# FASHION PURPOSE
# The Driving Forces behind Sustainable Brands

## BASED ON THE
## 360 SUSTAINABILITY VALIDATION

# Content

# Fashion Purpose

## EMPOWERING MORE SUSTAINABLE CONSUMPTION THROUGH DATA–DRIVEN MARKETING

Dear readers, and especially all supporters and drivers of sustainability in fashion,

It is with great excitement and a sense of purpose that I extend a warm welcome to you as we want to invite you to dive into the intricacies and complexities of running a purpose–driven fashion brand. We are very happy to finally share insights from the data that IVALO.COM has collected through its 360 Sustainability Brand Validation process in order to give back more than good sales to the great brands we work with, and to our conscious customers. We are committed to be an ambitious catalyst for industry–wide change. We are part of a movement and this is our first attempt to help guiding sustainable growth aside our marketplace business.

Matti Lamminsalo
CEO & Co–Founder
IVALO.COM

As the CEO and Co–founder, I am immensely proud of our exceptional team, a purpose and data–driven force with a passion for meaningful fashion marketing that fuels our journey as experts in conscious consumer relations. Our success is not just about conversion of sales from conventional to more sustainable fashion and lifestyle brands and products; it's about the impact we make, the stories we tell, and the transformative cultural and communication power of fashion for sustainable futures.
At the heart of our operations lies our experienced Performance Marketing & Data Unit, a dedicated team weaving narratives that resonate with the soul of sustainable living. We don't just market fashion; we cultivate a community that values conscious choices and the smaller brands making a significant impact in the world — from Finland to Europe and wherever the journey will still take us.

Our approach is strategic, targeting users who are interested in sustainability. By leveraging existing customer data, we not only find new customers, but also tailor our messaging to echo the values that matter to them and match them with our brand

partners. It's not just about numbers; it's about forging connections expanding the sustainable lifestyle movement to the mainstream.

Amidst our pursuit, we maintain an unwavering attention to detail and a commitment to honest and positive marketing messages. We believe in factfull information, interactive educating, and we welcome critique and discussion as catalysts for common growth, both between our customers and our brand partners.

The information in this report is meant to be used in developing brands' sustainability strategies and giving them a practical task list of actions — because without practical insight, we do not have actionable sustainability.

Matti Lamminsalo
CEO, Co–Founder IVALO.COM

# Key Takeaways

- Greenwashing is a bad idea for brands — but greenhushing is even worse.

- Honesty is the new transparency when it comes to B2C communication.

- Conscious consumers love to feel informed and included — but they also like informations to be simple and well-presented.

- Many purpose-driven brands are still searching for the right balance between understating the passion and impact behind their work and not overwhelming their customers with too complex sustainability information or concepts.

- Brands do not need fancy tools to follow up on their sustainability actions, but they do need to be clear that actionable sustainability is all about following up data and factual targets.

- Purpose-driven brands enrich the fashion industry with their passion, openness for new concepts and willingness to experiment. They offer novel perspectives on value creation and calculations behind business models.

- Even purpose-driven brands are unaware of the EU Textile Strategy and upcoming legislation — and are unprepared to implement it to their business.

- One of the biggest overlooked potential to drive more sales for sustainable brands, is serving the plus-size market.

# Key Calls to Action

- Build a factual and numeric action task list internally. Do not copy abstract commitments from an agencies' branding pitch.

- Factual targets should become the base of any brand sustainability strategy and regular follow-ups.

- Get your (online) store experience vamped up by offering more diverse sizing assortments and more comprehensive product information.

- Stay ahead of changing legislation and become leaders of the circular economy and our regenerative future.

- Advocate for pre-competitive transparency standards for global production value chains and establish collaboration with stakeholders at every tier to improve environmental but also social and cultural footprints.

# Roles of Data in Sustainability

We need factual data to be actually sustainable. Otherwise, we lack perspective and direction in strategic decision-making. At the moment, sustainability data is mainly handcrafted. It is often scattered across spreadsheets and difficult to understand, as sustainability data combines factual and abstract. It is also full of unknown risks and biases.

According to a survey from Forbes, only 2% of sustainability software vendors prepared actual data; the rest used industry averages or unverified user inputs. And NONE of them had primary source data for Scope 3 emissions, which account for over 90% of total emissions in the textile industry. So many companies have no idea of the CO2e footprint of their past or present inventory or their production on item level.

In order to be "data-driven" we need **actuals not estimates.**

Companies are also made up of people. And people base their decisions on feelings, assumptions and personal values if data is not enforced. We all also have personal biases, and they result in bad data if not addressed.

Selling cheap, fast and unsustainable product is lazy and easy. It does not require talent. We need courage to be sustainable because it is much harder to be good.

IVALO.COM is in a unique position to check and observe fashion and lifestyle brands sustainability status and data, as we go through them every day and we communicate our finding to our customers. This has lead us to develop our 360 Sustainability Validating system, which allows us to compare different fashion and textiles production types and product categories in different sustainability categories. For some questions, we viewed only clothing brands, and for others, all textile brands.

After validating over 200 brands on the IVALO.COM marketplace in 2023 with our 360 Sustainability Validation process, as well as personally interviewing almost 100 brand partners, we started seeing patterns in missing sustainability data, production information, insufficient product data, environmental and sustainability terminology and other issues related to upcoming EU legislation and ecommerse.

We believe that openness and sharing knowledge is the key to help develop our partners' businesses and our own, with the goal of gaining a larger market share for sustainable business and sustainable products. This report is meant to act as a practical and detailed guide to all sustainable fashion and lifestyle brands and manufacturers.

The focus of this first ever Fashion Purpose report is on sustainability data and how to communicate it to the consumer. We are also touching up on data-driven sales opportunities and giving new perspectives to.

The data you are about to see was collected from our 130 brand partners currently active on IVALO.COM, using the 360 Sustainability Brand Validation process and the input from.
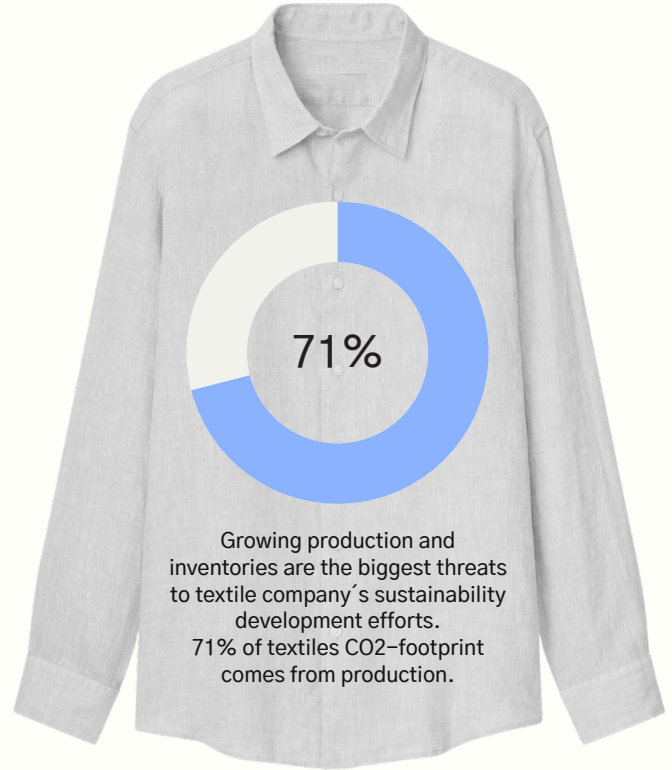
Outi Pyy
Head of Sustainability
IVALO.COM

