

# THIS IS NICE

**NICE 10-year plan of action**

Version 1, December 2009

Nordic Fashion Association



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## Nordic Fashion Association

Kronprinsensgade 13, 4.  
DK-1114 Copenhagen K

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Edited by Stine Hedegaard Jørgensen, Danish Fashion Institute  
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# INTRODUCTION

On the brink of potentially dangerous climate change and with attention on corporate social responsibility soaring to new heights, the world needs innovators who can lead the push toward a more sustainable economy. The fashion industry has the potential to be one such innovator, working proactively to address critical environmental, social, and ethical challenges on a global scale.

The Nordic Initiative Clean and Ethical Fashion (NICE Fashion) was established to motivate and assist companies in the Nordic fashion industry in becoming more sustainable. NICE is a groundbreaking collaboration that brings together the entire Nordic fashion industry around the shared goal of incorporating sustainable values, principles, and practices into the industry and making a difference globally.

The fashion industry must be a leader in meeting the needs of tomorrow's consumer, while respecting and preserving our global ecosystem and human wellbeing. This requires business leadership in mitigating and adapting to climate change and addressing other interconnected challenges, such as water scarcity, depletion of natural resources, and the protection of human rights.

Furthermore, we believe companies that focus on sustainability will realize cost benefit. Activities that help to reduce energy usage, minimize waste, and improve supply chain labor standards, for example, affect a company's triple bottom line: people, profit, and planet. Sustainability programs have shown to:

- Spur innovation and lead to new product development
- Enable access to new customer segments, including eco-conscious consumers
- Identify bottom-line cost savings through improved environmental practices, such as energy and water efficiency

- Increase employee morale, lowering costs related to turnover and recruitment
- Lower the risk of instability and exposure in supply chains

NICE engaged BSR in June 2009 to develop a 10-year strategic plan for fostering and promoting a sustainable and ethical Nordic fashion industry. This plan was developed based on input from NICE members through a survey, existing and publicly available research on sustainable practices in the apparel industry, and BSR's own knowledge and expertise working with its network of more than 250 member companies—including more than 70 companies in the consumer products sector—on a wide range of sustainability issues.

The purpose of this plan is to provide a common vision and recommended actions for NICE members to drive sustainability in their own operations and in the industry at large. By developing a 10-year plan of action, we aim to raise the bar and use the creative competences in the industry to create new innovative solutions that achieve substantial change in the industry.

This plan provides short and medium term recommendations that are pragmatic, realistic goals for implementing the vision within the next one to five years. Recognizing the diversity of NICE's membership, it is up to individual companies to prioritize the recommendations based on sustainable practices already in place and ability to have influence. The recommendations include both activities for individual companies, and for the industry as a whole.

In addition, this plan outlines long term recommendations that reflect NICE's higher aspirations. While some recommendations may not seem obtainable today, and rely on numerous unforeseeable variables, they aim to inspire innovation and industry collaboration toward a sustainable future.

# THE BUSINESS CASE FOR SUSTAINABILITY

The pressures of population growth and goals to raise global living standards set considerable challenges for the twenty-first century. Increasing consumerism has accelerated potentially negative human health impacts and contributed to further depletion of natural resources. With an expanding middle class in emerging economies such as China and India energy demand has been rising at least two or three-fold from 2000. By 2050, world population could rise to around 9 billion (UN 2002). With no change in the global development profile, another two to three billion people would be living in poverty.

Business implications of major global sustainability trends will drive business action to provide a more balanced and just global economy in the following ways:

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To avoid drastic global impacts, it is estimated that rich nations would need to cut emissions by 30% by 2020.

*United Nations Development Programme, Human Development Report 2007/2008 (2007)*

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Growing populations, aging sewer systems, intensifying agricultural practices that use more chemicals in cultivation, and growing resistance of microorganisms to water-treatment chemicals indicate that clean water is going to be a scarce resource in the coming decades, especially as we move from a population of 5 or 6 billion today to 10 billion in a few more years.

*BSR, 2008*

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In 60% of European cities, ground-water is being used at a faster rate than it can be replenished; where some water remains, the cost to capture it is exorbitant.

*World Business Council for Sustainable Development, Facts and Trends—Water, 2005*

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## Major trends

Accelerating climate change and related environmental, social, and economic consequences affect where and how business operates.

Climate change regulation and policy drive business to communicate sustainability impacts.

Long term ecological and demographic trends imply that continuous access to and use of natural resources will be restricted.

