the materials used. All three standards are applied in any company that develops an environmental report. Organisations can also select thematic standards to report on particular economic, social or environmental issues.

BSCI

The Business Social Compliance Initiative is made up of different companies with the aim of improving working conditions in the global supply chain. The BSCI code of conduct is based on International Labour Organization conventions, the UN Universal Declaration of Human Rights as well as other international standards related to labor law and human rights.

Members receive certain benefits by participating in BSCI. They are able to:

- Improve the social performance of their supply chain
- Increase the efficiency of their company and reduce costs
- Execute a clear and reasonable approach that highlights best practices
- Strengthen their business activity against industry and market changes
- Enhance their reputation in the eyes of customers.



The BSCI code of conduct

The BSCI code of conduct defines the principles and values of responsible business practices. Any company that participates in BSCI makes the commitment to improve working conditions, remain in contact with stakeholders and accept and comply with the BSCI code of conduct.

Better Work

Better Work aims to improve working conditions and promote competitiveness in the global supply chains of the textile industry. Its focus is to achieve increasing, positive change through evaluations, recruitment, advocacy and research that evolves the policies, attitudes and behaviours of companies. Sharing this approach enables many companies to progressively improve and promote decent work.

BCorp certification

BCorp certified companies go beyond simply generating economic profit, they focus on innovation that increases positive impact on all their employees, their communities and the environment. The certification's objectives are to help solve environmental problems through the power of business, and work towards outstanding environmental and social performance.

Nowadays there are many societal problems that cannot be solved solely by the government or non-profit organisations. To this end, BCorp companies have come together to achieve a common good and have a positive effect on all interested parties.

Sustainability and SDGs

The UN's Sustainable Development Goals are a universal call to end poverty, protect our planet and guarantee peace in all countries. The 17 SDGs promote greater environmental, economic and social sustainability.

These goals are of great importance in the world of fashion retail, and students and companies engage with these objectives in different ways:

The SDGs help students learn about the current state of environmental issues and how advancing these 17 goals can improve our world. This knowledge is especially crucial for students preparing for careers in fashion and design who will be the future leaders of the textile industry.

Companies hold conferences with the aim of learning about and focusing on SDGs, and aligning their initiatives with sustainability.

It is clear that many of the SDGs are related to the fashion retail industry, which highlights how important it is for companies to concentrate on sustainability. Today, many businesses in the textile industry aim to promote and further these goals.



SDG 12 is committed to guaranteeing sustainable consumption and production. In this regard, the fashion industry must address the use of natural resources in its production, such as chemical waste and fossil fuels, plus move towards integrating sustainable practices in companies and supply chains. This objective also addresses the consumer's right to be informed about sustainable development issues related to companies.



SDG 8 is responsible for promoting inclusive and economic growth, employment and decent work for all. As discussed previously, the fashion industry and its adjacent industries generate a huge number of jobs, which underscores the importance of promoting decent work practices in fashion retail.



SDG 6 seeks to eradicate water contamination (through eliminating chemical substances) and to mitigate the irresponsible consumption of water. Many SDGs are linked to this goal of ensuring access to water and sanitation for all, as are many different industries, including fashion retail. The use of water in fashion manufacturing and the subsequent waste generated must be addressed.



SDG 13 advocates for urgent action to be taken to combat climate change and its impacts. Reducing textile production in a sustainable way will help lower CO2 emissions, lessen environmental degradation, and help us move towards a better future.



SDG 14 centers on conserving and sustainably using the oceans, seas and marine resources. Fashion retail must focus on reducing marine pollution from microfibers and microplastics released into the oceans from excessive laundering of apparel.



Trends and
measures taken

Fashion Sharing

Fashion sharing is a trend that emerged in the United States in 2009 and later became popular in other countries like Spain and France.