Source: The Five Key Components Of A Sustainability Data Strategy, Forbes 2022

# Changing the Narrative on Fashion and Lifestyle Consumption

In the bigger picture, we urge consumers to "consume less", which is peculiar because the biggest environmental impact (CO2e) is, in fact, not in product use (20%), or logistics (3%).
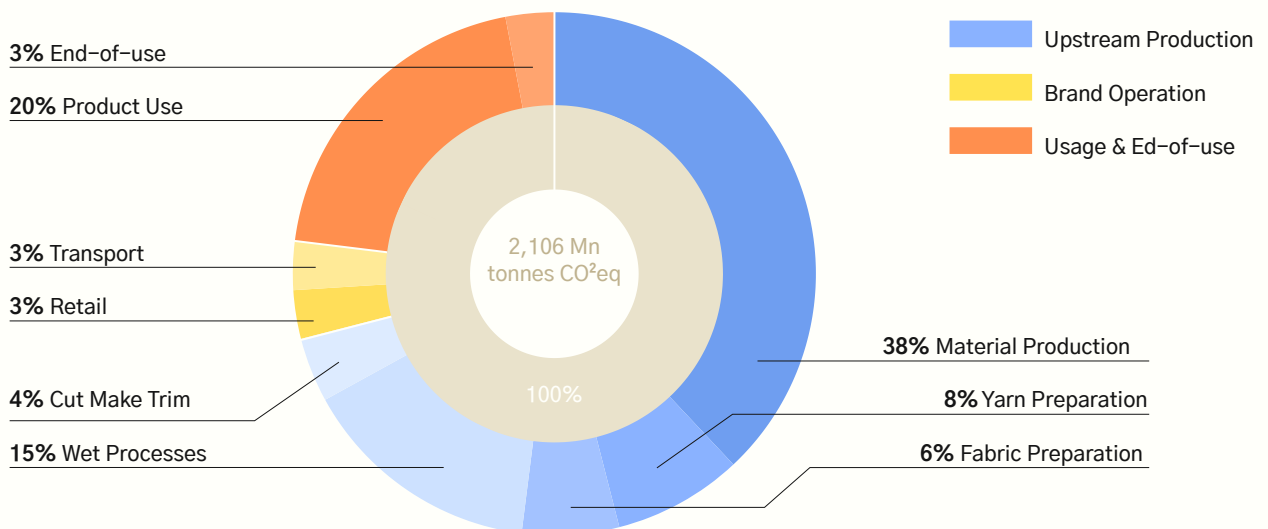
The biggest environmental impact is in manufacturing (71%), and consumers cannot influence manufacturing choices. Therefore, the main emphasis on reducing the fashion and textile industry's emissions should be in producing a finer quality, less quantity, and smarter. Brands and manufacturers think that they can't do this because the consumer won't embrace higher quality and pay more.

Studies show that consumers want to be on board with the agenda of shopping smarter and more sustainable, but they need help in understanding the overall sustainability of brands and products, so they are able to spend their money wisely. They need a professional to do the analysis for them, and a communication expert to explain it in an understandable way. IVALO.COM can help by offering a value-based method of purchasing, which takes the focus away from prices and trends.

Team IVALO.COM

**71%**

Growing production and inventories are the biggest threats to textile company´s sustainability development efforts. 71% of textiles CO2-footprint comes from production.

## APPAREL & FOOTWEAR VALUE CHAIN GHG EMISSIONS IN 2018



**3%** End-of-use
**20%** Product Use
**3%** Transport
**3%** Retail
**4%** Cut Make Trim
**15%** Wet Processes

2,106 Mn tonnes CO²eq

100%

Upstream Production
Brand Operation
Usage & Ed-of-use

**38%** Material Production
**8%** Yarn Preparation
**6%** Fabric Preparation

# Roles of Criteria and Communication

Businesses still struggle to apply sustainability — they need integrative criteria and strategic communication skills to move forward.

As a consultancy, focused on fashion communication and sustainability, studio MM04 believes the key to future-proof consumption models lies in merging impactful communication with trustworthy data. This defines what we call 'meaningful marketing', a strategy for sustainability storytelling that cuts through the slag of our greenwashed zeitgeist and brings all shareholders, including civil society and consumers, into an alignment. We need immediate collaborative action between all players to establish sustainability as a core business purpose for fashion and lifestyle brands.

When we started working with IVALO.COM, first on their 360 Sustainability Validation system and now on this report, it was founded upon our mutual enthusiasm for clear, verifiable and comparable sustainability criteria and communication. studio MM04 has a longstanding track-record of develop-

ing sustainability criteria and managing exhibitor evaluations for international B2B trade shows like Heimtextil, NEONYT, SEEK or Techtextil & Texprocess. Meanwhile, the team at IVALO.COM has been doing great work in systematising how to evaluate purpose-driven brands and how to communicate their sustainability engagement and strategy to the more conscious consumers in Europe.

The combination of categorised criteria, standarised evaluation and factual reporting, ideally, work to not only uplift brands who are raising the bar on sustainability in fashion and lifestyle, but also to inspire other brands to enter this league of leadership.

The power of this report lies not in just its data, but in its attempt to open up a standarised set of pretty integrative criteria to the whole sustainable fashion sector.

Team studio MM04

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Looking forward to your
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# Acknowledgements

# Sustainability Brand Validation Process and Tool

## A DETAILED LOOK AT BRANDS' POSITION IN THE SUSTAINABILITY LANDSCAPE

IVALO.COM, consulted by studio MM04, has created an integrative 360 sustainability brand validation process to enable a more practical insight to the status of a brands' sustainability engagement and a detailed look at brands' position in the increasingly wide and deep sustainability landscape. The 360 Sustainability Validation result offers a comparable sustainability score to brands and comments on their impact and risk levels in eight different sustainability categories, with 60 focus areas and 400+ data points.

360 Sustainability Validation Categories
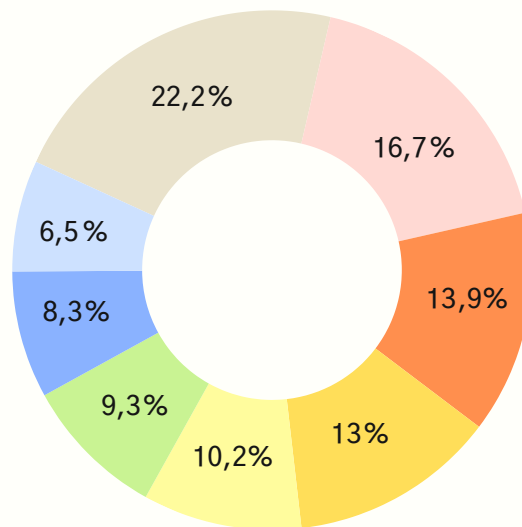


**22,2%** WORKING CONDITIONS & LABOUR
No child or forced labor, no unsafe or unfair working conditions. Living wage commitments and decent working hours.

**6,5%** RESPONSIBLE E-COMMERCE
Sustainable packing materials. Environmentally-friendly delivery options. No discarding of returned items.

**8,3%** COMMITMENTS & POLICIES
Clear actionable targets and roadmap for environmental and social sustainability in its supply chain.

**9,3%** INCLUSIVITY & COMMUNITY
Design, collections, and product portfolios are inclusive. With various sizing and product images.

**16,7%** ENVIRONMENTAL IMPACT
Energy-efficient production & ecological logistics. Renewable energy is used and flights are avoided. Carbon footprint and chemical use defined and plan for emission reduction.

**13,9%** SUSTAINABLE MATERIALS
Focus on certified and sustainable materials. No hazardous chemicals are used in production. Long-lasting, reparable, recycled fibers, organic materials

**13%** TRANSPARENT VALUE CHAIN
Design country, material, and its origin as well as production country visible in the shop. Supply chain known and supplier data gathered. Auditing of suppliers.

**10,2%** DESIGN FOR CIRCULARITY
Design for quality and long-term use. Zero waste design. Offering repair, 2nd hand, renting, resale services. Waste streams controlled.

FASHION PURPOSE

The sustainability criteria and questions look at commitments, materials, production facilities, wages, working conditions and many others including cultural aspects like diversity and inclusion. This data has been collected from 110–131 brands that are currently active on IVALO.COM marketplace — 21 shoe and accessory brands were not included in some of the sizing questions, as the questions were focused on women's clothing sizes.
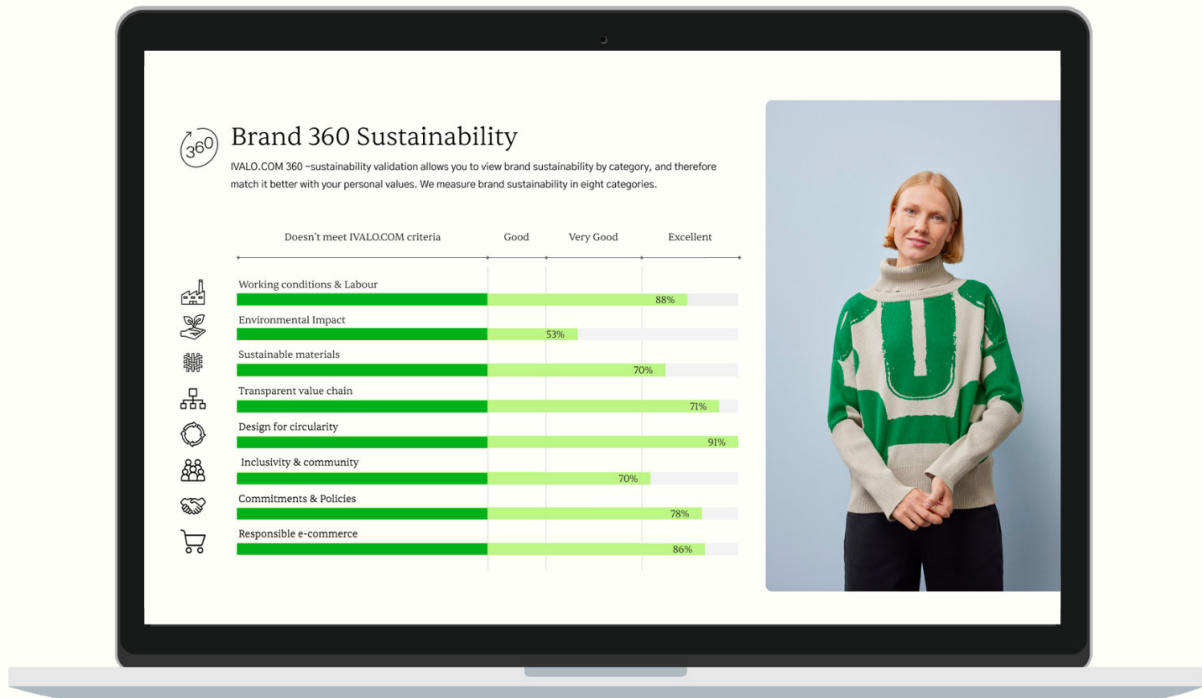
360 Sustainability Validation creates a commercial production value chain analysis that gives IVALO.COM customers, and the interested public, results that are comparable to other brands in the marketplace. It also helps, especially the more conscious, consumers to match brands with their personal values since they can easily understand and therefore trust that the validation result is professionally processed and evaluated.