Ongoing shift of manufacturing to low-cost, higher-risk regions exposes company supply chains in both social and environmental performance and impact.

NGOs expect companies to be able to trace products from cradle to grave, and influence the social and environmental impacts along the way.

There is increasing investor pressure to expand the definition of “risk” and look beyond pure compliance.

Consumer demand for sustainable products is increasing, but there is a general lack of consumer trust in product communication and messaging.

Employee motivation and retention is increasingly driven by sustainability practices.

## Implications

Increased cost of inputs (energy, chemicals) requires greater operational efficiency in managing waste, transportation, climate and water impacts.

More extreme weather patterns affect business continuity and location and require a more pro-active business response.

Climate change and other potential future environmental legislation (around water for example) will restrict access to and use of natural resources.

Increased supply chain exposure in emerging markets requires sustainable supply chain policies that go beyond monitoring and compliance.

Increased accountability for supply chain impacts demand greater collaboration with supply chain partners and investments in product traceability.

Increased reputation and brand risk requires more sophisticated approach to managing sustainability issues along the entire value chain of consumer products.

Effective consumer engagement requires credible product information, education and labeling.

Increasing employee awareness requires sustainability strategy and programs.

# THE LANDSCAPE

Consumers, investors, government, and business are increasingly realizing the irreversible effects of our collective actions on the environment and society. We are grappling with mitigating the likelihood of catastrophic climate change, achieving global economic and political stability, and making room for exponential growth in an increasingly globalized population. We need to adapt our way of thinking and doing business to protect the generations to come.

In today's economy, it is easier and more cost-effective for business to find low-cost materials halfway around the world. Yet, consumers are increasingly aware of the impact of business actions on the environment and local communities. In an era where social media and networking are building global communities and awareness around sustainability impacts, purchasing decisions are being influenced by brand reputation and peer pressure.

Deeper awareness of sustainability in the fashion industry has illuminated the number and complexity of issues involved. For the past few decades, consumer products companies have been astutely aware of labor issues and human rights challenges within their supply chains. Common issues include child labor in cotton growing. For example, in Uzbekistan, there has been ongoing removal of thousands of children from schools who are forced to pick cotton during harvest season. Other issues include overall exposure to toxic chemicals from synthetic pesticides that can end up in the ground, air, water and food supply, and that are associated with health consequences, from asthma to cancer. In recent years, environmental issues have become more dominant in the overall sustainability portfolio. For example, the process of making apparel requires a significant amount of chemicals, dyes and water. If the wastewater isn't properly treated, it pollutes rivers and streams and can harm local communities. Stakeholders now demand that companies trace social and environmental impacts across their product lifecycle—from raw material sourcing to waste management after consumer use.

