

## **Collective Action Reimagined:**

*A Call for Fair Process and Supplier Inclusion in  
Fashion's Multi-Stakeholder Initiatives*

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# Acknowledgments

This report was commissioned by *Transformers Foundation*. Our goal is to help suppliers share their expertise and opinion on industry threats and solutions. Though this report represents the views of the Transformers Foundation only, the Foundation would like to thank all the organizations and people who contributed their expertise and ideas.

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The feedback and reviews provided by external contributors and experts on this Transformers report do not necessarily reflect their personal or professional endorsement or agreement with any of the recommendations made within the report. Their input is valued and has been considered in the development of this report, but their participation as reviewers should not be construed as an endorsement for all the recommendations or views expressed within. The following people were critical in reviewing the contents of this paper:

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This report would not have been possible without the generous contributions of our founding members:

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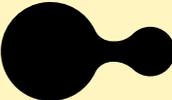
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# Executive Summary



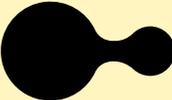
## What's the report about?

This year's Deep Dive report, *Collective Action Reimagined: A Call for Fair Process and Supplier Inclusion in Fashion's Multi-Stakeholder Initiatives*, examines the pivotal role of multi-stakeholder initiatives (MSIs) in driving sustainability within the fashion industry. The report draws from the experiences of suppliers working and/or affiliated with MSIs. These experiences explore the extent to which MSIs are succeeding in their efforts to drive sustainability within the fashion industry.



## Why focus on MSIs?

MSIs are voluntary multi-stakeholder initiatives<sup>1</sup> that form to solve complex global challenges that, as the World Bank puts it, “no one party alone has the capacity, resources, and know-how to” tackle.<sup>2</sup> By bringing together stakeholders with diverse and complementary skills and visions, MSIs have the potential to drive change that goes beyond any participants' narrow self-interest to serve a collectively determined higher purpose.<sup>3</sup> This is an idealized version of how MSIs work—but this ideal is important to hold up and work towards.



## Which MSIs do we focus on?

This report looks at four key and influential MSIs—*Cascale* (formerly Sustainable Apparel Coalition), *Textile Exchange*, the *Social & Labor Convergence Program (SLCP)*, and *Zero Discharge of Hazardous Chemicals (ZDHC)*—examining how—if at all—their processes include suppliers.



## The challenges we found:

Our findings show that shockingly few suppliers are actively engaged in MSIs due to systemic problems. Though MSIs did not cause the resource-based constraints that suppliers face, these organizations' own rules, governance processes, and norms often replicate them, fueling a cycle of supplier distrust and disengagement that undermines agency and ownership in the solutions put forward by these groups.

In fact, suppliers in our research often perceive MSIs as having developed strategies and standards, tools, and assessments that are enacted solely by the supply chain for the benefit of brands and retailers without their full participation or buy-in. Suppliers tend to see them as organizations whose primary activities come at a higher cost to the supply chain relative to brands and retailers, and who fall short of their missions and goals.

Our findings and solutions apply to all other organizations that convene stakeholders to work to solve social or environmental problems in the fashion supply chain. The standards, tools, and assessments developed by these four organizations—and many others in our sector—are largely enacted in the supply chain, making suppliers key stakeholders.

This report does not aim to undermine these MSIs but rather to bring to the surface how suppliers experience their processes. Our research uncovers the inner functions of these organizations through suppliers' eyes, unveiling how they develop standards, organize activities, and ultimately allocate power and voice.

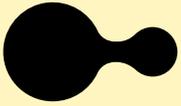
## How our findings are organized

Our findings are organized around suppliers' experience of inclusion, drawing on a typology of *structural* and *functional* tensions first articulated by *Ilishio Lovejoy*<sup>4</sup>:

*Structural tension*, which stems from deep-rooted inequities in global supply chains, seep into MSI dynamics. Suppliers, especially those from the Global South, face significant resource disparities that severely limits their participation relative to brands and retailers. Moreover, implicit bias further warps outcomes and can lead to deep wounds and silencing.

*Functional tension* refers to MSIs own rules and processes, including how they develop their tools and standards, distribute power, facilitate meetings, and organize their activities. These factors profoundly impacts suppliers' ability to engage—and can either alleviate or exacerbate structural exclusion.

*Structural and functional exclusion combine* to lead to supplier burnout and disengagement. With a key stakeholder disengaged, MSIs are more likely to produce biased, one-sided strategies that fuels the cycle of supplier exclusion. The result is strategies that don't have collective buy-in and MSIs that fail to drive impact.



## The solution: A call for fair process

This cycle of exclusion isn't inevitable. Our research captures the ways that MSIs have changed over time and continuously evolve. There appears to be a window for further transformation. By tapping into this adaptability, our conclusion supports and echoes Lovejoy's call to adapt and apply the organizational management theory of *fair process*<sup>5</sup> to transform MSIs and enhance stakeholder engagement. Fair process is founded on three key principles:

- ✦ *Acknowledgment and reduction of bias*<sup>6</sup>: We call for non-biased decision-making that involves participants' perceptions of justice within a process.<sup>7,8</sup> Organizations should acknowledge the role of bias and work to ensure that stakeholders feel they are being treated fairly in relation to others.
- ✦ *Equitable engagement and decision-making*. We aren't just calling for suppliers to have a seat at the table; they must have a meaningful voice in decision-making. We advocate equitable engagement and decision-making, which would address the power differentials and barriers suppliers face to engagement.
- ✦ *Transparency around the process* - Transparency is key to building trust and buy-in in solutions. We advocate for clear rules and reporting concerning who makes decisions, how members can and cannot influence decisions, clear communication of final decisions, and how and why decisions were reached.

In conclusion, for MSIs to drive genuine progress in the fashion industry, they must transform their approach to supplier inclusion and ensure that all stakeholders' voices are heard. We hope that our report helps MSIs in this evolution and assists them in reaching their potential to build a more inclusive, equitable, and sustainable fashion industry.

# Introduction

Since 2020, the Transformers Foundation has called for increased supplier voice in fashion’s sustainability agenda. Through a series of reports, the Foundation has revealed how the sector’s strategies for tackling our most pressing problems often overlook the critical perspectives of those who craft the products and implement its sustainability goals.<sup>9</sup>

*Excluding suppliers from dialogue and decision-making is not just unjust but has serious implications for our common goals.* We demonstrated how excluding suppliers can lead to ineffective strategies on critical issues, from climate change and chemical management to the way entire sectors—like cotton—are perceived. We also underscored that when strategies around these issues are not collectively created or conceived, suppliers feel left out.

With this report, we aim to push the conversation forward by examining the organizations that greatly influence the sustainability agenda: fashion’s sustainability multi-stakeholder initiatives (MSIs). *We set out to understand suppliers’ perceptions of inclusion and engagement within these groups.* We have focused our research on four MSIs in particular – Cascale (formerly Sustainable Apparel Coalition), Textile Exchange (TE), the Social & Labor Convergence Program (SLCP), and Zero Discharge of Hazardous Chemicals (ZDHC).

We analyzed these particular MSIs to keep the scope of the report manageable and because their formal inclusion of suppliers as members or signatories makes them more suitable for analysis. These four MSIs are also highly influential industry conveners, shaping core aspects of how the industry measures and frames sustainability and social and labor standards. *However, we believe the implications of this report extend far beyond these four MSIs and are relevant to any entity setting de facto sustainability standards, regardless of their formal engagement with suppliers.*



## Why focus on multi-stakeholder initiatives (MSIs)?

As this report aims to demonstrate, MSIs are worthy of investigation because of their great impact on fashion’s sustainability goals and the grave implications should they fall short of that potential.

First, the positives: As voluntary initiatives that convene key stakeholders (e.g., brands, suppliers, nonprofits, academia, etc.), MSIs are uniquely positioned and equipped to solve complex global problems. Though there is no universally agreed-upon definition of MSIs<sup>10</sup>, this report defines them as platforms for engagement between various stakeholders that aim to address shared concerns.

*According to the World Bank, MSIs often form around “challenges that no one party alone has the capacity, resources, and know-how to” solve.<sup>11</sup> By bringing together diverse stakeholders with complementary skills and visions, MSIs have the potential to create space and institutional support for their participants to go beyond narrow self-interest towards a collective interest that serves a higher purpose.<sup>12</sup> This is an idealized version of how MSIs work—but the ideal is important to uphold. *This report offers a way forward for fashion MSIs to improve their function and deliver on their missions.**

Fashion MSIs—Cascale in particular—have had a tumultuous few years, grabbing headlines and attracting regulatory and activist scrutiny.<sup>13</sup> There’s arguably less public confidence in voluntary sustainability initiatives at the moment<sup>14</sup>, but they still command the participation of large swaths of the industry and remain highly influential, playing an increasing role in informing or complying with policy, for example<sup>15</sup>. This influence could have a tremendously positive impact, provided that MSIs effectively include the stakeholders they claim to serve—and ensure their missions represent the collective interest.

Although not all of the suppliers we spoke to felt MSIs were our best hope for collective action, several recognize their potential and value their significant contributions to these organizations over the years.

One interviewee, a former ESG manager for a supplier, noted:

*“I think [Cascale] has an incredible amount of leverage. And it has a huge amount of the industry as part of it. So for me, that is a key organization. If done well, it could really drive some significant progress.”*

The head of a chemical formulator that is a signatory of ZDHC said this:

*“There is too much knowledge and experience that has been piled up within ZDHC to be ignored.”*

When asked about one of the MSIs we studied, a former consultant with a supplier said:

*“It is so important... We do need it in the industry.”*

Suppliers' voices on this topic matter. The standards, tools, and assessments developed by these four MSIs are largely enacted in the supply chain, making suppliers key stakeholders. To arrive at our findings, we interviewed suppliers currently or formerly engaged in one or more of the four MSIs. Our findings are organized around suppliers' experience of inclusion, drawing on a typology of structural and functional tensions first articulated by Ilishio Lovejoy, whose dissertation on the tensions within MSIs and fair process within Cascale has deeply informed this report. Lovejoy also served as an advisor on this report.

*Our findings show that the vision and strategies MSIs promote are, for the most part, neither shared nor equitable.* While these MSIs put resources towards including suppliers, current engagement practices have fallen short of achieving inclusivity. Suppliers face resource-based constraints that severely limit their engagement in these organizations. Shockingly few suppliers are actively engaged (especially when considering that these organizations reach a great number of manufacturers and farmers through their tools, frameworks, and other de facto standards).

Though MSIs did not cause these resource-based constraints, their own rules, governance processes and norms reinforce them. This fuels a cycle of distrust and disengagement that undermines suppliers' feelings of agency and sense of ownership of the vision put forward by these organizations. Supplier exclusion ultimately undermines these initiatives' potential to bring together diverse stakeholders to work towards a collective interest that serves a higher purpose.

Supplier experiences with these organizations are multi-faceted and often complex, reflecting both positive impacts and significant challenges. These experiences can vary greatly depending on the MSI's nature and the supplier's specific role within the supply chain. We understand that suppliers are not the only critical stakeholders who need to be effectively engaged—workers and agents representing the voiceless, as well as the environment, are also vital.

Additionally, though we acknowledge that some of the stories in this report might be difficult to read for some, we ask that these readers resist pushing back on what suppliers experience as “incorrect”. We encourage them to explore the differences in perceptions between suppliers and MSI staff. We call on MSIs to engage in more dialogue to better understand these gaps and tensions, reexamine their supplier engagement, and seek more inclusive strategies that foster equitable engagement.



## Harnessing MSIs' potential for change

*There is an opportunity for change. MSIs are in a period of transformation, and the fashion industry's attitudes toward supplier voices have noticeably evolved.*

Colin Browne, the new CEO of Cascale, recently argued in an op-ed for Women's Wear Daily (WWD) that the industry is *“not listening to the people best placed to help solve [sustainability challenges]: the manufacturers”*.<sup>16</sup> Several interviewees noted that they feel their voices matter more than ever before. The time is ripe to explore how MSIs can become the vehicles for transformation they claim to be.

