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Impact Index for fashion

Driving sustainability in fashion through standardized product certification and labeling

IMPACT INDEX

Introduction

Mounting pressure from consumers and investors, combined with government regulation, have accelerated the need for product-level transparency on sustainability for the fashion industry.

The textile sector alone boasts more than 100 certification schemes and labels.[1] And yet, half of the consumers in the Accenture Sustainable Fashion Survey cited vague or difficult to understand sustainability and ethical impact claims as a deterrent for considering the sustainability of an apparel item in their purchasing decision.[2]

Additionally, a study by the European Commission found that nearly 50% of companies' sustainability claims are "deceptive" and "do not provide sufficient information for consumers to judge the accuracy of claims."[3] This supports the call for a Product Environmental Footprint (PEF) label, and the subsequent industry challenge to assure that information is meaningful to all stakeholders. By aligning around a harmonized approach for communicating product-level sustainability information, the industry has a significant opportunity to build trust and make it easier for consumers to navigate more sustainable choices.

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Luxury consumers are increasingly interested in luxury products' social and environmental impacts. Neiman Marcus Group is proud to be working with the RBC in partnership with leading brands and alongside other retailers to create more transparency in the industry. We are committed to providing customers with clearer definitions of sustainable and ethical fashion that allow them to make more informed buying decisions.

- Lana Todorovich, President & Chief Merchandising Officer, Neiman Marcus

The fashion industry faces a variety of challenges in communicating their sustainability information to consumers:

01
Defining product-level sustainability and communicating it effectively

02
Understanding the certification landscape

03
Data collection and assurance across the complex value chain

The Impact Index aims to address all three of these challenges.

01 Challenge

Defining product-level sustainability and communicating it effectively

Consumers want to shop for products that align with their values. As many as 70% of consumers care about the social, health, environmental, and safety impacts of the products they shop for.[4] However, it's becoming harder for consumers to navigate the crowded landscape of sustainability claims as more and more companies launch new 'sustainable', 'eco-friendly', or 'green' products and shopping sections. What do these claims actually mean? And how are consumers expected to evaluate one brand's line of 'conscious' clothes against another's 'ethical' collection?

In our recent research, we asked consumers about what product-level environmental and social factors mattered the most when making apparel purchasing decisions.

For the environmental factors, three out of the top four relate to a product's components including raw materials, animal rights and chemical ingredients. Critical activities to minimize the industry's footprint—such as renewable energy transition, waste mitigation and resource usage—ranked lower in importance for consumers, suggesting education is needed around why certain environmental considerations matter (Figure 1).[5]
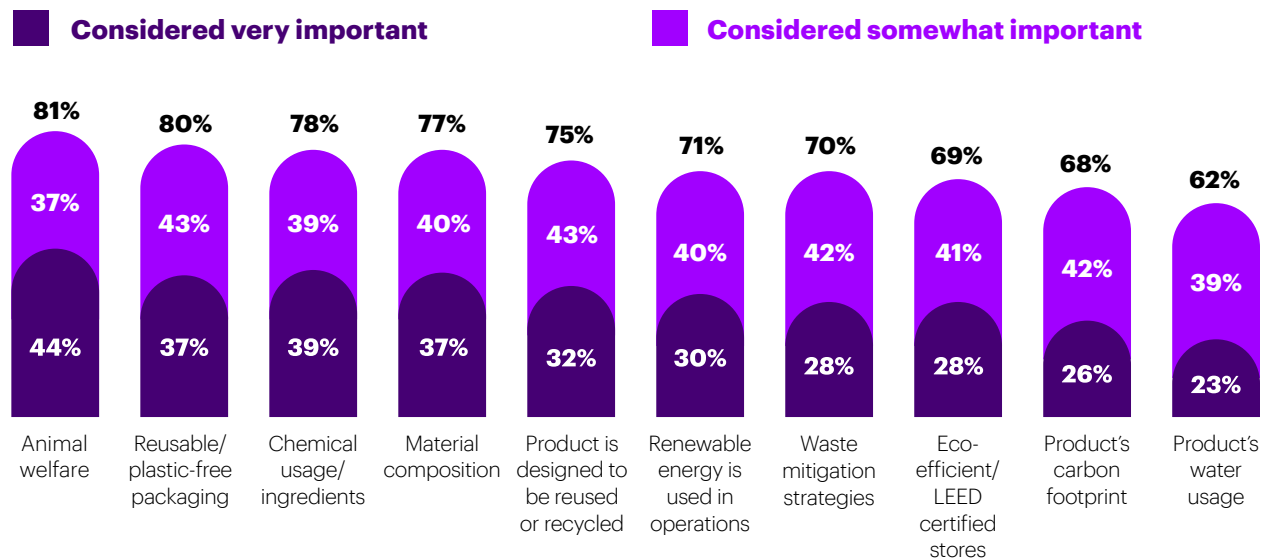