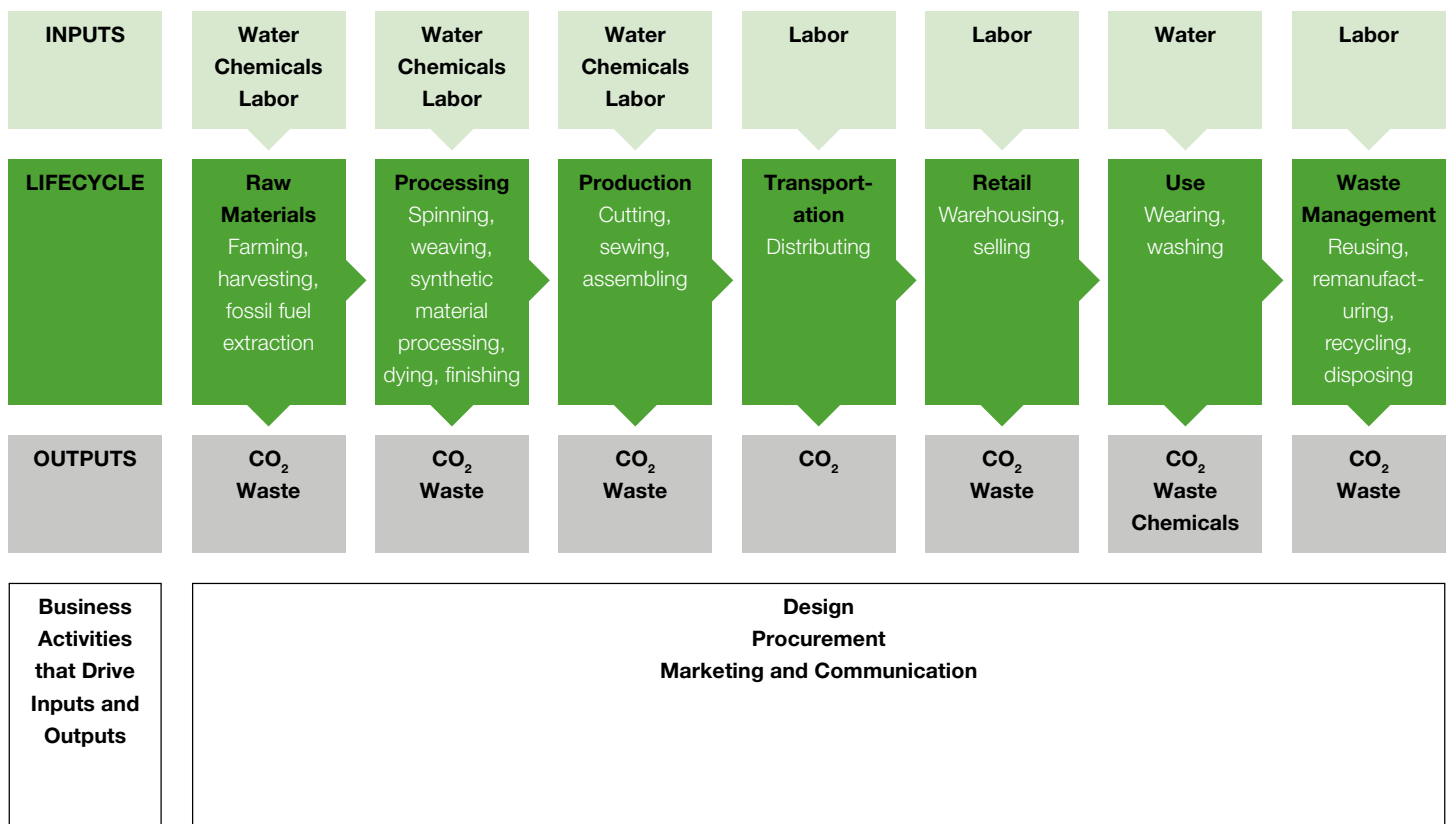
Considering the social and environmental impacts that occur in a typical garment lifecycle and stakeholder concerns, NICE has developed this plan to further responsible business practices around the issues that should and could be addressed by NICE members and the Nordic fashion industry at large over the next ten years. These issues are:

- **Water** The impact of water consumption resulting from business activities, such as selecting water intensive materials and water use in manufacturing. These impacts include stress on community water supplies, the disruption of global ecosystems, and the need for proper wastewater treatment.
- **Carbon Dioxide Emissions** Greenhouse gas emissions resulting from business activities, such as energy and chemical use in manufacturing, distribution, business travel, employee commuting, and facilities management.
- **Waste** The inefficient use of raw materials and creation of company and consumer waste streams.
- **Chemicals and Dyes** The use of chemicals and potentially hazardous materials which pose health risks if not properly handled or overexposed
- **Labor and Ethics** The impact of employment policies and procedures on the health, safety, and ethical welfare of employees throughout the supply chain, from cotton farming to retail, and other stakeholders.

Tracing the life of a typical garment, as shown in Figure 1, these issues represent key inputs or outputs at several nodes in the lifecycle.

**Figure 1**

Key Inputs and Outputs by Node in the Value Chain.



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Companies in the West have a long way to go to regain the reputation lost in scandals, bankruptcies, and government bailouts; it won't happen in a single year or through a single set of actions... Much like a dieter who's rather easily shed the first 10 pounds but is struggling with the next 10, business has to negotiate tough issues... Business is expected to play a broader role in society, to collaborate more with government and NGOs, to consider employees before shareholders, and to communicate frequently and transparently... in order to attract the best employees, build support for brands, and achieve outstanding returns for investors.

*Edelman Trust Barometer, 2009 Midyear Special Report*

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In 2000, only one in six of us on this planet had access to the energy required to provide us with the high living standards enjoyed in developed countries. Yet these one billion people consumed over 50% of the world's energy supply. By contrast, the one billion poorest people used only 4%.

*World Business Council for Sustainable Development, Facts and Trends to 2050, 2004.*

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Not all environmental and social issues are of equal relevance or importance at every node. As shown in Figure 2, the relative impact of these issues varies at different stages in the product lifecycle of apparel. The labor, energy and natural resources required to cultivate the fashion industry's major commodities (cotton, polyester, leather, and other textiles) and process them into materials for sew often drives the overall environmental and social impact of a finished garment.

