DataEQ

UK Fashion ESG Index

An in-depth look at the environmental and social impacts of the UK fashion industry



2023

In collaboration with Relativ Impact

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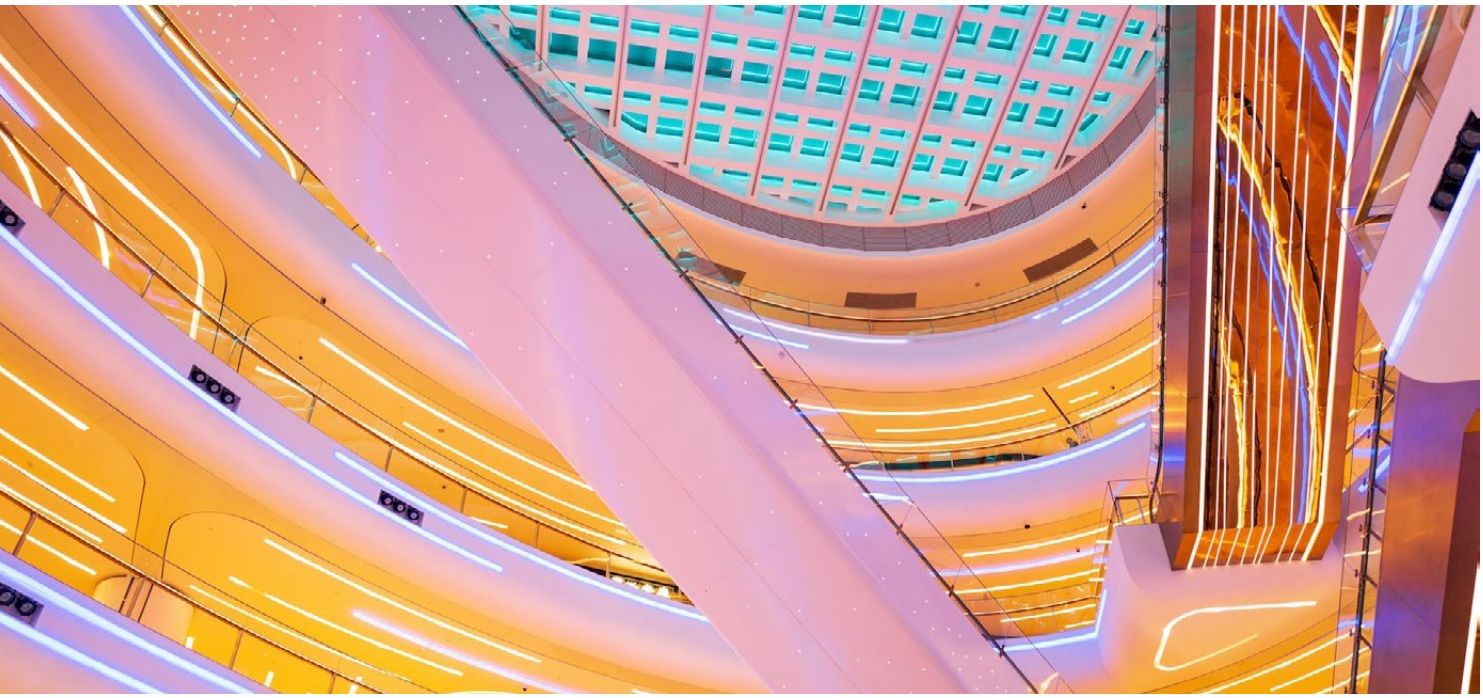
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Executive summary

The fashion industry has long been under scrutiny for its lack of transparency. Recent trends like *fast fashion* have only exacerbated this. As demand for up-to-the-minute, cheap garments and accessories grows, so does the knock-on negative environmental and social impacts.

For the inaugural UK Fashion ESG Index, nine UK-based retailers were selected due to their prominence in financial markets and industry reports. Social media data related to those brands was then collected and analysed over a three-year period (January 2020 to December 2022). Having found that the majority of brands received largely negative sentiments regarding environmental, social and governance (ESG) themes, the growing and real need for fashion brands to implement more sustainable and transparent ESG initiatives is highlighted in the ensuing report.

In addition, this report demonstrates how the use of social media to analyse stakeholder sentiment and leverage ESG factors in the industry can and does influence investor decision-making, consumer behaviour and even civil society responses. Perhaps most encouragingly, the data suggests how collective action can contribute to real, lasting, and positive change within the fashion industry.





The fashion industry has already been labelled as one of the most environmentally damaging and socially exploitative industries in the world[1].

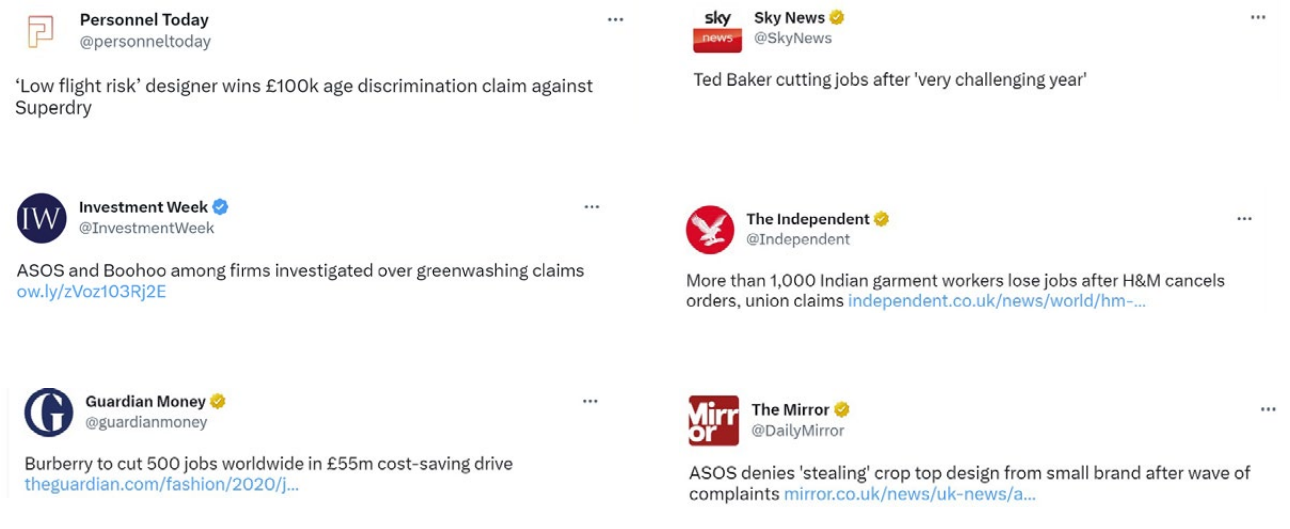
[1] Rauturier, S. 2022. What Is Fast Fashion and Why Is It So Bad? Available: https://goodonyou.eco/what-is-fast-fashion/

Introduction

The rise of fast fashion

Over recent years, fast fashion has become the dominant trend driven by large retail fashion brands and their consumers. Defined as cheap and trendy clothing that is produced in mass quantities to meet consumer demand[2,3], this phenomenon often comes at the expense of a myriad of environmental and social factors felt throughout the supply chain.

Criticised for its lack of transparency, the industry's typically lengthy and global supply chains create a significant challenge for conscientious consumers — with levels of disclosure varying greatly between brands. At present, it is reported that less than a third of major fashion brands disclose the impact of their operations[4]. The fashion industry has already been labelled as one of the most environmentally damaging and socially exploitative industries in the world[5], but it is projected that by 2050, it alone could account for approximately 50% of the world's carbon budget[6].



[2] Rauturier, S. 2022. What Is Fast Fashion and Why Is It So Bad? Available: https://goodonyou.eco/what-is-fast-fashion/

[3] Bick, R., Halsey, E., & Ekenga, C. C. (2018). The global environmental injustice of fast fashion. Environmental Health, 17, 1-4.

[4] Fashion Revolution. 2022. Fashion Transparency Index 2022. Available: https://www.fashionrevolution.org/about/transparency

[5] Geneva Environment Network (2021). Environmental Sustainability in the Fashion Industry. Available: https://www.genevaenvironment-network.org/resources/updates/sustainable-fashion/

[6] Leal Filho W, Perry P, Heim H, Dinis MAP, Moda H, Ebhuoma E and Paço A (2022). An overview of the contribution of the textiles sector to climate change. Front. Environ. Sci. 10:973102. doi: 10.3389/fenvs.2022.973102.

The value of social media driving ESG factors

Social media has become a powerful tool for stakeholder engagement across multiple industries. In particular, fashion brands have been able to reach and engage with large target audiences globally[7,8]. Social media influencers have further impacted consumer purchasing habits. A survey conducted in 2018 found that consumers are 45.4% more likely to at least try a product promoted by influencers, while 26.9% made a purchase after seeing a product via social media[9]. Owing to their substantial effect on the market, fashion brands often create brand endorsement deals with influencers to promote their products, increasing their mutual desirability in the process[10,11].

However, widespread media coverage of brands' negative impact has sparked public discourse and fuelled consumer activism, which increasingly plays out publicly on social media forums. As such, social media provides access to a diverse and global range of perspectives and opinions, offering new insight into the sentiment of different demographic groups and communities.

Furthermore, social media provides a means to evaluate various forms of consumer sentiment. By effectively measuring and identifying such sentiments, brands and retailers can leverage these insights to cultivate positive relationships with both investors and customers. This type of data also provides relevant insights when identifying potential risks and attempting to make astute decisions. As an example, ESG data provides crucial insight regarding an organisation's sustainability and ethical practices. It can affect the responses from key stakeholder groups and can drive, or destroy, economic value.

Background

This report seeks to contribute to the ongoing discourse surrounding the interplay between ESG factors specific to clothing retailers and the influence of social media on consumer and investor behaviours.

Perez et al (2022) reported that the growing importance of ESG is reflected in the rising number of searches related to the acronym itself. To this end, there has been a five-times growth in online searches since 2019. The same report suggests there is increasing evidence that consumers are becoming more vocal around the impacts on ESG through their purchasing power[12].

[7] Statista (2023). Global social networks ranked by number of users 2023. Available: https://www.statista.com/statistics/272014/global-social-networks-ranked-by-number-of-users/

[8] Helal, G. (2019). Social Media, Online Brand Communities, and Customer Engagement in the Fashion Industry.

[9] Statista (2018). Impact of influencer posts on purchasing decisions among influencer marketing audiences worldwide as of February 2018, by influencer tier. Available: https://www.statista.com/statistics/956197/influencer-impact-on-purchasing-decisions/

[10] Access Government, 2022. Fast fashion culture, though widely critiqued, is still on the rise – as social media companies use it as a marketing ploy for adolescents. Available: https://www.openaccessgovernment.org/social-medias-influence-accelerates-fast-fashion-culture-environment-pollution/134242/

[11] Apex ESG Enterprise. ESG Metrics in the Fashion Industry. Available: https://www.esgenterprise.com/social/esg-metrics-fashion-industry/

[12] Pérez, L., Hunt, V., Samandari, H., Nuttall, R., Biniek, K., (2022). Does ESG really matter – and why? McKinsey. Available: https://www.mckinsey.com/capabilities/sustainability/our-insights/does-esg-really-matter-and-why.mckinsey.com/capabilities/sustainability/our-insights/does-esg-really-matter-and-why

ESG is described as a process undertaken by organisations which involves "... measuring relevant resources and outcomes, analysing resource allocation to achieve optimal outcomes, and communicating resource management and outcomes to stakeholders"[13]. By integrating ESG considerations into the structure and operations of an organisation, the organisation actively contributes to ensuring that its operations are mindful of their measurable environmental, social, and governance impacts and outcomes to mitigate risk and leverage opportunities for competitive advantage, product design and strategic communications.

A report published by Deloitte (2022) emphasised the connection between consumers and the ESG initiatives of corporations, identifying that social media platforms frequently serve as the primary arena for consumers to inform their purchasing decisions – demonstrating a form of "voting". Consumers are then able to express their opinions or mete out repercussions accordingly. The same report provides guidance towards which issues resonate most emotionally with consumer bases[14]. It proposes that consumers are influenced by a corporation's ESG position. It also suggests that corporations should collaborate with consumers as participants on ESG risk management initiatives. By actively monitoring social media metrics and insights, an organisation can align its ESG initiatives with the sentiments and emotive demands of its consumers.

ESG priorities are evolutionary and subject to societal changes and shifts[15]. For example, in the midst of a climate crisis, consumers may demand organisations be more mindful of their environmental impacts. This proactive approach enables organisations to gauge consumer feedback and adapt strategies accordingly.

Environmental conversations surrounding clothing brands on social media are indeed impactful towards consumer perceptions. A study by Madni and Xie (2023) on the consumption patterns of 300 young Chinese consumers indicated that young people are more inclined to buy products from corporations involved in 'green' and environmentally conscious initiatives. This report seeks to highlight the growing and impactful conversations consumers are having across social media in relation to their views on the environment and the clothes they choose to purchase. Accordingly, social media metrics can provide meaningful insights for organisations looking to engage with consumers in this sphere[16].

[13] Serafeim, G. 2023. ESG: From Process to Product. Harvard Business School Working Paper, No. 23-069.

[14] Deloitte. (2022). Partnering with customers in search of lost trust in the new risk environment - A guide for consumer products and services companies. Available: https://www.deloitte.com/an/en/services/risk-advisory/blogs/partnering-with-customers-in-search-of-lost-trust-in-the-new-risk-environment.html

[15] Park, J., Choi, W., & Jung, S. U. (2022). Exploring Trends in Environmental, Social, and Governance Themes and Their Sentimental Value Over Time. Frontiers in psychology, 13, 890435. https://doi.org/10.3389/fpsyg.2022.890435

[16] Xie, S., & Madni, G. R. (2023). Impact of social media on young generation's green consumption behavior through subjective norms and perceived green value. Sustainability, 15(4).

Furthermore, a report by McKinsey (2023) indicated that consumers are increasingly becoming more environmentally conscious about the purchases they make. Through a US consumer sentiment survey, McKinsey found that 60% of consumers would pay more for sustainable products, and that 78% of consumers indicated that a sustainable lifestyle is important to them[17]. Over a five-year period, it was found that companies with positive ESG-related claims experience a growth of 28%, versus 20% for companies that make no ESG-related claims.

In 2022, Jha and Verma published a research report that looked to connect the relationship between ESG-related information dissemination across social media platforms and the impacts on companies' consumer base. Their findings only reaffirmed the power of social media on consumer spending habits. For instance, an analysis on Twitter interactions between consumers and organisations found a more positive online relationship between the public at large and those brands that highlighted their ESG efforts. An organisation's ESG initiatives were also found to have a positive relationship with consumer spending. In other words, consumers are more likely to purchase products if a company is vocal about their ESG-related initiatives. By correctly analysing social media metrics and insights, companies can thus identify the best pathways for ESG involvement by essentially pinpointing which issues are most important to their consumers[18].