Considered very important   **Considered somewhat important**

	81%	80%	78%	77%	75%	71%	70%	69%	68%	62%
Somewhat	37%	43%	39%	40%	43%	40%	42%	41%	42%	39%
Very	44%	37%	39%	37%	32%	30%	28%	28%	26%	23%

Animal welfare · Reusable/ plastic-free packaging · Chemical usage/ ingredients · Material composition · Product is designed to be reused or recycled · Renewable energy is used in operations · Waste mitigation strategies · Eco-efficient/ LEED certified stores · Product's carbon footprint · Product's water usage

Figure 1. Consumers categorized the importance of specific environmental factors they consider when purchasing apparel

Source: Accenture Sustainable Fashion Survey

For the social factors, 70% of consumers said labor considerations (e.g. health and safety standards and living wage) were the most important, followed by 50% who indicated brand HQ considerations (e.g. inclusion & diversity and employee benefits) as the most important. (Figure 2).[6]
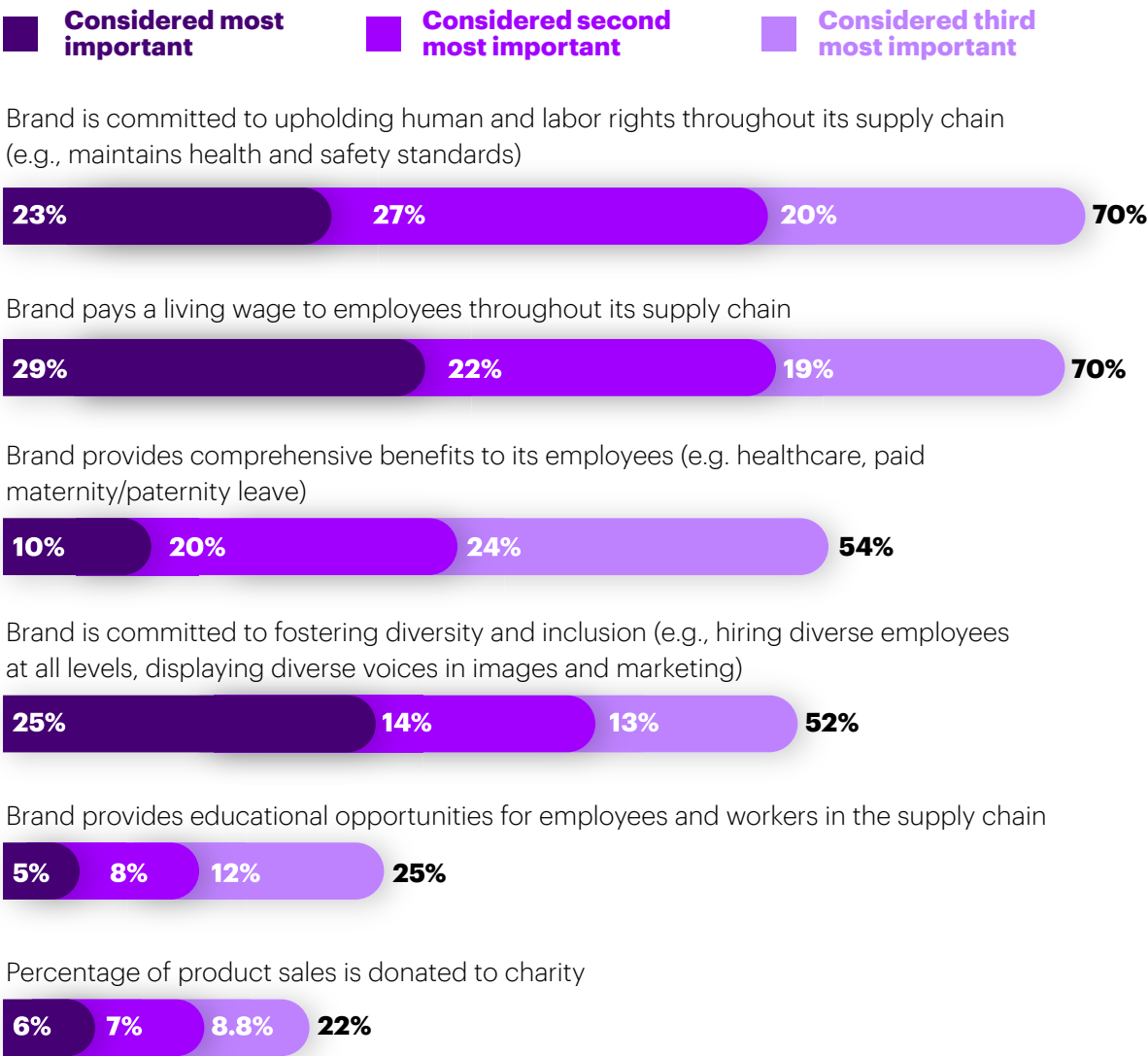
■ **Considered most important** ■ **Considered second most important** ■ **Considered third most important**