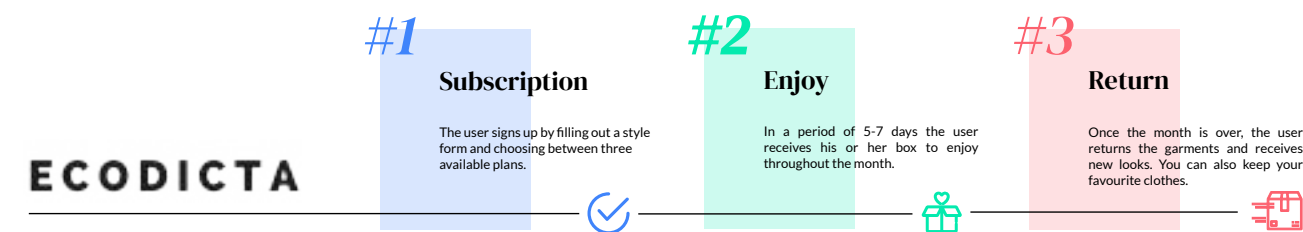
Fashion sharing can be defined as a phenomenon that advocates for renting garments instead of buying them, eliminating the need to purchase outfits that may only be used once for a specific event or special occasion.

Sharing clothing contributes to extending the life cycle of the garment and reduces the environmental impact of buying a “single-use” garment, which would most likely end up forgotten in one’s closet.

The Spanish company [Ecodicta](#) decided to take fashion sharing one step further by building a business that would enable users to have

different clothes in their wardrobes each month in a totally sustainable way. Ecodicta was created in 2018 with the intention of incorporating the values of sharing, caring for and reusing garments into the world of fashion.

To learn more about how Ecodicta works, we interviewed the company’s CEO, Raúl Gonzalez.



RAÚL GONZÁLEZ

A political scientist with a background in diplomacy and international relations, Raúl González’s professional trajectory has centered on people and the environment. He has worked in small and large companies, as well as in startups, but has always tried to maintain a degree of freedom to fulfill his dreams.

Some of his best experiences include participating in an Erasmus exchange in Warsaw, as well as spending a year working in Mexico. Through these adventures, he fell in love with both Slavic and Mexican culture.

In Raúl’s opinion, the future is decided by every action we take, so we have to shape up to have the future we dream of.



Interview with Raúl González, CEO and founder of Ecodicta

How did Ecodicta come about?

It was born out of wanting to start a business with a social focus and love for fashion. We saw that in other industries a clear path towards sustainability had begun. In terms of sustainability and fashion, however, Spain was behind other countries. In English-speaking countries, for example, renting garments was already considered a way of mitigating the environmental impact of the textile industry. So, we decided to return from Mexico to start this adventure here in Spain.

Could you briefly explain how it works?

We offer monthly subscriptions where you choose between 3 to 5 garments, enjoy them for a month, and return them to receive new pieces.

You also have the option to purchase the garment with a special discount after 25 days. This helps consumers avoid impulse buys since you have tried it at home, you have fallen in love, and you know you will use it to the fullest.

Once we receive the garments, they are cleaned and sent out again.

What was the initial response from users in 2018? Would you say that the current user is more aware of the impact their decisions have on the environment when shopping?

Compared to 2018, we have noticed many changes in the industry. When we emerged, brands were very skeptical of this type of business, and clients prioritised style and price over other features when buying, plus they wanted new collections constantly.

So we started the business trying to offer a product that competes with fast fashion, since our model is similar in terms of price, design and

possibility of rotation, but with superior quality garments. Every business has to adapt to the market.

As for brands, we ended up providing them with a new distribution channel and the possibility of reinforcing sustainability processes in their value chain, offering their clients a new way of consuming.

There has also been a significant change in consumers. Thanks to different actors and movements working to make the problems in fashion more visible, consumers are gradually becoming more aware of the true price of fast fashion.

What would you say are the most frequently asked questions by users?

They mainly want to know which garments and brands the stylists will select, and what they can choose from. In the end, fashion is something very personal and you have to get to know your clients well, try on the clothes, and see what styles they are most comfortable with.

Do you think that COVID-19 will mark a before and an after in the world of fashion?

I think there will be a before Coronavirus and an after Coronavirus in general. We are seeing that serious climate change and the loss of biodiversity are just around the corner, and that what seemed like something pulled from a movie can indeed become our reality.