Our conclusion supports and echoes Lovejoy's call to adapt and apply the organizational management theory of fair process to transform MSIs and enhance stakeholder engagement. Fair process (FP) is a management theory that originated in the world of corporate management, and, as Lovejoy's work demonstrates, offers useful insights for governing fashion MSIs.<sup>17</sup> Fair process theory emphasizes the importance of fairness in making and executing decisions within organizations, *positing that a fair process builds trust, commitment, and voluntary cooperation that leads to better outcomes and buy-in on solutions.*<sup>18,19</sup> Our report applies Lovejoy's framework of fair process principles, outlining suggestions for *how MSIs can implement a three-pronged process of non-biased decision-making, equitable engagement, and transparency to address the deep-rooted inequities hindering MSI effectiveness and holding back progress.*

## Key definitions:

- *Fair process theory* is an organizational management theory that emphasizes fairness in the process of making and executing decisions, positing that a fair process builds trust, commitment, and voluntary cooperation that leads to better outcomes within organizations.<sup>20, 21</sup>
- *Multi-stakeholder initiatives (MSIs)* are voluntary collaborations and platforms for engagement between businesses, civil society, and other stakeholders that seek to address issues of mutual concern, including human rights and sustainability.<sup>22</sup>
- *Global North | South* refer to the so-called developed and developing regions of the world, and we use these terms to point to divides in outcomes that are a product of colonial legacies and formed along racial lines<sup>23</sup>. While the terminology falls short of capturing the nuance and complexity of socio-spatial contexts, this is still the most commonly used language to describe a dichotomy between regions.
- *Structural and functional factors* refer to a framework for analyzing tensions within MSIs put forth by Ilishio Lovejoy.<sup>24</sup> By structural, we refer to uneven supply chain dynamics and systemic and historical inequities that shape supplier engagement and MSI culture and activities. Functional forces are the internal rules and processes with MSIs' control that can either alleviate or exacerbate exclusion.
- *Suppliers* refers to companies (and their employees) that directly or indirectly produce products, components, raw materials, or finished goods for global fashion brands and retailers. While the terminology falls short of capturing the nuance and complexity of actors across the supply chain, it is still the most commonly used language to describe companies engaged in production within the apparel value chain.



## Research Methods & Design

The concepts and research approach for this report are indebted to the work of Ilishio Lovejoy, whose study of tensions within Cascale for her master's thesis, submitted July 6th 2024 for an MSt in Social Innovation at the University of Cambridge Judge Business School, provided inspiration for this project. In particular, we've adapted Lovejoy's framework of structural and functional tensions and her three-prong approach to fair process for an MSI context for our report. Lovejoy analyzes a third type of tension—emotional tensions—which we elected to integrate into structural and functional tensions to simplify the report's structure.

As mentioned in the introduction, we analyzed only four MSIs to keep the report's scope manageable. We selected MSIs that formally include suppliers, which makes them appropriate to analyze.

We used qualitative research methods combined with desk research. To arrive at our findings, we conducted one-on-one interviews with suppliers currently or formerly engaged in one or more of the four MSIs. We interviewed a total of 21 individuals, including 15 individuals in the supplier category, all sustainability professionals who currently or recently worked in the apparel and textile supply chain, and who have had involvement with one or more of the MSIs in our scope of study (a majority are currently or formerly members or signatories).

We also interviewed two individuals working in civil society organizations representing stakeholders within the supply chain: Solidaridad and the International Apparel Federation (IAF). Additionally, we interviewed one high-level staff member from Textile Exchange, ZDHC, and SLCP, respectively. Cascale did not participate in one-on-one interviews but provided input on report drafts. Previously, Cascale collaborated directly with Lovejoy on her research, which informed our work.

The following individuals consented to being named as interviewees, though most quotes have been anonymized throughout the report:

- *Tricia Carey* – Former CCO, Renewcell
- *Matthijs Criete* – Secretary General, International Apparel Federation
- *Alberto De Conti* – Head RUDOLF HUB1922 Global Denim BU & Fashion Division, RUDOLF HUB1922 S.r.l.
- *Ashley Gill* – Chief Strategy Officer, Textile Exchange
- *Evre Kaynak* – Sustainability Specialist, Human Rights Due Diligence Subject *Matter Expert*, W. L. Gore & Associates
- *Pami Kular* – Industry Expert
- *Janet Mensink* – CEO, The Social & Labor Convergence Program
- *Naurin Muzzafar* – Advisor Sustainability, Crescent Bahuman Limited
- *Klaas Nuttbohm* – Implementation Director, ZDHC Foundation
- *Saqib Shahzad* – Head of Sustainability, Diamond Fabrics Limited (Sapphire Group)
- *Mian Saqib Sohail* – Lead – Responsible Business Projects, Artistic Milliners
- *Anne Patricia Sutanto* – Vice CEO, P.T. Pan Brothers Tbk.
- A representative of *Yee Chain International Group*
- A representative of *Solidaridad*

Additionally, eight current or former employees in the supplier category were interviewed and requested to remain anonymous.

All four MSIs were invited to contribute feedback on the draft, which they did. Additional reviewers comprised of individuals from the supply chain, and academia<sup>21</sup> also reviewed the report, and their feedback was incorporated where appropriate (see Acknowledgements for a full list of reviewers).

Our research mostly reflects the views of large, long-standing, and/or well-resourced suppliers with dedicated sustainability staff. That said, given that our sample represents key informants<sup>25</sup> within the fashion supply chain who have in-depth first-hand experience and close knowledge of MSI supplier engagement, we stand by the significance of our findings. We encourage further research on this topic and engagement with suppliers to develop a deeper understanding of their perspectives.

Discussion of Cascale dominated our interview findings and, thus, the report's findings. Conversely, we had relatively limited supplier input on Textile Exchange, potentially due to our interviewees primarily representing cut-and-sew garment manufacturers and fabric mills, while Textile Exchange concentrates on raw material producers. We also acknowledge that our report does not encompass all critical stakeholders in fashion MSIs, such as farmers and workers, and separate research is needed to explore their experiences.

Section 1:

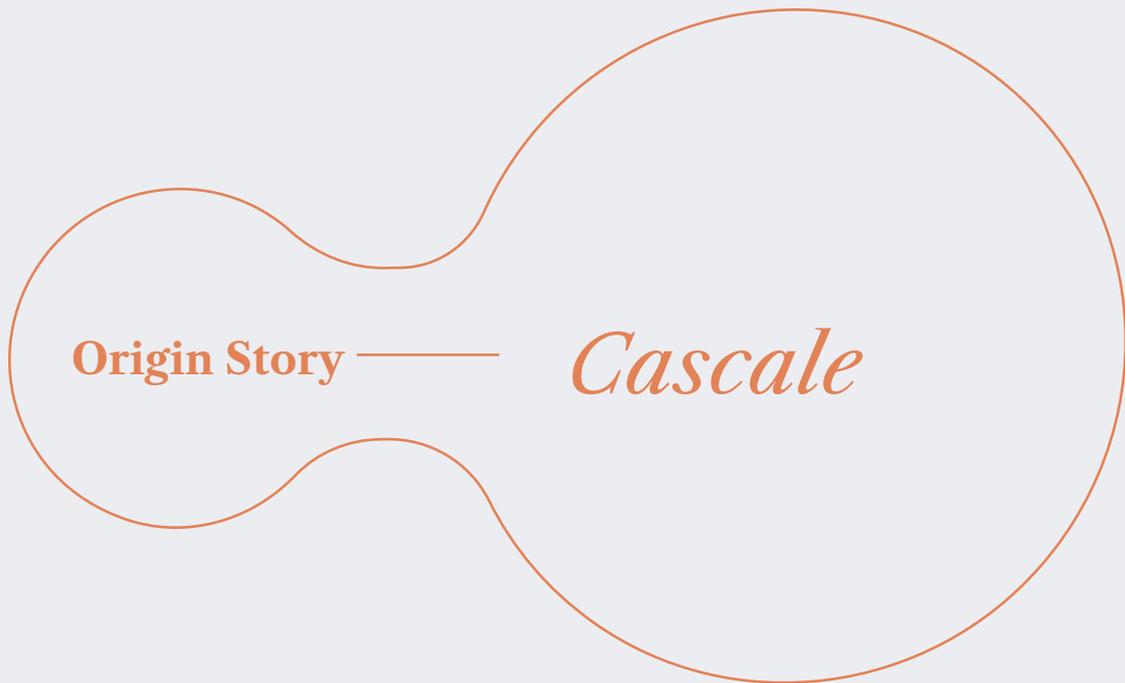
# **Left Out?**

*The Supplier Role in the  
Origins of Fashion MSIs*

Before diving into how Cascale (formerly SAC), the Social & Labor Convergence Project (SLCP), Textile Exchange (TE), and Zero Discharge of Hazardous Chemicals (ZDHC) operate today, it's important to briefly examine their origins. *Were suppliers involved in the inception of these MSIs? Who shaped the initial strategies and visions, and for whose benefit? Did these groups envision collective action from the start, or did this aspiration come later?*

The origins of these four MSIs are best understood within the broader context of voluntary standard-setting organizations that emerged in the Global North in the 1990s and ballooned in the early 2000s.<sup>26</sup> This period saw increased activist and consumer pressure for corporate accountability in global supply chains<sup>27,28</sup>, leading to a surge in organizations developing standards and tools that attempted to bridge perceived governance gaps in increasingly globalized product supply chains.<sup>29</sup> In some ways, these four MSIs were part of a second wave of initiatives that sought to converge and lead amidst this proliferation of standards and approaches.

In feedback on an earlier draft of this report, some of the MSIs noted that there are distinct differences between measurement tools like the Higg Index Tools<sup>30</sup>, standards that set a minimal level<sup>31</sup> of performance like the Organic Content Standard<sup>32</sup> or Responsible Wool Standard<sup>33</sup> managed by Textile Exchange, and assessment frameworks like SLCP's Converged Assessment Framework (CAF).<sup>34</sup> *However, as our research shows, many suppliers do not see these as distinct approaches but instead view them all as sustainability standards or "certifications" that heavily shape their day-to-day activities in the supply chain. Thus, throughout the report, we mainly refer to MSI activities as de facto sustainability standards.*



Cascale, formerly the Sustainable Apparel Coalition (SAC), is a member-based industry organization established in 2009 by Patagonia and Walmart.<sup>35</sup> The original mission of Cascale (then SAC) was to bring together large apparel brands to address fragmented sustainability reporting approaches and ultimately “to develop an index to measure the environmental impact of their products”.<sup>36</sup> The vision of the organization was not set collectively with suppliers<sup>37</sup>—although Cascale maintains that aiming to reduce duplication of brand-proprietary tools and standards is “highly useful” to suppliers.

As we explore further in the report, a handful of suppliers were invited to participate in the earliest days of Cascale (three at its founding and 18 by 2012) to help develop what became the Higg Index Tools, which the organization said “enable actors along the value chain to assess their environmental and social performance to drive continuous improvement.” A few of these suppliers note that they had an invitation to participate and some input over tool development in these early years but that their voice was overwhelmed by the large number of brands and retailers, which we discuss more throughout the report. What’s more, as detailed on [page 58](#), Cascale now has suppliers in governance roles, but suppliers feel that the organization is more top-down and staff-driven, having diminished member voice and moving further away from its modern-day ambitions to drive “collective action toward an equitable and restorative consumer goods industry.” Cascale denies this characterization, and we note their response on [page 56](#).

## Origin Story

# *Textile Exchange*

Textile Exchange—the oldest of the four organizations—began as Organic Exchange (OE) in 2002 to promote and grow market share for organic fiber farming—and shortly evolved into a standard-setting organization, among other activities.<sup>38</sup> American cotton farmers—including cotton farmer LaRhea Pepper—were founding members.<sup>39</sup> There was a significant brand role at OE’s founding, including an emphasis on working with brands to increase preferred fiber usage; Patagonia and Nike, for example, were on the original governance board. The group rebranded in 2007 as Textile Exchange<sup>40,42</sup> to move beyond organic cotton and develop a range of standards for “preferred fibers,” such as those pertaining to recycled content.

Today, Textile Exchange oversees seven fiber standards and a content claim standard<sup>41</sup> in addition to offering certification products.<sup>42</sup> The organization is also working towards a unified standard called Materials Matter Standard.<sup>43</sup> Though at least some suppliers and farmers were engaged by the organization early on<sup>44</sup>, our research indicates that the organization continues to struggle with effective engagement, such as amongst smallholder farmers in the Global South. There are also indications that its standards development process is resource-intensive, shutting out suppliers for reasons explored in [Section 2](#) on structural exclusion.

## Origin Story

# *Social & Labor Convergence Program (SLCP)*

The Social & Labor Convergence Program (SLCP), launched in 2015<sup>45</sup> under SAC, aims to reduce audit fatigue in the fashion industry by creating a Converged Assessment Framework (CAF), or harmonized framework “to streamline social and labor audit practices”.<sup>46</sup>

SLCP said early on in its establishment that “manufacturers’ voice is key” to developing the CAF<sup>47</sup>, and many suppliers were involved from the project’s earliest days and currently have equal representation on Board. However, as discussed in the report, suppliers feel that they struggled to overcome the influence of brands and retailers in developing the CAF, and several are questioning the CAF’s success and impact.