Brand is committed to upholding human and labor rights throughout its supply chain
(e.g., maintains health and safety standards)

| 23% | 27% | 20% | **70%** |

Brand pays a living wage to employees throughout its supply chain

| 29% | 22% | 19% | **70%** |

Brand provides comprehensive benefits to its employees (e.g. healthcare, paid maternity/paternity leave)

| 10% | 20% | 24% | **54%** |

Brand is committed to fostering diversity and inclusion (e.g., hiring diverse employees at all levels, displaying diverse voices in images and marketing)

| 25% | 14% | 13% | **52%** |

Brand provides educational opportunities for employees and workers in the supply chain

| 5% | 8% | 12% | **25%** |

Percentage of product sales is donated to charity

| 6% | 7% | 8.8% | **22%** |

Figure 2. Consumers categorized the importance of specific social factors they consider when purchasing apparel

Source: Accenture Sustainable Fashion Survey

Consumer views align to the industry's

Accenture, Fordham University's Responsible Business Coalition (RBC), and Vogue collaborated to understand the industry's challenges and abilities to meet consumer demands. Brands and retailers expressed fatigue and frustration of the fragmentation of product-level data and the difficulty in marketing sustainable products to consumers. Through the research and collaboration, brand and retailer agendas are now aligned with the consumer feedback, prioritizing communication on raw materials, animal welfare, chemical usage, social and environmental elements in the manufacturing process, and explaining how to extend the life of garments.

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Our value chains are complex, and we have to begin delivering data to our consumers in an understandable way. When we decode how a product comes together, we create a level of transparency that can build loyalty and trust.

- Halide Alagöz, Chief Product & Sustainability Officer, Ralph Lauren Corporation

Communicating sustainability effectively

In addition to interpreting what defines sustainability, consumers are left to decipher information presented across a range of topics. Many brands rely on their own unique icons, categories, terminology and methods of communication. While brand-specific claims will continue to provide meaningful information, the brands and retailers surveyed agreed on attaching a common icon with multiple sub-categories to products. Alignment on industry-wide iconography and reporting can build trust and help consumers more easily navigate claims.

Ultimately, a successful label is one that equips consumers with the information necessary to make more sustainable purchasing decisions across their shopping journey.

To determine the best format, we first needed to understand how consumers are making decisions currently and what formats consumers are most receptive to. When asked how much research goes into consumers' apparel purchasing decisions, 42.6% said they make an informed decision based on information available on the product or at point of purchase, and 25.5% make a quick decision with minimal consideration.[7] To drive significant behavior change amongst consumers, sustainability information must be detailed on the physical product and/or packaging and within the product description on websites (Figure 4).

Product details

Where consumers look for product sustainability data

63% Label attached to the product

43% Price-tag

24% A 'sustainable' icon on top of product images

24% Dedicated section within the product description

24% In-store signage

Shopping behaviors

How consumers shop for sustainable products

66% Product sustainability details on physical products and/or packaging

44% Product sustainability details within product descriptions on websites

42% Product sustainability details on in-store signage or displays

37% Dedicated sustainability shopping area on websites

23% Highlighted in company's marketing/advertising

Brand efforts

How consumers shop for sustainable products

61% Company's website

34% In-store displays, store associates

33% Company's social media

27% News features

20% Company's annual sustainability report

Figure 4. How consumers learn about sustainability information of products while shopping

Source: Accenture Sustainable Fashion Survey

02 Challenge

Understanding the certification landscape

Third-party certifications and standards are a critical method for verifying product-level sustainability claims. In fact, consumers ranked third-party authentication as the top trustworthy way of ensuring that a product was meeting ethical standards. However, relying solely on certifications poses its own unique challenges.

