

Green Choice Apparel Supply Chain Investigation

# Cleaning up the Fashion Industry

On April 9<sup>th</sup>, 2012, five environmental organizations, Friends of Nature, the Institute of Public & Environmental Affairs (IPE), Green Beagle, Envirofriends and Nanjing Greenstone, jointly released an investigative report titled “Cleaning up the Fashion Industry.” This report points out serious environmental violations that exist in the Chinese supply chain of major apparel brands and clothing retailers, which seriously impact China’s water resources. These environmental organizations call on these large scale brands to co-operate with the government and the general public, to jointly push the textile industry to reduce pollution emissions.

The amount of textiles processed by the Chinese textile industry accounts for half of the global total and fabric and apparel exports make up 34% of the global total. China’s position as the “Global Factory” of the textile industry has helped to promote its economic development and job creation and the bargain fashion clothing that China manufacturers has also helped clothe the world. However, the textile industry produces close to 2.5 billion tons of wastewater and other pollutants annually, which pollute rivers, lakes, the atmosphere and the oceans, even the soil and groundwater.

During the investigations, the environmental organizations discovered that the amount of pollution emissions from the textile industry was very large and water efficiency very low. The amount of wastewater discharged from dyeing processes accounted for 80% of the textile industry’s total wastewater discharge and the composition of the wastewater is complex and contains a number of harmful substances. At the same time, the re-use of water in the textile industry lags way behind that of many other industries, creating a situation where water efficiency is incredibly low.

The investigation showed that a large number of textile companies have environmental violation records and cannot achieve stable discharge standards. In the *Pollution Map Database* ([www.ipe.org.cn](http://www.ipe.org.cn)) alone there are over 6000 records from companies in the textile industry. Amongst these, a number of companies have been given administrative penalties or been told to make rectifications during a set time period for violations such as constructing secret discharge pipes, directly discharging wastewater, improper use of wastewater treatment facilities and having pollutant discharge amounts in breach of the authorized standards. Amongst these companies, a large number are suppliers to big international and domestic Chinese brands.

On March 22<sup>nd</sup>, 26<sup>th</sup> and 29<sup>th</sup>, 2012, after preliminary investigations into links between well-known apparel brands and textile manufacturers with environmental violations, the environmental organizations sent out letters to the CEOs of 48 companies.

After the letter was sent out a number of brands responded. Amongst these, several of them, including H&M, Nike, Esquel, Walmart, Levi’s, Adidas, and Burberry have already started to take proactive measures and have carried out inquiries and pushed suppliers to take corrective actions. It should be noted that the good performance of the companies listed above did not come about by chance. They have, over a period of time, already worked together with the NGOs to make use of publically available supervision records to manage their supply chains.

A number of the brands, in addition to answering the basic questions in the NGOs letter, also expressed their support for China’s environmental protection work and the environmental organizations participation.

In Nike’s response they stated: “As long standing members of the Green Choice Alliance, we support the work of the Institute of Public & Environmental Affairs (IPE) and associated Chinese environmental organizations in promoting

corporate environmental and social responsibility in China.” And “In addition to using IPE’s publicly available database, Nike also requires our supply chain partners in China to use this information to track their own performance and to post remediation plans where appropriate.”

In Levi’s response they stated: “We believe the database is a useful tool to determine environmental compliance of our Chinese suppliers. It sheds light on the scope of the problems within the industry and helps to focus attention on suppliers in need of engagement and remediation.”

Adidas wrote: “We welcome the Green Choice Alliance’s efforts in recent years to promote corporate environmental and social responsibility in the PRC and would also compliment IPE for the leadership it has shown in driving greater transparency over permit breaches and pollution incidences across China.” And, “Where suppliers are in breach of the law, including environmental and pollution control regulations, we require corrective action and if a legal non-compliance is not effectively remedied, we will follow-up with enforcement steps, through warning letters, which (in a worst case scenario) may lead to termination of the business relationship.”

Even though brands such as C&A, Tesco, Gap, Li Ning, Target, Next and Uniqlo had not had any contact with the environmental organizations previously, they were still able to start a dialogue in the relatively short space of time they had been given and some have made in-depth inquiries into supplier violation cases and some are thinking of establishing a supplier search mechanism.

However, amongst the 48 brands there were 32 who did not respond at all. These included international brands such as Marks & Spencer, Esprit, Calvin Klein, Armani, and Carrefour and well-known domestic Chinese brands such as Anta, 361 Degrees and Youngor.

It is true that there are a number of very innocent reasons why brands may not have responded. For example, the amount of time given to reply was limited, and complex internal information exchange procedures and confusion over language and supplier names may have delayed their replies. We understand these difficulties and look forward to the brands issuing a response and taking action. For these reasons, we will continue to closely observe the brands and give regular updated assessments of the brands’ management of their supply chain on our web page.

However, we must see that some of the brands not responding is because they don’t agree with the idea of societal supervision. During the investigations, we saw that some of Zara’s suspected suppliers had environmental violation problems including complaints from the local public and some manufacturing wastewater that was directly discharged without being treated, which was listed as a typical serious local violation. In addition to this there was a case of a suspected supplier where an incident of workers cleaning the wastewater treatment pool resulted in their deaths. After we sent out this round of letters we received a reply from Zara that stated: “We regret that we cannot respond to individual requests for information from schools, universities and professionals regarding our business model.”

It is obvious that some of Zara’s suspected suppliers have very serious problems. Zara is one of the world’s largest fashion retailers and on their website they state, “The principles governing Inditex’s commitment to Corporate Social Responsibility include: good faith in relationships with stakeholders and society at large; an ongoing dialogue with the aforementioned stakeholders and social organisations; and, finally, transparency in our business activities generally, and, specifically, in the development of our sustainability strategy.” We feel that Zara’s response violates their promise. We call on Zara to stop using their “business model” as an excuse and to respond to the questions raised by the environmental organizations.

The report proposes that: all parties work together to overcome the problems of pollution in the textile industry; the government strengthens supervision, expands information transparency and through marketization, leads companies to reduce energy use and waste; apparel brands and retailers use publically available information to co-operate with all

stakeholders to push suppliers to reduce pollution emissions and textile industry manufacturers comply with the expectations of society, establish a sense of environmental responsibility and implement clean production. Finally, the report recommends that consumers pay attention to companies' environmental performance and use their green buying power to push for green production so as to clean up the pollution from those treasured fashion products.

## Assessment Chart

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