In our analysis, we look more at supplier perceptions of why, despite this more intentionally inclusive approach compared to the other MSIs, suppliers still felt excluded and what has been done since.

## Origin Story

# *Zero Discharge of Hazardous Chemicals (ZDHC)*

ZDHC was formed in 2011 by six brands<sup>48</sup> in response to a Greenpeace campaign urging the fashion industry to eliminate hazardous chemicals.<sup>49</sup> ZDHC was an entirely brand-driven initiative at its founding, and the intent of the initiative was “speaking to the supply chain with a common voice (emphasis our own).”<sup>50</sup> In 2015, ZDHC formalized into a foundation<sup>51</sup> and transitioned into a multi-stakeholder initiative with formal participation from chemical manufacturers and other suppliers.<sup>52</sup> As suppliers describe throughout the report, the organization still has a strong brand and retail influence, and supplier members’ (called Signatories) feel that their decision-making and governance power is limited.

Today, the four MSIs describe themselves in more collectivist terms—and as we describe throughout the report, there is greater supplier participation, at least on the surface. Cascale’s mission, for example, is “to catalyze collective action toward an equitable and restorative consumer goods industry”.<sup>53</sup> Textile Exchange claims to “convene the fashion, textile, and apparel industry to collectively achieve beneficial impacts on climate and nature across fiber and raw material production”.<sup>54</sup> SLCP’s Charter asks that Signatories “embrace the principles of inclusiveness, collaboration on equal terms, and collective ownership of SLCP’s CAF”.<sup>55</sup> ZDHC is more comfortable in its staff-driven approach, but its communications say the organization is working to ensure that updating its guidelines remains “transparent, inclusive, and efficient”.<sup>56</sup> Next, we will analyze how suppliers’ experience of engagement within MSIs compares to MSIs’ stated aspirations to be more inclusive and representative of all stakeholders.





# An overview of four fashion MSIs

Diagram 1

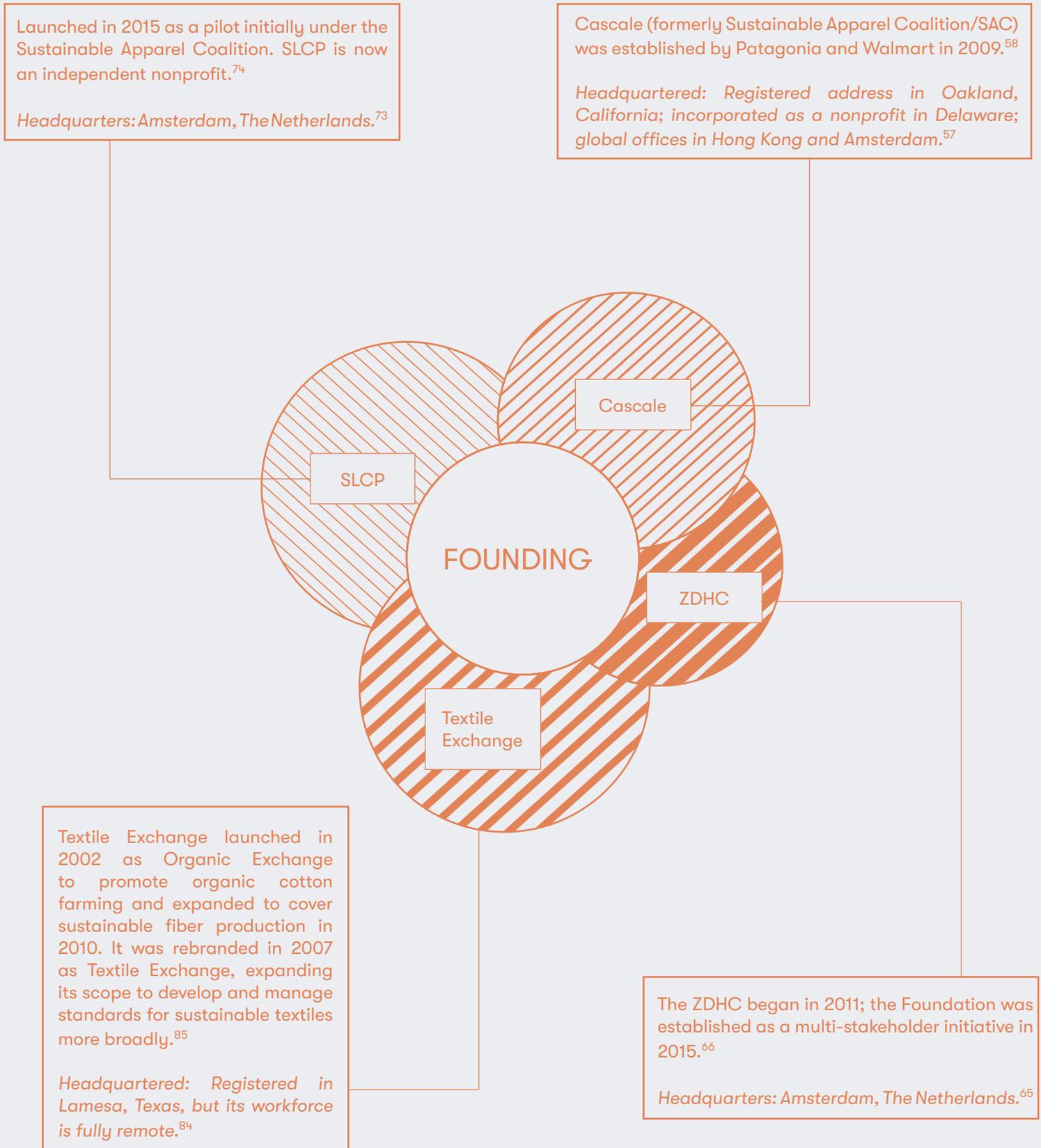




# An overview of four fashion MSIs

## 1. Founding

Diagram 1.1

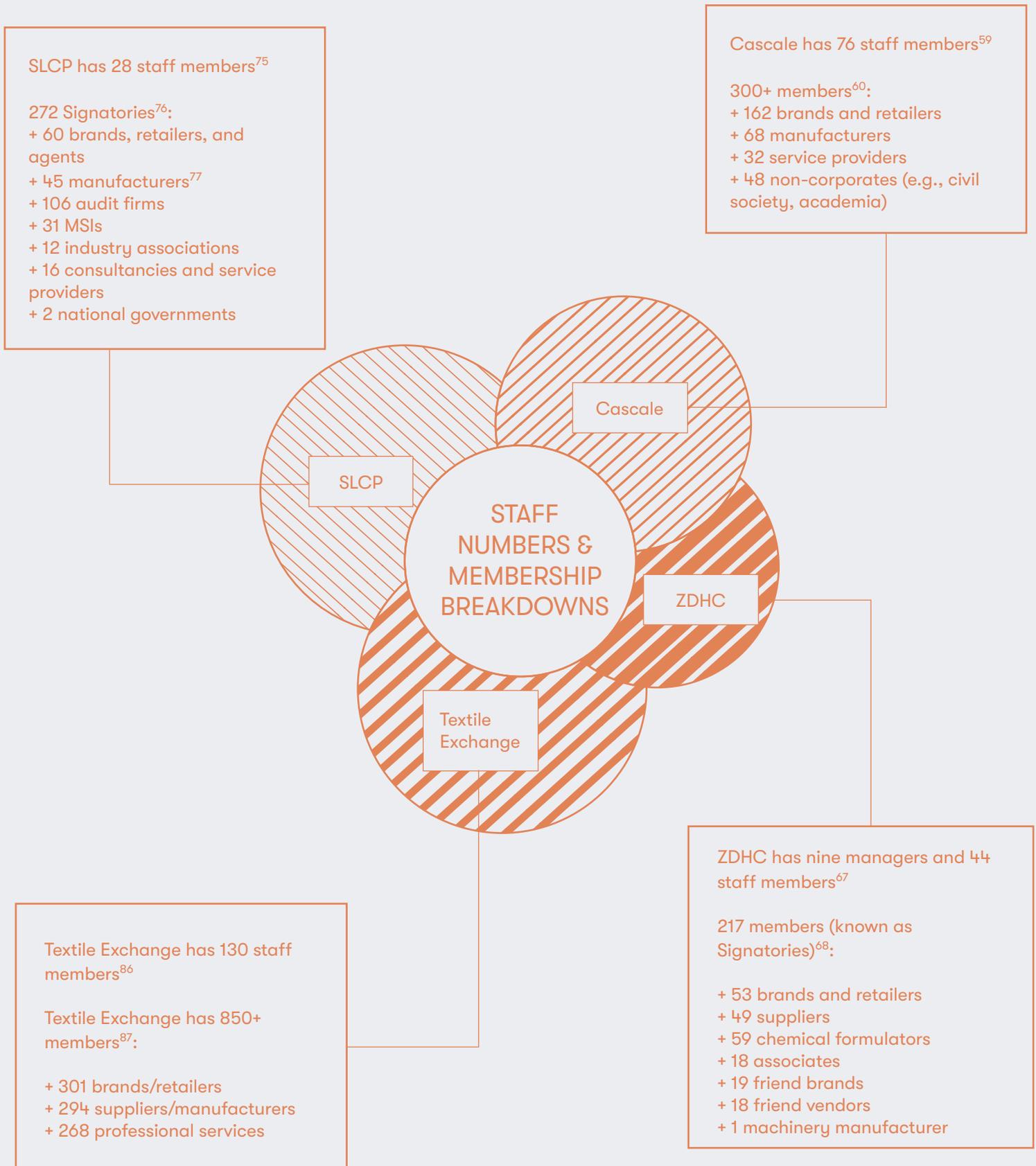




# An overview of four fashion MSIs

## 2. Staff numbers & Membership breakdowns

Diagram 1.2





# An overview of four fashion MSIs

## 3. Mission

Diagram 1.3

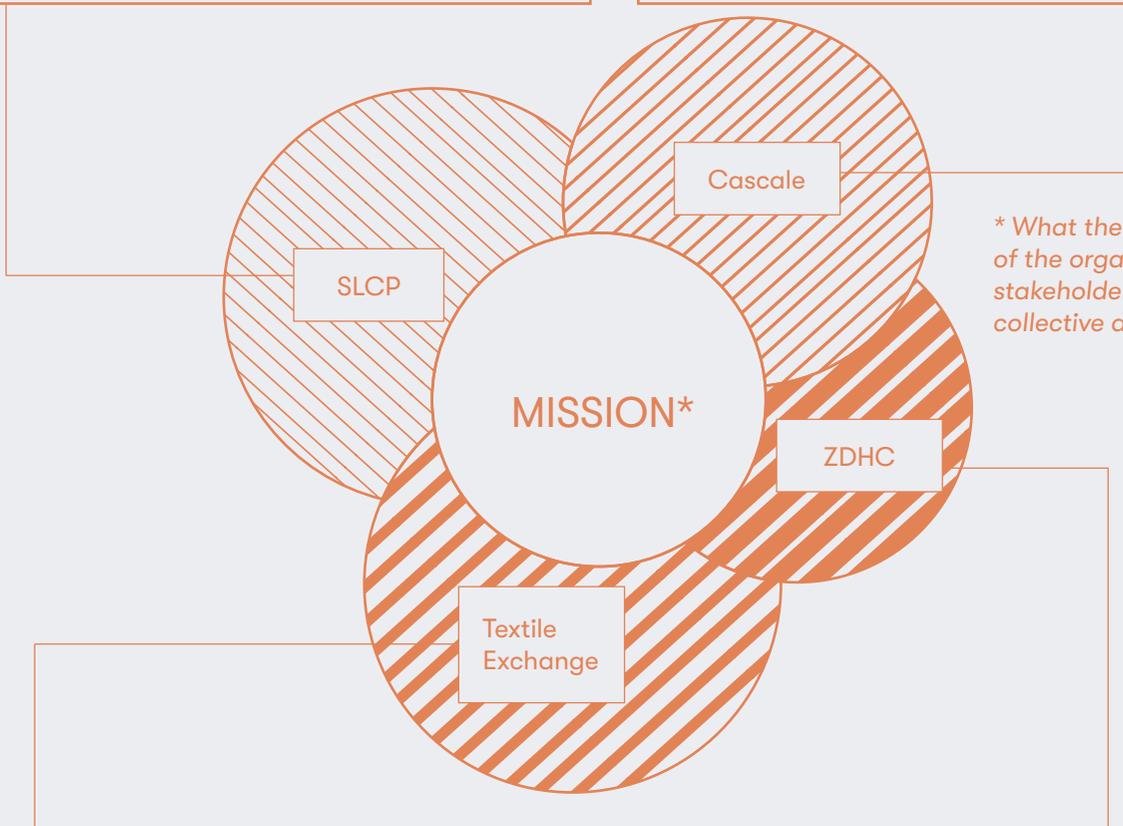
SLCP works to address audit fatigue through its Converged Assessment Framework (CAF), a framework that aims to harmonize social and labor assessments.<sup>78</sup>

Its mission is to ‘unite and support all stakeholders by developing and deploying a Converged Assessment Framework (CAF) that delivers harmonized, accessible and trusted data.’<sup>79</sup>

As of 2024, the organization has entered a new strategic cycle and a broadening of its scope to include what it describes as “supply chain resilience.”

