Written evidence submitted by London Denim Friends

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We are a group of Independent designers, product developers and sourcing advisors working in the denim industry, united by a whatsapp group and a desire to accelerate change. Our group comprises of some of the most experienced and respected professionals in our field and both individually and collectively we have vast experience. Everyone in our group has worked extensively with well known brands (Asos, M&S, Debenhams, Fat Face, Wrangler, Levis, Stella McCartney to name a few) and many of us also work with SME's in the luxury and premium sectors. We also count among our clients many tier 2 and 3 suppliers in the denim industry, Mills, fibre producers and laundries and technology partners.

We want to contribute evidence to the committee because we understand that as independent professionals we may be able to say things that a brand spokesperson might not and speak objectively about the current landscape.
We also appreciate that the denim industry is unlike any other that we know in fashion, in that we are deeply connected with our supply chain. Our members travel extensively to factories in Bangladesh, Pakistan, Cambodia, Turkey and Europe. We visit our mills and fibre producers and also work directly with them as clients.

We acknowledge that the Transformers foundation have also submitted evidence that represents the denim supply chain and we would fully support that evidence while adding some further insight from our perspective and experience in UK businesses.

We will now respond in detail to some of the terms of reference of the review.

1. What progress has been made in reducing the environmental and social impact of the fashion industry since the Fixing Fashion report came out?

Very little in the UK denim industry.
We have seen a small shift with some UK retailers offering recycled content in denim fabrics but these cloths utilise local waste from the production source (i.e. Turkey / Bangladesh etc). This has not benefited UK waste and this is a token gesture compared with where we need to get to.

Globally there is progress in some corners. A number of brands and denim mills have begun to produce more Transparent and data based sustainability reports, most significantly Levis published ambitious science based targets which included a 40% carbon emissions reduction across their entire supply chain by 2025 (Levis 2019 Sustainability report) Outland Denim and Mud Jeans also released reports and Lenzing a major fibre producer have also signed up to Science based targets. But this is a handful of examples in a global industry.

There is ongoing work and conversation about cotton and the most sustainable way forward which is currently controversial and hampered by a lack of comparable data and traceability casting a shadow over organic cotton at the moment. As a result there is confusion. We certainly see a huge need for investment in this research and transparency infrastructure to guide brands how best to source cotton that promotes worker wellbeing, soil health and biodiversity.

3. What influence has the pandemic had on the relationship between retailers and suppliers?

The pandemic has highlighted an imbalance of power that has always existed. Unfair unregulated and archaic purchasing practices favour the retailer. Domineering behavior from UK buyers leads to fear of the supplier to speak up and call out bad behavior such as cancellations, extortionate discounting and payment terms of up to 120 days from **delivery**, which brands are at liberty to define the date of, even once goods are made.
We draw your attention to evidence submitted from the Transformers foundation who support the denim supply chain and further more would like to add this example of behavior one of our signatories has seen first hand from a UK brand.

DEBENHAMS-BANGLADESH
Debenhams declare an Ethical policy on their website stating:

- *Ethical sourcing is essential to our business and integral to our decision making. We work closely with all our suppliers and factories taking into consideration at all times the impact on the environment and the needs of the people who work within our complex supply chains.*

HUB SHUTDOWN
On the 15th April 2020, the Debenhams Bangladesh Liaison was closed overnight without notice.
The 69 employees were terminated with no pay for April and no redundancy. The office was locked and their computers disabled.
These are some of the lowest paid workers and *consideration was not taken for the needs of all people in the supply chain*.

SUPPLIER PAYMENTS
In March the Bangladesh hub were instructed to negotiate a 90% discount with all suppliers.
Debenhams UK sent a supporting e-mail stating that it was in the suppliers' interest to accept the discount or Debenhams would cancel, and then they would have to change all the labels etc and it would be difficult to recover the cost. The suppliers found the email to be quite threatening.
The suppliers felt forced and agreed between them 25% with 75% advanced payment.
Suppliers questioned the reason Debenhams UK asked for the hefty 90% discount and later they backtracked accepting just 25%.

On 15th April, KPMG took over directly with the Bangladesh factory negotiations working with UK teams who were also then laid off in May and told to apply to the UK government for redundancy pay

Feedback from the factories has been that negotiators did not approach the suppliers in a positive and respectful manner and the suppliers felt forced. (We have suppliers who will support his statement in confidence.)

As of July 20 - $25- $35 million was outstanding in payments
50% of discounted stocks were shipped but the suppliers have held the rest.
We do not have an update as most parties have now left the business due to redundancy.

We have supporting evidence regarding this situation if the EAC wish to see and discuss this.

Outcomes-

- We welcome policy that demands transparency from brands and retailers of their tier 1 -3 supply chains. Tier 1 is simply not enough
- We echo Transformers foundation call for penalties for brands not complying.
- Transparency and mapping of the supply chain alone is meaningless without useable data behind it. For example, Mango have recently published the names of all their suppliers – To a customer or citizen activist trying to make a good choice, its just a list of names.

- We suggest that brands should have to disclose exactly what factory a garment was made in on the label and website listing and that there should be an independent database, perhaps a version of the **Open Apparel Registry**, or **HIGG** where customers can check that the factory has been audited for safety and fair labour as a minimum with environmental reporting also visible. This could be funded by the brands directly or via a scheme like SCAP.

5. What are the pros and Cons of proposals to license factories or more strongly regulate purchasing practices.

Regarding licensing we have heard concerns in some countries that local licensing could lead to difficulty in obtaining a license and in worst cases bribery.