ESG factors as viewed by investors represent a variety of risks, the management of which can be done through ESG risk management decision-making. An organisation considerate and conscious of its ESG risks may find themselves in a strengthened long-term position. Ultimately, ESG represents a shift from solely profit-maximization towards the creation of positive environmental, social and governance outcomes or impacts[19].

In short, this report emphasises the significance of monitoring social media sentiment regarding ESG initiatives of clothing brands. It suggests that social media metrics can effectively identify the areas where consumers express the strongest demand for change in specific ESG aspects. As consumers are particularly vocal about their clothing purchases on social media, these platforms provide valuable insights for mindful fashion brands.

By uncovering how these key ESG themes have played out on social platforms over the three-year reporting period, this report also explores the validity and limitations of social data in driving broader awareness around sustainability issues in the fashion industry. Furthermore, it showcases the potential role that social data can play in ESG tracking and reporting.

[17] Bar Am, J., Doshi, V., Malik, A., Noble, S., Frey, S. (2023). Consumers care about sustainability-and back it up with their wallets. McKinsey. Available: https://www.mckinsey.com/industries/consumer-packaged-goods/our-insights/consumers-care-about-sustainability-and-back-it-up-with-their-wallets

[18] Jha, A. K., & Verma, N. K. (2022). Social media sustainability communication: An analysis of firm behaviour and stakeholder responses. Information Systems Frontiers, 1-20.

[19] Ahmad, H., Yaqub, M. & Lee, S.H. Environmental-, social-, and governance-related factors for business investment and sustainability: a scientometric review of global trends. Environ Dev Sustain (2023). https://doi.org/10.1007/s10668-023-02921-x

Case study

Aftermath of the Rana Plaza collapse

On April 24, 2013, Rana Plaza, a garment factory in Dhaka, Bangladesh collapsed, claiming the lives of over 1,100 workers and injuring a further 2,000. Subsequent reports stated that a day before the tragedy, workers had discovered large structural cracks and voiced their concerns to the factory owners[20]. This event serves as an example of the poor working conditions and deficient labour rights that many garment workers in developing countries still endure. Garment factories such as Rana Plaza are often contracted by Western-based clothing retailers.

In the aftermath of the Rana Plaza collapse, social media played a key role in scrutinising the stakeholders involved. Organisations, including Fashion Revolution, began circulating tweets and other social media posts to raise awareness about the squalid conditions workers in the garment factories are faced with. Furthermore, it was found that news outlets based in the United States, who had cited the mass amounts of social media outrage, had accused fast fashion retailers of the collapse due to their lack of oversight in the production processes[21].

Following the collapse and the subsequent attention it generated, fast fashion retailers faced negative trading days[22]. As a result of the widespread awareness regarding the poor treatment of labourers and the culpability of western-based clothing brands, organisations such as the International Labour Organisation (ILO) were granted the ability to provide input and partner with the Bangladeshi government to strengthen the domestic labour rights and conditions for all workers through reforms in labour regulatory bodies.

Additionally, the ILO partnered with Bangladesh trade unions, brands, and retailers who have previously sourced products from Rana Plaza factories, as well as non-governmental organisations (NGOs), to establish a payment scheme for the victims and families affected by the tragic collapse. Over $30 million was added into a trust fund for those directly affected, with the majority of contributions made by international clothing brands[23].

[20] Clean Clothes Campaign (2019). Rana Plaza. Available: https://cleanclothes.org/campaigns/past/rana-plaza

[21] Paton, E., (2020). After Factory Disaster, Bangladesh Made Big Safety Strides. Are the Bad Days Coming Back? The New York Times. Available: https://www.nytimes.com/2020/03/01/world/asia/rana-plaza-bangladesh-garment-industry.html

[22] Boudreau, L., Makioka, R., & Tanaka, M. (2015). The impact of the Rana Plaza collapse on global retailers. Available: https://www.researchgate.net/publication/308675271_The_Impact_of_the_Rana_Plaza_Collapse_on_Global_Retailers

[23] Butler, C. 2022. 'The Factory is Green, the Job is Not' - Bangladesh Garment Worker. Solidary Center. Available: solidaritycenter.org/the-factory-is-green-the-job-is-not-bangladesh-garment-worker/

Methodology

Methodology

The inaugural UK Fashion ESG Index uses a consumer-driven lens to deliver strategic insight around the key themes driving negative and positive interactions with ESG initiatives.

Sampling methodology

The focus group for UK Fashion ESG Index consisted of 9 UK-based, retail brands. At the time of selection they were all publicly listed on the LSX. As a second filter, the brands were investigated to determine their ESG ratings across three ESG benchmarking indices – MSCI, Sustainalytics, and FTSE Russell. As an additional filter, a well-known industry commentary—the Fashion Transparency Index (FTI) published by Fashion Revolution—was referenced to provide further analysis of the fashion brands' sustainability ratings. A scorecard was produced to highlight the respective ESG and FTI ratings. Brand volumes were then produced to validate if there was sufficient data to run analyses on the chosen brands.

Following the scorecard, DataEQ tracked over 1,8 million public mentions related to ASOS, Boohoo, Burberry, H&M, JD Sports, Next, Primark, Superdry and Ted Baker between a three-year time period, 1 January 2020 – 31 December 2022. Data sources were mainly Twitter, but also included other online sources.

Table 1: Social media data volumes and subjects analysed for this report

	TOTAL MENTIONS	VERIFIED FOR SENTIMENT AND SEGMENTS	VERIFIED FOR TOPICS	MARGIN OF ERROR ON PUBLIC NET SENTIMENT
ASOS	305 393	6 176	699	±0.9 pp
Boohoo	703 084	6 999	278	±0.8 pp
Burberry	113 409	5 219	686	±0.8 pp
H&M	118 055	6 453	2083	±0.9 pp
JD Sports	299 707	7 165	503	±0.9 pp
Next	105 598	7 801	1 515	±0.8 pp
Primark	397 337	8 333	3 189	±0.8 pp
Superdry	60 051	3 624	424	±0.9 pp
Ted Baker	38 998	5 870	222	±0.8 pp
Total	1 863 092	57 640	9 599	±0.3 pp

All volumes shown here exclude mentions posted by the brands in review to avoid skewing results

Sentiment methodology

To carry out sentiment analysis with a 95% confidence level and a margin of error of up to ±0.9 percentage points on public Net Sentiment, a random, representative sample of consumer and press mentions were processed through DataEQ's Crowd of real human contributors for evaluation and verification.

Topics methodology

DataEQ's proprietary method of topic analysis enabled a granular understanding of the specific themes driving consumer sentiment. A sample of 57,934 sentiment-bearing (i.e. positive and negative only) mentions were sent to the Crowd for topic assignment. Positive sentiment is defined as positive posts around a brand, while negative sentiment is defined as negative posts around a brand.

When referencing ESG topics, the classification system of the index comprises three segments of consideration:

1. Environmental
2. Social
3. Governance



Each parent topic holds multiple child topics. The child topics are more nuanced and detailed aspects of their corresponding parent topic. The topic wheel (Figure 1) depicts the three parent topics (inner segments) and their relationship to the 32 child topics (outer segments). The ESG taxonomy applied to the topics analysis is listed in Table 2. Each mention was reviewed for all possible topics, and some mentions received more than one parent/child topic. Therefore, topic sums do not add up to over 100%.

Figure 1: DataEQ's ESG Topic Wheel



Table 2: DataEQ's ESG Taxonomy

Environmental considerations	Social considerations	Governance
• Animals rights • Biodiversity and land use • Energy efficiency/usage • Materials used • Over-production/over-consumption • Packaging • Product longevity/quality • Recycling, upcycling, circularity • Sustainability initiatives or drives • Waste/emissions/pollution • Other green/sustainability themes	• Customer treatment • Data safety and privacy • Employee treatment or experience • Giving credit where it's due • Human rights or diversity • Inclusivity • Physical health and safety (of consumers) • Predatory sales/misleading advertising • Social responsibility • World events • Other social impacts	• Company finances • Corruption • Employment practices • ESG policies • Leadership and shareholders • Mergers or acquisitions • Partnerships/collaborations/ associations • Profits above people • Transparency or compliance • Other governance issues

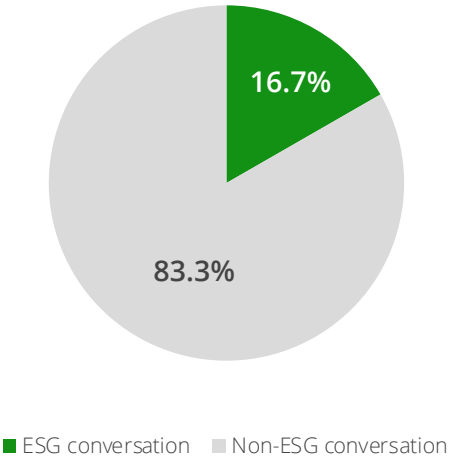
Industry overview



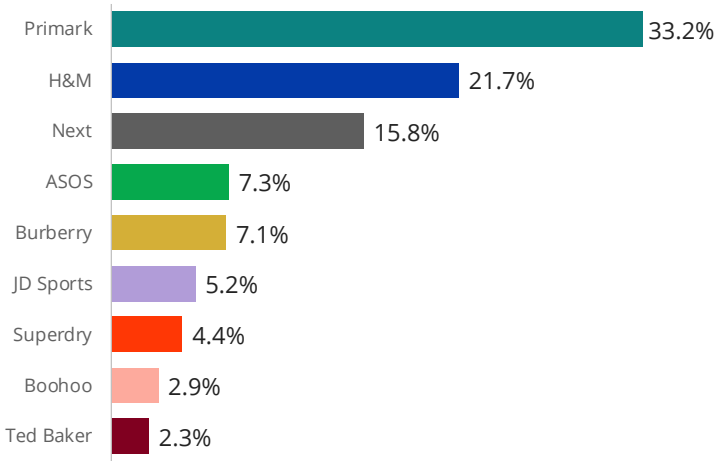
Industry overview

Consumers have progressively been demanding more transparency from fashion brands, with a growing trend towards voicing their opinions and concerns through social media platforms. Over the three-year reporting period, nearly a fifth (16.7%) of all sentiment-bearing UK fashion industry conversation referenced one or more ESG topics.

Proportion of ESG-related mentions



Share of ESG conversation per brand

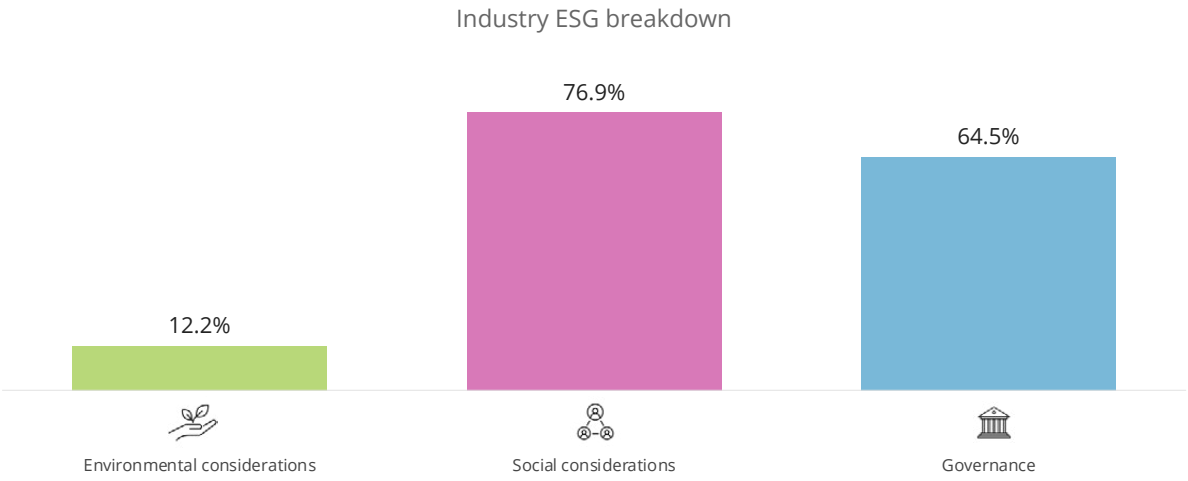


Across the nine brands included in the study, Primark (33.2%) held the largest proportion of this ESG conversation, followed by H&M (21.7%) and Next (15.8%). H&M had the highest proportion of environmental conversation, while Primark held the largest share of voice in social and governance conversations. Conversely, Boohoo (2.9%) and Ted Baker (2.3%) recorded the lowest proportions of ESG conversation across the industry, respectively.



Consumers were most vocal about social considerations

The majority (76.9%) of ESG conversations related to social considerations, with consumers' health and safety being the most prominent topic. This was followed by employee treatment and human rights.



COVID-19 protocols and restrictions played a key role in driving this conversation, with the ethos of everyone "being in it together" bringing social inequality to the forefront. Consumers shared awareness of the differences between those who could work from home and those who could not, those who were forced to work or not get paid, and the broader differences in the experience of the pandemic between the social classes. Conversation around human rights and diversity has also grown as a topic in recent times and will continue to expand as retail brands become more conscious of their roles in social justice.

Top social considerations child topics

	Volume	*Positive*	*Negative*
Physical health and safety (of consumers)	37.5%	1.5%	98.4%
Employee treatment or experience	21.3%	8.5%	91.5%
Human rights or diversity	21.2%	5.1%	94.7%
Social responsibility	19.2%	50.5%	49.5%
Customer treatment	13.8%	1.3%	98.7%

64.5% of ESG conversation related to governance issues.

Criticism of the lack of ESG policies, transparency and accountability across the fashion industry drove the bulk of governance-related conversation. This shows how brands are being challenged to evidence their impact and go beyond their traditional, end-of-year financial statements and internal reports.



Top governance considerations child topics

	Volume	*Positive*	*Negative*
ESG policies	66.7%	12.8%	87.1%
Company finances	9.2%	49.7%	50.3%
Profits above people	6.5%	3.0%	97.0%
Transparency or compliance	5.7%	4.7%	95.3%
Partnerships or collaborations or associations	4.7%	59.0%	41.0%

Company financials were discussed frequently under this segment of conversation. While the profitability of brands may have historically been viewed in a positive light, retailers' financial success is now increasingly being seen against the backdrop of ESG, specifically in terms of companies putting profits above people.

Environmental considerations were low in volume but high in impact

Consumer conversation around the environmental impact of fast fashion was largely related to the choice of materials being used. This drove awareness around topics like animal rights and the longevity of products and packing materials.