Cascale (then SAC)’s original mission was to address the “fragmented and inconsistent approach to sustainability reporting.”<sup>62</sup> The Higg Index suite of tools remains its primary output.

Cascale rebranded in early 2024.<sup>61</sup> Its new name refers to “collective action at scale”.<sup>62</sup> The current mission is to drive “collective action toward an equitable and restorative consumer goods industry by aligning our global community around shared goals, developing and executing joint solutions, and leading the acceleration of impact at scale with our strategic partners.”



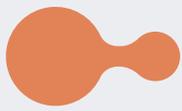
\* What the mission and vision of the organization say about stakeholder inclusivity and collective action

Textile Exchange has a broad range of activities and is known for its seven fiber standards<sup>88</sup> and four certification programs<sup>89</sup>, in addition to its reports, namely its Materials Market Report<sup>90</sup>, and annual conference.<sup>91</sup>

Its mission: “Textile Exchange inspires and equips people to accelerate the adoption of preferred materials through clear and actionable guidance. We convene the fashion, textile, and apparel industry to collectively achieve beneficial impacts on climate and nature across fiber and raw material production.”

ZDHC’s main activity is moving the fashion industry to phase out hazardous chemicals from the textile, apparel, leather, and footwear value chains<sup>69</sup> by engaging the industry to conform to its Manufacturing Restricted Substances List (MRSL) and to use its guidances and tools within its Roadmap to Zero Programme.<sup>70</sup>

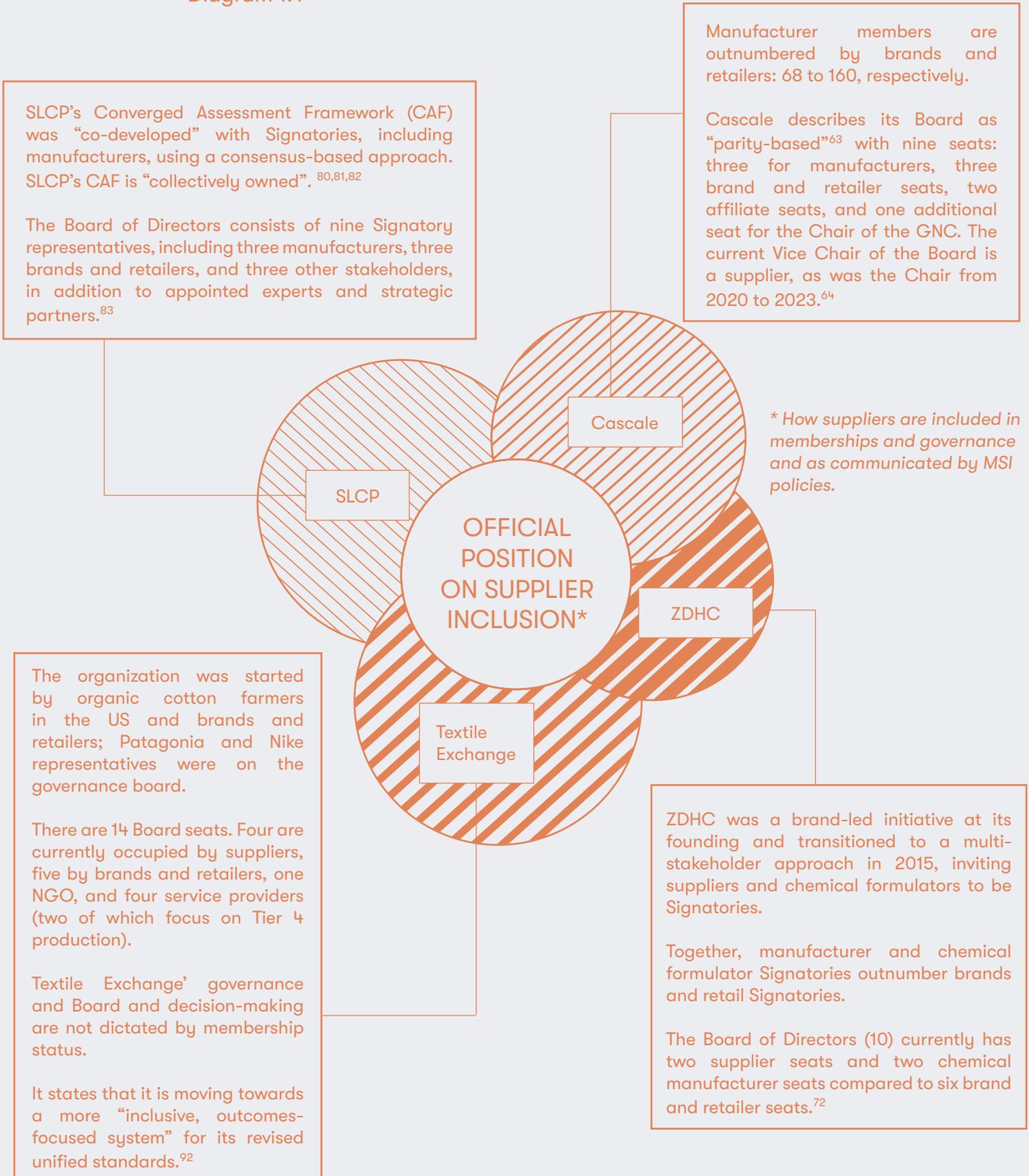
Its current mission is to “lead our global value chains to achieve the highest standards for sustainable chemical management, driving resource efficiency and circularity.” Its Vision is to “create a world where better chemistry leads to the protection of life, land, air, and water.”<sup>71</sup>



# An overview of four fashion MSIs

## 4. Official Position on Supplier Inclusion

Diagram 1.4



Section 2:

**Unraveling Inequities:**  
*How Race, Power, History, and  
Uneven Supply Chain Dynamics  
Shape MSI Engagement*

Fashion is heavily shaped by structural inequity, uneven power dynamics, and resource gaps tied to historical and ongoing injustices. In this section, we examine how *structural factors* external to MSIs’ influence ultimately limit supplier engagement.<sup>93</sup> We apply Lovejoy’s framework of analyzing structural and functional tensions within MSIs to understand these dynamics.

Research shows that brand and retail profit margins are higher than margins for suppliers<sup>94</sup>, and intense global competition has resulted in downward price pressure on manufacturers occurring in tandem with increasing sustainability requirements, which are often costly and resource-intensive to implement.<sup>95</sup> There is also a wider pattern of brands and retailers dictating price and sustainability terms to suppliers—and suppliers having little leverage to negotiate the terms of these requests.<sup>96</sup>

The fashion industry is also closely tied to colonialism and slavery, originating during a period of Global North control of the Global South for the purpose of resource and value extraction, often in service of the apparel and textile industry.<sup>97,98</sup> This is a very condensed overview of the state of our industry—and the world’s so-called haves and have-nots are not perfectly cleaved along geographic and racial lines—but the larger points stand.

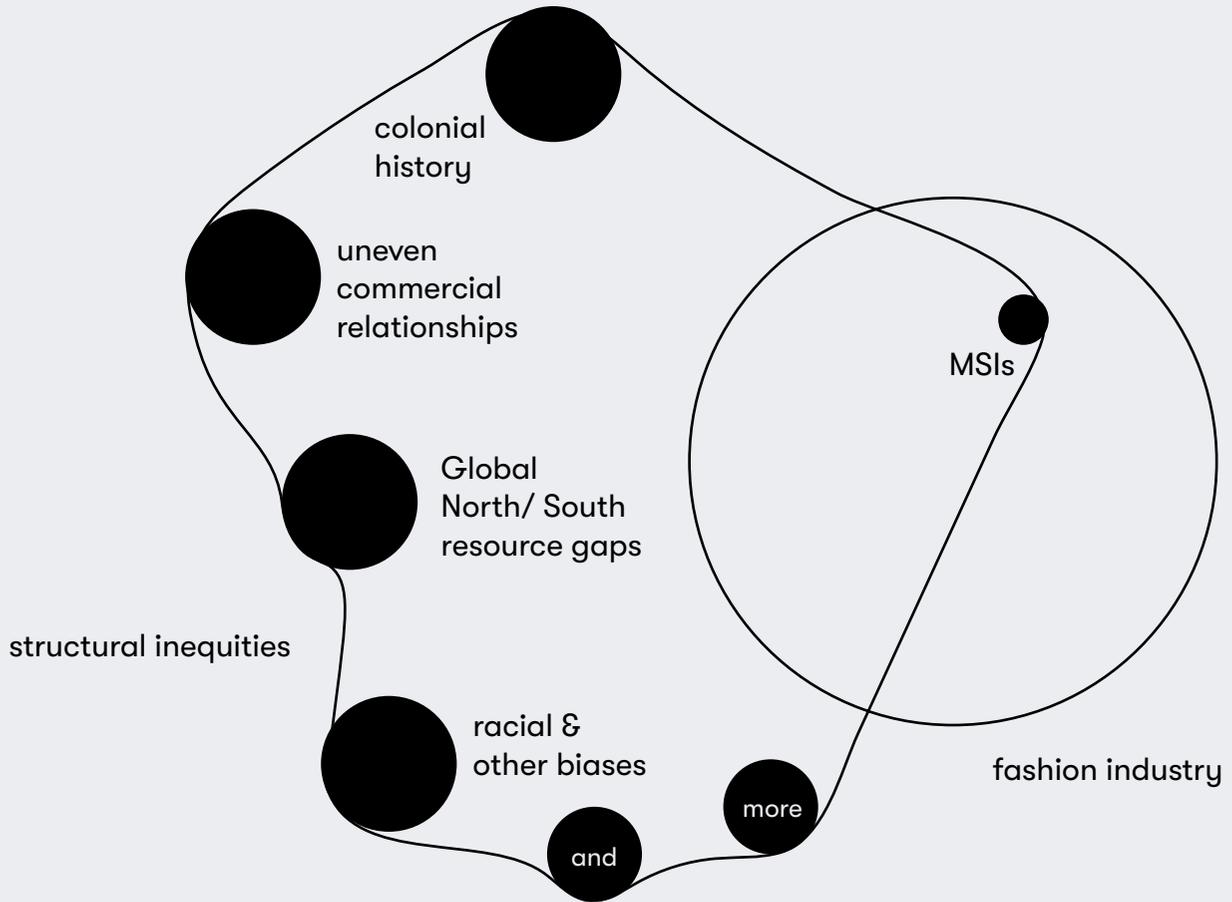


Diagram 2. Structural Inequities

While fashion MSI organizations did not create these uneven dynamics, structural forces should matter to MSIs because they contribute to supplier disengagement and one-sided strategies that fail to build consensus or a shared and equitable vision for the future of fashion. This section investigates how these structural factors influence and shape how suppliers engage with and experience MSIs and, in turn, how other stakeholders within MSIs, such as staff or brands and retailers, engage with one another. Specifically, we look closely at time and resources, bias, and valued perspective.

## 2.1

## The resource crunch: *Who has time and money for MSI involvement?*

Our research shows that meaningful participation in MSIs demands substantial resources, particularly if participants are to have an influential or meaningful role. MSI activities require ample time, financial contributions, and personnel—an assumption that puts suppliers at a disadvantage. This expectation could be partly shaped by the fact that suppliers and Global South stakeholders were not as engaged in establishing these organizations (the assumption being they were built without consideration of the resource capacities of the supply chain), creating a feedback loop of exclusion. This could be an area of further research.

### 2.1.1 How suppliers spend their time within MSIs

The most engaged suppliers shared that they spend considerable time on tools and standard development within the four MSIs, by attending meetings and providing feedback on documents and ideas as they are in development. They also spend time on more informal activities, such as reading emails, reports, and other documents, attending webinars and other online meetings, traveling to conferences, conducting additional research, and preparing and organizing thoughts to support their involvement.

