Dirty Fashion: Crunch Time

Executive Summary

Where Does the Industry Stand on Stamping Out Dirty Viscose?
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Almost three years since the first fashion brands and retailers signed up to our Roadmap towards responsible viscose and modal fibre manufacturing, this report evaluates where the global textile industry now stands in the transition towards responsible viscose. We have engaged with 100 brands and retailers, and most prominent viscose manufactures’ and initiatives, evaluating their responsible production plans, commitments and progress on transparency. In this report, we examine progress to date and find that, while the frontrunners of the industry have made great headway, legislation is needed to unlock a sector-wide transformation.

When our Dirty Fashion campaign launched in 2017, there was little knowledge of the environmental and social impacts of viscose production within the clothing industry. To the extent that brands and retailers were aware of sustainability problems in the viscose supply chain, they were mostly focused on the sourcing of timber for use in the production of wood-based dissolving pulp, which is the starting material for most viscose. In partnership with the NGO Canopy, many had pledged to stop sourcing pulp from ancient and endangered forests. Through ‘Detox’ commitments with Greenpeace, and initiatives like the Zero Discharge of Hazardous Chemicals (ZDHC) Foundation’s Programme on hazardous chemicals, some had also taken action to curb pollution from wet processing by committing to phase out the use of toxic substances in textiles dyeing and finishing. However, almost without exception, brands and retailers had neglected to address viscose manufacturing - a key part of the supply chain that was causing significant pollution and taking a heavy toll on the health and livelihoods of communities living in the shadow of viscose factories.

Our own investigations into viscose factories across India, Indonesia and China in 2017 and 2018 - presented in our Dirty Fashion and Dirty Fashion revisited reports - highlighted how inadequate chemical management and water treatment have been destroying marine life and agriculture, directly exposing workers and local people to harmful chemicals and leading to severe health problems. The reports also revealed many fashion giants were buying from these polluting viscose factories.

Following our investigations and initial engagement with clothing companies, which wanted to find a solution to polluting viscose manufacturing, we developed a Roadmap towards responsible viscose and modal fibre manufacturing.

The purpose of this report is to shed light on industry-specific issues related to the environmental and social impacts of unsustainable viscose manufacturing.

The information in this document has been obtained from sources believed reliable and in good faith but any potential interpretation of this report as making an allegation against a specific company or companies named would be misleading and incorrect. The authors accept no liability whatsoever for any direct or consequential loss arising from the use of this document or its contents. This report was written and researched by the Changing Markets Foundation.
The Roadmap launched in February 2018, provides a blueprint for responsible viscose manufacturing. It outlines a set of principles for brands, retailers, and producers to move towards a closed-loop manufacturing system, where emission controls and chemical recovery rates are in line with best practices - the so-called EU Best Available Techniques (BAT). To date, the Roadmap has 14 signatories: ASOS, C&A, Esprit, George at Asda, H&M, Inditex, Levi’s, Marks & Spencer (M&S), Morrison’s, New Look, Next, Sainsbury’s, Tesco, Puma and Reformation. These companies have made a public pledge to improve viscose manufacturing by 2023-25, and have committed to publishing their viscose suppliers.

At the same time, some of the biggest viscose manufacturers accounting for over 50% of total viscose production - Aditya Birla Group, Asia Pacific Rayon (APR), Lenzing, Sateri and Tangshan Sanyou - have already aligned, or committed to align, their performance with EU BAT at all their facilities in the coming two to three years.