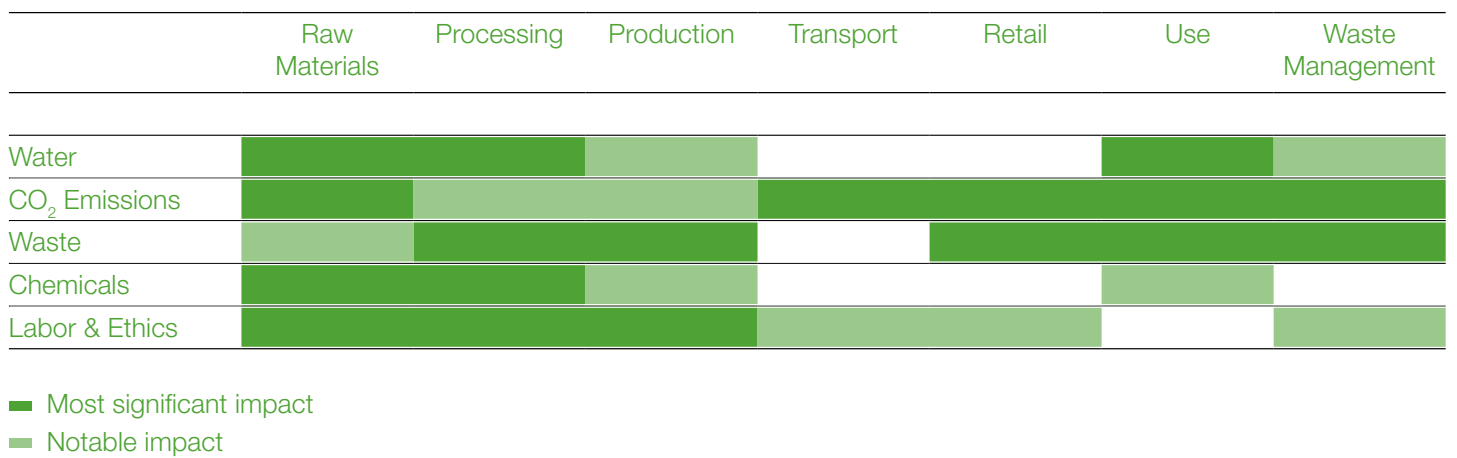
The degree of control for issues at each node of the supply chain varies by company. Consumer products companies, especially retailers, typically do not own their supply chain operations, which presents challenges for managing these issues. Nonetheless, issues represented with bolded indicators in the lifecycle impact analysis above are the most significant for any fashion company to focus on, given their importance to stakeholders, relevance to business, and relative impact on society or the environment.

An effective sustainability strategy should reflect the impact analysis above and prioritize activities accordingly. For example, a comprehensive water management strategy for a fashion company should reflect the fact that water is a significant issue in the raw material, processing, and consumer use phases. This can be challenging given that the most significant impacts occur at stages where most consumer products companies have the least impact and direct engagement. Activities around water impact should therefore focus on sustainability practices such as sustainable cotton cultivation and consumer education around water use.

While the relative impact of these issues at each stage will vary depending on the product, the list of issues and framework for action that follows is generally applicable to any company in the fashion industry.

**Figure 2**

Social and Environmental Impacts across an Average Garment Lifecycle



# OUR VISION

The Nordic fashion industry strives to improve its sustainability footprint and provide systemic solutions to social and environmental issues in our retail operations and in our global supply chains, through individual business action and commitments, as well as collaboration with industry peers, sustainability experts, government, and value chain partners where appropriate and relevant.

As we look to create a more sustainable fashion industry, we have the luxury of learning from past experiences and in some cases, mistakes. Where past discussions on sustainability were siloed and focused on labour and human rights, we now realize that social and environmental issues are interconnected and cannot be treated as separate. The chemicals released in wastewater in garment factories affect water access for local communities and thus impact human health. Carbon emissions from electricity use are contributing to climate change, which is disrupting natural weather patterns and causing severe droughts that impact the global food supply. We can no longer afford to ignore this fragile balance in our ecosystem.

While the challenges may seem daunting, we believe there is opportunity for innovative solutions that capitalize on these interconnections. For example, the consumer use of apparel products impacts both water and carbon dioxide emissions due to the relationship between energy and water. More efficient washing techniques and consumer education around cold water wash can have far reaching effects on both issues.