One supplier, describing the time commitment of MSI participation, said,

*“You want to have an active role, then you have to lean in, and you have to contribute in terms of your thought; you have to contribute in terms of your finances; you have to contribute in terms of your time.”*

Standards and tool development within the four MSIs we analyzed primarily occurred in working groups, sometimes called advisory groups, councils, and so forth. This work is ongoing. Cascale’s most recent tool update includes the publication of its Facility Environmental Module (FEM) 4.0 in November of 2023.<sup>99</sup> Textile Exchange is currently working on a unified Materials Matter Standard that is shaped by an International Working Group.<sup>100</sup> SLCP’s CAF was launched in 2019<sup>101</sup> and is continuously reviewed and updated, with the most recent update launched in March of 2024.<sup>102</sup> ZDHC’s Conformance Guidance, for example, was most recently updated in April 2024.<sup>103</sup>

While tools, standards, and governance function slightly differently within each organization, what was communicated is that only a handful of highly engaged suppliers have the time to exert influence over the process. Most felt they were not able to contribute at the level demanded—or at the level that brands and retailers were able to contribute.

One supplier recalled that the working groups that developed early iterations of the Higg Index Tools around 2011 met for one day per week for the better part of a year. Within SLCP, the process of developing the new strategic direction for the organization entailed surveys, focus group discussions, and webinars for signatories before it was sent out to a vote.

Interviewees also noted that the scope and complexity of Textile Exchange’s work can discourage supplier engagement. Several suppliers mentioned inputting significant feedback on Textile Exchange’s standards, including on the unified standard under development since 2021. While they felt the feedback process was very transparent, the work involved to contribute on multiple standards and on multiple rounds of feedback felt overwhelming.

*“[Within] Textile Exchange, there are so many working groups, and we are not able to contribute all of the places,”* they said.

Another mentioned that few suppliers attended the in-person consultations on standards, meaning that while the International Working Group (IWG), which guides the development and vote on draft and final releases of its standards, is well-represented by suppliers, the wider consultation process may not be.

*“Not all suppliers can afford to be at a certain place all the time,”* they said. *So the good thing is [that] it was a good session. The bad thing was, again, it was brand heavy.”*

For Textile Exchange’s standards development process, another supplier mentioned that the organization *“goes on different directions”* and noted that they’re currently providing feedback on four different standards, which requires *“a lot of effort.”* They added, *“[Within Textile Exchange], there are so many working groups, and we are not able to contribute to [them] all.”*

Another supplier mentioned that navigating the tensions and “politics” of MSIs are also part of the work

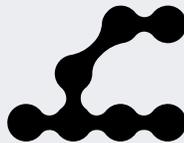


*“I think the first thing to talk about is probably like the amount of diplomacy and the amount of politics actually in [these groups],”* they commented, referencing how there’s a perception that certain factions use their leverage to lobby for or against certain ideas or that the financial resources of large brands and retailers would ultimately influence the process and outcomes in ways that weren’t visible to outsiders.

These behind-the-scenes and often invisible interpersonal factors took an emotional toll on several of our participants.



*“For a person like me, politics is what takes most of my energy,”* one supplier added.



### 2.1.2 The brand-supplier human resource gap

The resource gap between suppliers and brands and retailers was regularly raised by interviewees. Although supplier sizes and staffing strategies vary, interviewees conveyed that a typical factory might hire one or two sustainability professionals. A very large, well-resourced supplier might have a sustainability team of ten (with maybe one or two of the largest suppliers having larger teams but this is infrequent).

*Due in part to this resource gap, a surprisingly small number of suppliers have the staff available for MSI engagement. Interviewees said that the number of manufacturing companies that are actively engaged in MSI activities is less than ten—and as we explore below, their participation is also constrained.*



*“You don’t have too many manufacturers that are very active... and driving a lot and doing the heavy lifting,”* said one supplier. *“You can count only maybe... like five, if you’re lucky, maybe seven.”*

While suppliers have limited resources, they pointed to the substantial resources of large brands and retailers that give these companies more influence over MSI outcomes. The sustainability teams of large brands and retailers vary, from, for example, 20 at Mango to as many as roughly 150 staff members at Nike (however, there have been substantial cuts in sustainability teams at some companies, including Nike, of late).<sup>104</sup> Nevertheless, there is a resource availability gap between suppliers and many large retailers and brands.

Suppliers also said that as the standards, assessments, and tools developed by MSIs have become more numerous and complex over time, they seem to require even more of their time. According to one supplier, Cascale now has numerous working groups dedicated to updating their Higg Index FEM tool, whereas, in the early years of the organization, a single working group formulated and updated an entire tool. Cascale said this was done to make *“the update more manageable for members”*.

This supplier experienced the situation differently, saying that a single company can’t send the same person to more than one working group, which further disadvantages suppliers and is not a limitation that impacts large brands and retailers.

The supplier described the situation this way:



*“If you’re a manufacturer of my size, for instance, I can only join one working group, whereas let’s say Nike can have five different people join five different working groups, so they’re gonna have a lot more involvement and leverage within those places.”*

Similarly, a supplier involved in the development of Textile Exchange’s unified Materials Matter Standards said they have given feedback yearly for several years. They also describe the process of providing feedback to Textile Exchange on their fiber standards as generally “inefficient.”

### 2.1.3 How the proliferation of sustainability organizations further limits engagement

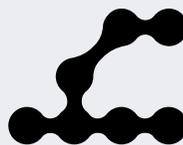
These four MSIs are not the only sustainability initiatives pulling on supplier resources. As MSIs and other sustainability agenda-setting initiatives have proliferated, suppliers said this has added more time and resource pressure, forcing them to make choices about where to put their energy—and to make hard decisions about which initiatives they would simply have no voice within. For example, there are now organizations in fashion exclusively dedicated to climate change<sup>105</sup>, circularity<sup>106</sup>, forestry management<sup>107</sup>, and policy<sup>108, 109</sup>.

One supplier commented that they limited their participation to Cascale because of resource constraints:



*“[Cascale] was the main membership we had. We didn’t want to diversify ourselves in many coalitions because one is enough.”*

Despite that many of the suppliers interviewed for this report engage in multiple MSIs, their interviews tilted towards stories and information about Cascale, which could be a reflection of Cascale’s influence and the need for suppliers to focus their resources within MSI engagement.



### 2.1.4 Even large suppliers can’t engage at the level of brands & retailers

We found that participation in MSIs is largely limited to large, well-resourced suppliers. One interviewee, who has been involved with SLCP from the start, commented on the resource-intensive process of developing the CAF:



*“It was typically like the bigger suppliers who had the capacity to free up people and resources to invest in these very time-intensive processes.”*

Textile Exchange notes that they also made “*working group style decisions*” amongst Board members in their early years with representatives from each part of the supply chain. A supplier interviewee says this tilted participation towards large suppliers who had the resources to participate and were already active in the global sustainability conversation.

And yet, even well-resourced suppliers said they do not have the resources to influence all activities or outcomes of the MSIs they’re involved in. One supplier noted that the resource requirements of MSI engagement were straining even for large suppliers:

*“It’s a lot of work for a small company. It’s a lot of work for a large organization. Even when I was at [a large company], we didn’t know how to handle them. And the cost of going to all the conferences and joining the membership, it’s too much.”*

They, too, have to pick and choose where to place their influence.

Overall, even the resourced suppliers only have the capacity to participate in a handful of working groups within one or two MSIs. One supplier said that a modestly larger group of maybe 15 companies have the human resources to spare to send one person to one working group within MSIs.

*“It comes back to this: if your team is made up of one or two people, how many initiatives can you participate in?... I don’t think many suppliers and manufacturers [can do this].”*

This suggests that most of the industry’s broader sustainability agenda has no supplier input—or very little.

*This suggests that most of the industry's broader sustainability agenda has no supplier input—or very little.*

## 2.1.5 The voices left out

Suppliers are not a monolith. Apparel manufacturing is highly regional and varies based on context. Large, well-resourced suppliers are in a very different position than, for example, smallholder farmers—and the manufacturing and business context in Pakistan is different than in Bangladesh, for example. Thus, the “heavy lifting” suppliers are put in a precarious position within MSIs.

*“If [our company] is the main member manufacturer and designing [tools] on behalf of all the manufacturers around the globe, who are maybe 30,000, this is a heavy burden, and it’s not representative,”* said one supplier.

Properly representing “suppliers” requires varied input and engagement than is currently the case: supplier voice being represented is essentially a handful of often over-extended individuals at a handful of manufacturing companies.

The four MSIs are not unaware of these resource-based constraints and seem to acknowledge the need to do more.

A Textile Exchange staffer said, *“What ends up happening is that brands and said often become the loudest voices. It’s [sometimes] easier for them to access the systems that we developed for stakeholder engagement.”*

An SLCP executive adds that, *“where we’ll always have issues is that usually from the brands, there’s more capacity, more time available, and they’re more vocal than the manufacturers.”*

## 2.2 Unveiling experiences of racism, bias, and privilege

*Suppliers note that despite efforts at inclusivity, several of them hold the perception—bolstered by specific interactions and experiences relayed below—that MSIs are often dominated by and often privilege Western Global North voices, norms, and needs. Several have experienced implicit bias against them as either individuals from the Global South or as people of color—a few relay explicitly racist interactions below. By *implicit bias*, we mean automatically activated stereotypes and the effects of this automatically activated information, including associations, stereotypes, and attitudes or behavior.<sup>110</sup>*

Again, MSIs did not invent the global privileging of people and ideas from certain geographies or even parts of the fashion supply, and there were mentions in the research of some policies and procedures in place to counteract discrimination. *Whether or not MSIs think they're being inclusive and addressing bias, suppliers, for the most part, do not yet feel they're being valued and listened to equally—and it often feels specific to their race, ethnicity or geography.* Two anecdotes in this section underscore how hurtful and damaging racially biased interactions can be, lingering with individuals directly or peripherally involved for years. These experiences stress the need for better accountability and corrective action within MSIs.

## 2.2.1 How do cultural norms interact with race, geography, and privilege?

All four MSIs are headquartered in the Global North and founded by Global North individuals, either within brands and retailers or supply chains. *Interviewed suppliers recounted a number of ways by which organizations are structured to privilege Global North participants within MSIs.* For example, there are practical concerns, such as meeting times and dates. Meetings are often held to accommodate the working hours of US and Europe-based members, resulting in after-hour meetings for those based in, for instance, India. In some Islamic countries, Friday is a holiday<sup>11</sup>, which one supplier says is not accounted for in MSI meeting times.

At least some critical meetings are held in English, which can sideline non-native speakers and, coupled with other cultural factors and biases, can exacerbate exclusion amongst suppliers. As one supplier recalled it, a fellow supplier with somewhat limited English proficiency voiced their opinion on a tool for traceability on human rights within a Cascale meeting. The supplier not only felt that their colleague wasn't heard, but that the facilitator abused the individual's lack of language proficiency to direct the conversation in the direction of their preference instead of working to understand the supplier's point and address their concerns. As a counterpoint, Textile Exchange noted that key topics regarding their standards are offered in multiple translations.

Moreover, several suppliers mentioned that fashion MSIs often embody Western—particularly North American and Western European—cultural norms about outspokenness, individuality, and appetite for disagreement. *Suppliers from cultures in which speaking up or speaking out is not as prevalent sometimes feel silenced or uncomfortable in working groups built around open dialogue with so many embedded power dynamics present.* One supplier said their company sent their more “*arrogant*” British team members to what was then a SAC working group, as “*they can deal with them*”.

These cultural differences arise and are not always sufficiently accounted for. One MSI staffer pointed out that sometimes Indian and Bangladeshi suppliers take the lead in talking amongst suppliers, and their organization tries to counteract the imbalance by following up one-on-one with those who didn't speak, but there is a feeling this doesn't go far enough.



As one supplier commented, *“The question is what does an inclusive process look like?... Do people who lead work streams understand how to work in such contexts? My personal experience... is that most MSI staffers have no clue on how their approach, methods, and facilitation styles silence voices”*.

For other suppliers, there’s a general sense that manufacturers are invisible or less respected within MSIs.

One supplier recounted attending an MSI’s annual meeting several years ago. They encountered a very prominent person within the organization and said to this individual:



*“It’s a pity we haven’t got enough manufacturers here; it would really change the conversation that’s going on.”*

The MSI representative, according to the supplier, dismissed their concerns, amplifying their feelings of exclusion:



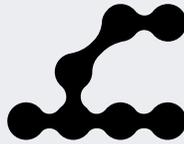
*“I don’t think he even stopped and looked me in the eye. He just said, ‘Well, it’s a good thing you’re here’, and was gone...I felt like they didn’t even want to talk to us, actually. It’s just like, you know, ticking a box to say there were some manufacturers there. I was very disappointed”*. We’ve anonymized this account as it appears to represent a larger pattern of behavior that’s not specific to any one MSI.

At the same time, MSIs have shown themselves to be enabling spaces where important conversations about bias and racism come to the surface, often inadvertently. One supplier remembers the first time hearing a brand staff member being called a *“colonialist”* by another brand staffer. They said this comment helped people within the MSI to start thinking more about the connection between racism and colonial history in fashion, underscoring the positive ripple effects of talking openly about these dynamics.



