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For immediate release:

Sustainability is good business for the fashion industry, finds new report

Today, Global Fashion Agenda and The Boston Consulting Group release the 2018 edition of the *Pulse of the Fashion Industry* report. According to the 124-page industry assessment, 75% of fashion companies have improved their environmental and social performance over the last year, and the business case has proven to be nothing but positive. However, the pace of change isn't going fast enough – or far enough.

Today 9 May 2018, Global Fashion Agenda (GFA) and The Boston Consulting Group (BCG) release the 2018 edition of the *Pulse of the Fashion Industry* report, an annual in-depth assessment of the fashion industry's environmental and social performance. Drawing on the Sustainable Apparel Coalition's Higg Index, a survey of 90 senior managers and over 50 interviews, the *Pulse of the Fashion Industry* report each year reveals the industry's current Pulse Score, a performance measure of the sector by type of company, size, region and stage in the value chain.

The Pulse Score is up

In the past year the Pulse Score of the fashion industry improved from 32 to 38 (out of 100), confirming that sustainability is rising on the corporate agenda. Of the executives polled for the Pulse Survey, 52% reported that environmental and social targets acted as a guiding principle for nearly every strategic decision they made – an increase of 18 percentage points from last year.

Morten Lehmann, chief sustainability officer at GFA, comments:

“I'm excited that sustainability finally has been taken out of the lab and into the boardroom. To find out that the topic influences decision-making at a strategic level leaves me with optimism.”

The industry's various segments, however, are moving at highly different speeds. Nearly all progress came from companies in the mid-price segment. As this segment accounts for half of the industry, progress here is encouraging. Small companies in the entry-price segment are lagging behind the most. Moreover, we are now seeing that some of the frontrunners – both large companies and sustainability champions – find they have reached a technological and infrastructural ceiling on their advances, with little to no Pulse Score improvement. This is critical since they are blazing the trail for the rest of the industry. At the same time, almost one third of the fashion industry has yet to take action.

Sustainability is good business

Last year's *Pulse* report measured the financial consequence of not taking action on sustainability. This year's *Pulse* report measures the financial gain of taking action. In fact, new data and calculations show that investments in resource efficiency, secure work environments and sustainable materials have the potential to boost the EBIT margin by up to 1-2 percentage points by 2030.

Sebastian Boger, a partner at BCG explains: “The impact goes beyond brand building and risk management. Sustainability can actually increase profitability for fashion companies.”

The case for sustainability is even stronger once the profitability uplift from taking action is compared to continuing business as usual, the latter resulting in a decline in the EBIT margin by 3-4 percentage points by 2030.

Building a better industry takes collaboration

To put fashion on a path to long-term prosperity financially, socially and environmentally, the *Pulse of the Fashion Industry* report stresses the urgency of collective effort to go beyond what is available and possible today. No individual commitments or actions can drive this transformation. To achieve lasting impact at scale, the industry needs systemic change through leadership, innovation and collaboration. A number of promising, disruptive innovations are emerging to move the industry – but success will depend on a strong ecosystem rooted in the efforts of regulators, consumers, nongovernmental organisations, and other stakeholders.

This year's report aims to give guidance to companies looking to start or find further advances toward more responsible ways of doing business. For the first time the report includes a [Pulse Curve](#), enabling companies to measure their performance against other industry players, and a [Roadmap to Scale](#), an inspiring guide for the industry built on proven best practices with industry players that offers concrete actions for businesses to immediately embark on their sustainability journey.

Read the 2018 edition of the [Pulse of the Fashion Industry report](#) and download the [Executive Summary](#).

A word from leading fashion players

Pamela Batty, vice president, corporate responsibility, Burberry:

“Burberry’s Responsibility agenda is designed to drive positive change and build a more sustainable future through innovation. We have set ourselves ambitious goals for 2022 that sit across Burberry’s entire footprint. We are pleased to have participated in the ‘Pulse of the Fashion Industry’ report, and consider its output important in identifying positive actions our industry can take to drive innovation and meaningful change.”

About Global Fashion Agenda

Global Fashion Agenda is a leadership forum on fashion sustainability. Anchored around the world’s leading business event on sustainability in fashion, Copenhagen Fashion Summit, Global Fashion Agenda advances a year-round mission to mobilise the global fashion system to change the way we produce, market and consume fashion, for a world beyond next season. A non-profit initiative, Global Fashion Agenda collaborates with a group of Strategic Partners including Kering, H&M, Target, BESTSELLER, Li & Fung and Sustainable Apparel Coalition on setting a common agenda for focused industry efforts on sustainability in fashion. For more information, please visit globalfashionagenda.com

About The Boston Consulting Group

The Boston Consulting Group is a global management consulting firm and the world’s leading advisor on business strategy. We partner with clients from the private, public and not-for-profit sectors in all regions to identify their highest-value opportunities, address their most critical challenges and transform their enterprises. Our customised approach combines deep insight into the dynamics of companies and markets with close collaboration at all levels of the client organisation. This ensures that our clients achieve sustainable competitive advantage, build more capable organizations and secure lasting results. Founded in 1963, BCG is a private company with offices in more than 90 cities in 50 countries. For more information, please visit bcg.com.

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