Top environmental considerations child topics

	Volume	*Positive*	*Negative*
Animal rights	30.6%	8.1%	91.9%
Product longevity or quality	24.2%	6.0%	93.3%
Sustainability initiatives or drives	24.1%	50.7%	49.3%
Materials used	10.1%	55.9%	44.1%
Recycling, upcycling or circularity	7.3%	72.1%	27.9%

Despite making up just 12.2% of ESG conversations, it is important to remember that these environmental considerations can still have a significant impact on retailers, having been known to trigger consumer boycotts and cause major reputational harm to brands.

There was considerable overlap between ESG segments

While the environmental, social and governance sectors each have their own distinct focus, it is important to note that there is significant overlap between them. Governance practices can affect environmental and social outcomes, such as a brand's commitment to sustainability and responsible labour practices. Recognising and addressing the interconnectedness of these issues is crucial for brands, investors, and policymakers to create sustainable and responsible practices that consider the well-being of both people and the planet.



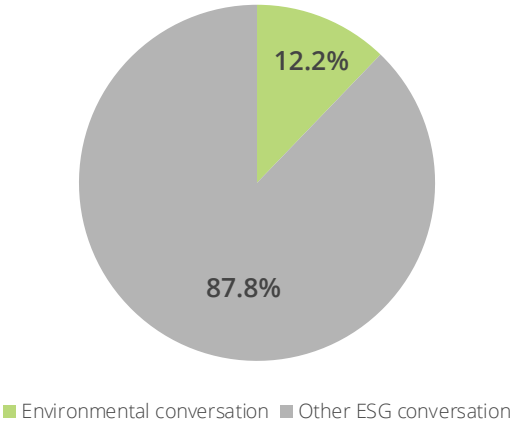
Environmental considerations

Environmental considerations

A major criticism of the fashion industry is its negative impact on the environment, which rises as the industry grows. Brands are constantly producing new collections to meet trend demands, driving mass-manufacturing and production. Garments produced, purchased, used, and disposed of require high levels of water, energy, and raw materials.

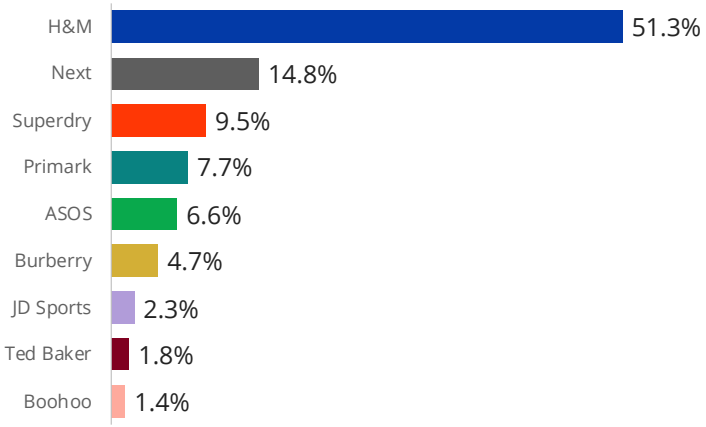
This significantly contributes to textile waste and greenhouse gas emissions. The equivalent of one garbage truck of clothing ends up in landfills every second[24]. While it has been estimated that the fashion industry produces 8-10% of annual global carbon emissions, the widespread lack of transparency on scope 3 emissions presents a challenge to accurately determine the true value of carbon that is emitted from this industry[25].

Proportion of environmental mentions in overall ESG conversation



Excludes enterprise mentions

Share of environmental conversation per brand



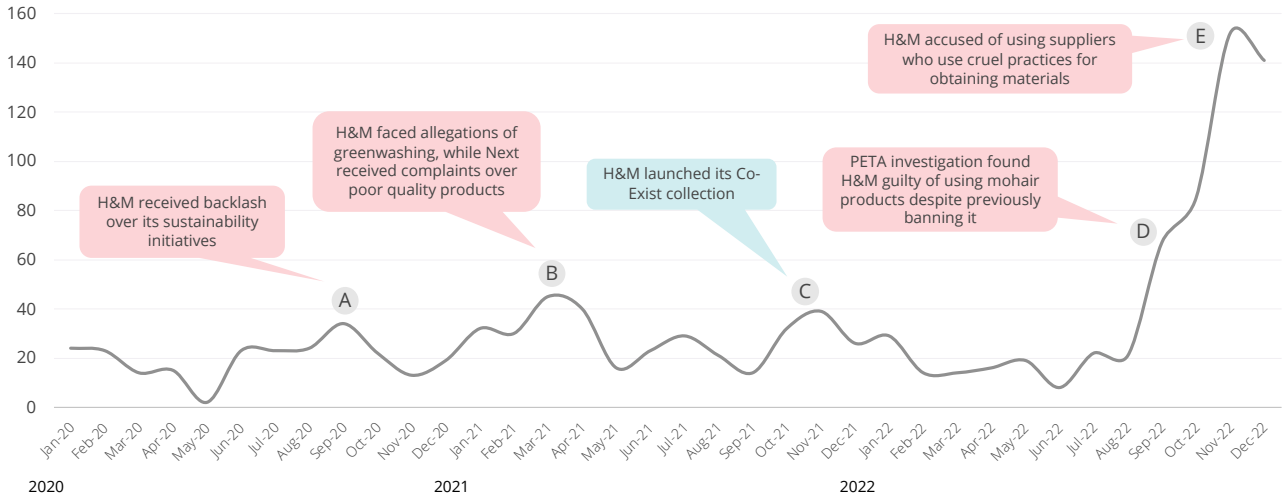


[24] World Economic Forum (2020). These facts show how unsustainable the fashion industry is. Available: https://www.weforum.org/agenda/2020/01/fashion-industry-carbon-unsustainable-environment-pollution/.

[25] United Nations Framework Convestion on Climate Change. 2020. Fashion Industry Charter for Climate Action. Available: https://unfccc.int/sites/default/files/resource/20_REP_UN%20FIC%20Playbook_V7.pdf

H&M's conversation in this segment was predominantly negative, driven by incidents involving supplier practices, a widely publicised PETA investigation and allegations of greenwashing.

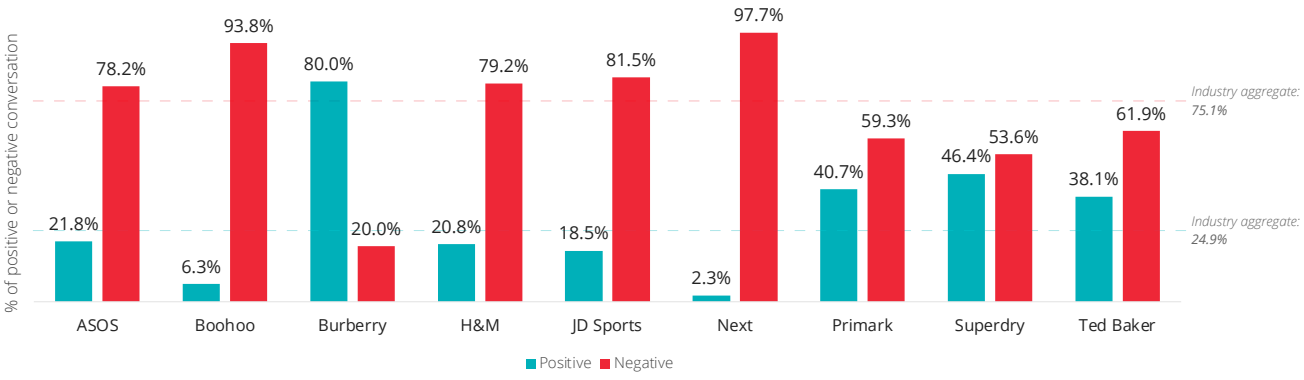
Monthly ESG conversation spikes



Burberry was the only retailer to see more positive than negative conversation

While H&M stood out in terms of conversation volume, brands like Next and Boohoo saw the largest proportions of negative environmental conversation. Conversely, Burberry achieved the highest proportion of positive conversation, standing out from the rest of the industry which recorded an average of 75.1% negative conversation.

Proportion of positive and negative environmental conversation by brand

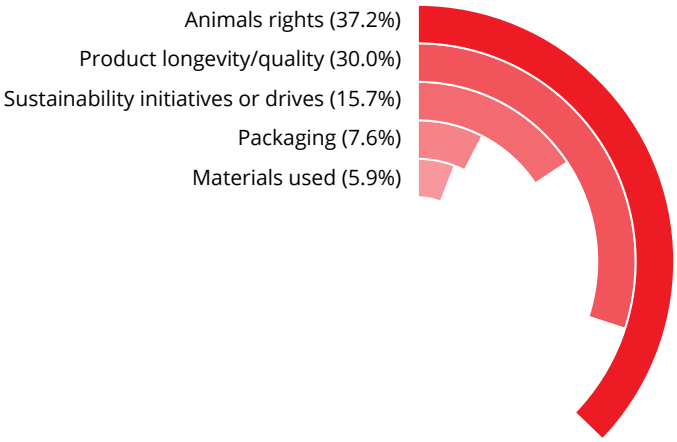


Consumers praised Burberry for actively improving its carbon footprint, while several press articles reported on the brand's initiatives in achieving this, such as designing outfits out of waste material, donating unused fabric to fashion students, and discarding its use of exotic leather.

Animal rights drove the most negativity across the industry

The topic of animal rights contributed to the largest amount of negative discussion within the environmental conversation segment. Animal rights activists and organisations were key contributors to this conversation, driving awareness around the harsh living conditions and inhumane animal practices that occur in the fast fashion industry. These include the de-beaking and live plucking of feathers, which causes significant distress, injury and even death to the animals.

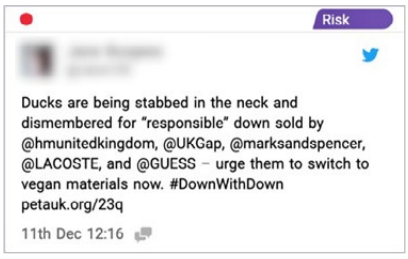
Negative themes in environmental conversation



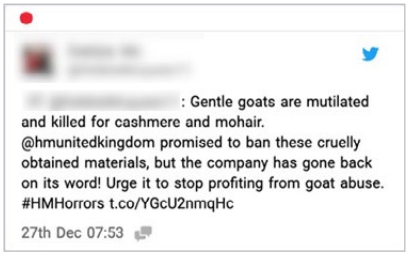
An example of a successful social media-driven boycott is the PETA boycott of Canada Goose. Through successful campaigning, primarily online and through the circulation of social media posts with videos of Coyote fur poaching practices, the company dropped fur from its clothing lines altogether amid the mounting pressure.

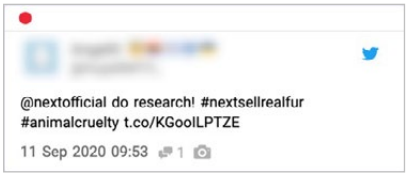
Negative example mentions







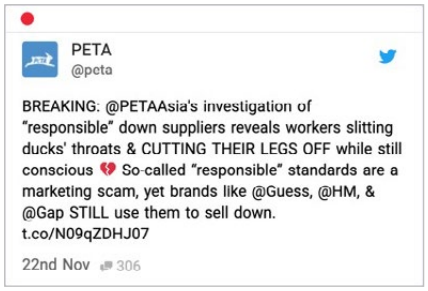




PETA investigations found H&M suppliers guilty of animal cruelty

H&M featured heavily in this kind of conversation, after a PETA investigation found the retailer's suppliers guilty of animal cruelty and endangerment. The fashion group also received backlash for reversing its ban on using cashmere and mohair for its products.

Animal rights mentions



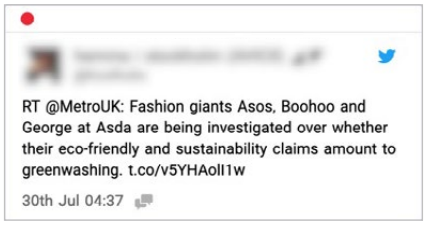


Some brands' sustainability initiatives backfired

H&M and Boohoo were both accused of greenwashing when they released fashion lines that were marketed as being sustainable. By questioning how these fast fashion houses could sell sustainably produced lines at such low costs, consumers showed that there is a growing general awareness around the premium prices associated with sustainable fashion.

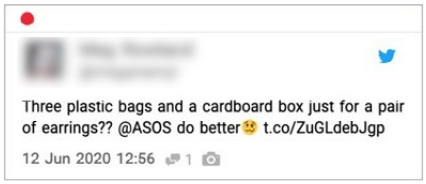
Sustainability initiatives or drives

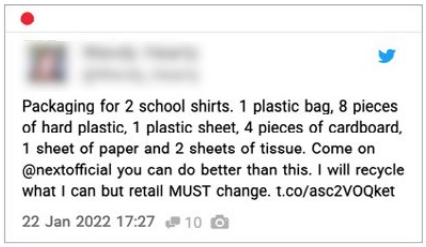




Furthermore, several fast fashion brands were criticised for the amount of plastic used in their packaging. Increasingly recognised as part of the product, packaging has received significant attention, particularly amongst well informed consumers who are quick to point out the consequences of these non-biodegradable materials on the environment.