Finally, what would you say are the benefits of fashion sharing as compared to other trends?

We believe that the wardrobe of the future will be made up of diverse elements: second hand buying and selling, sustainable fashion,

peer to peer, a bit of fast fashion, timeless garments, upcycling... and that one of the trends will be fashion sharing.

In the end, fashion sharing enables you to be sustainable, to not accumulate, to test drive clothes, to try new brands and new styles, to enjoy a high cost-use ratio, to optimise your wardrobe, and so much more.



“Fashion sharing enables you to be sustainable, to not accumulate, to test drive clothes, to try new brands and new styles, to enjoy a high cost-use ratio, to optimise your wardrobe, and so much more”.

A fundamental piece of a sustainable strategy: communication

Interview with María Montero, Sustainability, Communication, Marketing and PR Consultant.

Currently, María is dedicated to guiding companies and institutions on how to better align their strategies with CSR and implement a solid communication lever that identifies with brand values.

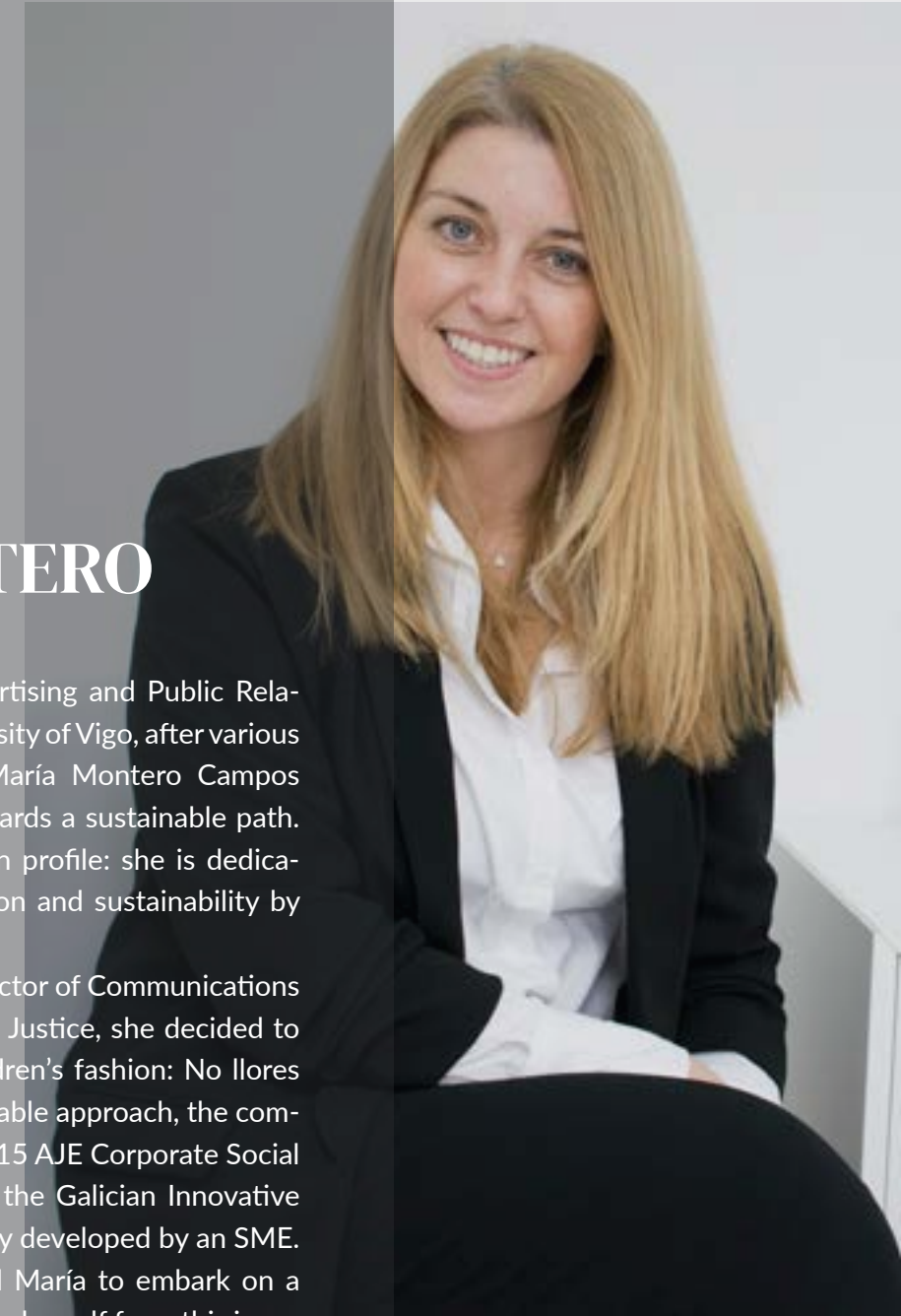
This is one of the most important areas where companies should invest time and energy since, as María contends, *“marketing and communication are essential for any company (...) and it’s important to be transparent and communicate real practices”*.