*“That was really a climax,” the supplier recalled. “I think it was the first time that we thought of the association, and then it made us think of how deeply rooted colonialism was with that entire industry with racism around it.”*

This anecdote, perhaps, points back to the positive potential impact of MSIs in bringing together diverse stakeholders.



## 2.2.2 How supply chain power dynamics impact interactions between MSI participants

Analyzing racial equality and implicit bias within a fashion MSI often can't be separated from the economic or buying power that brands and retailers have over suppliers. As we mentioned earlier, there are cultural differences in outspokenness. However, outspokenness is also influenced—and limited—by other structural factors.

Suppliers are understandably fearful that their buyers will take their business elsewhere if they speak out, and one mentioned how this retaliation can happen on a factory level. The supplier shared that they recently encountered pushback from a brand and retailer client when they communicated added costs associated with new requirements mandating that all cotton ginners be certified to Textile Exchange's Organic Cotton Standard (OCS).

*“Everyone is scared of the backlash they will face because business is everything,” they said. “If you say something, and the next thing you know, the brand decides to take business away from not only the factory but maybe from the region. We have seen that a lot. People don't like to be criticized.”*

Another stakeholder who works closely with suppliers and manufacturing associations said that the uneven power dynamics in the fashion supply chain can add to the “passivity” amongst suppliers:

*“If manufacturers are used to receiving orders, in whatever form they come, and just deal with it, then this is not a great starting position for a more active, confident, and assertive role within MSIs,”* this individual said.

While passivity can be overcome, a wider culture of retaliation and fear has massive implications for supplier engagement within MSIs, as the aforementioned supplier mentioned that it can lead to suppliers simply going along with decisions they don't agree with.

*“[We] would not object to any of those decision-making. We will just accept it as part of the cost and part of doing business,”* they said.

## What counts as staff diversity?

All four MSIs have full- or part-time employees, which might include, depending on the organization, a CEO, CSO, and COO, and various managers, specialists, directors, and analysts who work on different programs and activities. The specific roles vary from organization to organization. Staff have a significant and often overlooked role in shaping MSI norms and activities, and MSI staff size is quite large (especially in relation to supplier sustainability staff) albeit varied: Cascale and Textile Exchange have a 76-person and 130-person staff, respectively, while ZDHC has nine management and approximately 44 staff and SLCP has a 28-person staff.

One way that MSIs can counteract bias is through diversity in their hiring processes. While suppliers did not discount the need for greater racial and geographical diversity, they also felt it could be tokenistic. *Just as important to them was for MSI staff to have supply chain experience and for high-level staff, including executives, to engage with suppliers at the same level as they do with brands and retailers.*

One individual felt that Cascale's staff in Asia (a team of 16 people), for example, *"hasn't made much of a difference"* because the perception is that many of them are *"ex-brand"*. In feedback on this report, Cascale countered that a that *"widespread"* number of their team members have supply chain backgrounds.

ZDHC has also hired more staff in the Global South to interface with its Signatories from these regions. One supplier felt, however, that this meant that brands and retailer Signatories got to interface with the organization's more senior or executive-level staff while management-level local staff communicated with suppliers.

Lastly, suppliers reiterated that staff has quite a large and unacknowledged amount of power within MSIs—and that direct supply chain experience on the staff matters. As one supplier explains,



*"I think it comes down to education [and]... empathy. There are sometimes people making decisions around these strategies who don't even understand what it's like to be in a textile mill."*

### 2.2.3 Where is the accountability when suppliers experience bias?

In global and diverse organizations like fashion MSIs, addressing bias and preventing biased interactions is important—as is taking accountability and addressing harms when they occur.

Two suppliers recounted the same story of another supplier speaking out about colonialism in the fashion industry on stage at a Cascale (then SAC) annual conference in 2017. After the presentation, where the supplier pointed out what they described as the colonial nature of the approach the fashion industry is taking in sustainability, one of the supplier’s customers, who was also an SAC member, made phone calls that resulted in pressure on their company to remove this individual. The supplier left their job shortly after. According to another supplier, a letter was sent to SAC, calling on them to put in place policies and procedures to prevent this type of retaliation from happening again, including a grievance process and enforcing Chatham House rules at meetings. This individual said there was *“not much response”* from SAC at the time. Cascale does not deny the incident or receiving the letter calling for a response and a grievance process from the organization but responded by saying that Cascale *“has never been involved in the HR decisions of their members.”*

To balance out the findings—and show that these types of interactions are not restricted to any one particular MSI, we draw on another example cited in a PhD thesis of a supplier experience at a ZDHC annual meeting in Shanghai in 2016. The annual meetings have since been discontinued and have been replaced by ZDHC Impact Day and more regional events.<sup>112</sup> At the closing session, a supplier (a male of South Asian origin) from a large manufacturer actively engaging in the sustainability landscape made a point that the reason why they felt some violations of ZDHC’s MRSL continue to occur is because *“the particular product or finish cannot be made without using banned chemicals.”* Certain chemicals can only be eliminated in the brand’s design requirements, e.g., no PFAs or DMFs and some denim finishes. As a result, this supplier went on to recommend that brands ensure the product *“can be made cleanly before asking manufacturers to make it.”*

As the supplier recalled the exchange, a representative (a white male of Western origin) working for a low-priced British retailer with what they describe as poor sustainability credentials pushed back with “*ferocity*,” saying, “*We can have this conversation when you are ready to have a grown-up conversation. If a manufacturer cannot make it, they should come and tell us.*”

The supplier felt infantilized in a racialized way. He wanted to call the other man out for the implied racism and for attempting to delegitimize his company but didn’t speak out of a “*desire to ‘not make a scene’*”. We gave ZDHC an opportunity to respond to this account. The staff member reviewing the paper was not with the organization at the time and could not confirm or deny the occurrence.

*These stories are years in the past—and those on the other end of the exchange likely have a different experience of how they unfolded. But that they are still so fresh in interviewees’ minds underscores the racially biased undertones and the emotional and psychological toll of being unfairly treated at MSI-led events. This psychological burden on supplier representatives is further amplified when there is insufficient recognition of the injury or insult and little accountability or remediation. One supplier said the supplier targeted in the wake of the Cascale annual conference still has a silencing effect on suppliers to this day.*

*“It has a chilling effect, yes, because it’s not a safe space because you can lose your job just by speaking the truth.”*

*We all see the world from our own vantage point and experience.*

Without effective approaches to inclusion, it can be hard for anyone to see how their own rules, at a functional level, reinforce inequity and benefit one value chain group rather than serving the common good. This is why continuing to push for more effective inclusion of suppliers and all primary stakeholders is so critical, as it would lead to an organizational ability to look beyond blind spots – to broaden understanding and create a more varied perspective on solutions.

Section 3:

**The Inner Workings:**  
*How the Rules, Processes,  
and Norms of MSIs Further  
Undermine Supplier Inclusion*

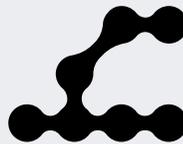
Thus far, we've looked at how structural factors, including historical inequities, implicit bias and uneven power dynamics in the supply chain, severely limit supplier engagement within MSIs. This section looks at the *functional factors* within MSIs, which include the internal rules, decision-making processes, and governance structures that are within these organization's direct control. **While MSIs didn't create structural inequities, their functional rules and procedures can go a long way towards more effective inclusion of suppliers and, thus, towards building consensus for shared solutions to social and environmental problems.**

In this section, we explore MSI rules and processes through the supplier lens. Given the nature of our research design, this section does not claim to wholly represent all rules and activities of MSIs. Instead, we highlight aspects of the MSIs' processes that suppliers identified as important to their feelings and experiences of inclusion and exclusion.

## 3.1

### Beyond a Seat at the Table: *How Suppliers Engage in Decision Making, Governance and Strategy*

Although each organization operates uniquely, all four MSIs appear to share a standard structure consisting of a hired staff and leadership, a board of directors, and membership/signatories. For more details on staff size and board and member composition, see Diagram 1.



#### 3.1.1 How much decision-making power do suppliers have?

Multi-stakeholder initiatives (MSIs) have different approaches to convening stakeholders, with three of the groups making decisions via members or signatories. The types of stakeholders invited to be members or signatories vary from group to group and have changed over time. This section analyzes the degree to which membership status equates to decision-making power.

Over the years, supplier membership numbers have increased in all four MSIs (see *Diagram 1* for current membership numbers)--and perhaps just as importantly--in the eyes of some interviewees--their representation relative to brands and retailers has grown. Of SLCP's 269 Signatories, 45 are manufacturers and 54 are brands and retailers, approaching parity. Within ZDHC, suppliers and chemical formulators were not able to formally participate in the organization at its founding, but now suppliers and chemical formulators, when taken together, outnumber brands and retailers. Textile Exchange has 301 brands and retailers as members and 294 suppliers/manufacturers. However, a significant disparity remains within Cascale, where the number of brands and retailer members (160) is more than twice that of suppliers (68).

**Still, our interviewees relayed that membership numbers are not a reliable indicator of decision-making power.**

Decision-making power within MSIs is determined in part by the process and level at which decisions are made. For example, is consensus-based decision-making situated within working groups or at a higher, cross-cutting level of the organization? Are these decisions driven by staff and handed down to members or signatories or made through more democratic processes, like membership voting? Also, our research corroborates the fair process literature that decision-making power is also in part based on perception and a measure of the degree to which members feel heard and that their needs are being met.<sup>113</sup>

Cascale, for example, has a commitment to “*equal partnership*,” a reference to the organization’s strategic priority to ensure that brands and retailers, and suppliers have an equal voice and influence in the organization.<sup>11</sup> Under its new branding, the mission is no less than to “*catalyze collective action toward an equitable and restorative consumer goods industry*”.<sup>115</sup> There is evidence the organization has tried to put this into practice over the years.

Two suppliers described that within Cascale working groups, the membership had influence in the Higg Index tool development and that the process felt collaborative. Another supplier noted that as recently as the development of the FEM 3.0, released in 2017, tool development felt co-created, with the strategic council developing the questions included in the tool comprising two brands, two suppliers, and two affiliates. Suppliers also have, for example, three seats on the Board of Directors, the same number as the other stakeholder groups: *Brands and retailers and affiliates*.

However, several suppliers noted that “*equal partnership*” within Cascale remains aspirational and suppliers have struggled to truly influence the process and goals within the organization. One supplier mentioned that in 2011, during the development of the Brand and Retail Module (BRM), a tool to assess brands and retailers on their sustainability performance, the initial tool was voted down after months of work on it by brands and retail members, “*because it was a lot of work for them*,” the supplier recalled. They note it was also a lot of work for suppliers. And while FEM 3.0 was a relatively collaborative process, for example, a manufacturer said the two suppliers on the FEM working group were asked to sit out on drafting the chemical management questions of the update, per ZDHC’s request, and Cascale leadership (then SAC) agreed. The ZDHC representative who responded to queries from our fact checker was not involved in this process and thus could not comment on this particular incident.

Another supplier mentioned the 2020 update to the Higg Index Materials Sustainability Index (MSI) as a particularly “deflating” moment when supplier exclusion may have hurt the organization—and the greater mission towards transforming the industry. The Index showed polyester as having the least impactful sustainability score, a decision that was heavily criticized. It could have been avoided, this supplier said, had the organization more effectively engaged suppliers.

*“The [retailers]” were the drivers [of the MSI], and they seemed to not understand the implications of the manufacturing and that we are talking plastic. Polyester is a plastic. And if you ask [manufacturers], we will tell you, it’s very polluting.”*

As explored on [page 56](#), more recently, Cascale’s decision-making process has changed, leaving members feeling less empowered.

In contrast to Cascale, TE, and SLCP, ZDHC’s original MRSL and Gateway registration portal of approved chemistry was developed and launched before manufacturers and chemical formulators were formally invited to participate (that said, several companies were contributing voluntarily as far back as 2011).<sup>116</sup> When asked to join ZDHC officially in 2014, nine chemical manufacturers publicly criticized the organization in an open letter asking for changes that would better serve suppliers as a condition for joining, including a commitment to harmonize standards to reduce the cost burden on suppliers of chemical management.<sup>117,118</sup> The letter was mentioned in two interviews.

Interviewees said they could give “advice” and provide counsel within ZDHC, primarily via advisory councils for manufacturers and chemical formulators, but they felt their decision-making power was limited. A supplier noted that during the spring of 2024 when ZDHC was updating its “Conformance Guidance,” chemical manufacturers felt that they were not adequately consulted and that their concerns were not fully taken into account.<sup>119</sup>

*“[It came to] a boiling point last year [with] the new Conformance Guidance, which is basically the definition of how the chemical industry should be working in the broadest sense,” they said. “It’s always not the best solution if you exclude the ones who are actually to perform [these standards] from any discussion and just put them in front of the result”.*

Knowing about the technical details of the discussion, we argue ZDHC staff likely missed the point—the supplier was talking about the feeling of exclusion and resulting mistrust that arises when stakeholders are not given agency or influence over a process that affects them.