Packaging

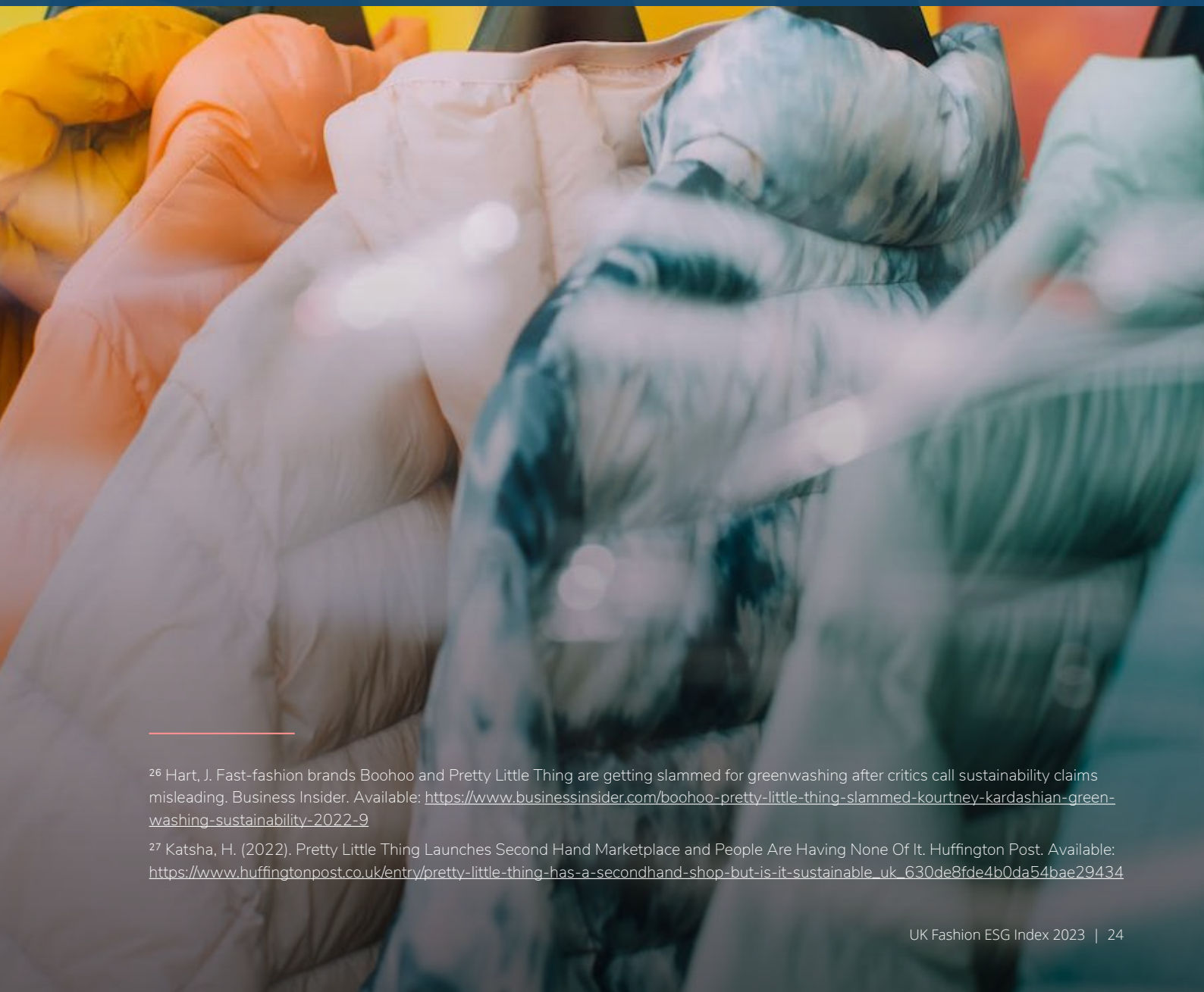




Case study

Boohoo controversy

In 2022, fast fashion retailer Boohoo came under fire by consumers across social media for allegations of greenwashing. After the company had released a marketplace where consumers may resell and purchase second-hand clothing items, citizens took to social media to call out the brand for greenwashing[26]. The fast fashion retailer's supply chain has been heavily scrutinised for its poor sustainability track record, with experts arguing that the brand's high-speed and large-scale production leads to clothing of low quality, posing challenges for consumers in avoiding excessive consumption[27]. As a result, the second-hand marketplace was widely criticised across social media platforms as an attempt by the company to misrepresent themselves as sustainable, diverting attention away from their unsustainable supply chain practices.

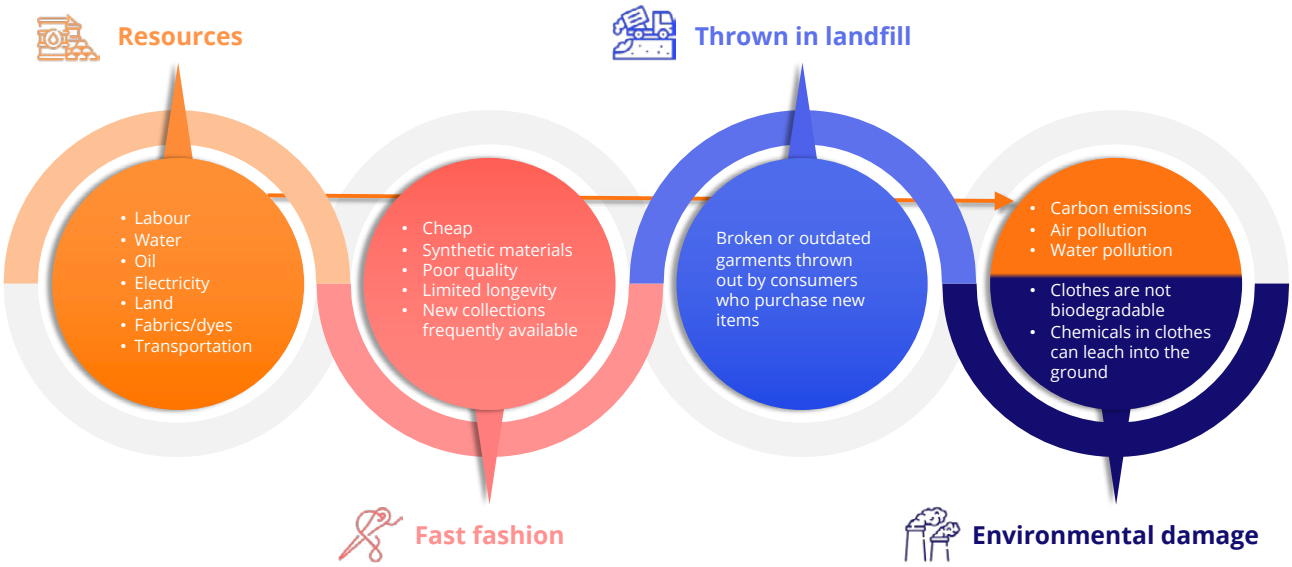


[26] Hart, J. Fast-fashion brands Boohoo and Pretty Little Thing are getting slammed for greenwashing after critics call sustainability claims misleading. Business Insider. Available: https://www.businessinsider.com/boohoo-pretty-little-thing-slammed-kourtney-kardashian-green-washing-sustainability-2022-9

[27] Katsha, H. (2022). Pretty Little Thing Launches Second Hand Marketplace and People Are Having None Of It. Huffington Post. Available: https://www.huffingtonpost.co.uk/entry/pretty-little-thing-has-a-secondhand-shop-but-is-it-sustainable_uk_630de8fde4b0da54bae29434

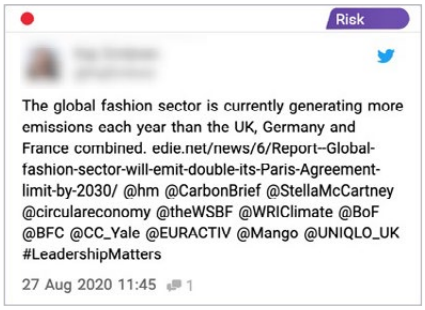
Are consumers missing the role they play in the bigger environmental picture?

While consumers were vocal about the poor quality of fast fashion garments and the environmental impact of materials and packaging in production, many are seemingly unaware of the direct role that they play in this production line by continuously purchasing clothing from fast fashion retailers.



Aside from a handful of well-informed posts, low online conversation volumes about resources, emissions and pollution indicate that the link between purchasing fast fashion and long-term environmental damage is not yet clear to the average consumer.

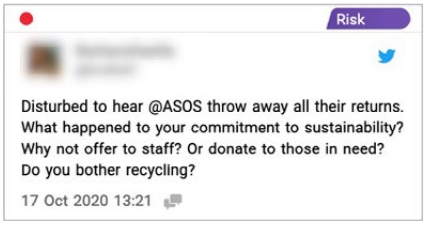
Resources



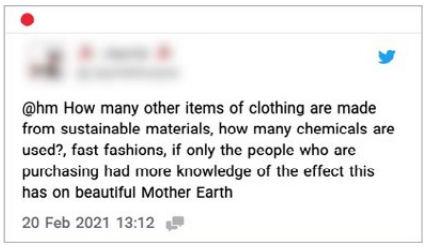
Fast fashion



Landfills



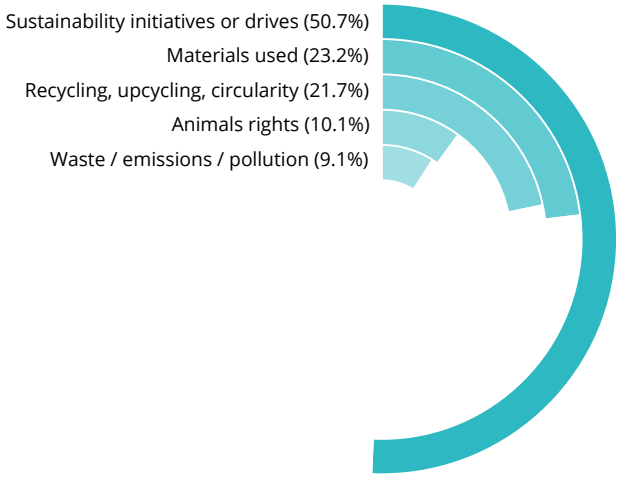
Environmental damage



Some retailers are moving in the right direction

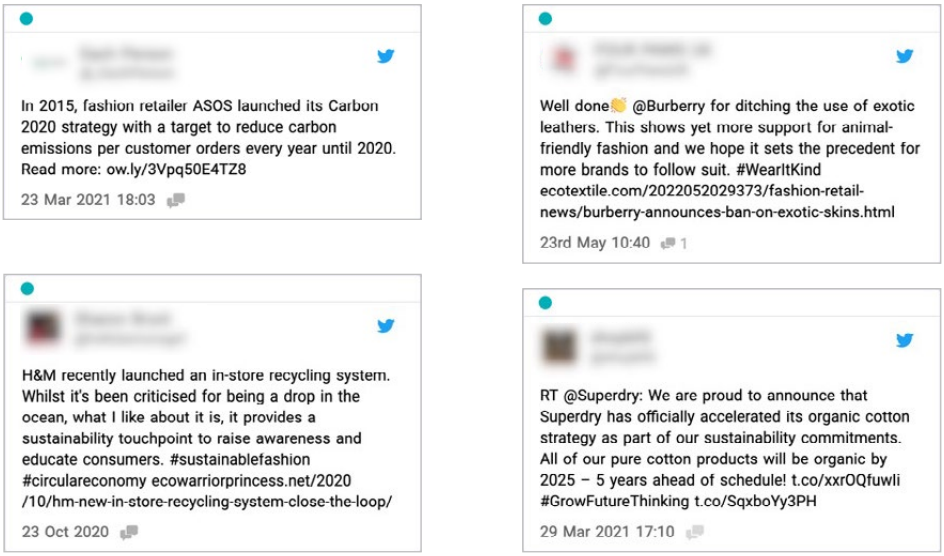
Growing pressure from ESG frameworks has encouraged fashion brands to enforce measures to reduce their carbon footprint by sourcing sustainable materials and reducing energy and water usage. Several fashion houses responded to this by implementing various initiatives to reduce their environmental impact during production and saw positive conversations as a result.

Positive themes in environmental conversation



Among these initiatives, brands have released "carbon-neutral" fashion ranges to reduce carbon emissions. These eco-friendly ranges were produced using recycled or sustainable materials, such as plastic bottles and organic cotton. Superdry's aim to create all of its pure cotton garments from organic cotton by 2025 was well-received by the public. The branded clothing company also released several "sustainable" garments from recycled material to further achieve its sustainability goals.

Positive example mentions



Other fashion brands implemented initiatives to increase recycling and reduce waste. H&M created an in-store recycling system, and ASOS introduced recyclable packaging for its online orders.

Sustainability initiatives launched in the fashion industry

- Recyclable packaging
- Supporting net zero emissions by 2030
- Donating fabric offcuts to fashion students to avoid waste
- In-store recycling bins

- Utilising sustainable materials to create eco-friendly clothing ranges
- Use of organic cotton
- Digitally printing textiles to reduce carbon emissions

- Protecting animal rights through the launch of vegan ranges
- Placing bans on animal products such as fur and exotic skins

Positive sustainability conversation volume

	Volume
Recycling initiatives	117
Use of sustainable materials	86
Protecting animal rights	32

Meanwhile, Burberry's unused fabric was donated to fashion students. Several brands were also praised for advocating for animal rights through initiatives like Burberry's ban on the use of exotic skins and Primark's launch of a vegan range.

Positive example mentions

Shop at retailers like @boohoo, @seasaltclothing, @superdrug, @Accessorize and many more through @easyuk and raise double donations for our animals! It doesn't cost you any extra money but raises much needed funds for the animals in our care 🐾 buff.ly/2OOogIK t.co/vP8xEn6Pag

19 Mar 2021 13:00

Well done👏 @Burberry for ditching the use of exotic leathers. This shows yet more support for animal-friendly fashion and we hope it sets the precedent for more brands to follow suit. #WearItKind ecotextile.com/2022052029373/fashion-retail-news/burberry-announces-ban-on-exotic-skins.html

23 May 2022 10:40

RT @peta: Excited to announce our partnership w/ @hm on a 100% #vegan collection celebrating humans & other animals being equal, co-existing inhabitants of our planet. Stay tuned for 'Co-Exist Story' dropping worldwide 11/4 at t.co/D5m2ZTdHjk & in select stores. #IAmTheFuture #HM t.co/dt2IOdxNhM

26 Oct 2021 23:49

RT @HedgehogCabin: @nextofficial @MikesBurbageGdn @KirstenKDouglas Oh fantastic, what an excellent response! Thank you for listening and acting in the interests of our precious wildlife. Well done @nextofficial for removing the item from your shelves, and for setting such a brilliant example to other stores.