The information in this report is meant to be used to further develop brands' sustainability strategies, to support founders, CEOs and managers with a practical task list of priority actions and to help understand the specific challenges and opportunities for purpose–driven brands and the sustainable fashion sector at large.

EASY SUSTAINABILITY OVERVIEW FOR CONSUMERS — AND UNLOCKING OF MORE SUSTAINABLE CHOICES:
The 360 Sustainability Validation results in an easy sustainability overview that empowers consumers to align their values with brands they can trust. Providing detailed and trustworthy insights into a brand's sustainability practices. What sets it apart is the ability to make sustainability data comparable across brands, regardless of their sustainability focus, their size or value chains, offering consumers a comprehensive view and fostering confidence in their value–driven shopping choices.



### Brand 360 Sustainability

IVALO.COM 360 –sustainability validation allows you to view brand sustainability by category, and therefore match it better with your personal values. We measure brand sustainability in eight categories.

| | Doesn't meet IVALO.COM criteria | Good | Very Good | Excellent |
|---|---|---|---|---|
| Working conditions & Labour | | | | 88% |
| Environmental Impact | | 53% | | |
| Sustainable materials | | | 70% | |
| Transparent value chain | | | 71% | |
| Design for circularity | | | | 91% |
| Inclusivity & community | | 70% | | |
| Commitments & Policies | | | 78% | |
| Responsible e-commerce | | | 86% | |

COMPARABLE SUSTAINABILITY DATA FOR ORGANISATIONS AND BRANDS — EMPOWERING WITH ANALYTICAL INSIGHTS:

For organisations, the 360 Sustainability Validation presents a unique opportunity to meticulously analyse the production value chain of their textile brand partners, allowing for more objective comparisons from various sustainability perspectives. Throughout the last years IVALO.COM has developed a powerful tool that systematically collects industry-wide data. The goal is to empower brands with essential data and analytics, not only enhancing their sales strategies but also fostering sustainable business development in general.

PRACTICAL TO-DO LIST FOR BRANDS — STRIVING TOWARDS 360 SUSTAINABILITY:

Embarking on a journey toward sustainability often feels like an endless task list for brands. The results from the 360 Sustainability Validation tackle this challenge providing comprehensive feedback based on the, currently eight, sustainability categories and provides detailed task list for brands based on their input and individual foci. Beyond that, it provides a unique vantage point by showcasing how a brand is positioned in comparison to other within the sustainable fashion sector, offering crucial context to the brand's efforts and positioning. With this tool, brands can gauge their performance in each area of sustainability, paving the way for continuous improvement and finally true 360 (degree) sustainability.

[As the given manufacturing information is sensitive, all the brand-specific sustainability data will be treated confidentially. All of the information we asked from brands are treated as confidential. It is just for IVALO.COM to use in our validation data calculations and statistics. All brand-specific data will only be used anonymously.]

# Sustainability Approaches

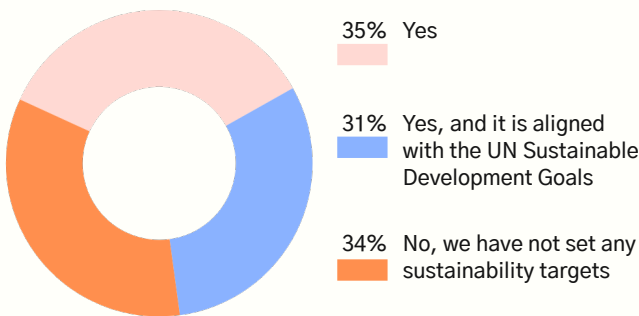## BRAND'S COMMITMENT TO SUSTAINABILITY: REPORTS & TARGETS

COMMITMENT

Brands are signalling that sustainability will define the next era for fashion. But what does a commit‑ment to sustainability look like in action? 81% of brands state that they are committed to sustain‑ability, and communicate so outwardly to their customers (1.1). However, 82% of brands have not yet done a sustainability report. This phenomenon, unfortunately, means that brands are taking credit — and consumer trust — for actions that can't be verified or measured.

1.1  Is your company committed to environmental and social sustainability in its supply chain?



81%  Yes, it is publicly communicated

17%  Yes

2%  No
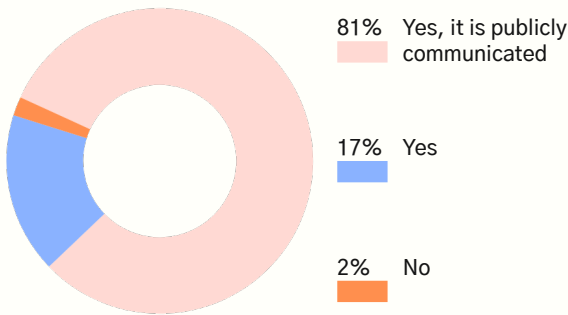
1.3  Have you set clear targets and roadmap for sustainability development? Are these targets a part of the company strategy?



35%  Yes

31%  Yes, and it is aligned with the UN Sustainable Development Goals

34%  No, we have not set any sustainability targets

REPORTING

In the coming years, SMEs around the world will have to start reporting environmental, social, and governance (ESG) data to comply with upcom‑ing legislation. Sustainability reports should not be used primarily for B2C communication, but as an internal tool to follow up on brand sustainabil‑ity actions. We recommend that brands looking to compile their first sustainability report check out the Global Reporting Initiative (GRI) Support Suite, which offers services and resources to help use the GRI Standards.

TARGETS

One key function of the report is to communicate a brand's progress on targets. A sustainability roadmap is a key part of development strategy, to ensure that there is a clear and realistic plan. Year by year, a brand should measure its operations using same set of metrics, ensuring consistency and clarity of reporting. Additionally, when the sustainability report is paired with a defined set of goals and milestones, a brand can also plan its resources in advance to meet those goals, reduc‑ing the financial risks of going green. Customers and stakeholders who read target‑based reports can appreciate a brand's real‑time progress, and peers can rise to the same bar.

# COLLECTIVE ACTION: THE SUSTAINABILITY JOURNEY

### PARTNERSHIPS

Sustainable development needs a collaborative approach. Through multi-stakeholder decision making and working with different organizations and service providers, we can pool resources, expertise, and influence to tackle complex issues from all sides.

Many brands recognize this power of collective action. Over 53% of surveyed brands are working with other companies to help them with their sustainable development (1.4). However, some do not see the advantage of collaboration, and many said they feel it is just taking too much of their time and resources. However, we see great opportunities in an expanded approach to collaborations and alliances between purpose-driven brands, NPO's, NGO's, MSI's, academia, and others. Currently,

only 29% of the evaluated brands are working with NGO's (1.4). This is a huge opportunity for future growth, as NGOs are excellent at highlighting risks in advance, offer studies and research to educate the brand and the consumer, and are a resource for planning sustainability actions.

### OUR TIPS FOR BUILDING PARTNERSHIPS

Before reaching out to an NGO or other organization, it is wise to have a clear idea of the goal of the partnership. What are the gaps and challenges in your sustainability work? Look up organizations, B2B service providers and NGOs that work with these topics. If your brand has the opportunity to participate in academic or EU-level studies and research, do that. The whole sector benefits from shared experiences and knowledge.

### CALLS TO ACTION

- Sustainability initiatives should be grounded in a structured approach, characterized by tangible tasks and timelines. Every commitment ought to be anchored to science-based targets, ensuring measurable and time-bound outcomes.
- Furthermore, it's advisable to streamline brand sustainability pages by removing marketing-oriented content focused on customers or design philosophy. Such information is more appropriately placed in the "About Us" section of a brand's website.