MARÍA MONTERO

With a degree in Advertising and Public Relations from the University of Vigo, after various work experiences, María Montero Campos decided to orient her career towards a sustainable path. As she describes on her LinkedIn profile: she is dedicated to communication by vocation and sustainability by conviction.

In 2012, after 11 years as Director of Communications at the Galician Superior Court of Justice, she decided to create her own company in children’s fashion: No llores Patito. With a completely sustainable approach, the company was recognised with the 2015 AJE Corporate Social Responsibility Award, as well as the Galician Innovative Communication Award in Strategy developed by an SME.

Selling the brand in 2018 led María to embark on a new path, but without dissociating herself from this innovative way of understanding the market.



Interview with María Montero, Sustainability, Communication, Marketing and PR Consultant

Where did the idea for No llores Patito come from?

We started in 2011 wanting to create a brand with Nordic style and unisex prints, since at that time there was none. The idea was to offer clothes with a more bohemian vibe and avoid the traditional pink and blue. We started with newborn baskets and soon customers started asking us about larger sizes for their children. So, we began to launch and sell collections through our online store (one of the first in children's fashion), as well as in our own showrooms in different cities and in multi-brand stores throughout Spain. Then in 2018, we sold the brand.

What sustainability strategies were used in No llores Patito?

My business partner and I came from the world of communication, and when we started, we weren't knowledgeable on sustainability or how to implement a sustainability strategy. However, we had a clear vision for our overall company strategy: focus on local production and generating positive societal impact in different ways.

The company has won several awards, like the 2015 AJE Corporate Social Responsibility Award. Could you tell us a little more about this? What measures led to this recognition?

Our clothing and accessories collections were produced in local workshops. We also collaborated with the Small Wish Foundation (Fundación Pequeño Deseo) using space in our online store. The foundation is dedicated to making the

wishes of children with chronic diseases come true. It was a very motivational endeavour for us.

In our showrooms we also had food drives, and would have pets from animal shelters in an effort to help find them families. They were wonderful!

In your LinkedIn description you say that you dedicate yourself to sustainability out of conviction. At what moment and why did you begin to be interested and involved in the world of sustainability?

We realised that what we were doing had a name, and that in addition to making profits, companies could do many good things for society, that would also generate added value for the brand. This way of doing things, however, had to be integrated into the business strategy. At that time, there was more talk of CSR than of sustainability. So, when we closed on the sale of the brand, I decided to become specialised in this area by studying a Master in Sustainability and Corporate Social Responsibility. Now I dedicate myself to helping other companies be responsible and sustainable and to making what they do visible through a good communication strategy.

What challenges does sustainability currently face? Do you think consumers are aware of this? And what about companies?

The post-COVID consumer is more conscious and responsible than ever, with the percentage of people who consider the values and ethics of a company when buying consistently increasing.

Similarly, I think companies very much understand the relevance that sustainable values will have over time. The challenge now is to apply the appropriate management models through which companies can implement sustainability.