# BUSINESS ACTION

Through innovation and creativity—core competencies of the fashion industry—as well as long term collaboration within and outside of our industry, we must embed sustainability into all aspects of our business practices, building on the notion that all sustainability issues are converging and thus need to be dealt with as interconnected challenges and opportunities. There is opportunity for business action at the individual company, industry, and society levels—each level playing an important role in creating change, described as follow:

## 1 INDIVIDUAL action

### A Design and innovation

Rather than mitigate risks and challenges associated with potential negative sustainability impacts of existing products, product design innovation will allow for a long term strategy to adapt to these challenges more effectively. Corporate design functions have the opportunity to improve environmental and social impacts at the very early stages of product development. The right knowledge and partnerships with science and academia will guide more sustainable product development.

### B Business strategy and alignment

A long term vision for a more sustainable Nordic fashion industry requires commitment at the corporate level to clear goals and targets for success. This ten year plan provides the basic framework for action, though companies will have to embed these goals and commitments in their business strategy and align across multiple business functions.



**INDIVIDUAL**

**INDUSTRY**

**SOCIETY**

## **2 INDUSTRY collaboration**

Innovation is most impactful when driven and implemented collectively as an industry, building on common goals. Specific areas where this is most successful is in setting common goals for reducing environmental impacts, such as standards for waste water discharge in global supply chains, investing in industry research through partnerships with academia and science institutions that help drive innovation in product design, and social innovation in supply chains around up-skilling workers in global factories.

## **3 SOCIETY collective action**

Beyond working as an industry to create sustainable change and impact, companies can work in their communities where they work, produce and operate to advance social innovation and provide local economic development, social entrepreneurship and environmental improvements to advance sustainability. Collaboration with academia, NGOs, government agencies, and community stakeholders enables the pooling of resources toward achieving shared goals, expanding the impact of the industry's efforts.

Over the next ten years, we will leverage all three levels of business action to work toward a common vision and set of objectives. The rest of this plan sets out the long term objectives we hope to achieve, and the fundamental building blocks required to achieve these long-term objectives. For each of our focus areas—water, carbon, waste, chemicals, and labor and ethics—we highlight: (1) the current state of play in the world we live in today, (2) our vision of a world we would like to see in ten years, and (3) our short and medium term recommendations for action that will put us on a path to achieving the long term objectives summarized below. The suggested activities are by no means exhaustive. They reflect appropriate course of action for the Nordic fashion industry, and build on existing best practices and experience.

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Long Term Objectives

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**Water** Help improve water efficiency in the cultivation of raw materials for textiles, and reduce dependence on raw materials that require significant water.

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Reduce the need for water use in garment care, challenging conventional washing practices and developing alternative approaches.

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**Carbon** Commit to minimizing embedded carbon in garments and develop a holistic climate strategy to support the commitment.

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Leverage innovative design and technology to create garments that mitigate other carbon impacts in society (such as regulating temperature control, reducing the need for heating and air conditioning systems).

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**Waste** Develop effective uses for textile waste, creating a second life for materials.

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Commit to minimizing waste in our operations and our supply chain.

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**Chemicals** Reduce the use of raw materials that are cultivated using pesticides, synthetic fertilizers, and other chemicals of concern.

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Replace the use of chemicals with environmental friendly dye processes, minimizing the risk of poorly managed wastewater and health impacts.

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**Labor & Ethics** Achieve clear understanding on where and how garments are produced, and Collaborate with industry peers and supply chain partners to be transparent about the social, ethical, and environmental performance impacts of all companies in the supply chain.

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Invest in more significant training programs toward the goal of “up-skilling” workers in the supply chain and measuring the impact of investments.

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Demonstrate broader positive impact on developing communities in the supply chain.

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# WATER

## **The World We Live In Today**

Water is a significant concern at the cultivation and creation of raw materials (such as cotton) and during consumer use in a garment's lifecycle. The sheer volume of water consumed in the cultivation of some crop-based materials has reduced the availability of water in the face of increasing demand in numerous regions around the world. Furthermore, use of pesticides during crop-cultivation and poor water quality management during material processing has left communities vulnerable to serious health risks and business vulnerable to reputational risk. Finally, water use consumption is highest during consumer use due to garment care and washing. The majority of consumers are unaware of the impact of their washing decisions, and the important role they can play in reducing the overall impact of the apparel industry on water consumption.

## **Our Vision**

We strive to ensure communities have priority access to safe, clean drinking water. Materials are cultivated in new, more sustainable ways that don't deplete local water suppliers. Any water used for processing is treated to safe levels and returned to local water bodies. There is clear, consistent information available on the environmental impacts of cotton, cotton blends, and other materials, including the impacts of water use and water quality on specific sourcing regions. Looking beyond cotton, the industry adopts new, innovative materials that require less water at cultivation, and business considers the water impacts when selecting product materials and creates garments that embed an understanding of impacts to water resources at the outset.