1.4 Are you engaged in collective action with your stakeholders to promote sustainability and find new solutions?

Yes, with multi-stakeholder initiatives (MSIs)
22%

Yes, with non-governmental organisations (NGOs)
29%

Yes, with academia
15%

Yes, with other companies
53%

No, we are not working with other stakeholders
23%

### SUMMARY

The evaluated brands demonstrated a great deal of enthusiasm for both committing to and communicating their sustainability actions. This positive energy, especially when it is fueled by customer engagement and loyalty, is a great first step in co-creating change. The next step is to fill brands' gap between stated intentions and actionable sustainability plans. Especially because of the changing EU legislation around textile circularity and sustainability reporting and a very difficult market environment, our call to action is for brands to stay ahead of the curve; rather than playing catch-up with legal compliance, become a leader in sustainability reporting! Communicate with strong data to back up your commitments, and raise customers' and stakeholders' expectations for how brands report. Your brand is not in it alone – look for new collaborators to co-strengthen your sustainability journeys.

# Individidual Sustainability Engagement

## PRODUCTION AND CIRCULARITY

### PRODUCTION VOLUME

Despite ever–increasing awareness and action on sustainability, the fashion and textile industry continues to grow. Rising production levels and inventory are currently the biggest threats the environment. We may ask consumers to consume less, but they are not able to affect a brand's man–ufacturing decisions. On a global level, brands can shift towards reducing inventory on SKU–level, more carryovers, more pre–order styles, produc–tion quantities with smaller minimums and orders on demand.
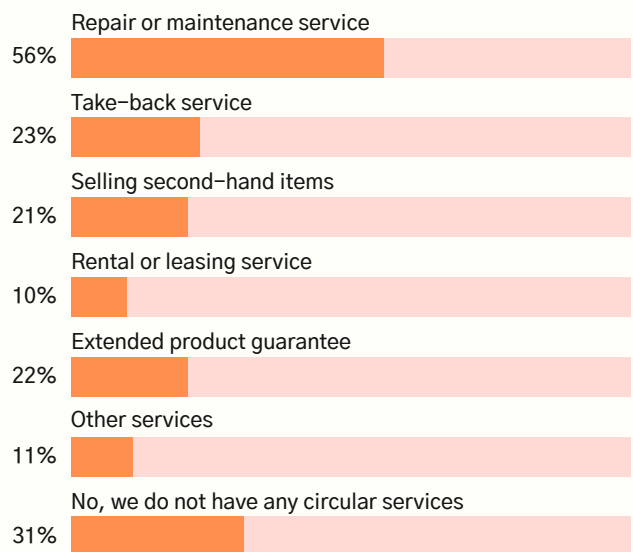
### USING DATA TO SHIFT THE PLAN

To plan the roadmap for sustainability actions, start by looking at sales and inventory data and sales projections. But rather than focusing on profit, view your warehouse inventory in terms of natural resources and emissions. The inventory is where you'll find your brand's environmental footprint.

### CIRCULAR ECONOMY

Circular economy is the buzz term for contempo–rary sustainability. Circularity services in fashion are poised to assume an increasingly prominent position within the European Union, driven by the EU's Green Deal initiative and its comprehensive Textile Strategy. It all starts with good product design, to ensure that manufactured clothing and footwear embody superior quality, long–lasting durability, and impeccable recyclability.

3.5 Repair, rental, 2nd hand, take–back services, guarantee. Select the circular services you are providing as a part of your business model:

Repair or maintenance service
56%

Take–back service
23%

Selling second–hand items
21%

Rental or leasing service
10%

Extended product guarantee
22%

Other services
11%

No, we do not have any circular services
31%

### CIRCULARITY STRATEGIES FOR BRANDS

Purpuse–driven brands are increasingly offering services beyond product, which bolster a circular economy for fashion. Already, over half of the sur–veyed brands offer repair or maintenance on their products (3.5). Repair and other services can be strengthened by local partners who already have the infrastructure. Product–focused brands are in–creasingly working with circular economy service providers, and finding great B2B partnership op–portunities.

# MEASURING THE FOOTPRINTS

### CARBON FOOTPRINT

71% of a textile's carbon footprint comes from its production phase, according to a 2020 McKinsey Report. And growing production and inventories are the biggest threats to fashion and textile company's sustainability development efforts. The quickest way to cut emissions? Produce less volume and produce smarter. But before setting a target for reducing its footprint, a brand must calculate its $CO_2e$ emissions — something which 40% of brands still do not do (6.2).

6.2 Carbon footprint defined

Yes, for Scope 1 & 2
22%

Yes, for some categories of Scope 3
8%

Yes, for all significant categories of Scope 3
11%

No
40%

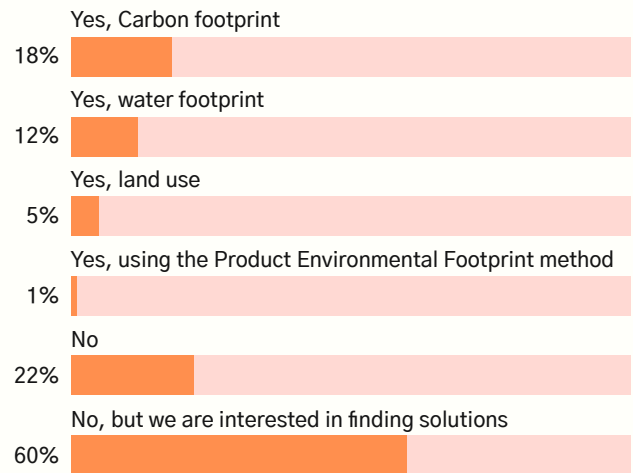No, but we are planning to
32%
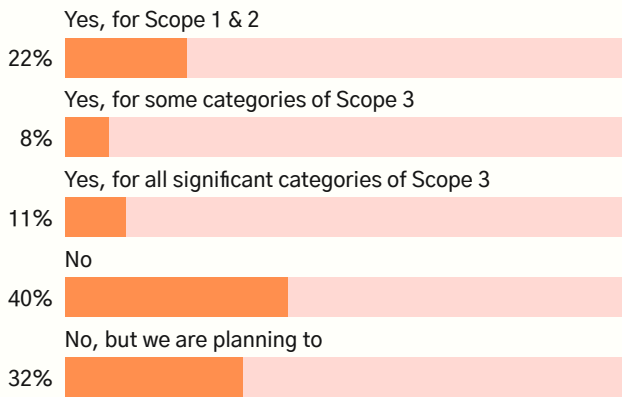
### ENVIRONMENTAL FOOTPRINT

A brand's $CO_2e$ emissions are only one component of its environmental impact. This relates to water use, land use, chemical use, and more. The Product Environmental Footprint (PEF) method helps brands to take a holistic view of their impact.

However, only 1% of brands reported using this resource (6.7). Nearly a quarter of brands are not yet aware of their products' environmental footprint.

### THE TRANSPARENCY PUZZLE

The difficulty in calculating fashion's footprint is often because there is little to no transparency beyond the top tiers of a supply chain. 58% of brands responded that they do not know their production value chain all the way to the raw material (up to tier 3–4). The production processes from fiber to final product can be obscured by middlemen, and often the suppliers do not provide their own data. Setting up a transparent supply chain is the only way accruing trustworthy data. Only then can a brand set credible targets.
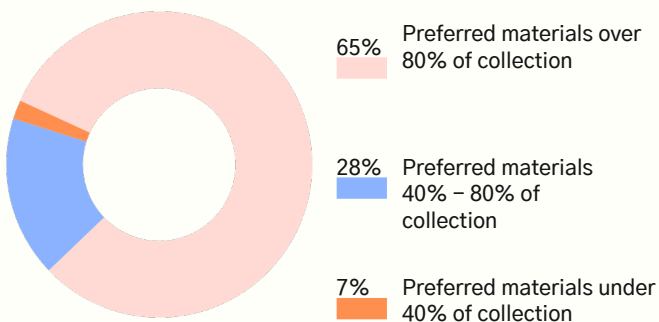
6.7 Product environmental footprint available

Yes, Carbon footprint
18%

Yes, water footprint
12%

Yes, land use
5%

Yes, using the Product Environmental Footprint method
1%

No
22%

No, but we are interested in finding solutions
60%

# MATERIALS MATTER

## PREFERRED MATERIALS

Preferred materials have a healthier environmental and social impact than conventional materials used in the textile industry. For example, organic materials are grown without the use of harmful pesticides and fertilizers or GMOs. Recycled materials use post–consumer waste or industrial pre–consumer waste, which reduces the demand for virgin materials. Regenerative materials are produced using farming practices that focus on improving soil health, biodiversity, and ecosystem function. Materials produced with social and environmental standards and certificates promote fair labour practices and reduce negative impacts on people and the environment.

7.1.1 Use of preferred materials



65% Preferred materials over 80% of collection

28% Preferred materials 40% – 80% of collection

7% Preferred materials under 40% of collection

## MATERIAL MARKET SHARE

Our brands show that materials matter — two thirds responded that preferred materials comprise over 80% of their collections (7.1.1). For brands seeking to stay current with preferred materials, we recommend looking at sources such as Textile Exchange's Preferred Fiber and Materials Matrix (PFMM).