Key findings

Brands and retailers: US and luxury brands still lagging behind

- In 2020, we reached out to more brands and retailers than ever before - 100, in comparison to 98 in 2019 and 93 in 2018. Based on their responses and the information publicly available on each company’s website, we categorized the companies in four groups - Frontrunners, Could Do Better, Trailing Behind and Red Zone - summarized in the brand league table given as an attachment to this report.
- Of the 100 brands we contacted, almost two-thirds (64%) provided some kind of response - a response rate slightly higher than in 2019 (59%) - showing that responsible viscose manufacturing is firmly on the agenda of fashion brands.
- Fourteen major brands and retailers have made a public commitment to clean up their viscose supply chains, sending a strong signal to viscose manufacturers that they expect the industry to move to more responsible viscose production by 2023-25.
- Several brands have shown marked improvement when it comes to transparency. Almost all signatory brands disclose some information about their viscose suppliers. Among the most transparent are ASOS, C&A, Esprit, M&S, Reformation and Tesco, which have published extensive lists of their viscose manufacturers on their corporate websites, including the names and, in some cases, full addresses of factories.
- Sadly, a big bulk of the industry is still dragging its feet; three-quarters of companies (75 out of 100) have made few or no commitments to stamp out dirty viscose.
- Among the lowest-ranked companies, luxury brands Armani, Dolce & Gabbana, Prada and Versace rub shoulders with sports giant Nike and low-cost retailers Costco, Forever 21, TJ/XC Maxx and Walmart, proving this problem is not confined to the cheaper end of the market. Interestingly, some luxury brands made significant public statements about sustainability in the media this year, following the Covid-19 pandemic. But their complete lack of engagement, commitments, and even transparency clearly shows they are just paying lip service to this issue, and it is impossible to know whether they have made any real progress.

Viscose manufacturers increasingly investing in cleaner production

- There is a clear divide between US and European brands. Only two US companies signed up to the Roadmap, while the large majority (90%) landed in the bottom two categories, showing a lack of engagement and action to stamp out dirty viscose.
- After three years of engagement, some of the US companies - Aeropostale, Forever 21 and Michael Kors - have repeatedly landed in the Red Zone, indicating they are completely out of step with industry trends and consumer expectations.

A Members of CV include: China Chemical Fibres Association, China Cotton Textile Association, Constant Day Dragon (Weifang), Funeng Aoyang, Jilin Chemical Fibre, Sateri, Shandong Yamei, Shandong Yingsheng (Silver Hawk), Tangshan Sanyou, Xingda Bulu Chemical Fibre, Yili-Grase and Zhejiang Fulida, Alliance for a Green Development of Regenerated Cellulose
facturers in stamping out dirty viscose, this report highlights the limitations of a voluntary approach in driving a sectorwide transformation. While sector frontrunners have now committed to tackling this problem, and are working with their suppliers to address it, the bulk of the fashion industry still lags behind and is hiding behind the sector’s lack of transparency. The steps taken by the frontrunning fashion retailers, and viscose producers’ investments to improve their manufacturing practices, are success stories – but legislation is needed to cement this progress and prevent backsliding.

This is where policymakers come into play. The European Commission has committed to developing a comprehensive textile strategy. It can take viscose as a case study on how EU standards (such as the EU BAT) can transcend borders and make them mandatory – not only for EU production but also for imports of viscose to the EU market. The EU has an opportunity to set mandatory human rights and environmental due-diligence legislation to require companies to identify, account for and mitigate negative human rights and environmental impacts in their supply chains, and be transparent about their supply chain. Through the upcoming legislation, the EU can ensure the fashion industry becomes circular, respects human rights, creates decent jobs and adheres to high environmental and responsible governance standards throughout its value chain, in the EU and beyond.

Governments worldwide should follow suit and commit to developing ambitious legislation for the textiles sector. With Covid-19 further exposing the unsustainable supply chains and practices in the textile industry, it is now crunch time to get fashion on the right track for the future.
Viscose manufacturers’ performance on responsible production