### **Objectives for Immediate Action**

- Map the breakdown of raw materials used in products (cotton versus other materials) and the breakdown by region of where the materials are coming from— highlighting materials cultivated in water stressed regions.
- Build partnerships with academia and eco design experts to understand the drivers of water risks at raw material phase, and identify immediate levers for reducing risk.
- Agree on a set of guidelines for wastewater treatment to be adopted by material processing partners.
- Start collecting sample wastewater data from strategic material processing and production partners.
- Implement an industry-wide consumer awareness campaign around water use in garment care (potentially partnering with a media company who can work pro bono).

### **Objectives for Medium-Term**

- Influence agricultural practices and sustainable cultivation of raw materials by partnering with an on-the-ground organization, such as WWF or Conservation International.
- Align with industry standards such as the Better Cotton Initiative.
- Set goals to integrate non water-intensive materials into garment design.
- Publish research on raw material sourcing and water risks associated with different materials.
- Engage with local government agencies around a few strategic mills to influence wastewater treatment requirements.
- Research and pilot environmentally-friendly dye process at a few strategic mills.
- Expand pilot efforts to train mills on new dye processes and best practices in water efficiency.
- Implement an industry-wide marketing campaign to invite consumer pledges to reduce water use in wash, and measure impact of consumer education efforts.
- Report on long-term progress on improvements to water quality management in material processing, and consumer pledges to reduce water use.

# CARBON DIOXIDE EMISSIONS

## The World We Live In Today

Material choice is a key driver of carbon dioxide (CO<sub>2</sub>) emissions in a garment's lifecycle. Cultivation of cotton and wool, and fossil fuel extraction for synthetic material significantly contributes to a product's overall carbon footprint. The sourcing region and cultivation practices can make a difference—cotton from the US, for example, has a lower footprint than Egyptian or Turkish cotton. Leather also presents a serious challenge to CO<sub>2</sub> emissions. According to the Brazilian government, "Cattle are responsible for about 80% of all deforestation" in the Amazon region, and deforestation is a primary cause of greenhouse gases in the atmosphere. According to a study in 2009, on average one hectare of Amazon rainforest has been lost to cattle ranchers every 18 seconds.

While the energy efficiency of processing, production, transportation, and retail also affect a garment's footprint, a garment's carbon impacts are most significant during consumer use. The daily acts of washing, drying, and ironing garments over their lifespan are responsible for a notable portion of household emissions and can contribute more than a third of the total CO<sub>2</sub> emissions associated with a garment. Similar to water, consumers are unaware of these impacts or the opportunities to reduce emissions through simple steps like line drying or cold-water wash.

## Our Vision

We recognize that efforts to influence consumer practices, energy efficiency of operations in the value chain, and material selection are critical to curbing climate change. We strive to move away from a reliance on carbon-intensive textile products or carbon-intensive sourcing regions. We will work together with industry partners to be energy efficient and minimize the embedded carbon in garments. We will try to change consumer behavior to adopt low-carbon practices in garment care.

### **Objectives for Immediate Action**

- Measure the carbon footprint of owned and operated facilities and set reduction targets.
- Research the CO<sub>2</sub> impact of textiles based on different raw materials (cotton, synthetic fiber, wool, linen, hemp, corn)—leveraging existing studies or partnering with academia.
- Research the CO<sub>2</sub> impact of different material cultivation practices, such as organic versus non-organic cotton—isolating best practices.
- Join an industry collaboration on reducing sourcing of cattle from endangered Amazon regions.
- Research the CO<sub>2</sub> impact of different garment care options (dry cleaning, machine wash, machine dry) to be in a position to better communicate with consumers on the topic.
- Adopt “cold water wash” and/or “line dry” instructions on garment hang tag and care label—noting the environmental benefits of these practices. (Note: the recommendation also has water benefits).
- Implement an industry-wide consumer awareness campaign around low-energy garment care.