## CALLS TO ACTION

- Growing production levels and inventory are the biggest threats to sustainability actions. The quickest way to cut emissions is to produce less volume, produce smarter and with renewable energy.
- The only way for brands (of any size) to manage sustainability strategies, targets and reductions based on factual data, is to monitor their production volumes (pcs) and material use (kg / €) continuously.
- Production material sortment by fiber should be published with the rest of the sustainability data, so brands and the consumer would see the ratio between preferred materialss and unsustainable conventional fibers.

## SUMMARY

The feedback collected on brands' individual engagements reflects a trending desire to act sustainably, but a general lack of the data to create a thorough picture of their activities. When a resource allows brands to make a sustainable choice in their production, such as a Preferred Materials list, there is a majority of willingness to do so. However, the lack of reporting (resources) circles back to the problem of opaque production value chains, which will be further investigated in the following sections. In addition to working directly with stakeholders at every tier of the supply chain, brands can directly improve their carbon and environmental footprint by changing their production models and building out their circularity services.

# Conscious Consumer Information

## ENCOURAGING SUSTAINABLE CONSUMER BEHAVIOUR

### TRANSFORMING LIFESTYLE & CULTURE

Brands are powerful influencers, with loyal customers who look to them for guidance. Sustainable brands take this role seriously, with over three quarters providing educational materials on their websites and social media, and creating sustainability–related marketing campaigns.

### SOCIAL MEDIA & MARKETING

Brands should use their social platforms to inspire change and educate their consumers. Social media platforms are not just a place to promote a brand's products, services, and sustainability practices, but also may educate followers on greater issues relating to sustainable lifestyles — from better consumption habits to the impact of fashion on people and planet. While sustainability reports are crucial to industry transparency, they are not the tools to widely disseminate information about sustainability. Social Media is the ultimate tool for democratising education with an accessible 'infotainment' spin, and has unprecedented power to spread awareness and create change — and it is the customer's inroad to seeking more information about your brand's sustainability engagement. According to EY organization with JA Worldwide, more than half of Gen Z (51%) and nearly half of Gen Alpha (44%) are relying upon social media as the primary source of their education on sustainability issues.
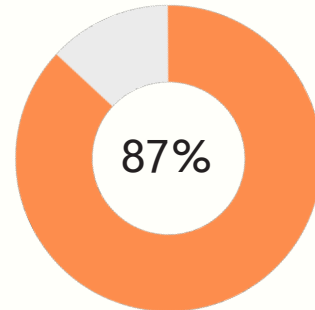


87% of people say following a brand on social media makes them more likely to visit their website.

Source: Sprout Social Index 2019

### CALLS TO ACTION

- Don't just advertise, start a learning journey with your community! The integration of sustainable messaging into social media communication strategies presents a unique opportunity to shape customer perceptions positively.
- By transparently sharing sustainable practices, offering educational content, and engaging in collaborative campaigns, fashion brands can leverage social media to not only resonate with conscious consumers but also contribute to the broader societal goal of creating a more sustainable consumption habit. A meaningful marketing strategy can change your customers relationship towards sustainability and help co–create a desire for a lifestyle that leads into a positive future.

# CONSUMER AWARENESS & PRODUCT TRANSPARENCY

## DO CONSUMERS KNOW WHO MADE THEIR CLOTHES?

Fashion and textile production value chains are long and complex. But consumers have the right to know, and the demand for this information is growing.

## MULTI-TIER TRANSPARENCY

Only 4% of brands communicate full product details on their websites, and roughly a third communicate tier 1 (36%) and tier 2 suppliers (31%). However, when asked if their product information was extensive and supporting customers in responsible online purchases, 89% of brands answered yes, while this was not truly the case. Less than half (47%) of brands actually had good product information available. Most were missing material origin and fiber information and measurement information. They also used faulty sustainability terminology and used poor quality production photos. This shows a drastic need for increased expectations — and enforceable standards — for transparent manufacturing on brands' behalf.
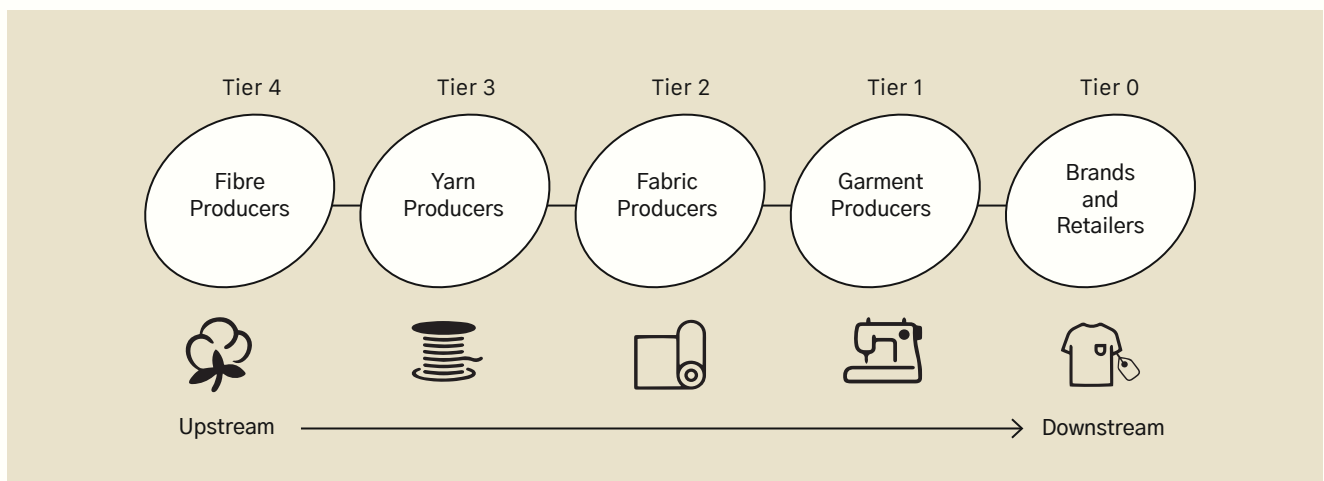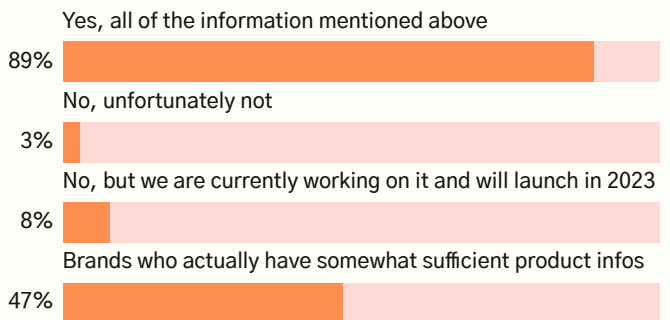
## ONLINE RETAIL & PRODUCT INFORMATION

In the realm of e-commerce, approximately 85% of brands disclose the country of manufacture for their products. However, only a third of these brands communicate the country of origin for the materials used. Our investigation further revealed a selective disclosure practice among certain brands, where the origin of materials is specified only if sourced from the EU, but omitted when materials originate from non-EU or high-risk countries. Also declaring the country of design without transparently stating the manufacturing or material origin country can potentially mislead consumers, obscuring the true provenance and ethical considerations of the products.

2.1.2 Is your tier 1 factory & supplier list publicly available on your website or online store?

Yes, a suplier list
36%

Yes, full product transparency details visible on site
4%

No
60%
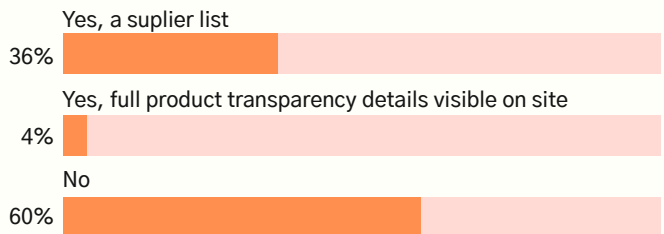
4.4 Is your product information extensive and supporting customers in responsible online purchases?