<table>
<thead>
<tr>
<th>VISCOS FIBRE MANUFACTURER</th>
<th>COMMITMENT TO EU BAT (CLOSED-LOOP PRODUCTION)</th>
<th>PRODUCTION SITES OPERATING IN LINE WITH EU BAT</th>
<th>INVESTMENT TOWARDS EU BAT (CLOSED-LOOP TECHNOLOGY)</th>
<th>TRANSPARENT REPORTING ON PROGRESS TOWARDS MEETING EU BAT (CLOSED-LOOP PRODUCTION)</th>
<th>GRIEVANCE MECHANISM AND REMEDIATION PROCEDURES</th>
<th>CANDY 2020 HOT BUTTON RANKING (RAW MATERIAL SOURCING PRACTICES)</th>
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</thead>
<tbody>
<tr>
<td><strong>Lenzing</strong></td>
<td>Requires all sites to comply with the Group Environmental Standard, which is aligned with EU BAT, by 2022.</td>
<td><strong>2 OUT OF 3 VISCOS PRODUCING FACILITIES</strong> Lenzing Austria and Nanjing, China.</td>
<td>Lenzing intends to invest over €10 million in sustainable production technologies by 2025. Throughout 2019 and 2020 it has attributed over €3.7 million (US$ 4.4 million) in SPV.</td>
<td><strong>Limited disclosure, including information on reduction of certain emissions within a set timeframe on a group/facility level, but no systematic reporting of progress made by all facilities in relation to EU BAT parameters.</strong></td>
<td><strong>Lenzing has a BSM® whistle blower system, publicly available for all facilities and to all employees of the Lenzing Group, to customers, suppliers and other third parties globally.</strong> Accessible publicly via website, but not available in local languages.</td>
<td><strong>GREEN SHIRT: 33/35 BUTTONS</strong> Sourcing risk of sourcing from Ancient &amp; Endangered Forests and other Controversial Sources has been resolved</td>
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<td><strong>Sanyou, Xinxiang Baliu Chemical Fibre</strong>, <strong>Yibin Grace</strong> and <strong>Shandong Yamei, Shandong Yinying (Silver Hawk)</strong>, <strong>Tangshan China Cotton Textile Association</strong>, <strong>Constant day dragon</strong></td>
<td><strong>2 OUT OF 7 VISCOS PRODUCING FACILITIES</strong></td>
<td><strong>2 OUT OF 7 VISCOS PRODUCING FACILITIES</strong> Birla Jipmer Fibres Company Limited (BJFLCL) in Chiru and Thai Rayon Public Co. Limited (TRC) in Thailand.</td>
<td>ABG committed a total of €14 million (US $17 million) of investment to progress towards EU BAT technologies at all seven of its existing viscose fibre production plants, which are located in India, Indonesia, India, China, and Thailand.</td>
<td>Limited disclosure, including information on reduction of certain emissions within a set timeframe on a group/facility level, but no systematic reporting of progress made by all facilities in relation to EU BAT parameters.</td>
<td><strong>ABG communicated that each of their sites has a grievance management policy used to address the grievances of the community.</strong> The access to policy and grievance mechanism publicly available, but not available in local languages (only grievances forms in local languages). Incidents/complaints not publicly accessible, registered internally.</td>
<td><strong>GREEN SHIRT: 33/35 BUTTONS</strong> Sourcing risk of sourcing from Ancient &amp; Endangered Forests and other Controversial Sources has been resolved</td>
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<td><strong>Sateri</strong></td>
<td>Committed to achieve EU BAT norms at all its sites by 2023.</td>
<td><strong>3 OUT OF 5 VISCOS PRODUCING FACILITIES</strong> Sateri Fujian, Sateri Fujian and Sateri Jiangxi.</td>
<td>The company communicated that, where relevant, it will make the necessary investments in the group to achieve EU BAT by 2023 at the two new facilities - Sateri Jiujiang and Sateri China.</td>
<td>Limited disclosure, including information on reduction of certain emissions within a set timeframe on a group/facility level, but no systematic reporting of progress made by all facilities in relation to EU BAT parameters.</td>
<td><strong>Sateri communicated that it has a central grievance mechanism and environmental complaints handling procedure at all operation sites. The access to designated email is accessible on the website in English and Chinese.</strong> According to Sateri, each mill has an internal Whistle-blower system.</td>
<td><strong>RED/YELLOW SHIRT: 13/35 BUTTONS</strong> Associated with High-Risk of Sourcing from Ancient &amp; Endangered Forests and other Controversial Sources. Risk is known and action is taken. (See page 32)</td>
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<tr>
<td><strong>Aditya Birla Group</strong></td>
<td><strong>0 OUT OF 1 VISCOS PRODUCING FACILITIES</strong></td>
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<td>APR communicated that they are investing €14.8 million (US$15.7 million) for the installation of an additional CS2/H2S recovery system to improve CS2 recovery and €68,000 (USD 15.7 mn) in an effluent reduction project. The projects are due for completion and commissioning in Q4 of 2021 and at the end of Q4 2022, respectively.</td>
<td><strong>APR disclosed performance against EU BAT parameters on their website.</strong></td>
<td><strong>APR communicated that any grievances are handled in accordance to the procedure and internally documented.</strong> Available on the website in English and Chinese. Incidents/complaints not publicly accessible.</td>
<td><strong>RED/YELLOW: 5/35 BUTTONS</strong> Associated with High-Risk of Sourcing from Ancient &amp; Endangered Forests and other Controversial Sources. Risk is known and action is taken. (See page 32)</td>
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<td><strong>ENKA</strong></td>
<td>No clear commitment to EU BAT. CV communicated that the CV Roadmap 2025 will be published in 2020, including basic-level requirements for members to achieve or go even beyond EU BAT by 2025.</td>
<td><strong>N/A</strong></td>
<td>N/A</td>
<td><strong>Sustainability report provides very limited disclosure on performance of CV members in line with only one or two core EU BAT parameters, and only on seven CV members. No systematic reporting of progress made by each member in relation to EU BAT parameters. Reporting is at times misleading by referring to values for core EU BAT indicators, when this is not the case. CV communicated that it cannot publicly release or disclose data on their members.</strong></td>
<td><strong>There is no grievance mechanism in place on the CV level.</strong></td>
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<td><strong>APR</strong></td>
<td>In exchanges with the Thomson Reuters Foundation, ENKA declared its commitment to close-loop production of viscose and its facility is already operating in line with the EU BAT.</td>
<td><strong>1 OUT OF 1 VISCOS PRODUCING FACILITIES</strong></td>
<td><strong>NOT DISCLOSED</strong></td>
<td><strong>Sustainability report provides very limited disclosure on performance of CV members in line with only one or two core EU BAT parameters, and only on seven CV members. No systematic reporting of progress made by each member in relation to EU BAT parameters. Reporting is at times misleading by referring to values for core EU BAT indicators, when this is not the case. CV communicated that it cannot publicly release or disclose data on their members.</strong></td>
<td><strong>ENKA disclosed performance against BREF levels on their website. Data is updated annually.</strong></td>
<td>N/A</td>
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**Viscose fibres**