### **Objectives for Medium-Term**

- Report on carbon footprint of owned and operated facilities and begin requesting that suppliers do the same.
- Commit to increasing the portion of products made out of less carbon-intensive materials.
- Develop a design checklist or guidelines to integrate CO<sub>2</sub> considerations into product design processes.
- Improve order forecasting abilities in order to improve reliance on ocean-based transportation as opposed to air freight.
- Look for partnerships outside of the apparel industry—collaborating with washing machine manufacturers to run a campaign to use front load machines which generally use less energy than top load machines, or partnering with an enzyme company to promote the use of eco-friendly detergent.
- Measure the impact of consumer campaigns to demonstrate whether consumer behavior has changed.
- Reconsider which products require dry cleaning—the most CO<sub>2</sub>-intensive garment care option.

# WASTE

## **The World We Live In Today**

Product design, labels, packaging, hangers, in-store product wrapping, and shopping bags all contribute to the resource efficiency (or inefficiency) of a product. In today's apparel industry, fast fashion and trends toward shorter garment lifecycles add to overall waste impacts and stress the importance of reclaiming materials after use and finding new purposes for unused materials. Only a handful of apparel companies are looking for ways to address the inefficient use of raw materials and ever-increasing waste in garment production, retail, and use.

## **Our Vision**

We are committed to the adoption of a closed-loop approach to waste management, where companies take-back product for deconstruction and reuse of raw materials, recycling, or donation to others—extending the product lifecycle and minimizing waste sent to landfill. In addition, we believe in a cradle to cradle approach to product design, where products are designed with their end-of-use in mind, with an eye toward minimizing raw material use in cut-and-sew and packaging, as well as minimizing waste impacts by adopting materials that are recyclable or have a longer lifespan. Products are sold with minimal packaging and in-store wrapping. To change consumer habits and drive long-term change, retailers discourage use of plastic bags and setup product take-back programs for consumers to return used product.

### **Objectives for Immediate Action**

- Develop and adopt product design guidelines that establish voluntary guidance for garments that optimize for reduced waste. For example, parameters could be established for raw material choice, packaging, or design for extended/second life.
- Reduce use of bags and wrapping in retail stores by asking customers whether they want wrapping and a bag, charging customers for use, or offering incentive programs for customers that bring their own bag.
- Establish partnership with organization around product take-back and product donation.

### **Objectives for Medium-Term**

- Commit to reducing packaging by a certain percentage when receiving items ("Store Ready Merchandize").
- Adopt the use of packaging materials that contain recycled content, and set target for increasing use.
- Launch web and in-store campaign around product take-back and recycling options to increase consumer awareness.
- Actively explore opportunities to reuse unsold product.
- Work with cut-and-sew supply chain partners to identify key sources of waste and begin to work collaboratively to address those sources, such as exploring new uses for scrap fabric.

# CHEMICALS AND DYES

## The World We Live In Today

Non-organic cotton farms, tanneries, and dye houses are just a few examples of the many contributors to the negative chemical footprint—or toxicity—of apparel. Cotton cultivation, for example, uses approximately 11% of the world's pesticides, though it is grown on less than 3% of the world's arable land. The use of chemical pesticides and fertilizers during raw material cultivation, and the use of hazardous dyes, mechanical finishing processes, and nano-materials in the creation of apparel pose serious health risks to workers and consumers, as well as significant negative impacts on ecosystems. While chemical use and handling is subject to regulation, companies need to look beyond regulation and adopt a more sustainable long-term approach.

## Our Vision

We strive to minimize the use of chemicals and hazardous materials in the apparel supply chain and move toward safer and more sustainable apparel production. The industry will demand less reliance on pesticides and other chemicals in crop cultivation—requesting that supply chain partners adopt leading approaches in sustainable agriculture, such as integrated pest management and other practices common to sustainable farming. Companies develop cleaner production techniques and replace chemical dyes with environmentally-friendly dye processes. Where the use of chemicals and hazardous materials is unavoidable, the apparel supply chain works together to train workers on the safe use of such materials, and the health risks and improper handling.

### **Objectives for Immediate Action**

- Map the key impacts of chemical use across the value chain to determine focus areas and leverage points —particularly areas that can be influenced through product design.
- Commit to using certified sustainable materials for a portion of raw materials or product lines.
- Review regulation and consolidate data collection to ensure compliance with regulatory requirements, such as the EU REACH and RoHS directives.
- Collaboratively develop and adopt an industry-wide restricted substances list (RSL), such as the RSL of the Apparel and Footwear International RSL Group, and make the RSL public.
- Collaborate with industry, organic, and technical experts to better understand current alternatives to chemical use in apparel production, and cleaner production techniques.
- Consider alignment with existing multi-stakeholder initiatives, such as the Better Cotton Initiative and Leather Working Group.