Yes, all of the information mentioned above
89%

No, unfortunately not
3%

No, but we are currently working on it and will launch in 2023
8%

Brands who actually have somewhat sufficient product infos
47%



| Tier 4 | Tier 3 | Tier 2 | Tier 1 | Tier 0 |
|--------|--------|--------|--------|--------|
| Fibre Producers | Yarn Producers | Fabric Producers | Garment Producers | Brands and Retailers |

Upstream ⟶ Downstream

# TRANSPARENCY TOOL: EU DIGITAL PRODUCT PASSPORT

## WHAT IS THE EU DIGITAL PRODUCT PASSPORT (DDP)?

One of the most promising tools in fashion transparency is the digital product passport. This tool creates an authenticated, standardised log of a product's production data, accessible to the public. According to the European Commission, its goal is to "accelerate the transition to circular economy, boosting material and energy efficiency, extending products' lifetimes and optimising product design, manufacturing, use and end of life handling."
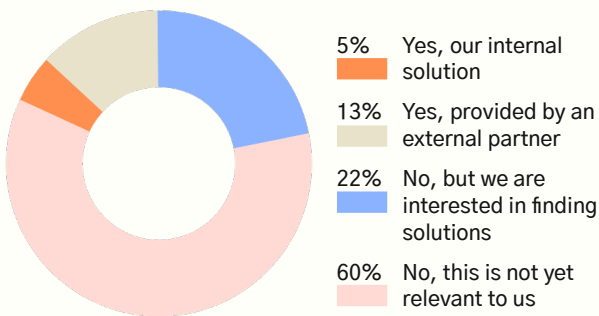
## PREPARING FOR DIGITAL TRANSFORMATION

By 2030, DPP's will be mandatory for textile products under the EU Strategy for Sustainable Textiles and Ecodesign. Many sustainable brands (60%) fall within the SME scale, altering the requirements for compliance. However, staying on the edge of innovation within the sector has incredible advantages for these brands. Rather than delaying integrating DPP's, we encourage brands to join the 18% who are already using these tool, and signal leadership to industry peers. These tools not only contribute to a changing culture of transparency, but greatly ease the process of internal measuring and reporting.

## CALLS TO ACTION

- Every brand claiming to be sustainable should announce the made-in country and tier 2 material origin country on each product in their online shop. This is the bare minimum of production transparency.
- Manufacturing countries and material origin countries totals (the whole collection / production) %-pie charts should be included on the sustainability pages.

3.6. Do you use a digital product passport for your items?



5%   Yes, our internal solution

13%   Yes, provided by an external partner

22%   No, but we are interested in finding solutions

60%   No, this is not yet relevant to us

## SUMMARY

The next era of fashion and lifestyle market will be defined by consumers who direct their buying power towards transparent brands. It takes courage to declare full product information, such as the country of origin for its materials, especially if they originate from so-called risk-countries. But this level of transparency builds a positive feedback loop with the consumer, creating a new culture of open dialogue in both the B2B and B2C spheres. Education and awareness — on the lifestyle, industry, and product level — is crucial to empowering customers with a developed understanding of sustainability, and leads them to make purchases that align with their personal values.

# Production Risk Management
## SETTING THE CODE & KNOWING THE RISKS

### CODE OF CONDUCT
A code of conduct in the textile industry is a set of ethical guidelines and standards that govern the behavior and practices through the textile and apparel value chain. It aims to ensure responsible manufacturing, supply chain management, and labour practices. Many codes of conduct (CoC) prioritize the protection of labour rights, including defining wages, safe working conditions, and details on how to respect workers' rights. A mere 18% of brands have a publicly available CoC, though these often contain only the bare minimum of information stating that manufacturers have to obey local laws, and frequently omit critical details such as the definition of a living wage in each manufacturing country or stating working hours.

2.3 Do you have a supplier Code of Conduct?

Yes, but it is not publicly available
29%

Yes, and it is publicly available
18%

No, we do not have a Code of Conduct
53%
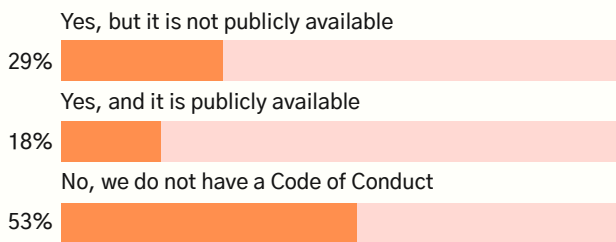
2.4 Do you have tier 1 for assembly or tier 2 materials production in so calles risk countries?

We produce in risk countries
25%

We don´t have production in risk countries
73%

Some of our materials / fabrics come from risk countries, but we have no production in them
3%

### CORPORATES VS. SME'S: DEFINING LABOR PRACTICES
Smaller brands often do not maintain a CoC — in the case of this survey, more than half did not (2.3) — citing regular personal visits to their primary production facilities as a form of oversight and transparency. While corporations should always have a Code of Conduct, sometimes this personal relationship is more effective in ensuring safe and equitable labor. However, it is strongly advised that brands with production in tier 1 or tier 2 facilities, especially in high to medium−risk countries, should implement a comprehensive code of conduct to ensure ethical and responsible manufacturing practices. If the brand has not published a factory list, they should at least include the information on how many of the tier 1−2 manufacturers have signed the CoC.

### RISK COUNTRIES
It is very hard, even for purpose−driven brands, to keep their entire production (tier 1−4) out of so−called risk countries, as most textile fibers and materials are made in Asia. For example, 73% of recycled polyester fiber (rPET) is made in China.
At the moment, brands usually only announce the production countries within the EU, but hide production and material origin countries if they are in risk countries. We believe that transparency is still preferable to hiding risk country production. It also should be noted that just because a production site is in a risk country, it does not always mean that the specific factory has poor labor practices, simply that the country does not legally enforce accept−able standards of labor practices.
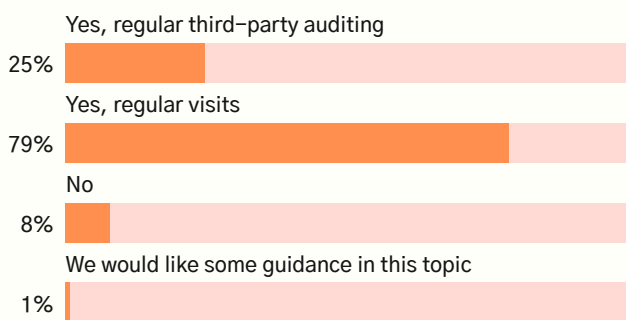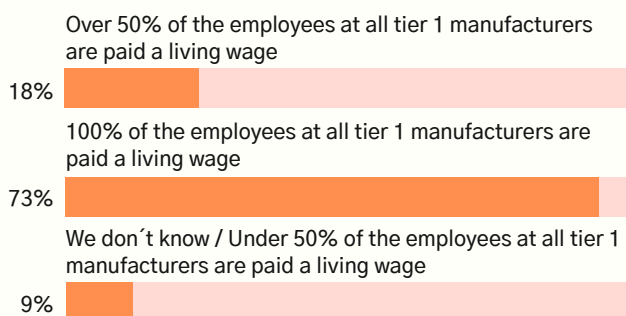
# MEASURING CONDITIONS

### AUDITS

Auditing of tier 1 assembly facilities is a key sustainability action, whether it is inspections performed by a third party or the buyer brand's own evaluations. Regular audits and visits are particularly significant with product categories when production takes place in distant countries and especially in so-called risk countries. 79% of brands stated that they pay regular visits their tier 1 suppliers (2.5.1). While this is a positive step in strong supply chain relationships, it should be noted that it does not use a standardized audit process. Third-party auditors provide this standardisation, but add costs and distance the relationship. Whichever form the audit takes, its results should be clearly documented and communicated.

Whichever way or partner is used for auditing tier 1 assembly locations, should be announced at the brands' sustainability page. If the brand is using third-party auditing programs, it should be stated which organizations are used, and what kind of results they recieved.

2.5.1 Do you audit or visit your tier 1 suppliers?

Yes, regular third-party auditing
25%

Yes, regular visits
79%

No
8%

We would like some guidance in this topic
1%

5.3 Payment of a living wage

Over 50% of the employees at all tier 1 manufacturers are paid a living wage
18%

100% of the employees at all tier 1 manufacturers are paid a living wage
73%

We don´t know / Under 50% of the employees at all tier 1 manufacturers are paid a living wage
9%

### MINIMUM VS. LIVING WAGE

In a perfect world, legal requirements for wages would ensure all are well fed, housed, educated, and cared for. A country's minimum wage is set by the local government and serves as the lowest wage that employers can legally pay their employees — and this amount generally does not include overtime pay, allowances under special working conditions, and statutory welfare benefits. In fact, many countries' minimum wage keeps citizens below the poverty line. Meanwhile, a living wage is often much higher than the minimum wage and is not mandated by law but is advocated for by organizations like the Living Wage Foundation.

73% of studied brands stated that their tier 1 labor force is payed a living wage. While this is ideally the case, we believe greater awareness of this definition must be clarified, as well as a standardized way to calculate it per region.