**Viscose manufacturers’ performance on responsible production**

**LENZING**

Lenzing requires all sites to comply with the Group Environmental Standard, which is aligned with EU BAT, by 2022. Lenzing communicated that a delay is expected due to negative impacts by Covid-19.

**SANYOU, XINXIANG BALIU CHEMICAL FIBRE, YIBIN GRACE AND SHANDONG YAMEI, SHANDONG YINYING (SILVER HAWK), TANGSHAN CHINA COTTON TEXTILE ASSOCIATION, CONSTANT DAY DRAGON**

2 out of 7 viscose producing facilities.

Lenzing intends to invest over €10 million in sustainable production technologies by 2025. Throughout 2019 and 2020 it has attributed over €3.7 million (US$ 4.4 million) in SPV.

€40 mn to expand the production of the non-wooden raw materials and in the Nanjing, China site; and around €2 mn (18 Mn CNY) in Nanjing, China site to improve waste water treatment and Carbon dioxide Adsorption Plant (CAP).

**LENSING JIANGXI**

Limited disclosure, including information on reduction of certain emissions within a set timeframe on a group/facility level, but no systematic reporting of progress made by all facilities in relation to EU BAT parameters.

**LENSING JIUJING**

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Accessible publicly via website, but not available in local languages.

Incidents/complaints not publicly accessible. They are registered in Group’s Safety, Health & Environment Action reporting system (SHEARs) followed by a root cause analysis and corresponding action taken.

**SATERI (2020) Grievance**

Available on the website in English and Chinese. Incidents/complaints not publicly accessible.

**ADITYA BIRLA GROUP**

Sanyou has committed to achieve EU BAT norms at all its sites by 2023.

**APR**

APR expects full compliance with EU BAT by 2023.

**LENZING**

Limited disclosure, including information on reduction of certain emissions within a set timeframe on a group/facility level, but no systematic reporting of progress made by all facilities in relation to EU BAT parameters.

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References