Companies are also aware that marketing and communication are essential for any business, to make themselves known, and to attract and retain customers. As a result of the pandemic and the changes it has generated in the fashion landscape, companies will also have to review their strategies, plans and messages because they may no longer work at the present time. Today more than ever it is necessary to listen, have a dialogue and to understand the public. This is a major part of being transparent and communicating real practices.

To what extent is it important for all companies to implement sustainability strategies internally?

Sustainability is a profitable strategy for any company—it's an incorrect assumption that a sustainable company can't increase sales. After this crisis, we have the opportunity to create a new, more sustainable normal and companies must understand that their businesses operate in a new social and economic context where sustainability is no longer an option but the only option.

Sustainability is not philanthropy or sporadic acts of solidarity but a strategy that is integrated into your business to achieve profitability, social benefits and minimise negative impact on the environment.

It brings benefits for clients, workers, companies and society.

In thinking about complete strategies that include all aspects of the company, what trends do you think are most relevant right now?

Sustainability is applicable to large, medium and small companies alike. The strategy must be tailored to the needs of each company, however,

since it responds to the specific objectives and expectations of its stakeholders.

A good sustainability strategy must promote economic efficiency, social responsibility and environmentally friendly practices in the company.

Just as important as having a solid, realistic strategy is being able to measure the results. Being able to quantify the effects of CSR is essential.

BRAIS MÉNDEZ

Brais Méndez is CEO and co-founder of Docuten, a platform that aims to transform its clients into “paperless companies” by digitising their administrative processes.

He studied Computer Engineering in A Coruña, and after working at different digital signature and electronic invoicing companies like TB Solutions, SERES and Invinet, he and his partner Ángel Aparicio decided to launch Docuten.



Digitalisation of administrative processes: another sustainable alternative, by Brais Méndez, CEO of Docuten

Improving production processes, modifying materials used, reducing emissions in the manufacturing process... this is what comes to mind when a company in the fashion retail industry enters the world of sustainability. These are logical steps once you are aware of the immense negative impact that the textile industry has on the environment.

Digital sustainability is another important consideration. Currently, many businesses use electronic devices (with a short use-life) in their companies, which, in the long term, means more consumption. It is crucial to recognise this problem and look for long-term solutions.

For their part, many companies in the fashion industry are committed to change and endeavour to reverse the trend of current mass consumption through different pacts and coordinated efforts.

As the Director of Igeneris Miguel Urrecha contends: “the traditional business model has to be transformed to ensure sustainability, not only economically, but also socially and environmentally.”

In this vein, just as houses are not built from the roof down, company changes need to start from the foundation, or, their internal processes. The transformation must be implemented gradually, step by step, starting with avenues that address the most pressing economic, social and environmental challenges.

Many companies continue to base their administrative processes on a traditional model that relies on the continuous and excessive use of paper to handle transactions like getting documents signed or business invoicing. So much paperwork is unsustainable, highly inefficient and costly. Even though economic factors can sometimes create barriers to sustainability, the digital transformation of back-office processes not only fosters more sustainable business practices but saves companies time and money.

Digitising administrative processes also increases transparency and means a more secure document chain, and companies are able to strengthen their sustainability credentials.

Simply put, administrative digitalisation offers another approach to sustainability for companies in the fashion retail industry. Finding a balance between the needs of companies and those of their stakeholders is paramount, and can be achieved (without taking the focus away from sustainability) through digitalisation. How?

First, from an environmentally-friendly perspective, digitising administrative processes helps companies eliminate physical paperwork, which reduces the negative impact that manufacturing paper has on the environment.

Producing 10,000 sheets of paper involves a total of 100,000 litres of water used, 91 kilos of wood processed and 6.60 kilos of CO2 emitted. The impact of those numbers may not register at first, but it is crucial to contextualise the data:

100,000 litres of water could provide 1,666 people with drinking water every month (considering the daily recommended amount of 2 litres per person per day).

Clearly, sustainability strategies can be directly reinforced through digitally transforming administrative processes, decreasing the number of trees cut down to manufacture paper, reducing the amount of water wasted in the process and lowering the CO2 emissions that come from transporting packs of paper.