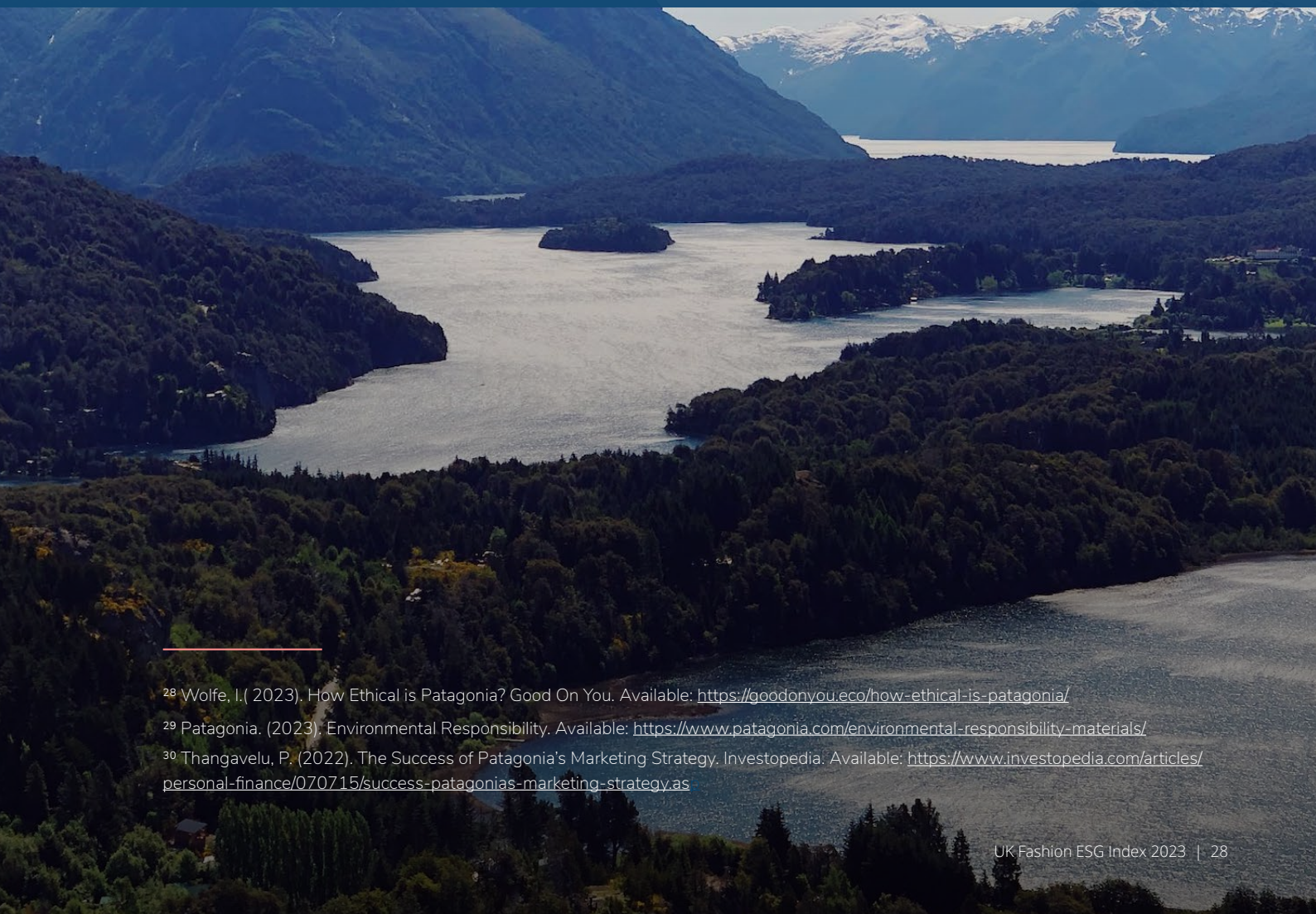
8 Dec 2021 16:40

Case study

Success story: Patagonia

The brand Patagonia is an example that can serve as a guide for clothing brands that are aiming to embrace environmental sustainability. Patagonia are often considered to be a sustainable brand. However, the brand wants to remove this label as they recognise, that despite their efforts to be more sustainable, they are still part of the problem in today's fashion industry[28]. Their entire business model rejects fast fashion to focus on creating high-quality, long-lasting products, even offering a repair and reuse programme. Furthermore, they have provided extensive detail for their environmental responsibility programme and animal welfare, detailing their material and products too[29].

Additionally, through their social media platforms, Patagonia have employed effective environmentally conscious marketing strategies[30] — even going so far as to attempt to discourage customers from purchasing too many products. Stating that as a brand, it would be hypocritical to work towards environmental change without encouraging consumers to think before they buy, their "Don't buy this jacket" campaign was designed to tackle the issue of consumerism. This approach has strongly resonated with their target audience who value both quality and ethical considerations.



[28] Wolfe, I.(2023). How Ethical is Patagonia? Good On You. Available: https://goodonyou.eco/how-ethical-is-patagonia/

[29] Patagonia. (2023). Environmental Responsibility. Available: https://www.patagonia.com/environmental-responsibility-materials/

[30] Thangavelu, P. (2022). The Success of Patagonia's Marketing Strategy. Investopedia. Available: https://www.investopedia.com/articles/personal-finance/070715/success-patagonias-marketing-strategy.as

Brands should heed caution regarding their green claims

Statements that highlight a particular product or feature that offers environmental benefits are known as green claims. In order to prevent being accused of greenwashing, these initiatives need strong evidence to back them up. By leveraging this as a marketing strategy, businesses communicate their commitment to sustainability, appealing to the growing number of environmentally conscious consumers. With this in mind, it is crucial for brands to consider the Green Claims Code.

What is the Green Claims Code?

The Green Claims Code ensures brands and other businesses create accurate and credible green claims. Alongside environmental goals, it not only prevents greenwashing, but contributes to brand transparency, promotes accountability, informs consumer choices, and fosters industry collaboration. It furthermore builds trust, maintains integrity, and drives positive environmental outcomes[31].

Businesses must adhere to a list of codes to establish their products and services as being authentically green and to ensure their credentials are not misleading. There are six principles that businesses should follow[32]:

1. Businesses should ensure their claims about products, services, brands, and activities are truthful and accurate.
2. The messaging of a product should align with its actual credentials to avoid confusion.
3. Important information should not be omitted or hidden, enabling consumers to make informed choices.
4. Comparisons between products should be fair and meaningful, considering similar needs or intended purposes.
5. Businesses must consider the entire life cycle of a product and its overall impact when making claims, avoiding selective focus.
6. Claims should be substantiated with reliable, credible, and current evidence to maintain credibility.

In related news, Boohoo has been under investigation by the Competition and Markets Authority of the United Kingdom since July 2022 for green claims[33]. The ongoing investigation is exploring whether the brand misrepresented its environmental claims and accreditations. This should serve as a cautionary example of the legal repercussions brands may face for greenwashing misrepresentations.

[31] Green Claims Campaign. (2023) Green Claims Code – get your green claims right. HM Government. Available: https://greenclaims.campaign.gov.uk/

[32] Gov.UK. 2021. Making environmental claims on goods and services. Available: https://www.gov.uk/government/publications/green-claims-code-making-environmental-claims/environmental-claims-on-goods-and-services

[33] Gov.UK.(2023)ASOS, Boohoo and Asda: greenwashing investigation. Available: https://www.gov.uk/cma-cases/asos-boohoo-and-asda-greenwashing-investigation

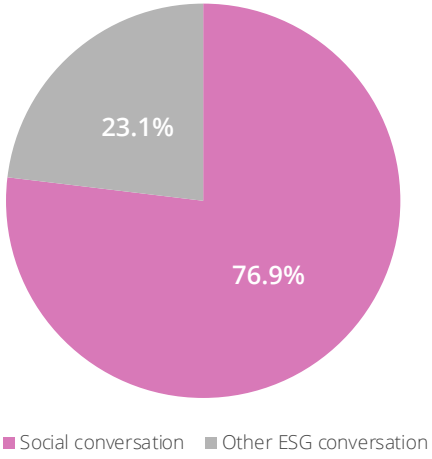
Social considerations



Social considerations

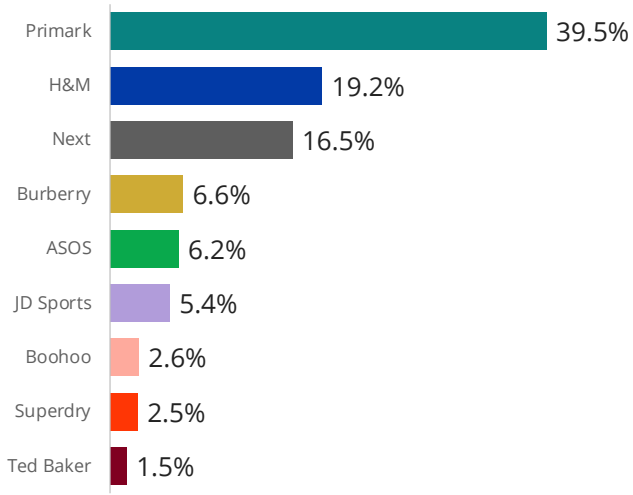
Social issues are evidently a significant concern in the fashion industry, accounting for the largest share of ESG conversations. Clothing production has doubled since 2000 to meet high demand[34], and with this increased production, more than 300 million people are employed in the value chain[35]. The treatment of this growing labour force, along with the general treatment of customers and consumers, are among the top social considerations within the fast fashion industry.

Proportion of social mentions in overall ESG conversation



Excludes enterprise mentions

Share of social conversation per brand



While the majority of this conversation was negative, there are positive social movements taking place within the industry to promote ethical labour practices, including fair wages and safe working conditions, Corporate Social Investment (CSI) initiatives, human rights, diversity, and inclusivity, with several brands making efforts to improve their social impact.



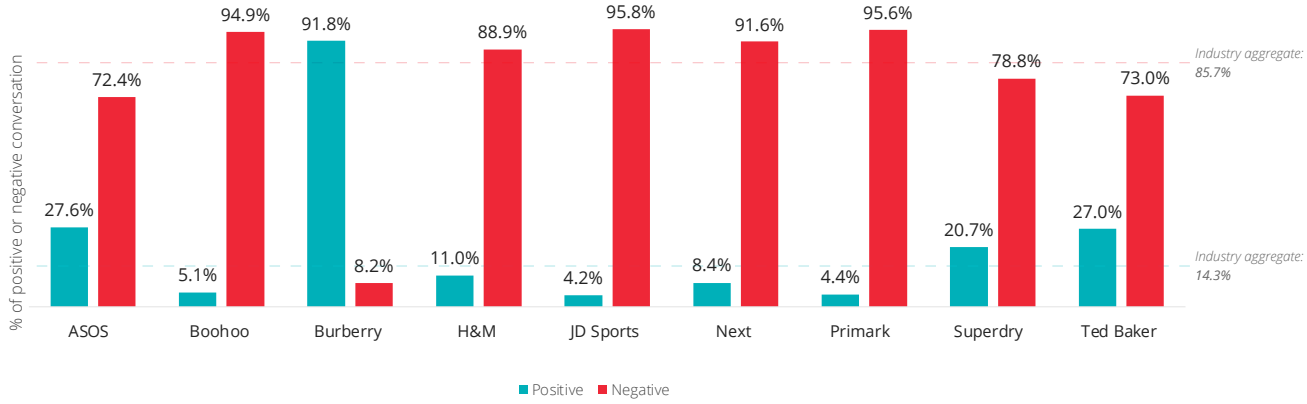
[34] Ahmad, N., et al. (2015). The Impact of Social Media on Fashion Industry: Empirical Investigation from Karachiites. Journal of Resources Development and Management, vol 7.

[35] Morgan, E. (2022). How Influencers Accelerate the Growth of Fast Fashion and Greenwashing. Available: https://www.eco-stylist.com/how-influencers-accelerate-the-growth-of-fast-fashion-and-greenwashing/

Primark stood out negatively in social conversation

Over the three-year period, Primark (39.5%) held the highest proportion of social conversations followed by H&M (19.2%) and Next (16.5%). Primark also recorded high levels of negative sentiment, along with JD Sports and Boohoo. Burberry, on the other hand, was once again the only brand to see a higher proportion of positive conversation than negative.

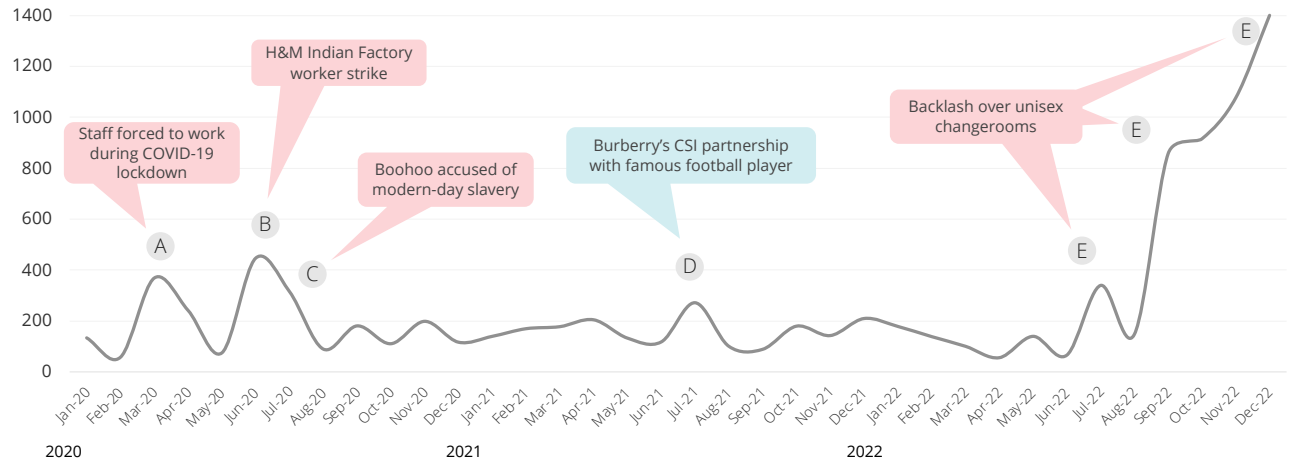
Proportion of positive and negative social conversation by brand



Conversations related to Primark predominantly centred on the fashion brand's decision to have same-sex fitting rooms. Despite noting the need for inclusivity, discontent consumers expressed concern for potential privacy and safety issues. Concern around same-sex fitting rooms was also an issue for H&M.

Boohoo faced accusations of exploitation of its factory workers, while JD Sports was swarmed with customer complaints, particularly around customer mistreatment.

Monthly ESG conversation spikes



COVID-19 had a major impact on social conversation

Based on the first three conversation volume spikes, the COVID-19 outbreak evidently led to expressed concern from customers over the health and safety of employees who were required to work during the pandemic. The lack of social distancing and COVID-19 protocols in-store further aggravated customers who accused brands of endangering their employees and customers.

27.7%

- Posts of appreciation for healthcare workers
- Donations to vulnerable people and NHS
- Returning furlough cash
- Converting factories to make PPE
- Introducing safety measures in stores
- Closing stores and online shopping during lockdown to protect workers

68.6%

- Distribution/warehouse staff forced to work to fulfil online orders
- Staff forced to take annual leave
- No social distancing in stores/ workspaces
- Staying open despite being non-essential
- Denying workers PPE
- Staff in retail stores not wearing masks
- Not paying suppliers/workers for cancelled orders Alleged furlough fraud
- Forcing COVID positive employees to work
- Mass retrenchments due to loss of sales
- Cut or denied wages to workers
- Retail staff not wearing masks
- Encouraging shopping and going out just as restrictions lifted

While some customers complained about the pandemic's negative impact on their shopping experience, the majority of consumers were sensitive to the needs of workers and empathetic to those who were being forced to work.