Regarding regulation, for large businesses there are no acceptable cons.
We expect that many bigger brands and retailers would resist sharing their sources but we argue that this mentality is outdated and that this change is inevitable in todays sourcing landscape where it is increasingly easy to find factories anywhere in the world with a few clicks.

Some of our group work for smaller brands and start ups and we do see that the associated costs of reporting could be a barrier to enter the market. One solution is a floor – as with the modern slavery act, where businesses with a smaller impact can opt out. However, a preferable solution would be to offer fully funded support to SME's to do this vital reporting.

6. What would be the most effective measures industry or Government could put in place to ensure that materials or products made with forced or prison camp labour are removed from the supply chain?

We suggest compulsory auditing of supply chains up to tier 3 would eliminate much of this and there is evidence of companies uncovering mistreatment of workers as they extended their supply chain mapping to tiers 2 and 3 (Patagonia for example)
In the denim industry the risk of forced labour is highest at farm and cotton gin level and this often goes well below radar.

We believe…

1. Rules of transparency through the supply chain needs to be introduced and standardised as part of the annual reporting process.
2. The UK government must stipulate a 'Standard' minimum audit' for all factories which must be followed by all through Tiers 1-3. *E.g. A denim laundry is classed as 3rd Tier in the audit process and may not be audited. This is the most hazardous part of the operation and must be regulated.*

- Standard audit procedures must be consistent across all businesses to support the suppliers
- Different audit processes and rules create a lot of costs and changes to a factory. As standardised approach would simplify and enable this to be policed.
- HIGG or a similar transparent platform could facilitate the management of this information.
- Fines or closures need to be applied for businesses not following guidelines

3. The modern slavery act should be strengthened and include penalties and independent verification.

7. How can any stimulus after corona virus be used to promote a more sustainable fashion industry.

INVESTMENT in NEW BUSINESS

The current grants are not suitable for new business and start ups.

- The Wrap grant for new businesses only allows a window of a year for the business to be trading which is not long enough with technical equipment lead times, testing and set up. It focuses too much on new technology creating a barrier to entry because many fashion businesses who will eventually utilise new technologies need a space and traditional sewing and manufacture equipment to get off the mark.
- Innovate UK do not have funding to support textile tech companies and the regulations around the grant rules focus on supporting existing businesses and not supporting new ones.

- The BFC only fund luxury and premium brands with quite traditional business models. It is difficult for more accessibly priced or “slow fashion” brands to access funding.
- Textile technology is not regarded as a positive green investment in the UK. One group member, having pitched an idea to Deloitte regarding garment reprocessing to minimise waste was asked to re-present the idea as a digital tech business focused on R&D to make the investment more appealing to green investors.

The government need to create incentives for investors and a positive campaign to gain support for new clean textile start ups.

The government need to understand the role that grass roots fashion and textile businesses and community-centric brands must play in creating the culture change we need to kick our societal addiction to fast disposable fashion. If, as a society we begin to value quality and durability –then we have a more much viable market for UK made goods.

We suggest…

- Fund workspaces and job creation for sustainable fashion start ups
- If you want to promote tech then find ways of connecting fashion and textile designers to tech- supporting collaborations
- Encourage more diversity and inclusion and access to an industry that is typically white middle class.
- Support brands and businesses who want to do community outreach to teach people how to care for and repair their clothes
- Give tax breaks to designers who are working with waste and businesses growing the domestic market for waste re-use… by any means not just tech!
- Incentivise consumer behaviour by charging zero vat on second hand and upcycled clothing.

For big businesses

- Subsidize sustainability positions in brands- we know of a number of redundancies in sustainability teams during the crisis.
- Fund sustainable fashion consultants to deliver training and advice and strategic support to businesses – particularly SME’s. This could be via BFC or BRC.

8. Is SCAP adequate to address sustainability in the the UK fashion industry? How ambitious should its next targets be.

It is not and this is clearly evident in its failure to even meet its own meagre 2020 targets.

- It should not be voluntary we suggest that brands and retailers over a certain size should have to sign up.
- We suggest SCAP should reference the model of the UN Sustainable development Goals.

- The next targets must include transparency and supply chain mapping.
- Any environmental targets should be **science based** - not just made to placate the signatories.

Our government have made a commitment to the Paris agreement- how can anything short of science based targets be agreeable?

The next program needs to be more inclusive of the entire industry. Not just big retailers.

9. What actions could Government take to improve the collection of fashion waste?

- Doorstep collection is a must.
- Ban disposal of textiles in household bins
- Work with brands and retailers to report, publish and improve how they dispose of their waste which includes, unsold goods, returns, and goods rejected in their DC.
- Ban and enforce penalties for businesses on the burning or writing off of stock to landfill.
- Instead incentivise the brand to find more positive outcomes for their unsold stock… For example
  -Collaborate with new gen designers or universities to upcycle it.
  -Improve pathways and incentives for businesses to work directly with community organisations who can distribute to those in need.
    - Improve recycling options for hard to recycle items such as shoes

10. What actions could the Government take to incentivise the use of recycled or reused fibres and materials in the UK fashion industry?

- Regulate the use of polyester**.** Polyester is cheap. It is not conducive with recycling. Retailers content usage should be monitored / reported annually and penalties issued against over use. This will encourage the adoption of more costly recycled fibres and fibres designed for circularity by levelling the playing field.

- Create incentives either by legislation or financial incentive for adopting recycled materials in your products

- Improve access for designers to waste streams. Some of our group work with waste. It is currently not easy to find someone to talk to at a waste collectors and although a few do welcome designers, the process of selecting stock would need to be much improved to encourage mass adoption. Support collectors to develop web portals for example.

- Improve transparency around brands reporting on their waste. This could be via SCAP with a rating system detailing how brands and retailers dispose of their goods.

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