The brand's code of conduct should also define what the wage should be, per the manufacturing country. Many codes of conduct only stated that the manufacturer should pay the local minimum wage, which is basically telling them to obey the laws, but not do anything more than that. The point of a CoC is to be more protective than the local law. Having a CoC is not mandatory for small brands, but it is strongly advised that brands with production in tier 1 or tier 2 facilities, especially in high to medium-risk countries, should implement a comprehensive code of conduct to ensure ethical and responsible manufacturing practices. If the brand has not published a factory list, they should at least include the information on how many (pcs/%) of the tier 1-2 manufacturers have signed the brand's CoC.
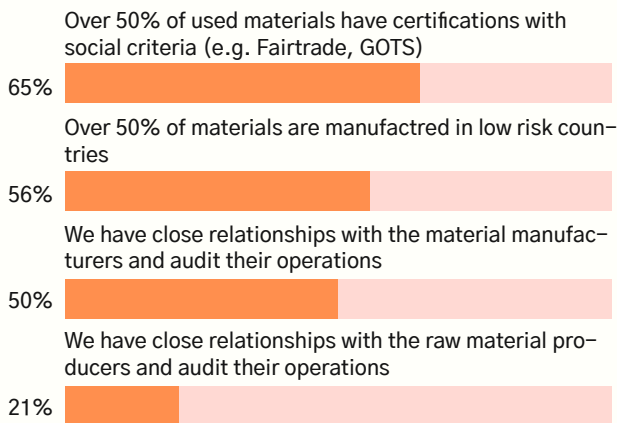
# MOVING TOWARDS A FULL VALUE CHAIN OVERVIEW

### CONDITIONS BEYOND TIER ONE

Due to the aforementioned opacity of most supply chains beyond tier 1 manufacturing, labor audits become exponentially more difficult. However, ethics-focused brands often plan their manufacturing to ensure equity in tier 2 and beyond. One effective way to create this assurance is purchasing through certified materials, which are verified by entities such as GOTS, Fair Wear, WFTO, and others. 65% of brands stated that more than half their materials have certifications with social criteria. It is noteworthy that 50% also state they have close relationships with production facilites beyond Tier 1, with 21% having relationships with the raw material manufacturers.

### CALL TO ACTION

Having a Code of Conduct is not mandatory for small brands, but it is strongly advised that brands with production in tier 1 or tier 2 facilities, especially in high to medium-risk countries, should implement a comprehensive CoC to ensure ethical and responsible manufacturing practices. If the brand has not published a factory list, they should at least include the information on how many (pcs / %) of the tier 1-2 manufacturers have signed the brand´s CoC. Whichever way or partner is used for auditing tier 1 assembly locations, should be announced at the brands' sustainability page. If the brand is using third-party auditing programs, it should be stated which organizations are used, and what kind of results they received.

5.4 Monitoring decent working conditions beyond tier 1

Over 50% of used materials have certifications with social criteria (e.g. Fairtrade, GOTS)

65%

Over 50% of materials are manufactred in low risk countries

56%

We have close relationships with the material manufacturers and audit their operations

50%

We have close relationships with the raw material producers and audit their operations

21%

### SUMMARY

Due to the aforementioned opacity of most production value chains beyond tier 1 manufacturing, labor audits become exponentially more difficult. However, ethics-focused brands often plan their manufacturing to ensure equity in tier 2 and beyond. One effective way to create this assurance is purchasing through certified materials and factories, which are verified by entities such as Fair Wear, GOTS, GRS, WFTO, and others. 65% of brands stated that more than half their materials have certifications with social criteria. It is noteworthy that 50% also state they have close relationships with production facilites beyond tier 1, with 21% having relationships with the raw material manufacturers.

# Inclusivity & Representation

## MARKETING FOR INCLUSIVITY & DIVERSITY

HUMANS ARE DIVERSE. WHEN WILL FASHION CATCH UP?

Everyone knows that people are of many sizes, body types, ethnic and cultural backgrounds, genders, ages... but we also know that fashion marketing still represents a sliver of our population. Usually when brands want to create an inclusive campaign, the go-to choice is to book ethnically diverse models, or models with an expanded age range. 55% of brands included people of different ethnicities and ages in their campaigns (8.3) — a number we still would like to see increase to 100%.

8.3 Do brand pictures feature a variety of people of different ethnicities and/or age?



55%   Yes

45%   No
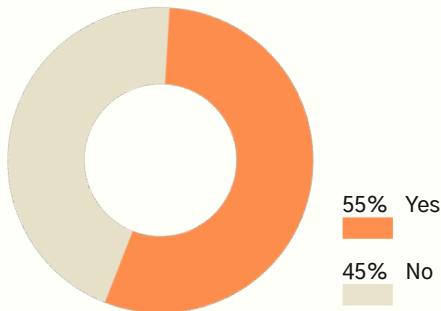
8.2 Plussized people included in pictures



17%   Yes

83%   No
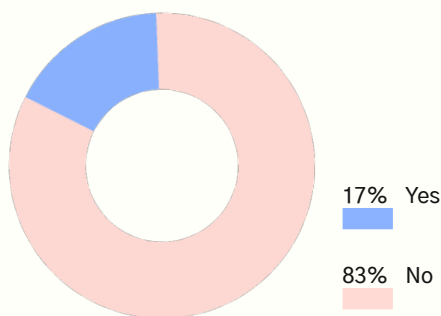
However, only 17% of of brands included plus-sized peopled in their marketing. The exclusion of plus-size people is endemic to the fashion industry at large, and the culture of working at fashion companies is riddled with fat-phobia. Even though roughly half the population wears a size L or higher, those in S size range are the only ones catered to in most fashion marketing. This creates a negative feedback loop — brands don't offer adequate plus-size options, because plus-sized customers won't shop where they don't feel represented.

On IVALO.COM most of the best-selling brands have a diverse marketing catalogue to reflect their selection and sizing. This shows as added sales. Many XL-sizes also sell out much faster than their XS-counter sizes.

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# DESIGN: SUPPORTING BODY INCLUSIVITY

### MISSING DATA, MISSED OPPORTUNITIES

When brands do not design their size runs based on national body measurement data, the reality is that many potential customers and sales are lost. Brands should be interested not only in the people who already shop at their store, but also the people who came in and left due to missing sortment and representation.

One example of a mismatch between sold size sortment and the population is that only 18% of surveyed brands offer a women's EU50, when about 4% of the female population is EU50. And yet, 70% of brands offer EU34, when only abut 3% of the population is this size.

To assess size inclusivity, brands should ask for feedback on customer experience from a diverse range of people — not just people who resemble those inside the business or mainstream beauties. In design or management positions, we also need to be aware of how our personal biases and assumptions about beauty lead to missed opportunities and stunted future clientele.
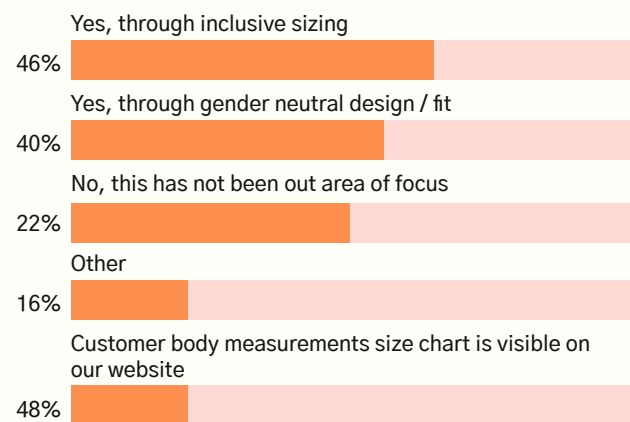
mentioned earlier, 71% of a textile's CO2e footprint comes from the production phase. Therefore better sizing information can be used to lower environmental effects of production.

### INCLUSIVITY BEYOND SIZING

Other key categories of diversity that brands rarely address are gender-non-conforming (GNC) customers and customers with non-normative body types.

9% of adults globally identify as LGBTQ+, and in Gen Z, the number doubles to nearly 1 in 5, according to Insider Intelligence. The global fashion market will need to keep up with a rising need for gender inclusivity. Currently, GNC customers, often transgender or non-binary customers, are lacking in representation in both marketing and in the fit of apparel. 40% of brands state that they offer 'gender-neutral' products (4.5). But often, GNC models are not included in marketing campaigns, and the default style for 'unisex' apparel is oversized, masculine-leaning designs.
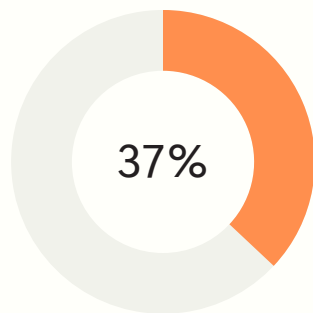
### MUST HAVE: CUSTOMER BODY MEASUREMENTS TABLE

Every fashion brand should have comprehensive, general sizing tables on their site. Customer body measurements are a priority, and garment measurements are secondary information. Every brand should have both.

Without the customer's body measurement chart, customers also make so-called "trial orders" (ordering multiple sizes of the same garment). This also results in returns. A high return rate increases the need for excess inventory, it increases production costs for the brand, as part of the inventory is constantly being tried on, which in turn increases costs of ecommerse and logistics, and inventory lead emissions of the entire business. As

4.5 Design process focused on supporting body inclusivity

Yes, through inclusive sizing
46%

Yes, through gender neutral design / fit
40%

No, this has not been out area of focus
22%

Other
16%

Customer body measurements size chart is visible on our website
48%

At the same time, people of short stature, wheel-chair users, and the disabled population are still completely ignored by the fashion industry. A 2022 report by the European Council states that 27% of European adults have some form of disability. Only a handful of brands addresses or even acknowledges these customers, and even fewer do so with aesthetic designs, not just purely functional/medical apparel.