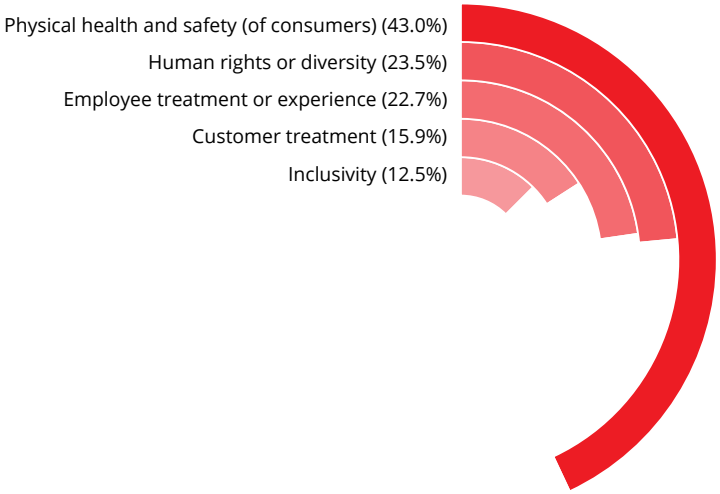


Physical health and safety drove negativity over same-sex fitting rooms

Trigger warning

In recent years, there has been a growing movement towards more inclusivity in fashion, with designers, brands, and consumers pushing for change.

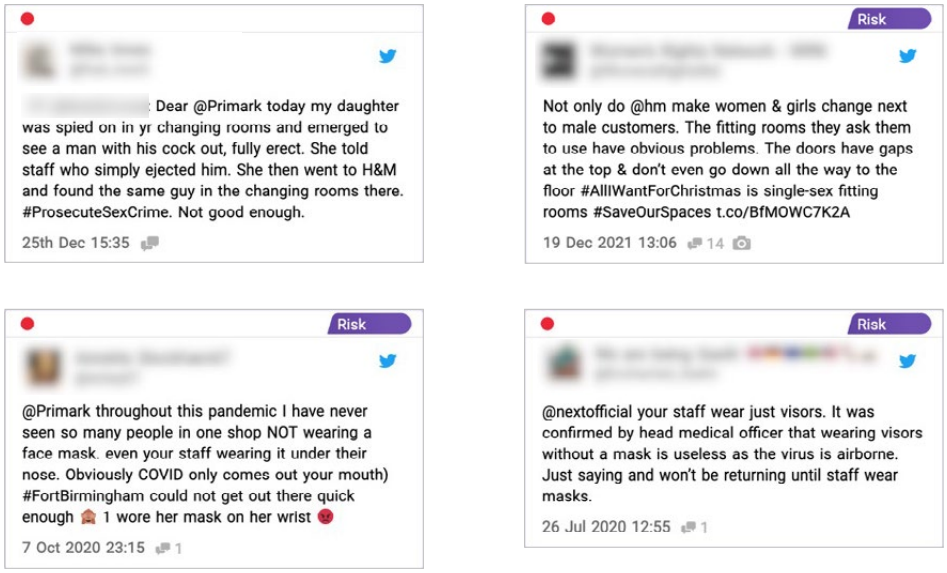
Negative themes in social conversation



As previously mentioned, Primark and H&M implemented same-sex fitting rooms within their UK stores. This move received backlash from consumers who expressed their concerns about young children and women's privacy and safety rights. Ultimately, the safety in changing rooms went beyond gender and spoke to the physical design of the rooms, for example the lack of locks and flimsy or short curtains.

Negative example mentions

Trigger warning



Consumer concern around fitting room safety was not addressed in time

Looking at the timeline for the conversation around this issue, consumers first began expressing their concern back in 2020. The level of concern escalated in 2021 when more customers pushed back on the concept of gender-neutral change rooms, before developing into a full-blown reputational issue in 2022 after an incident occurred.

Timeline for unisex change room conversation



This is a lesson for brands to listen to consumer feedback and consider taking action before an issue develops into a reputational matter. In the case of the changing rooms, retailers could have prioritised customer safety by using physical doors with locks, instead of curtains, back in 2020 when the issue was first raised.

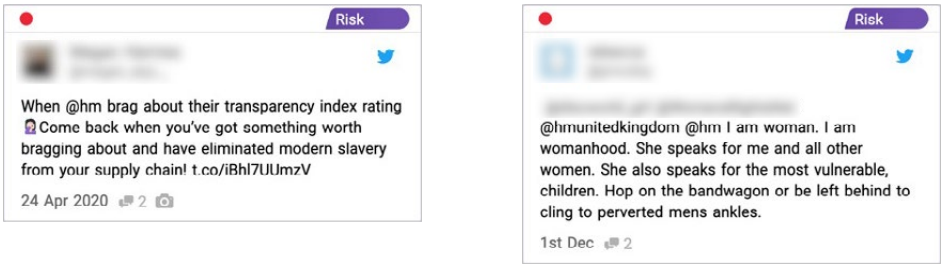
Along with these privacy and safety concerns, customer mistreatment was another prevalent topic of conversation over the three-year period. JD Sports was swarmed by backlash from the public after staff members treated a deaf customer poorly.

Physical health and safety (of consumers)



The fast fashion industry has been associated with numerous human rights violations, from forced labour and child labour to poor working conditions and insufficient wages. Multiple authors slammed H&M, Next, and Primark for the ongoing "modern-day slavery" at their factories across Asia, calling out the unfair labour practices and gender-based violence perpetrated by factory managers on women employees.

Human rights or diversity mentions





Case study



Success story: Fashion Revolution

In the wake of the Rana Plaza Disaster, Fashion Revolution was established, and has grown to be one of the largest fashion activism movements[5]. They mobilise citizens, brands and policymakers through research, education, and advocacy in order to restore the environment and ensure the highest value is placed on people, not products. As an action-oriented and solution-focused organisation, they enable consumers to recognise and exert the power they have to make positive changes within the fashion industry.

As an example, Fashion Revolution set up the campaign #WhoMadeMyClothes which encouraged users on Instagram and Twitter to take selfies with their clothes and question the supply chain responsible for their garments. The hashtag campaign was circulated by 64 million users and gained a total impression audience of over 124 million[36]. Since its initial release, this campaign has gained additional stakeholder traction, with a shift to the hashtag #IMadeYourClothes, focusing on workers conditions that have improved since Fashion Revolution's initial launch[37].

These campaigns and the Rana Plaza Disaster are prime examples of consumers using social media to pressure fashion retailers to take accountability and improve their ESG policies. Consumers have the power and accessibility to spread awareness, create petitions or call for investigations. This social pull has received attention from the respective brands to be investigated and effect positive action and change.

Success story: Nike

In recent years, Nike has performed well in terms of ESG criteria, as evidenced by its inclusion in the Dow Jones Sustainability Index and the recognition it has received for its ESG efforts. In 2018, during a period of protests against racial inequality in the United States, Nike made the decision to feature Colin Kaepernick as the face of their "Just Do It" campaign[38]. Kaepernick gained notoriety for taking a knee during the national anthem at NFL games as a form of protest against racism. This garnered both widespread support and opposition on social media. Nike's advertisement featuring Kaepernick included the caption, "Believe in something. Even if it means sacrificing everything," which sparked significant controversy as it appeared that Nike was taking a stance in support of Kaepernick and his protest. However, the positive response and impact of this initiative is evidenced by Nike's 10% growth in income, which demonstrated that a larger number of people aligned with their social position, disproving the doubts and boycotts against the campaign[39].

[36] Kim, C. (2020). Social Media Activism's Impact on Global Retailers.

[37] Fashion Revolution. (2023) Who Made My Clothes. Available: https://www.fashionrevolution.org/tag/who-made-my-clothes/

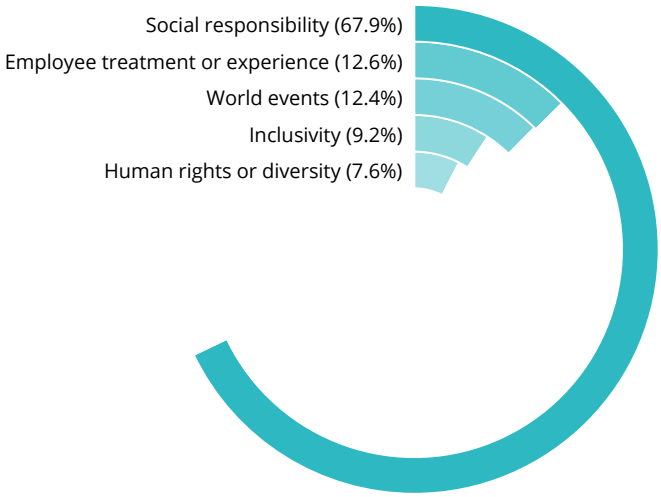
[38] Youn, S. 2018. Nike sales booming after Colin Kaepernick ad, invalidating critics. ABC News. Available: https://abcnews.go.com/Business/nike-sales-booming-kaepernick-ad-invalidating-critics/story?id=59957137

[39] Gallagher, M. 2019. ESG Investing: Is Nike a Responsible Investment? The Motley Fool. Available: https://www.fool.com/investing/2019/08/19/esg-investing-is-nike-a-responsible-investment.aspx

Burberry drove positive sentiment through impactful partnerships and initiatives

Positive social conversations in the fashion industry were centred on brands' initiatives to support social causes, like Burberry's partnership with the Leeds Playhouse, which included the development of the Burberry Inspire programme and its partnership with MacMillan Children's Books in opening libraries at several schools. The luxury fashion house was also praised after it retooled its trench coat factory in Yorkshire to produce PPE clothing and surgical masks for frontline workers during the COVID-19 pandemic.

Positive themes in social conversation



Burberry was not the only brand to get involved in their communities and support frontline workers. Primark donated 74,000 clothing items and towels to patients and NHS frontline workers at the Nightingale Hospital in London.

Positive example mentions



Case study

A cautionary tale: Primark's attempt at environmental consciousness backfires as a result of their social impact controversy

In 2021, fast fashion retailer Primark was at the centre of social media controversy after they released their "Primark Cares" collection, featuring clothing with motifs such as "Love Our Planet". Shortly after its release, it was found that one of their suppliers in Myanmar was accused of locking workers in factories in order to prevent them from joining anti-coup protests[40].

The attempt by Primark to join environmental conversations was thus overshadowed by social media users calling for the company to reassess its supply chain practices and social sustainability, and as a result, the collection was accused of being a greenwashing tactic by the company.



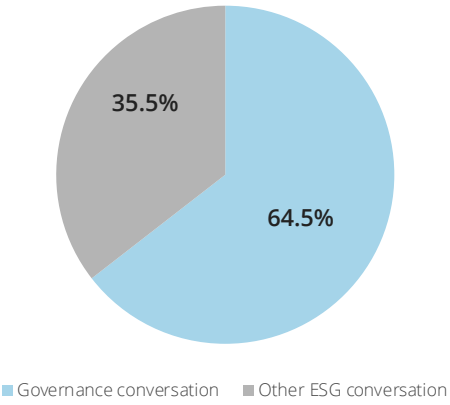
[40] Highfield, A. (2021). Primark suffers social media backlash after marketing clothing as 'ethical' and 'sustainable'. My London. Available: https://www.mylondon.news/lifestyle/fashion/primark-suffers-social-media-backlash-20431917

Governance

Governance

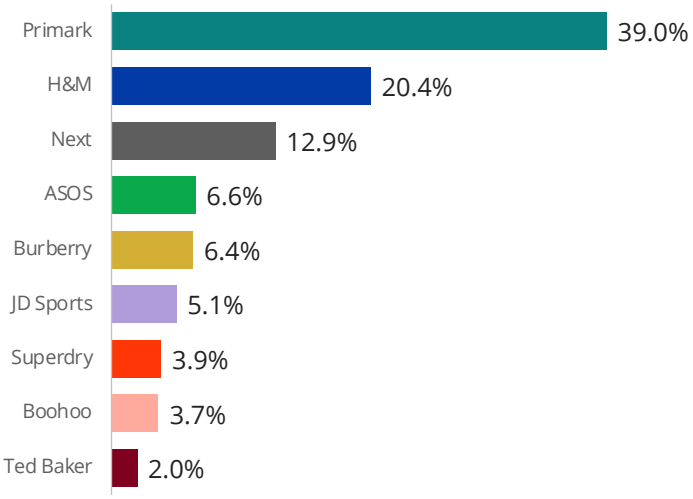
One of the principal governance challenges in the fashion industry is the lack of accountability and transparency in retailers' supply chains. Less than a third of major fashion brands currently disclose their supply chain operations, which makes it difficult for consumers and regulators to hold retailers accountable for any unethical practices[5].

Proportion of governance mentions in overall ESG conversation



Excludes enterprise mentions

Share of governance conversation per brand

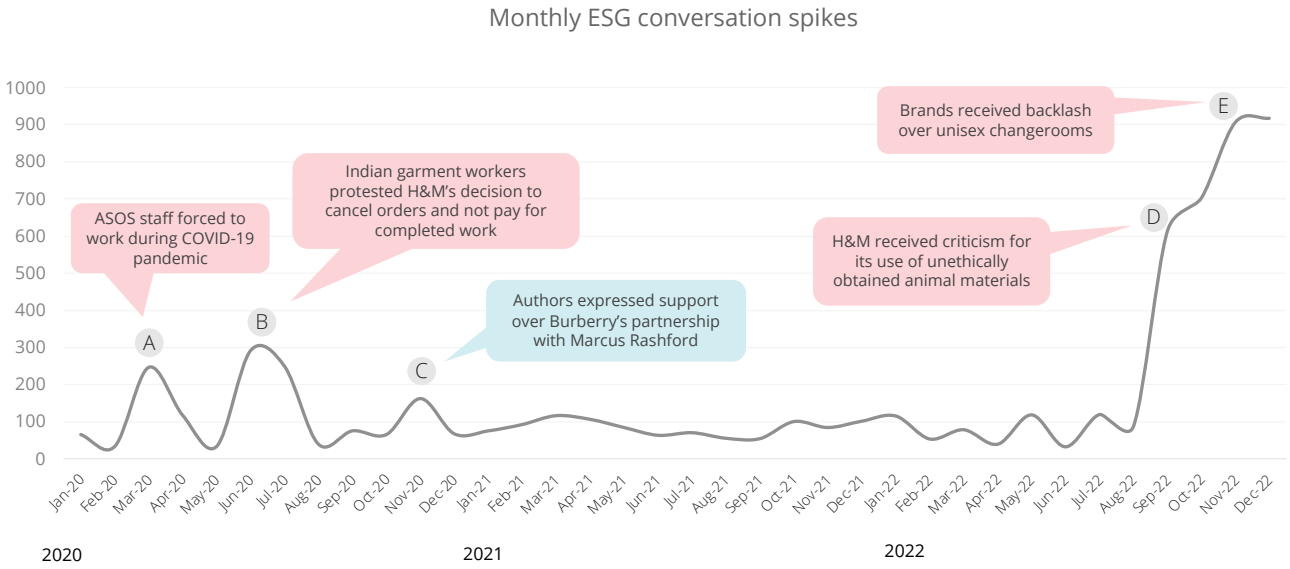


Social and governance conversation overlaps

Mirroring the share of voice for social conversations, Primark (39.0%) held the largest proportion of governance conversations, followed by H&M (20.4%) and Next (12.9%). This is to be expected when considering the significant overlap between the three ESG segments, specifically within governance-related conversation, which links directly to the brands' actions and policies around social and environmental issues.