### **Objectives for Medium-Term**

- Leverage mapping to adopt approach or guidelines for eliminating and reducing chemicals through product design.
- Partner with organizations that provide on-the-ground training to farmers in the apparel supply chain on sustainable crop cultivation, such as WWF, Conservation International, and Wildlife Conservation Society.
- Invest in the development of alternatives to synthetic dyes, such as enzymes and environmentally-friendly dyes.
- Set and publish targets for expanding RSL, with clear milestones for replacing and eliminating additional materials of concern.

# LABOR & ETHICS

## **The World We Live In Today**

Labor rights, human rights, and ethical conduct in the apparel industry has been at the forefront of public concern for decades. Common issues include: fair wage payment (including minimum, living or decent wages), age of workers, hours worked per week (including excessive overtime), freedom of association and collective bargaining, poor worker-management communication, worker harassment, discrimination, occupational health and safety, and community impacts. While many companies are working aggressively to promote labor rights and ethics in their supply chain, problems persist. While supplier monitoring is a first step for many companies, there remains a fundamental need for aligning expectations between companies and their suppliers, and investing in training and capability building across the industry value chain to drive long-term sustainable development.

## **Our Vision**

We believe the apparel industry should provide economic opportunities, build sustainable communities, and help stimulate economic growth. Through strategic market entry strategies, investments in supplier development, and uncompromising commitment to high labor and ethical standards, the apparel industry advances global progress in achieving the Millennium Development Goals.

### **Objectives for Immediate Action**

- Adopt NICE Code of Conduct for owned operations.
- Map supply chain relationships back to raw material suppliers—creating a list of suppliers, what they supply, and their geographic location.
- Introduce direct suppliers to the NICE Code of Conduct, and have them commit to alignment (potentially building into supplier contracts).
- Engage directly with select group of suppliers to identify and understand greatest social and ethical risks at the process and manufacturing level in key sourcing locations. (Note: the direct engagement helps to build supplier ownership)
- For high-risk suppliers or facilities, explore group engagement with third party monitoring firm (such as Verite or Intertek), or leverage platform for monitoring such suppliers (such as Sedex, ILO Better Work, Fair Factories Clearinghouse, or Fair Wear Foundation).
- Explore opportunities to collaborate with industry peers to share supply chain data (potentially leveraging the Sedex database).

### **Objectives for Medium-Term**

- Adopt a common set of sourcing and operating guidelines (resources: UN Global Compact, ILO Better Work Buyers Principles)
- Create training materials on worker rights and the business case for protecting worker rights. Materials should be developed for different audiences (facility managers, workers, etc.) and in different formats (video, print, etc.). Consider collaborating with ILO Better Work or other organization to produce.
- Collaborate with industry peers to develop training on supplier efficiency (such as LEAN manufacturing principles)—integrating labor and environmental impacts into the training.
- Collaborate as an industry to share information between companies on supply chain social and ethical impacts, and with external stakeholders (potentially via industry report or website).
- Explore strategic consolidation of supplier base—giving more volume to a smaller set of suppliers where it is easier to develop deeper relationships that advance social and ethical expectations.
- Collaborate with industry peers and supply chain partners to publish a comprehensive, interactive supply chain map with information on social, ethical, and environmental performance of all players in the supply chain.

# ABOUT BSR

A leader in corporate responsibility since 1992, BSR works with its global network of more than 250 member companies to develop sustainable business strategies and solutions through consulting, research, and cross-sector collaboration. With six offices in Asia, Europe, and North America, BSR uses its expertise in the environment, human rights, economic development, and governance and accountability to guide global companies toward creating a just and sustainable world. Visit [www.bsr.org](http://www.bsr.org) for more information.



## **This is NICE**

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NICE engaged BSR in June 2009 to develop a 10-year strategic plan of action for fostering and promoting a sustainable and ethical Nordic fashion industry. The purpose of this plan is to provide a common vision and recommended actions for the Nordic fashion industry to drive sustainability in their own operations and in the industry at large. By developing a 10-year plan of action, we aim to raise the bar and use the creative competencies in the industry to create new innovative solutions that achieve substantial change in the industry.

This 10-year plan of action provides short and medium term recommendations that are realistic goals for implementing the vision within the next one to five years. The recommendations include both activities for individual companies, and for the industry as a whole. Additionally, this plan outlines long-term recommendations that reflect NICE's higher aspirations.

We hope this 10-year strategic plan of action will inspire, assist and motivate the fashion industry as well as related industries to integrate sustainability and social responsibility in their business processes and practices for the better of society.