The standards and certifications landscape is complex for single categories (e.g. chemical usage), let alone validating multiple facets of a product's material and production processes. Third-party claims vary in value chain scope, topics addressed, audit timelines and accreditation bodies to partner with in order to validate the different aspects of a product.

In addition to the complexity associated with certifying individual products, many certifications do not resonate with the consumer, limiting the value proposition of the certification. Suppliers and brands must make investments to get certified and claims to be audited by third-party certification bodies, potentially making authenticated sustainable products more expensive than their conventional counterparts. A streamlined industry approach on accepted standards could scale adoption and progress, while also allowing the supply chain to organize and minimize cost by avoiding accreditation of fringe standards.

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To tell the truth, you need to know the truth. With new claims, standards, and initiatives coming online, it can be difficult to know what's really true, even in your own products. Strong, vetted verification can help you see clearly what is true and what is not.

- Ashley Gill, Senior Director, Textile Exchange

O3 Challenge

Data collection and assurance across the complex value chain

Measurement and reporting are often non-standard, incomplete, imprecise and can be misleading, but these are all challenges the industry can collectively address. Consistent capture of data and harmonized flow of information between all parties involved can facilitate scaling and help unlock new opportunities for revenue growth.

Through engagement with brands and retailers at the RBC, we learned that while most brands are gathering data related to third-party certified claims through product lifecycle management systems, the collection is heavily manual and the responsibility of sustainability teams. A consistent approach to integrate sustainability into the value chain beginning with the design phase all the way to transportation choices is necessary, along with relevant functional owners who have the appropriate tools for data collection, tracking and monitoring.

The industry in its current state is plagued with opacity. "Low-cost focused" sourcing models of the last two decades have led to highly distributed multi-tiered supply chains with a large network of contractors who outsource to sub-contractors—making traceability, source mapping, capture and flow of information problematic. As an example, for a single Vans® product, VF Corp., identified 78 unique suppliers in the full supply chain of that one product.[8]

An industry systems solution could help address many of the challenges by:

- Seamlessly integrating data from disparate sources

- Reducing costs and complexity in gathering data

- Making it easy for all value chain partners to participate

- Automating verification of third party certifications and chain of custody

- Addressing human capital concerns in expanding the program across the value chain and business stakeholders

- Providing significant return on investment to unlock new streams of revenue and profitability

- Driving consistency in reporting and automated dashboard capabilities for the C-Suite

- Delivering a standardized consumer-facing label to build confidence and enhance brand equity

The solution
the Impact Index

Defining trusted product-level sustainability claims

Informed by these findings—combined with an understanding that some level of consumer education is necessary—propose six categories to include in the MVP of an industry-wide label (Figure 6). These categories prioritize the areas that consumers ranked the most important while also considering what is feasible to report from the perspective of brands and retailers. This recommendation is a first step based on the industry's current capabilities. This aims to incorporate additional topics and support continuous improvement as data availability, assurance methodology, and science-based protocols mature with the oversight of broad stakeholder governance and alignments to global regulatory policy that monitor existing, evolving and emerging industry issues.

Core categories 'powering' the label

Qualifying topics that enable a product to receive/use the Impact Index icon

Raw materials

Animal welfare

Chemical usage

Education & empowerment

Supplementary content

Brand claims on company efforts and end of use instructions

Company efforts

Sustainability targets + progress

Charitable giving

Inclusion & Diversity

End of use

Directions on branded take-back program

Tips on how to extend life

Suggestions on donating, reselling or dropping for collection

Figure 6. Proposed categories for the Impact Index and associated sub-categories

Source: Accenture Sustainable Fashion Survey

Core categories

The Impact Index framework recommends a set of core categories that are third-party validated and include Raw Materials, Chemical Usage, Animal Welfare, and Education & Empowerment (See Figure 7 on the following page). Qualifying standards and certifications for each topic were identified with input from brands, retailers, and NGOs such as Textile Exchange, to ensure actions were comparable, had strong chains of custody and avoided concerns of greenwashing.