Second, in seeking a balance between the needs of the company and its stakeholders, one must consider the social implications to sustainability. Once again, digitalisation comes into play.

In addition to efficiency, companies must be conscious of worker needs and satisfaction. There is an up and coming trend, a new style of business, that is gaining traction and seems to be here to stay. Digital native companies, or companies that have only existed in the digital world, are making the most of digital resources and are developing novel business models. They are adapted to a new, much more innovative reality.

This trend is super important if we think about the ways in which companies will need to adapt in the short/medium term to the types of workers operating in this new context. These are workers who are extremely well-versed in new technologies and are looking for companies that offer a great work-life balance, that are stimulated by innovation and that advocate for the use of new technologies.

In digitising administrative processes, companies can keep up with the ever-evolving workforce. One of the most important advances in this regard is in job flexibility. Considering the fact that many of us are overworked with no time for family or leisure, being able to offer workers a better work-life balance serves the greater societal good. While remote work is one viable way of addressing this, working remotely means providing employees the necessary digital tools to fulfill their responsibilities without physically

having to be in particular place. Digitalisation tools like Docuten very much facilitate remote work, enabling employees to do their jobs while also having time to enjoy their lives. As businessman Richard Branson has said, "Clients do not come first. Employees come first. If you take care of your employees, they will take care of the clients."

At Docuten, we want to lead by example, making progressive changes in our own company and helping our clients do the same. In the long-term, we are committed to offering a service that enables our clients to adopt more responsible, sustainable attitudes through our technology.



“Sustainability strategies can be directly reinforced through digitally transforming administrative processes, decreasing the number of trees cut down to manufacture paper, reducing the amount of water wasted in the process and lowering the CO2 emissions that come from transporting packs of paper”.



**How to approach a
sustainability strategy**

Ganni Case Study: a company's best version of itself

Ganni is a fashion company that doesn't necessarily identify as a sustainable brand. This is in part because they recognise the contradiction between the pillars on which the current fashion industry is based—consumption and novelty—and the concept of sustainability.

They work to be “the best version of themselves.” The company advocates for making the right decisions to minimise the social and environmental impact of their day-to-day business activities, upholding the following UN sustainable development goals:

- Gender equality.
- Responsible consumption and production.
- Climate action.

Regarding their product, Ganni adheres to a series of inspiring guidelines that can be used as a model for other companies.

You can access the complete [GANNI 2019 Sustainability Report](#) here.

- #1 Introduced materials policy**
The company works with fibers that are independently certified and responsibly produced for their three most commonly used fibers: cotton, polyester, and viscose.
- #2 Introduced certified fabrics**
Ganni only uses GOTS certified organic cotton, GRS certified recycled polyester and recycled cotton, Lenzing EcoVero™ viscose, and soon, RWS certified wool.
- #3 Fabrics of the future**
They stay in the know about fabric innovations so that as soon as a material is commercially ready, it can be implemented.
- #4 Global fashion agenda circular economy commitment**
They are signatories of the Commitment, advanced by the Global Fashion Agenda.
- #5 GANNI Postmodern**
They have an archive store in Copenhagen that offers the GANNI Girls the opportunity to buy past seasons, one-of-a-kind samples and other rare pieces.
- #6 GANNI Repeat rental platform**
In 2019 they launched a garment rental platform to promote reusing and extending the life cycle of their clothes, as well as to reduce the impact of each product.
- #7 Designing for circularity**
They are training all their designers and production teams in circular design principles and strategies.
- #8 Clothing Take-Back Scheme**
Working with their partner I:CO, the company collects used clothing and textile waste from their stores in Copenhagen and London.
- #9 Upcycled unsold stock**
They have partnered with SOEX in Germany to resell unsold GANNI garments. Before unsold stock is sent to SOEX, they have several modes of recycling it.
- #10 Clothing made from post-consumer fibers**
GANNI is increasing the proportion of recycled fibers used in their collections and ensuring that the fibers are certified by the GRS.
- #11 Closing the loop**
To accelerate the transition to a circular textile economy, they plan to invest and participate in two fiber-to-fiber recycling trials.
- #12 Restricted substances list**
They work with SGS to ensure that all chemicals used in production comply with European REACH standards.