This same supplier said that tension in the organization flows from the fact that ZDHC does not factor in the business implications for suppliers in its decision-making. For example, they noted that the ZDHC approach and its restricted substances list labels “*certain business models... good or better or inferior.*” A representative of ZDHC who responded to queries from our fact checker disagreed with this portrayal, and responded, “*There are different types of assessments and conformance levels, which reflect on the stringency of the assessment. This does not reflect good or bad.*”

The perception amongst suppliers is that ZDHC is more staff-driven than Signatory-driven. When asked if they’re comfortable with their more staff-driven approach, Klaas Nuttbohm, Implementation Director of the ZDHC Foundation, said, “*Yes, because thereby we can be truly purpose-driven. The organization can better concentrate on tackling the issues instead of being micromanaged and serving the different interest groups. A purpose-driven MSI needs to be able to make strategic and practical decisions that might be unpopular to the participants but support credibility and help reach the goals set.*” When asked if it’s true that Signatories don’t have final decision-making power, Nuttbohm clarified that the strategy is set by the Board and Signatories have opportunities to engage and consult on the process, but added, “*Sometimes the staff can’t follow the vote of the Signatories, as the credibility of the organization needs to be measured by ensuring we aim for cleaning-up the industry, not for making everyone feel comfortable. Change is not a popular opinion.*”

This appears to sharply contrast with our paper’s application of fair process as necessary to create buy-in and trust in the outcomes of an organization—as well as the paper’s overall thesis that MSIs are effective only when they equitably engage stakeholders. We argue that supplier engagement, in particular, is critical to sustainable and equitable transformation in the fashion supply chain.

That said, ZDHC also said they are *“reviewing how we engage with manufacturers and what we can do better.”*

The conversations in this section highlight multiple difficulties. Suppliers struggle to get their own priorities and needs met and respected within MSIs, and suppliers advocating for their point of view is sometimes even seen as at odds with being “purpose-driven.” Several suppliers pointed out that the lack of consideration for how standards and certifications impact them wore them down over time (we discuss this more in Section 4).

Within Textile Exchange, membership is not a requirement to participate in its governance Board or in the International Working Group (IWG), or the various roundtables it convenes, like the Leather Round Table.<sup>120</sup> The IWG is comprised of five brands, four civil society organizations, six raw materials producers/farmers, four suppliers, and three additional certification body representatives, for a total of 22 members.<sup>121</sup> The Board of Directors currently has four suppliers on a 14-person board.

Textile Exchange’s representative said that one of the organization’s more recent revelations about supplier engagement is that this traditional MSI model of extensive online meetings, in-person annual conferences located in far-flung places, and virtual feedback are not well attuned to the way many suppliers engage. They’ve worked to change how they seek feedback.



*“Suppliers are much more used to peer-to-peer engagement on the ground; they’re often members of a local manufacturing association. They’re much more accustomed to attending in-person meetings in their region,”* they said.

Textile Exchange has turned to more on-site visits and tapping into local manufacturing associations and brokers to collect feedback.

Our supplier interviewees did not clarify how much decision-making power they feel they have within Textile Exchange or its standards, but the organization’s representative said that supplier Board members influence strategy, and those that partake in working groups *“sometimes do make final calls.”* In Section 4, we discuss how the standards are perceived in the context of other sustainability schemes.

# Case Study:

## *Diminishing power within Cascale*

Cascale provides a compelling case study on the struggle for decision-making power within MSIs, as the organization's mission is to drive "collective action" and is perhaps the most explicit about the importance of supplier inclusion in driving progress. And yet, during our interviews, it became clear that there is a strong perception of a dramatic shift in the power held by members of Cascale (formerly SAC), which suppliers and other stakeholders said has become more of a staff-led organization in recent years with diminished decision-making power for members.

In the early years of Cascale (then SAC), only a few suppliers participated. Still, those that did participate were heavily engaged, and they said they had the power to influence early iterations of the Higg Index Tools, namely the Factory Environmental Module (FEM) . This isn't to diminish the fact that brands greatly outnumbered suppliers (and still do), as we previously discussed.

Suppliers pointed to what they saw as a noticeable change in Cascale's governance structure about five years ago, which they said enabled staff to set strategy and tool development and minimized the role of members. One supplier speculated that the change was made to increase efficiency, as consensus building is, of course, "*time consuming*."



One recalls: "*I think the SAC made a strategic decision or re-structured... and these [decisions] were specifically to reduce the member voice*."

Cascale's representative said that Cascale's governance processes have evolved many times over the years, and any change is "*developed with and approved by the Cascale Board*," which is directly elected by its members and includes suppliers.

In response to whether Cascale makes decisions using a more top-down approach today, their representative responded, "*Members are regularly consulted and have multiple ways to provide input into the decision making process. However, with a membership of 300+ today, some individuals might feel like their influence has decreased from the early days of the coalition.*"

Suppliers said that the way that decisions are made today is that members have more of an advisory role and can provide feedback on tool updates and strategy but have no real power to change the outcomes. Cascale denied this and said that members *“play an active role in shaping the Higg Index evolution through Cascale’s Member Expert Teams (METs), Strategic Councils, and tool-specific engagement sessions.”* Moreover, one interviewee noted that Cascale’s commitment to equal partnership (which refers to the organization’s commitment to supplier engagement) is managed by the staff, and membership has no say over this work. Cascale denies this as well, and said that equal partnership activities include *“broad member participation, not just staff oversight.”*

The findings show a stark contrast between how Cascale’s staff perceives the inclusiveness of its process and the decision-making power it grants its members and that of the supplier experience. This hints at the need for more effective and equitable engagement strategies within the organization.

It should be noted that Cascale is again considering how to increase engagement and has a new CEO who is talking up the supplier’s voice. This is leaving some suppliers hopeful that their voices will matter more.



*“Maybe now they have a different approach,”* one said.

### 3.1.2 Are supplier voices heard within the Boards of Directors?

What about supplier voice or representation within the board of directors? The MSIs' boards of directors influence overall strategy and finances and hold leadership accountable and are made up of between 9 and 14 people. As boards are often where the high-level vision is either set or approved, supplier participation on boards is even more important than membership.<sup>122</sup> If a board seat is occupied by someone well regarded, that can signal to the members that they are “well-represented,” as one supplier said.

Some organizations' boards remain more explicitly tilted toward brands and retailers and other stakeholders in comparison to the number of suppliers. As mentioned, of Textile Exchange's 14 Board members, four are manufacturers or raw materials producers.<sup>123</sup> ZDHC introduced supplier representation on its Board sometime in the last few years, adding two seats for chemical manufacturers and two seats for non-chemical manufacturer suppliers, but another seven seats are set aside for brands, including currently the Chair and Vice Chair.<sup>124, 125</sup> Cascale currently has nine board seats, with equal representation between its three membership types: brands and retailers, suppliers, and NGO / non-profit affiliates.<sup>126,127</sup>

On boards, parity in numbers may matter more than within membership, as so few seats are available, and boards typically hold more decision-making power. One supplier said of ZDHC:



*“Having this Board representative is a start”*

And the ZDHC staff noted that the 2030 Impact Strategy was created by its Board. Those suppliers with board positions are arguably the most influential of those who engage with MSIs, but taking a board seat means one less supplier in the day-to-day activities of MSIs.

*However, just as membership numbers don't equate to power, stakeholder ratios are not always a reliable indicator of influence on boards. Suppliers note that seats occupied by stakeholders from NGOs, consultancies, or academia are often individuals who formerly worked for brands and retailers or are Global North voices who do not represent the supply chain voice or experience.*

Textile Exchange’s Chief Strategy Officer Ashley Gill recounted a story underscoring the importance of strong supplier voice on its Board of Directors. As this interviewee recalled, a Textile Exchange Board member from the wool sector commented on the organization’s habit of calling its target stakeholders “audiences” (its target stakeholders are Tier 4 suppliers, meaning raw material producers, specifically farmers). The interviewee recalled the Board member saying, *“Tier 4 is not an audience; they’re the ones that are actually making this all happen. And if you consider them to be an audience and somebody that’s just listening to you, then you’re gonna fail. They have to be included as a partner”*. This indicates a shift in perspective from seeing suppliers as peripheral to central to the process within MSIs.

As with membership, what’s also important is the space and power representatives are given to make decisions and influence strategy on boards. While ZDHC’s Nuttbohm said their Board set the organization’s strategy, while the CEO and management is held accountable to implement it, a supplier felt that the overall strategy was set elsewhere.



They said, *“It is my very impression...[that ZDHC] is really driven by the CEO who is in constant exchange with, in particular, the brands that form the very backbone of the organization to set the strategic agenda.”*

Our research did not make clear whether board seats are appointed versus elected within each MSI, for example, and one said it’s important to ask who gets to make those appointments *“and who decides the representation on the Board”* to begin with. *Who decides the manufacturer gets three seats versus four? This same individual mentioned how challenging it is to represent the different viewpoints of their constituency once nominated to boards, noting there are many thousands of manufacturers globally, for example. This is another resource roadblock for suppliers. Properly representing “suppliers” takes time and resources that are rarely granted.*

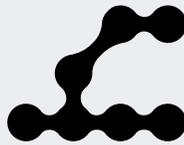


*“Groups with fewer resources need support to participate with an equal voice,”* they said.

How decisions are communicated from the board down to members is also essential to getting buy-in on strategies or feeling heard. One supplier noted they *“presume”* they’re being well-represented by the supplier voice on the Cascale board, but that is hard to tell because the decision-making process is opaque.



*“I wouldn’t be able to tell you, really; we just hear of their decisions when they’re taken,”* they said .



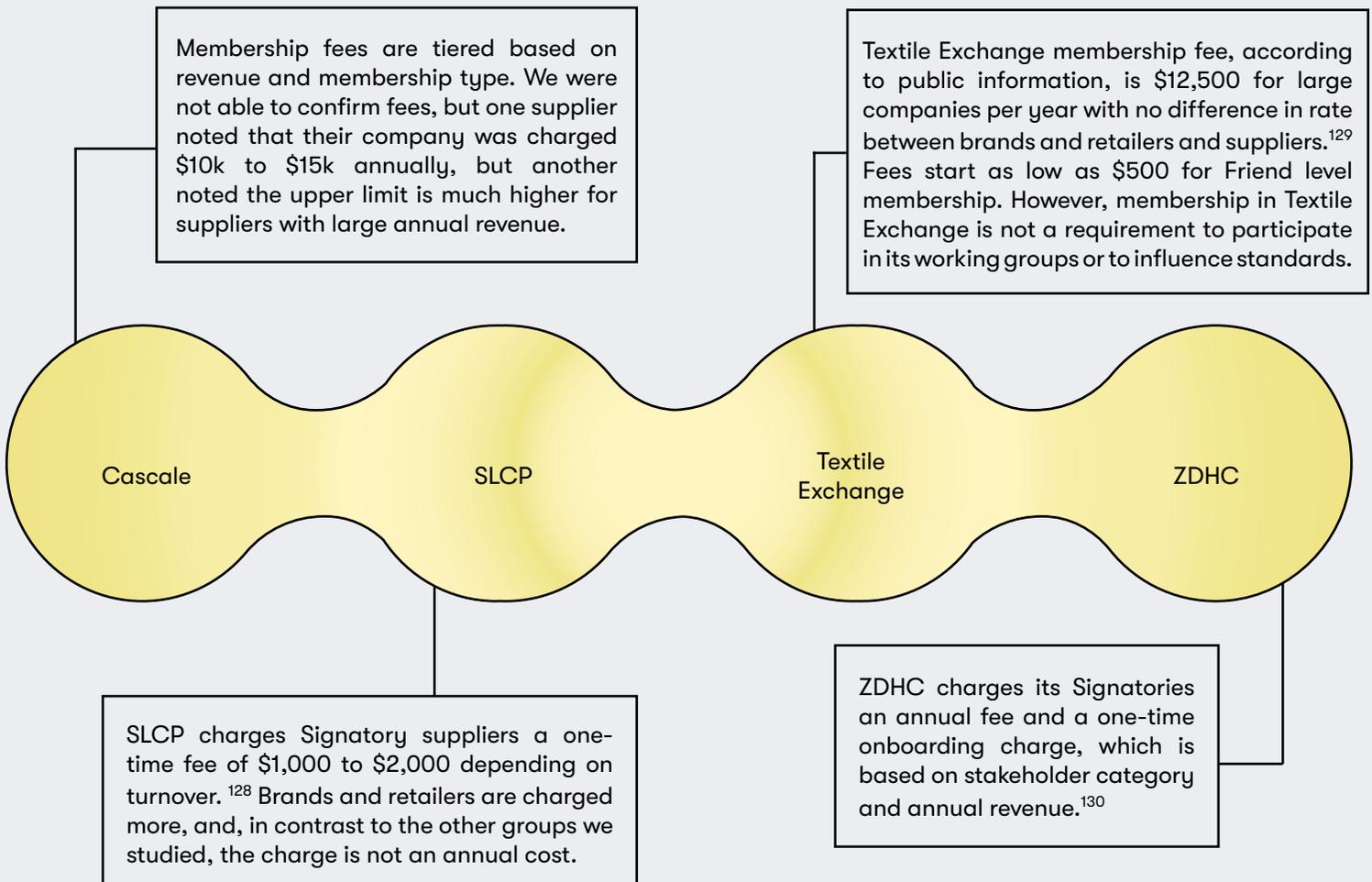
## 3.2 The costs of participation

In previous sections, we examined how resource constraints shape supplier engagement in MSIs. Structural inequities influence the financial realities of different players in the supply chain.