The framework's core categories address the product itself and three out of the top four highest rated categories by consumers. Additionally, the categories align with areas of focus prioritized by investors and frameworks such as the Sustainability Accounting Standards Boards (SASB) frameworks from the Value Reporting Foundation.

There is already a large burden placed on brands to report to investors, regulators, activities retailers, and non-profits, therefore the framework takes advantage of systems that brands are already using and have been vetted by external parties.

It is important to distinguish between information that is third-party certified and product specific, versus corporate level activities and areas that aren't yet verifiable. Brands requested the ability for storytelling to share with customers their journey and key milestones, so the Supplementary Content category allows for updates on Company Efforts and end-of-use instructions that create a path for a more circular economy.

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Consumers are increasingly interested in sustainability and want to have information available to make informed purchasing decisions. They want to know their impacts and how to evaluate claims across brands. The industry has an opportunity to align on product-level sustainability data, before it becomes a mandated regulatory requirement.

- Gigi Ganatra, Vice President Communications & Corporate Social Responsibility, Nordstrom

Core categories 'powering' the label

Category + Scope	Attributes + Certifications		
Raw materials Products sourced with certified materials that reduce impacts to the environment and the communities who create them	**Cotton**	• Organic Content Standard • Recycled Claim Standard • Global Recycled Standard • Global Organic Textile Standard	• REEL Cotton • Regenerative Organic Cotton • Fairtrade • Fairtrade Organic
	Plant-based fibers	• Global Organic Textile Standard	• Organic Content Standard
	Manmade cellulosic fibers	• Forest Stewardship Council	• CanopyStyle Audits
	Polyester	• Recycled Claim Standard • Global Recycled Standard	• Roundtable for Sustainable Biomaterials
	Polyamide	• Recycled Claim Standard • Global Recycled Standard	• Roundtable for Sustainable Biomaterials
	Down & feathers	• Recycled Claim Standard • Global Recycled Standard	• Responsible Down Standard
	Wool & animal fibers	• Responsible Wool Standard • Responsible Alpaca Standard • Responsible Mohair Standard	• Organic wool certified to the Global Organic Textile Standard • Organic wool certified to the Organic Content Standard
	Silk	• Organic Content Standard	• Global Organic Textile Standard
	Leather	• Leather Working Group	
Animal welfare Supporting the five freedoms of animal welfare and responsible land management practices	**Down & feathers**	• Responsible Down Standard	
	Wool & animal fibers	• Responsible Wool Standard • Responsible Alpaca Standard	• Responsible Mohair Standard • Organic Content Standard
Chemical usage Products certified as free from harmful substances and chemicals		• Leather Working Group • EU Eco Label • Bluesign	• ToxServices Full Materials Disclosure Level 2 + 3 • Oeko-Tex Made in Green
Education & empowerment Driving action for the benefit of workers and gender equity in global supply chains	**Social**	• Produced in Fair Trade Certified™ factories	Produced in factories implementing worker empowerment programs: • Empower@Work • GAP Inc.'s P.A.C.E Program • BSR's HERproject™ • ILO-IFC Better Work • CARE International

Figure 7: Proposed core categories for the Impact Index and qualifying standards and certifications for each.

This version of the framework represents an initial iteration, with support from the multiple stakeholders who have collaborated on the research. The Impact Index framework is designed for continuous evolution, with protocols, broad stakeholder governance, and alignments to global regulatory policy that will monitor existing, evolving and emerging industry issues.

Source: Accenture Sustainable Fashion Survey

Simplifying the complexity for consumers

Simplifying the complex landscape of sustainability claims requires a label with an approachable interface. Vogue, our research and design collaborator, was able to explore the usability of a digital label using a wireframe prototype and a series of interviews and usability tests. We gained valuable insight into consumers' preferences on the name of the label, usage of iconography, and the structure of the user interface. The findings from these studies have informed the final name and design of the label.

After workshopping various names for the Impact Index, Vogue tested five with a subset of consumers to gather feedback. Consumers tended to prefer names that clearly described what the label was (e.g. Sustainability Label) versus more abstract concepts (e.g. Love Label).

Additionally, it was important to choose a name that captured elements of both environmental sustainability and social responsibility, and therefore avoid a name that referenced words like green, earth-friendly, eco-friendly, etc. even though those were popular amongst consumers.

Vogue also tested many icons that would represent the Impact Index on shopping pages in addition to iconography representing each of the sub-categories of sustainability information. In testing the category icons, Vogue found that these additional icons did not significantly affect success for finding relevant information, and that consumers preferred the aesthetics of a focused label.

