

## Can a Sustainable Fiber Pledge Work Without Transparency?

Apparel brands seem to be in a race to announce their respective 100 percent sustainable fibers goals.

Recently, Inditex announced its ambition to achieve 100 percent sustainable fiber use by 2025, and before that, Ralph Lauren set a similar goal. Our research at TextileGenesis reveals that more than half of top 100 brands have announced 100 percent sustainable fibers goals for the next three to five years.

This is a highly commendable move by the apparel industry which has been perceived as sluggish in addressing social and environmental challenges. However, for the majority of apparel brands, supply chain transparency is limited to Tier 1 or Tier 2 suppliers, like the garment makers or finished fabric suppliers. Indeed, according to Fashion Revolution, only 10 out of the top 250 apparel brands can identify the Tier 4 and Tier 5 fiber supplier for their apparel collections.

The ‘Transparency Paradox’ refers to the phenomenon of apparel brands wanting to achieve a 100 percent sustainable fibers target, but having limited to no visibility on their textile fiber suppliers. How will the CEOs and executive boards of these brands demonstrate realization of their sustainable fibers target (proudly announced at their shareholder meetings) in the absence of no transparency up to the origin of fiber itself?

In our view, sustainability and transparency are two intimately connected sides of the same coin. No credible sustainability journey or goal is possible without underpinning it with transparency.

Transparency also reduces the business and compliance risks related to counterfeiting of sustainable fibers. Our estimate suggests that up to 30 percent of sustainable fibers in the apparel supply chain could be counterfeited (at fiber, yarn or fabric stage). The recent scandal related to Egyptian cotton and Bamboo fibers clearly indicate that companies face significant risk to brand reputation and unexpected product recall costs due to fiber counterfeiting. Target is facing a lawsuit related to a spurious Egyptian cotton claim, and Amazon was fined by the Federal Trade Commission (FTC) for “bamboo” T-shirts sold on the platform, which was actually made of viscose/rayon fibers.

Although the transparency debate has primarily focused on compliance, risk elimination and supporting sustainability initiatives, it can also positively contribute to the business in terms of price premium and consumer loyalty.

Recent research in behavioral economics at MIT indicates that consumers are willing to reward brands with a higher premium when they demonstrate fair and sustainable supply chains. In psychological terms, this human behavior is termed as “indirect reciprocity,” or a consumer’s willingness to support a company which is helping others to earn a fair livelihood or using sustainable materials. Successful contemporary brands with a strong and loyal consumer base, like Reformation, Mara Hoffman, Allbirds, Everlane, or Eileen Fischer have sustainability and transparency as their core value proposition.

As more apparel brands join the ‘100 percent sustainable fibers club,’ we need to challenge the industry that the deep-rooted transparency paradox is meaningfully addressed by striving for the full value-chain transparency from textile fibers to retail. In the absence of fiber-to-retail transparency, it’s not possible to achieve the above sustainability objectives.

*By Amit Gautam, CEO and founder, TextileGenesis, and Tricia Carey, director of global business development for denim at Lenzing.*