If brands expand their marketing and product range to meet more disabled body types and those of people of short stature, not only will they tap broader markets, but they will also position themselves as cultural innovation leaders in the global fashion converstation. A great place to start? Hire designers with from the LGBTQ+ and disabled communities.

# THE GAP BETWEEN PRODUCT SIZE RANGE AND CUSTOMER DEMAND

**37%**

37% of the studied brands were missing the most important sizing information in clothing ecommerse, which is the Customer Body Measurements Table.
70% of the studied brands are offering size EU34 (bust 80cm, hips 88cm), which accounts for about 3,2% of women.
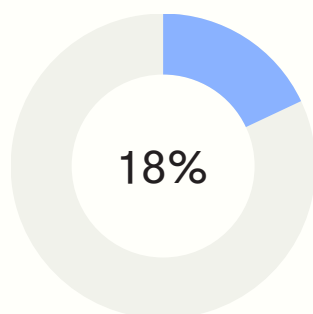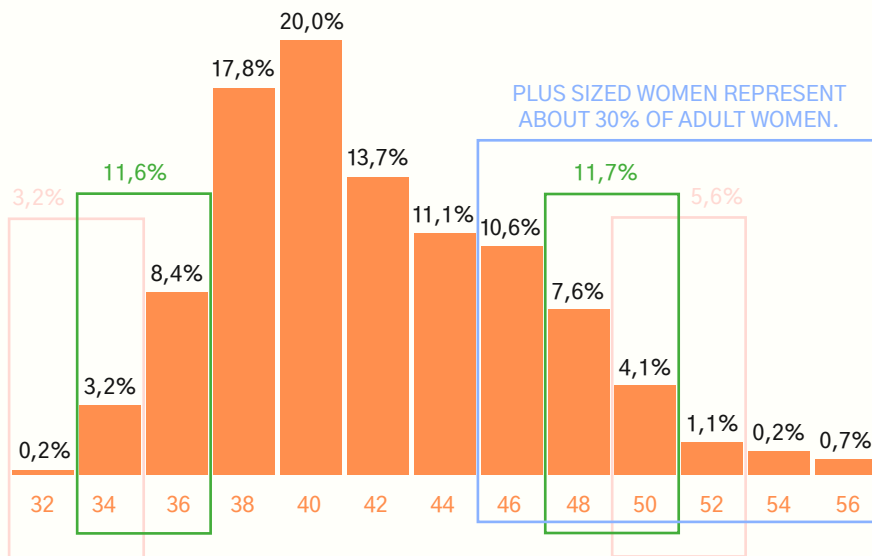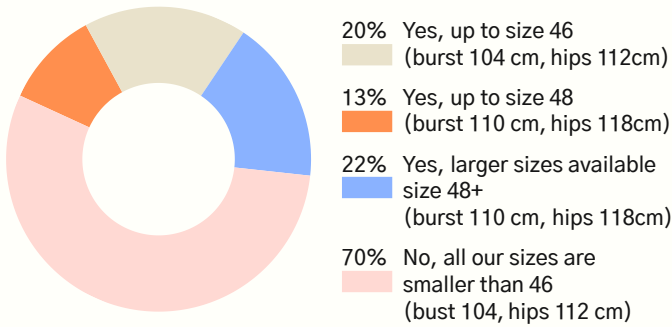
But only 18% of brands had size EU50 (bust 116 cm, hips 124 cm) in their selection, which accounts 4,1% of women.

**18%**

# MAIN FINDINGS AND CALLS TO ACTION

## SELECTION: PLUS SIZES AVAILABLE IN WOMEN'S CLOTHING COLLECTION

What is the biggest available size in the brand portfolio, available more than a few products?

8.4. Plus sizes available in collection



20% Yes, up to size 46
(burst 104 cm, hips 112cm)

13% Yes, up to size 48
(burst 110 cm, hips 118cm)

22% Yes, larger sizes available
size 48+
(burst 110 cm, hips 118cm)

70% No, all our sizes are
smaller than 46
(bust 104, hips 112 cm)

PLUS SIZED WOMEN REPRESENT ABOUT 30% OF ADULT WOMEN.

What sizes is your brand offering?
Are biggest size groups covered?

## SUMMARY

European textile manufacturers and purpose-driven fashion brands are losing sales in their online stores and retailers. Currently, the measurement data, brand inclusion and size assortment of garments in online fashion stores do not meet the expectations of female consumers in terms of their shopping experience.

Our research revealed that customers find it difficult to shop from many online stores (selling women's clothing) because the sizing assortment does not cater to their customer group, does not correspond to national body measurements, and the sizing information is insufficient.

Due to incomplete product information and limited product images, many sustainable clothing brands are also losing customers to unethical, unsustainable brands and fast fashion online stores if these competitors have proper size charts, wider sizing selections, and inclusive catalogues.

# Conclusions

We believe purpose–driven brands enrich the industry and are key for the overall industry's future. They are the ones that bring the needed passion, openness to new concepts, and a willingness to invest and experiment, contributing diverse perspectives to value creation and more circular business models.

In this inaugural Fashion Purpose report, the convergence of (more) sustainable fashion, data–driven insights, and meaningful marketing unfolds as a defining synergy that embodies the mission of IVALO.COM and studio MM04 to support purpose–driven brands in building lasting customer relations, and in winning marketshares from stakeholders that hinder the transformation of our industry, that has to deal with even more internal contradictions than ever before. Sustainability stakeholders in fashion have always had to explain how they think one could ever be sustainable in such a trend–based and fast–paced industry, but for us this has never been the main question. We see the culture behind the fashion industry as powerful tool to advocate for and collaborate towards a future that solves the biggest contradictions. How? Through communication! And there is hardly any other industry that puts more money and creative energy into global communication strategies than the consumer goods industries — and especially fashion.

Following a few of the key ambivalences that we currently see for fashion brands — and our ideas how to start embracing them as inspiration for honest communication with all relevant stakeholders.

Sustainability is everything but easy to define and communicate, especially in a sales context — be honest about it and start open dialogues. Consumers care about sustainability but are most sensible about costs — talk Money and explain costs[1]. Consumption needs to change but most consumers want comfort and dopamine — understand how sustainability can feed into this. Consumer demand is met with over– instead of on–demand production — establish feedback channels with your customers that work[2].

Marketing is everywhere but in a well–balanced relationship with human rights — check out how the EU Green Claims legislation is changing the level playing field. Conscious consumers want to believe in brands but have learned not to — be patient with your customers but impatient with greenwashing brands. Profitability is still the main measure for success but measured with outdated indicators — create your own indicators and lobby for new standards.

Sustainable fashion is in mainstream media but not a main revenue stream — social media can help to overcome this gap. Sales data is driving strategic decisions for its economic relevance but also because it is there while standarised sustainability data is still missing — this can only change though collaborative sector–wide data–collection and evaluation.

Sustainability needs to become profitable in a nervous linear system before it can showcase its full potential in future circular and regenerative eco–systems — to increase business resilience, circular business models and circular revenue streams need to be incorporated to businesses as soon as possible to offer alternative revenue streams. Selling product data will be an important part of this. Brands also need to analyse missed customer groups and inventory opportunities and missed sales better to lower return costs and gain a bigger market share.

In this new era of fashion, data dominance and meaningful marketing will define success. Brands must bridge the gap between intentions and actionable sustainability strategies, engaging with customers and stakeholders with strong data to back up commitments. The journey towards a sustainable future is collaborative, requiring education, open dialogue, and innovative strategies. As we collectively strive for positive change, the fashion industry stands at the forefront of a transformative era, with sustainability as its guiding principle.

We believe this is possible by informing consumers with inclusivity and, optional, interaction in mind since most consumers seek simplicity and well-presented information, emphasizing the need for clear and engaging communication. And consumers do adapt to new communication and consumption patterns very quickly if they understand and feel a meaningful benefit for their lives.

Also by balancing the complexity of transparency with the simplicity of honesty. We see too many brands feeling pressured to become 100% transparent, an actually impossible and additionally currently very costly task while our experience is that most consumers are understand if you are honest about why transparency is still limited and possibly not the focus of your brand.

Further more we recommend to make sustainability as actionable as possible. Too many brands seem to look for fancy digital tools while often a simple self-design excel with your own actionable data-set is all you need to follow up on sustainability actions. Further data-sets that are needed to proceed can be co-developed via collaboration and platforms since getting actual data from the value chain becomes easier the more stakeholders joint-ly ask for them. Most importantly sustainability should not be managed by gut feelings — while its marketing should do both: touch the gut with feelings and please the brain with clarity.

The Fashion Purpose report team

Annotations:

1 Side-effect: explaining your cost-structures can be a hands-on guide to explain your sustainability engagement.

2 Even purpose-driven brands find themselves in the same systemic trap to overproduce to meet demand to be able to grow market presence and share to be able to positively impact the industry. Retailing and production need to collaborate more data-driven and closely.

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