Finally, participants were led through a wireframe prototype to gauge their understanding of the claims being made on the label. Vogue tested category descriptions with varying degrees of information to understand what consumers were able to glean from the label. We found that it was not always clear to consumers from where information was originating (whether from the brand, third-party certification, the Impact Index, etc.) and therefore the Impact Index needs to be explicit in stating that the claim was third-party certified.

Additionally, it wasn't always clear to consumers if the third-party claims were sustainable. For example, one user stated that they didn't understand why a coat using "90% Responsible Down Certified" was connected to Animal Welfare. It's important that the Impact Index balances giving the consumers the appropriate amount of certification detail and context to make an informed decision while also not inundating them with technical language that will lead to further confusion.

As a result of these Vogue studies, we were able to test our hypotheses coming out of the consumer and brand surveys in a live environment, ultimately informing the front-end design of the label. Now we need to assess the back end technology solution required to power the Impact Index.

Building the technology solution required to power the Impact Index

To enable success, the Impact Index needs a back-end system that is standardized and automated, ensuring brands can quickly share sustainability information with a variety of retailers in real-time.

Vogue found that consumers preferred icons that clearly represented sustainability information so that it wouldn't be confused with other common buttons on shopping pages (e.g. a save-for-later button).

Next steps

The opportunity is clear: Close the gap between what brands are doing now to communicate product-level sustainability data and how consumers want to consume that data is clear.

The Impact Index's data categories, rooted in consumer research and vetted by a broad coalition of brands and retailers, aims to resolve this.

As we move to pilot the Impact Index with brands, we recognize the solution will need to be modular and flexible, while staying rooted in authenticated certifications, accompanying chains of custody, and uniform processes. This will allow the Impact Index to evolve and become not only more rigorous, but also more meaningful to consumers.

It will also allow for greater early adoption of the Impact Index by providing flexibility for brands while making sure the standardization remains.

The pilots underway are an opportunity to test technology strategy and implementation opportunities for the back end of the Impact Index—identifying the most seamless processes and innovation architecture to collect to collect data throughout the value chain and verify those inputs.

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At Macy's, a key component of our sustainability strategy is to increase the availability of products to our customers that have been made in a sustainable fashion—from both an environmental and human rights perspective. Sustainability certifications are a way for us to credibly identify and communicate to customers the products that meet these criteria. This gives consumers confidence in their purchases, simplifies their shopping experience, and supports our commitment to improving the lives of those in the communities where we live and work.

- Laurie Rando, Principal, Sustainability, Macy's

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About the RBC

Fordham University - Gabelli School of Business' Responsible Business Coalition (RBC) serves as an incubator for collective action, galvanizing CEOs, executives, educators, researchers and non-profit leaders for the greater good. We work collectively to redesign business as a sustainable force for prosperity. Our shared vision and commitment is to improve the environmental, social, and governance (ESG) impact of industries worldwide and contribute to the achievement of the UN Sustainable Development Goals. Visit bit.ly/ResponsibleBusinessCoalition.

References

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Research contributors

Abercrombie & Fitch Co., Bonobos, Capri Holdings, J.Crew/Madewell, JCPenney, Kenneth Cole, Neiman Marcus, Nordstrom, PVH, Saks Fifth Avenue, Selfridges & Co., Shinola, Macy's, Gap, Tapestry, Eileen Fisher, Kohl's, Ralph Lauren, VF Corporation.

This acknowledges and thanks the above companies as important contributors to the industry research on the Impact Index, and in no way represents a commitment nor infers alignment to the index.

About the research

Accenture partnered with Fordham University's Responsible Business Coalition, Textile Exchange and Vogue U.S. to research sustainability product labeling in fashion. The group aims to simplify the collection and communication of product sustainability data across the value chain to provide both a standardized consumer-facing product label and framework for data collection. The aim of the research was to determine which environmental and social elements consumers care most to understand, and in which formats.

Accenture conducted a survey of 1,000 consumers in the United States to identify sustainability interests for apparel and accessories, and partnered with the Responsible Business Coalition to engage more than 30 brands and retailers on their willingness and ability to report on the categories of interest. These efforts, combined with external research, informed a test pilot with Vogue to engage the public in the determination of the formats, vocabulary, and iconography that could both meet consumer expectations as well as provide maximum level of transparency.