The conversation overlap between governance and social considerations also extends to the events that triggered spikes in conversation volume.



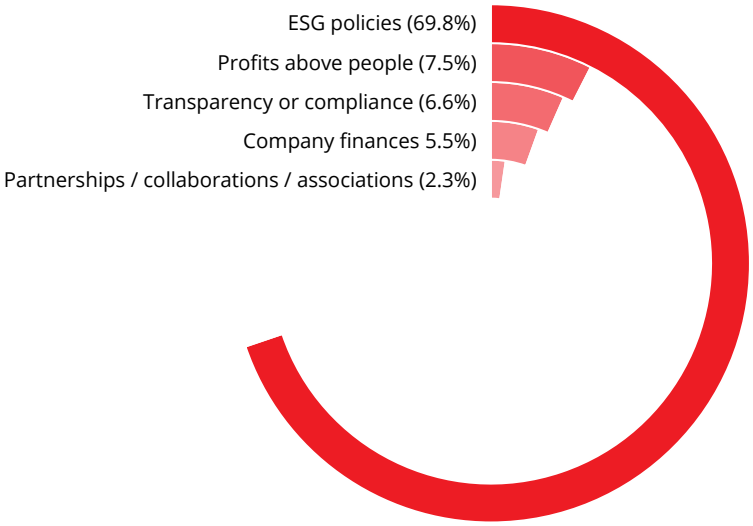
However, the way in which consumers spoke about these events differed between social and governance conversations. For social considerations, consumers focused on the actual social issue at hand, whereas governance conversations were more focused on the policies surrounding these issues.



Inconsistent ESG policies drove negative governance conversations

Negativity around fashion brands' ESG policies often involved accusations of greenwashing. Consumers were quick to call out brands for making unsubstantiated claims or using marketing and PR tactics as a smokescreen. Some brands' sustainability initiatives were also questioned for being too narrow or insignificant, focusing only on one component of ESG.

Negative themes in governance conversation



Customers also criticised various brands for their employment policies and practices, especially during the COVID-19 pandemic. Stories of staff having lost their jobs or being forced to come into work out of fear of losing their jobs raised questions about the fairness of these policies.

Brands such as ASOS, Next, JD Sports were accused of prioritising profits over people due to reports of forced labour, a lack of social distancing, and low or unpaid wages. These reports prompted widespread calls for non-essential retailers to shut down their operations or change their policies to better protect workers, with some social media users urging customers to boycott the affected brands. There were also instances where posts included the names of retail executives to get their immediate attention.

Negative example mentions





Case study

The consequences of unmanaged governance risks: Lululemon

An impactful illustration of the consequences of unaddressed governance risks and its subsequent negative market performance can be seen in the case of Lululemon's controversy in 2013. In a public display, the former CEO had made remarks towards the brand's consumer base that could be interpreted as fat-shaming. The incident sparked significant social media backlash, leading to detrimental effects on the brand's market performance.

A study conducted by "Business of Business" tracked social media mentions and the stock price of Lululemon during the controversy, which found that the company experienced losses in the stock market[41]. The brand's consumers started to voice concerns regarding the leadership team and whether the controversial perceptions reflected broader cultural acceptance within the brand.

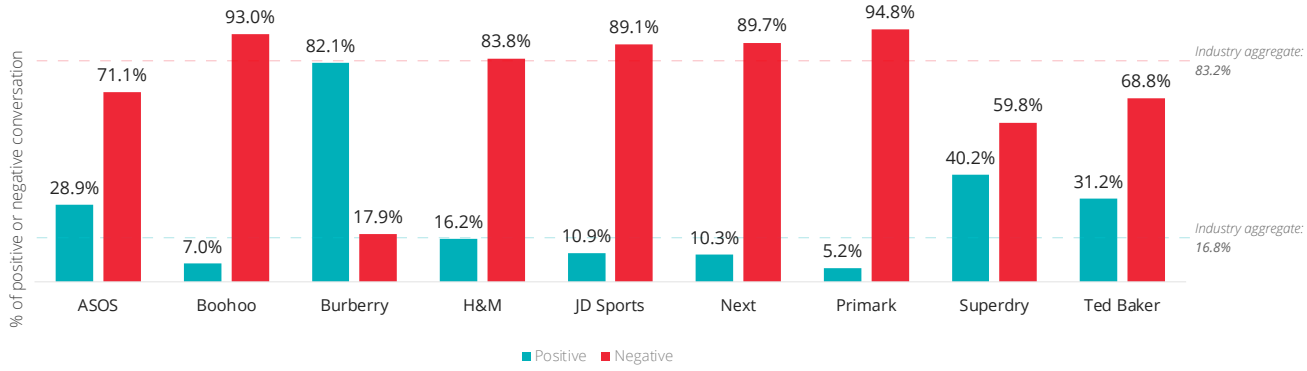


[41] Bloom, J. (2018). We tracked social and market reactions to Lululemon's rocky history. Business of Business. Available: https://www.businessofbusiness.com/articles/when-your-out-of-control-ceo-gives-you-lululemons/

Burberry bucks the trend

Burberry stood out again for having the largest positive-to-negative governance mentions ratio, with 82.1% positivity and only 17.9% negativity. Positivity was driven by a post by Manchester United's Marcus Rashford highlighting his partnership with Burberry. In this post, Rashford stated that Burberry shared his vision of supporting vulnerable communities, noting how the brand showed commitment and provided financial investment.

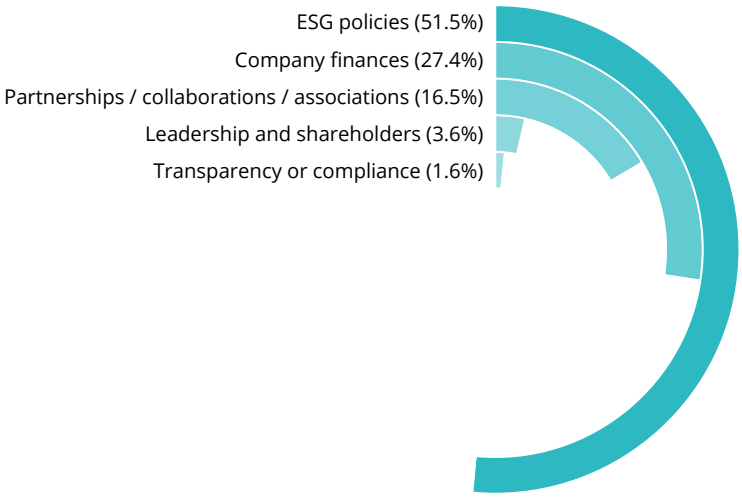
Proportion of positive and negative governance conversation by brand



Sound ESG policies and strong financial performance drove positivity

The topic of ESG policies was polarising across governance conversations. While it was the biggest source of negativity for some brands, others received positive mentions for their ESG policies and commitments, such as charitable donations, ESG campaigns, and linking executive bonuses to ESG outcomes.

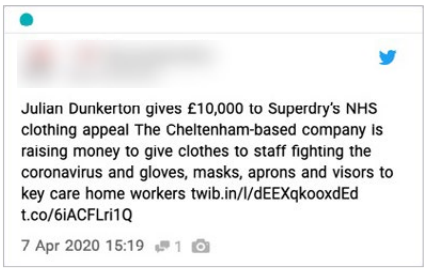
Positive themes in governance conversation



Additionally, positive mentions related to company finances, particularly sales, revenue, and profit growth, which were seen as a sign of good governance. Associations with other brands and organisations also helped spread positivity around company governance, particularly in facilitating CSI and ESG initiatives.

Partnerships or collaborations or associations





Leadership and shareholders



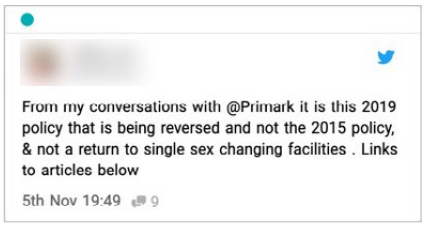


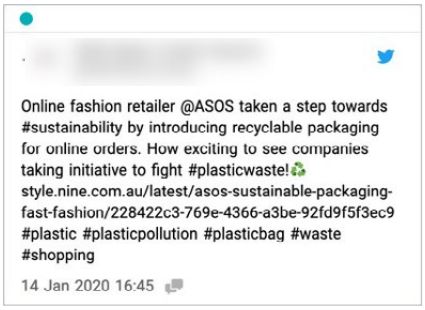
Company finances





ESG policies





Case study

Success Story: Radical transparency and Everlane

The emerging clothing retailer, Everlane, gained widespread recognition on social media for its governance approach centred on "radical transparency". Through this unique strategy, the brand openly discloses the cost breakdown of its clothing production and shares extensive information about the factories they source from[42]. Everlane emphasises the establishment of strong relationships with factory owners and conduct compliance audits to evaluate worker treatment, wages, and environmental impact. This commitment to transparency has garnered significant attention, as evidenced by the brand accumulating over 27.1 million views on TikTok videos featuring the hashtag #EverLane[43]. The positive reception of Everlane's transparency model indicates its resonance with consumers.



[42] Kannenberg, L. (2019). Social Spotlight: Everlane and the Impact of Zero Impact. Sprout Social. Available: https://sproutsocial.com/insights/social-spotlight-everlane/

[43] TikTok. (2023). #everlane. Available: https://www.tiktok.com/tag/everlane?lang=en

Findings and insights



The value of social media in driving and monitoring ESG performance of UK fashion brands

Social media can and has been used as a tool by consumers to hold fashion brands accountable for their actions. By sharing and exposing unethical practices, such as exploitative labour conditions or environmental harm caused by specific brands, social media users have shown their ability to effect real change across the fashion industry. The influence of consumer sentiment on public opinion, driving the shift in buying behaviour and brand choice, can provide strong signals that consequently determine investment decisions for fashion brands.

Implications for investors

ESG factors have gained great significance in shaping investor decision-making processes. Investors utilise ESG reporting standards, such as SASB (Sustainability Accounting Standards Board), to evaluate a company's long-term sustainability plans and assess the stakeholder risks they face that could affect economic value. ESG and CSR (Corporate Social Responsibility) disclosures are progressively serving as indicators for investors to identify companies that embrace forward-thinking principles and, consequently, exhibit greater viability[44].

According to the SASB, investors are increasingly using sustainability information to "improve their ability to achieve above market returns; reduce risk and volatility and protect against diminished returns and improve environmental and social investment outcomes, with financial returns as an equivalent or a secondary consideration"[44]. Various bodies of research have also demonstrated that listed companies who've embraced sustainable practices across ESG metrics outperform those that do not. By embracing and incorporating impactful ESG practices, companies can manage long-term risks and attract investors seeking transparency and accountability.

Furthermore, companies with strong ESG ratings have been linked to lower financial volatility. Investors seeking long-term sustainability will find that a company's ESG disclosures provide a strong indication of long-term viability through strong risk management.

Lastly, through a meta-analysis of more than 2,000 empirical studies, it was found that corporations have not had to sacrifice financial objectives at the expense of a focus on sustainability. Therefore, it is in the best interest of investors to incorporate sustainability and ESG practices and metrics in their decision-making processes[45].

ESG and CSR disclosures indicate a firm's level of transparency and accountability towards long-term goal planning. However, this perspective only represents one aspect of the situation. Investor decision-making is also significantly influenced by the relationships that consumers establish with a brand. Positive relationships and customer sentiment, as indicated by social media analytics regarding the ESG performance of fashion brands, such as the ones highlighted in this report, can also play a pivotal role in shaping positive investment decisions.

[44] D'Arpizio, C., Levato, F., Capellini, M., Flammini, B., Luthra, P., Improta, G. (2022). How Brands Can Embrace the Sustainable Fashion Opportunity. Bain & Company. Available: https://www.bain.com/insights/how-brands-can-embrace-the-sustainable-fashion-opportunity/

[45] FSA Credential Study Guide. (2023). FSA Credential.

Implications for brands

The fashion industry has been at the centre of discussions pertaining to the relationship between ESG and private sector ambitions. Subject to significant exposure to various risks in all three domains of ESG, the industry's investors and consumers are increasingly assessing the sustainability of clothing brands based on their transparency throughout the supply chain and operational procedures. Potential backlash from consumers and investors (in cases where ESG considerations are not adequately addressed) poses significant risk to brands. In today's digital age, where social media provides a platform for individuals to express their opinions and influence purchasing decisions, it is essential for brands to approach discussions on ESG issues and sustainability with purposeful and well-researched intentions and campaigns.

Social media serves as a powerful tool for business-to-consumer (B2C) marketing, yet it is a tool that can wield significant damage to brands if not handled thoughtfully. Instead of being caught amid controversies surrounding ESG and sustainability practices, brands have the opportunity to actively engage and contribute to these discussions, transforming themselves into meaningful participants in the conversation. Furthermore, brands can capture a growing consumer base of individuals who seek sustainable fashion choices. According to Bain & Company, 15% of fashion consumers are actively transitioning their purchasing preferences towards sustainable brands. It is projected that this number will continue to rise, with up to 50% of consumers seeking sustainable choices in the near future .

With growing consumer and investor demands for sustainable fashion options, governments are recognising the significance of this issue and actively engaging in the dialogue. As an example, the state of New York is currently evaluating Senate Bill S7428A, where fashion brands will be "accountable to standardised environmental and social due diligence policies". With overwhelming support across social media, the introduction of similar regulations across the world is likely to occur[46].

For brands operating within the industry, this unsolicited consumer feedback offers a unique view into the types of issues and events that resonate most with customers. An interesting result that came through strongly in the study is the disproportionate reaction that consumers typically have to positive and negative news and initiatives. A luxury brand like Burberry, for example, achieved positive sentiment across all three ESG segments, but saw significantly lower conversation volumes than some of the more negatively perceived brands. Social data may therefore offer more in-depth insight into the effects of negative ESG-related events than those measuring the impact of positive ESG initiatives. This offers a new type of ESG metric that could be considered for any industry.

[46] The New York State Senate. 2022. Senate Bill S7428A. Available: https://www.nysenate.gov/legislation/bills/2021/S7428?intent=support

Implications for civil society

There are material commercial risks connected to mass action campaigns, such as boycotts and protests, more recently evidenced by negative social media events, providing valuable learnings for brands going forward. Furthermore, monitoring this data in real-time could prove useful in providing brands with early warning signs or alert signals of potential ESG crises that may be brewing.