Aesop and its three fundamental pillars

Aesop is a natural cosmetics brand from Australia that bases its entire business and product strategy on executing a completely sustainable vision at all levels of the organisation. Individual and corporate objectives center on a fully regenerative business model with sustainability at its core.

To do this, they base their sustainable policies on three fundamental pillars: product development, packaging and operations. These pillars represent important action areas that other companies can replicate to follow a path towards sustainability.

Sustainable product development

Aesop is on the Cruelty-Free and Vegan lists of PETA, the world's largest animal rights organisation, since no product or ingredient used in Aesop's formulations has been tested on animals.

All of the company's products have been tested and treated to comply with the "maximum biodegradability" standards established by the European Union.

In addition to the above, Aesop takes the acquisition of raw materials used in their products very seriously, collecting extensive information on the environmental impact practices of their suppliers. Parameters include how extraction affects water, energy, land use and biodegradability:

- They want to ensure the traceability and certification of crucial ingredients, when appropriate.
- With respect to raw materials, they look for the most innovative and sustainable alternatives, always considering the country of origin, how something is cultivated, land use, scarcity of water, etc.

A good example is palm oil. Aesop acknowledges its negative impact. However,

the solution does not necessarily involve modifying the raw material or substituting it for another but rather trying to comply with maximum sustainable measures when producing it. To do this, they use the Roundtable on Sustainable Palm Oil (RSPO) to certify their materials, and suppliers who produce sustainable palm oil are compensated financially for a job well done.

Developing sustainable packaging

They have implemented various practices in an effort to improve sustainability when creating packaging so as to generate less negative environmental impact:

- 70% of their PET bottles have been transformed into at least 97% of recycled PET.
- Plastic bubble wrap has been substituted for recyclable paper packaging.
- They have FSC and PEFC certifications on all paper and cardboard materials used to produce packaging.
- The use of pumps instead of screw caps has been implemented to save 12 grams of plastic per product. In its first year, this initiative reduced plastic consumption by 430 kilos.

→ In 2019 alone, their returnable packaging initiative diverted 3,573.4 kg of material from landfills.

Development of operations

They have reduced their consumption of water, materials and waste so as to minimise environmental impact.

- They held collection drives in several of their offices to retrieve organic waste.
- 560,000 single-use wooden test sticks were removed from their stores and replaced with reusable steel sticks.

Selfridges: Planet Earth Campaign

Project Earth consists of implementing radical measures to address the current climate crisis. Selfridges commitment to guarantee the use of materials that come from certified and sustainable sources backs these measures.

This campaign imagines a new business model for large retailers that would totally transform the current reality.

With sustainability at its core for the past 15 years, Selfridges wants to reinvent the retail industry, changing not only how things are bought but how to do business.

Centered on four elements—destination, product, people, and the client experience—and working alongside all of its stakeholders (team members, partners and clients), Selfridges aims to create a sustainable future for retail that respects the environment, generates trust and drives creativity and innovation.

[You can find all the information about Project Earth here.](#)

Destination

The company wants to manage the use of natural resources and reduce carbon in their operations to move towards a sustainable future. You can learn more about their complete [sustainability policy here](#).

Product

They are working with brands and experts with shared values to help fulfill a commitment to better materials and new business models. Take a look at Selfridges [Rethical trading requirements](#).

People

Selfridges wants to create an inclusive and rewarding experience for staff and drive positive change by integrating sustainability into the work lives of team members.

Clients

The company's aim is to integrate sustainability into the client journey and use insight to shape a strategic direction. To do this, they will implement measures like:

- Expanding their sustainable information campaign (titled Project Earth) that lets customers know in store and online about the sustainability of specific products.
- Continue their annual research on client opinions and tendencies towards sustainability, and how the company can foster sustainable behaviour in shopping.

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