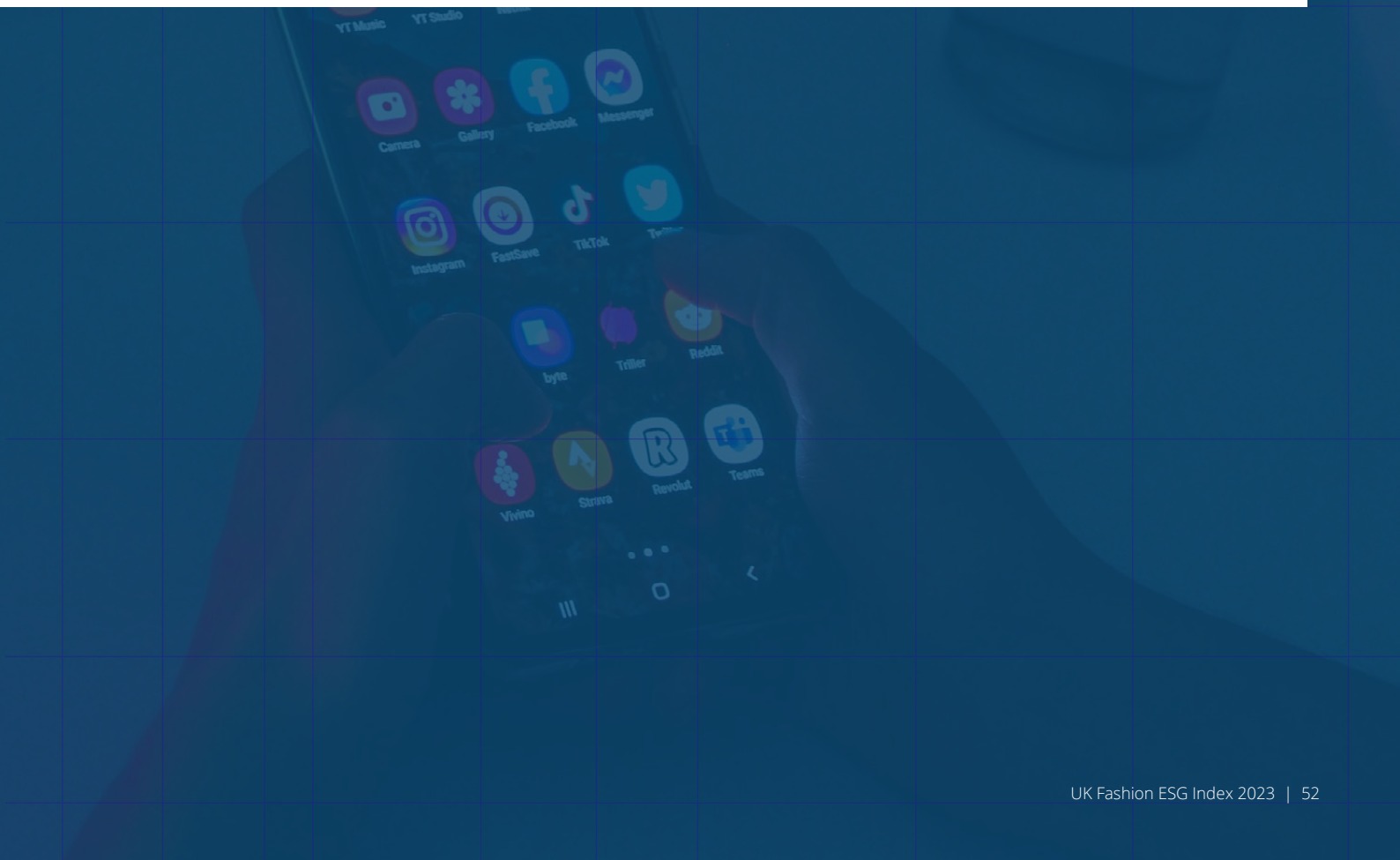
In today's consumer and investor landscape, social media platforms can serve as a key platform for identifying potential ESG risks associated with a corporation. Positive customer sentiment expressed on social media is increasingly linked to a brand's relationships with stakeholders throughout their supply chains. For instance, clothing brands that signed the Rana Plaza demonstrated a promising level of accountability to both investors and consumers. Their commitment to providing financial support to the victims and their families also exemplified the transparency that aligns with the practices of an ESG-positive company.

Movements like Fashion Revolution have served as an impactful driver of positive change in the fashion industry, while other organisations such as Canadian-based Fashion Takes Action (FTA) represent consumer demands for sustainable fashion choices. FTA provides consumers with research, purchasing guides and updates regarding sustainable fashion choices and encourages them to get involved in sharing its messaging and goals[47]. Offering its programmes and education to various stakeholder groups—including youth students and employees of the fashion industry—organisations like these wield increasing influence in shaping the path forward for clothing brands and calling for ethical and sustainable purchasing choices.

[47] Fashion Takes Action. 2023. Available: https://fashiontakesaction.com/



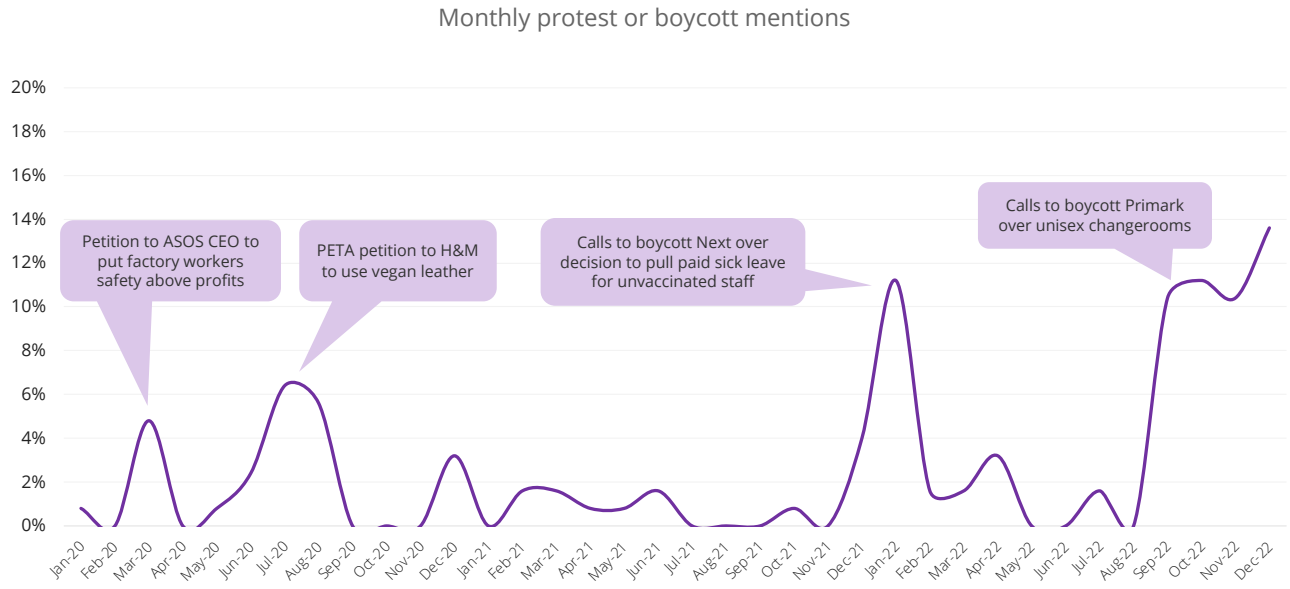
Identifying risk through social media



Identifying risk through social media

Social media platforms play a significant role in identifying potential ESG risks. Recognising the correlation between emerging environmental and social issues and customer response, which often involves resorting to boycotts, is thus crucial.

Furthermore, the sentiment expressed by customers through these platforms now has a growing influence on a brand's stakeholder relationships. By monitoring and understanding these dynamics, brands can proactively anticipate, and address risks linked to negative social media events, including boycotts and protests.



With this in mind, integrating social media data analysis with traditional methodologies is vital for effectively evaluating, motivating, and supporting ESG compliance efforts. This holistic approach allows brands to navigate the complex landscape of ESG risks while promoting accountability and fostering positive stakeholder engagement. Moreover, increasing transparency facilitates the identification and resolution of suspected abuse by workers' rights and environmental advocates. Additionally, it helps brands track ESG risks that may impact their business[5].

Social media has played a pivotal role in fostering political consumerism, empowering individuals to mobilise and engage in meaningful discourse surrounding their purchasing choices. By harnessing the power of social media, consumers have the ability to unite, voice their opinions, and participate in conversations that intertwine their values and political beliefs with their consumption patterns. This intersection of social media and political consumerism has provided a platform for individuals to advocate for change and influence their buying decisions based on the larger societal impact they seek to achieve[48].

[48] Copeland, L., & Boulianne, S. (2022). Political consumerism: A meta-analysis. International Political Science Review, 43(1), 3-18.

Spread awareness of issues and impact brand reputation

Create and share petitions to get the brand to perform a specific action

Get brands investigated

Brilliant article by @WarOnWant makes clear that "Next UK has a responsibility, the means, and managerial influence, to ensure their Sri Lankan workers are paid their bonus." @nextofficial, what are you waiting for? #PayTheBonus! waronwant.org/node/516

7 Jan 2021 21:48

Risk

Hey @hm, please sign the wage assurance and severance guarantee fund at your Annual General Meeting today. While you bag the big bucks as a top 10 highest valued clothing brand, your workers are struggling to make ends meet. What's "conscious" about that? #PayYourWorkers t.co/AeyrIIDmIB

6 May 2021 12:35 35

Risk

ASOS and Boohoo among firms investigated over greenwashing claims ow.ly/zVoz103Rj2E t.co/f5Po1fX7l2

29th Jul 11:18

: Seeing the images of large queues outside Primark and other shops today, hopefully with all the discussion about slavery, the people reflect on how much those who make the clothes will be getting paid

15 Jun 2020 12:24

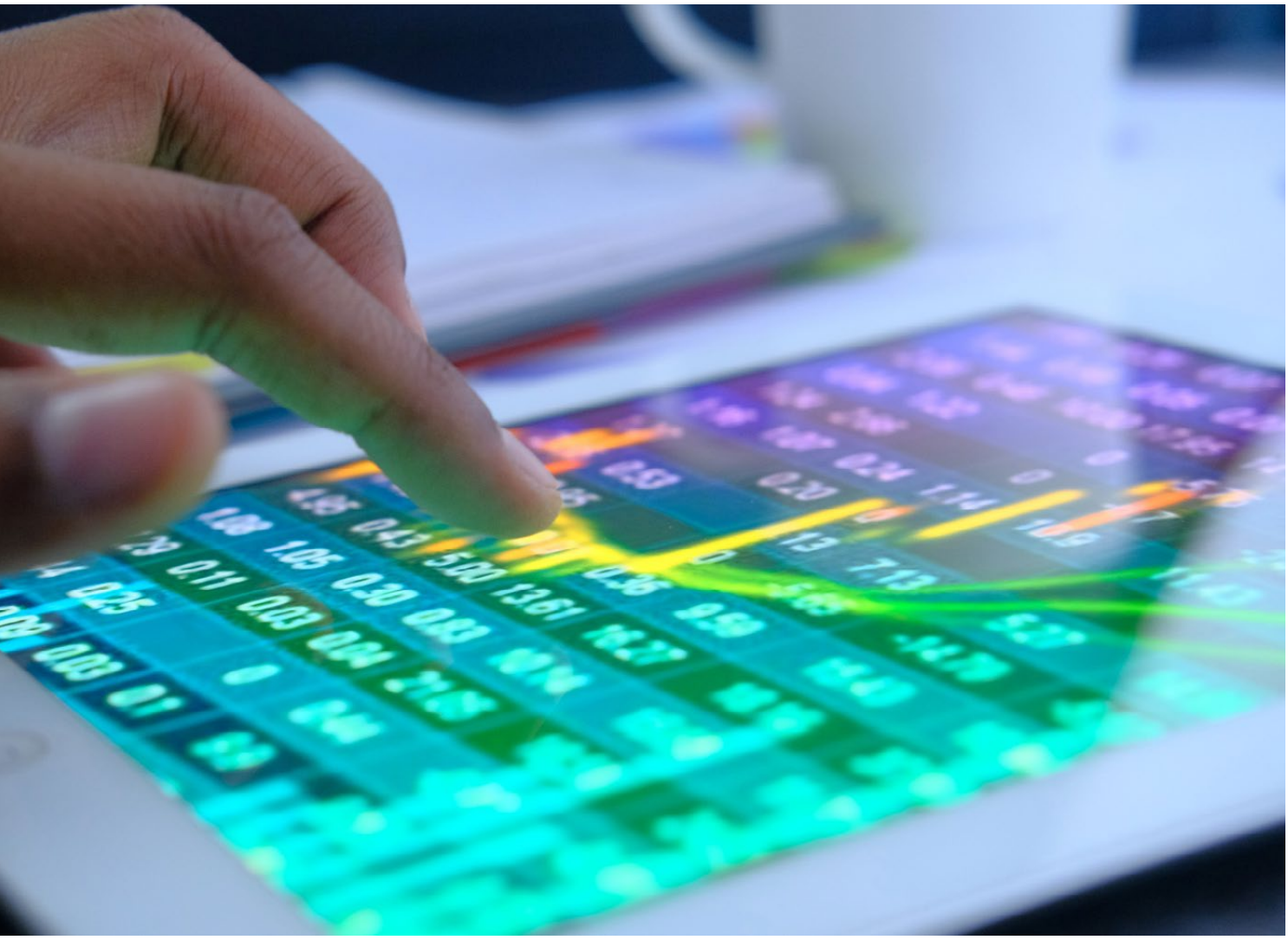
Risk

H&M claims that no animal should ever suffer in the name of fashion. Yet the company sells animal skins. Speak out: petauk.org/hmstopleather

2 Aug 2020

: Labour urges the government to take action and investigate working conditions in warehouses and factories after my colleagues @thatlaurawrites and @JessicaOmari reveal yet more complaints by staff at @JDSports and @SportsDirectUK. t.co/WpGaUGTMMI

11 Apr 2020 19:18



Conclusion



Conclusion

While it's been shown that social media has the potential to drive sustainability in the fashion industry, it is still important to recognise its limitations. To begin with, social media users may not be an accurate representation of the entire population, and those who actively engage in discussions around ESG likely have a particular interest or bias.

The average social media user is also not fully informed of the complexities surrounding the ESG impact of the industry. It can also be difficult to verify the authenticity of information and sources on social media platforms, which can lead to false beliefs and distorted perspectives. As such, social platforms are at risk of becoming a breeding ground for fake news, misinformation, and propaganda.

Despite these limitations, social media continues to generate increasingly large amounts of data that can provide a comprehensive understanding of public sentiment (in real-time) on a range of ESG issues. If structured and analysed correctly, this data could be used in conjunction with traditional company-driven information like financial statements to evaluate, motivate and support greater accountability and transparency within the clothing industry.

Together with their consumers, brands can create a world in which ethical business practices are always in fashion.



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