*In this section, we look at how MSIs' cost decisions and policies that impact their members or signatories work to encourage or limit supplier inclusion. MSIs have direct control over the following costs and can choose to modulate them to achieve equity based on, for example, affordability or profitability of different supply chain actors.*

### 3.2.1 Membership fees and other costs

All four MSIs have membership fees, but the affordability and fairness of these fees vary:



A former ESG manager at a small supplier company commented that the costs seemed shaped based on the financial resources available to a large brand and retailer.



They said, *“A major barrier for me has been that if we want to engage proactively, we’re expected to do so in this with the same capacity of a brand, but we just don’t have that capacity...”*

The same company did not join Textile Exchange because the fees were too high, the interviewee said.



*“My team is so small, that if I’m going to ask for [that much money], I really better make sure that we’re going to engage fully. And I just wasn’t confident that I had the capacity.”*

Other interviewees agreed that the membership fees within some MSIs are high enough to exclude many suppliers and further dissuade participation.



*“There is a cost at the end of the day attached to it,” said one supplier. “So when you do the cost-benefit analysis, [you think], is this a must-have? Do we really have to do this? Can we get away without doing this?”*

Suppliers often balance these fees against other “sustainability costs,” like audits and certifications, as further discussed in [Section 4](#).

### 3.2.2 Costs of annual meetings and conferences

Annual conferences can be integral to MSI culture. In particular, attendance at the Textile Exchange and Cascale annual conferences is important to influencing the sustainability agenda. Annual conferences can also add costs to participation.

Three of the organizations (Cascale, TE, and ZDHC) provide some free tickets or discounts for members attending the annual conferences, but fees can still be relatively high.<sup>131</sup> Textile Exchange charged members \$1650 to attend its 2024 conference in Pasadena, California, in person, and members attending virtually paid \$750.<sup>132</sup> Suppliers said the bigger barrier is travel, lodging, visa costs, and some meals, which are not covered in membership fees or ticket prices and can add up to thousands of dollars per conference. It's this total cost of attendance that can limit attendance. A supplier pointed out that the 2023 Textile Exchange conference was held at a five-star hotel in London that typically costs \$300 a night (the conference spans four days). However, the organization notes it negotiated special room rates for three hotels in the area. Cascale's 2024 annual conference likewise will be held at a pricey 5-star hotel in Munich.<sup>133</sup>

Suppliers also noted that Cascale and Textile Exchange annual meetings now rotate, but they take place in major Global North cities in the US and Europe more often than in the Global South.<sup>134</sup> However, Cascale's representative said two of the next four annual meetings will take place in Asia in the coming years. Textile Exchange pointed out—and a supplier in our sample echoed—that attendance dropped significantly when held outside of the EU and North America. This could be an indicator that the format and/or the programming do not feel inclusive to suppliers.

Virtual meeting options are available for most in-person meetings<sup>135</sup>, but virtual participation in an otherwise in-person event limits networking opportunities and suppliers' ability to have their voices heard on a global stage. SLCP, which only recently split off from Cascale, appears to provide a more equitable model. SLCP's representative said events are always free and rarely held in person.



*“We do mostly online [events], as that provides the most equitable opportunities for people to join,” said SLCP CEO Janet Mensink.*

Beyond cost, one of the challenges for MSIs is designing meetings and forums that are more inclusive and that generate conversations that build consensus and benefit the common good. Cascale now hosts in-person Manufacturers Forum Events in Global South countries, including China, India, Bangladesh, and a forthcoming event in Vietnam, that are around \$75 for members to attend.<sup>136</sup> The organization said these Events were launched at the suggestion of suppliers. In feedback provided on an earlier draft of this report, Cascale noted that the Forums include essential training on Higg FEM and science-based target-setting that are led by expert teams based in the region.

However, some suppliers had mixed feelings about the Forums. One supplier noted that the Forums are well-attended by suppliers but expressed frustration that Cascale seemed to send lower-level staff with little supply chain experience to a Forum event they attended (Cascale said his is not the case, noting that executive team members and Board members have attended every Forum event). Another supplier felt that the events are not designed to build supplier engagement or decision-making power and instead are mostly training exercises.



*“These events are not targeted at senior leaders but at medium-level teams in manufacturers. It’s not strategic [and there are] little networking or engagement opportunities. It’s designed to ‘train’”, one interviewee said.*

Cascale seems to be addressing some of these dynamics by sending the CEO to keynote the most recent Forum<sup>137</sup>, but the other issues of feeling disempowered by being separated out or convened only for training purposes need to be further explored.

# Case Study:

## *Good intentions and the journey to address brand and retailer bias within SLCP*

The evolution of SLCP exemplifies the importance of supplier inclusivity, showcasing the challenges of fostering collaboration between brands and retailers and suppliers while addressing both functional and structural factors. SLCP was established within the Sustainable Apparel Coalition in 2015 and has consistently demonstrated more public-facing awareness than the other MSIs of the need for supplier inclusion.

Suppliers have been involved since the beginning of SLCP<sup>138</sup> and have always had equal representation on the Board of Directors, for example. SLCP's Converged Assessment Framework (CAF) was co-developed by Signatories via consensus-based decision-making and is available for free.



*“It’s probably the best example of how you include suppliers in a process because it was a collaboration,”* said one interviewee.

Suppliers said that the project has nevertheless struggled to overcome its bias towards its brand and retailer stakeholders—and to devise equitable, shared solutions. Several suppliers discussed the internal strife surrounding SLCP's development of the CAF around 2016 / 2017. Two recounted a debate over whether to require workforce wage data from suppliers, which led to months of tension, as suppliers understandably fear this data could be used by brands to either punish them or to further push down on prices.

One supplier who was heavily involved in the CAF development said it was challenging, for example, to get the group to explain how the data would improve working conditions or consider the cost and feasibility of collecting this data for suppliers, which they estimated at 20 full-time equivalent hours from their human resources and accounting teams.



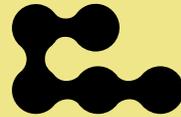
*“There was [never] any type of study conducted to understand which sections of any of those assessment tools were the most labor-intensive, or the most challenging, or the most unstable,”* they add.

SLCP CEO Janet Mensink agrees that the process was “controversial” and tense, owing to the fact that the CAF implied that audit companies and brands and retailers were being asked to let go of proprietary audit tools and traditional ways of working to commit to using the framework. Audit companies were asked to give up lucrative revenue streams.



*“There’s a [30-year] history... and a mindset of brands following the supply chain dynamics of brands dictating how a good audit should look, and then implementing it at a factory, and then owning the data. It’s a mix of all power dynamics. It’s a mix of letting go of what was your own IP,”* she said.

A supplier interviewee noted they eventually left the group, saying that the *“brand bias was too hard to shake off.”* An overlooked aspect of bias within MSIs is the extra effort required from less powerful parties, who must work harder just to have their perspectives considered equally.



### **A failed solution or a turning point?**

SLCP’s mission is to reduce audit fatigue by converging assessments into one framework that can replace all current audit methodologies. As it stands, there is increasing uptake of the CAF (with over 9,000 assessments completed in 2023) and some evidence of reduced audit fatigue for some suppliers<sup>139</sup>, as 80% of Signatories are using the CAF instead of proprietary tools, for example.<sup>140</sup> Still, several suppliers in our sample expressed frustration with what they see as SLCP’s limited success thus far. Some suppliers are still having to comply with SLCP alongside traditional audits, and it’s still not as widespread as it should be, suppliers said, given its near-decade in development.

Another concern is that the CAF is what one supplier describes as a “superset” of audit questions. Rather than agreeing on one common set of simplified standards emerging from an inclusive process, the supplier feels that the CAF developed into a complex tool requiring too many data points (SLCP said the CAF requires 816 data points on average per assessment). The perception for some is that brands won their battle to keep all of the questions in the CAF that they needed to meet their preferred standards, pushing the burden back on suppliers.

Another supplier echoed this sentiment:



*“For a truly inclusive process, we need to go back to revisit questions and measurements,”* they said.

SLCP’s Mensink reflects back on the 2016/2017 wage data debate as a turning point.



*“This was an ugly process, and with the knowledge of today, it should have been handled differently,”* they said. *“[Supplier] feelings were unnecessarily hurt, which is very unfortunate.”*

The case was taken to the highest strategic level, and in the end the wage data sheets were not included in the CAF. SLCP also made several changes to its governance process in the wake of this incident, including increased staff capacity, introducing new facilitation techniques like reverse role-playing, and clarifying its decision-making framework via dialogue with a mix of brands, manufacturers, and other stakeholders.

SLCP acknowledged the organization has work to do and faces structural issues that impact all MSIs.



*“We are operating in a very unbalanced system... The struggle is to live up to supplier equity in our daily operations, where still the presence, capacity, voice & representation of the brands are dominant,”* said Mensink.

Section 4:

# **The Exclusion & Disengagement Feedback Cycle:**

*How structural inequity  
and functional exclusion  
combine to limit MSI  
effectiveness*

We've investigated how structural factors external to MSIs can shape a supplier's ability to effectively participate. We also examined how functional factors within MSIs' control—such as membership and board composition, fees, and decision-making processes—can further limit supplier engagement. **In this section, we take a closer look at the impact of supplier exclusion on sustainability strategies, revealing the relationship between supplier disengagement and MSI solutions that fall far short of a shared, equitable, and effective vision for sustainability.**

Our research shows that, unfortunately, interviewees perceive MSIs as organizations that were largely shaped by brand and retail influence, with relatively limited input from suppliers, especially in relation to brands and retailers. Many suppliers perceive fashion MSIs as having developed strategies and standards, as well as tools and assessments, that are enacted by the supply chain largely for the benefit of brands. Or, at the very least, they perceive these organizations's primary activities as coming at a higher cost—both directly and in terms of human resources—to the supply chain.

Any supplier for a major fashion brand already has to report against ZDHC MRSL standards, check against Cascale's Higg suite of tools, source materials covered by Textile Exchange's standards and potentially submit data to SLCP's CAF. This is true whether suppliers are formally engaged in MSI activities or not.

 As one supplier put it: *“A lot of these standard-setting platforms then end up setting systems and processes that are more geared towards what the brand needs... But the tools that they roll out, and the processes that they roll out, it's a supplier who implements them.”*

 Another supplier pointed out that MSIs are, in theory, voluntary, but voluntary for whom? *“[They are] not voluntary for manufacturers,”* they said.

Several interviewees expressed frustration at the MSIs' tendency to locate fashion's problems in the supply chain (with what they see as relatively little accountability on brands and retailers). Within the current paradigm, there is an assumption that brands and retailers should be accountable for monitoring their suppliers' behavior, not for considering how their policies (such as purchasing practices) affect their suppliers' ability to comply.

Below are quotes from interviewees reflecting a consistent feeling that MSI strategies reflect a brand and Global North-dominated viewpoint that disadvantages the supply chain rather than advocating for shared responsibility:



*“The [supply chain] are the dirty [ones]. They’re the ones who need to clean themselves up”.*



*“The overarching assumption is that whatever issues we have in the supply chain are due to the malpractices of suppliers, right? And we are the ones who kind of implement these practices, and brands are the ones who should teach us how to behave. And in order to do that, they have to know every single data about us. And I think in an ideal world with all their goodwill, [brands think] they’re gonna teach us how to be good people and stop our malpractices.”*



*“I think the Western world, the brands, the manufacturers, the MSIs, even NGOs, ... often we shape, we create standards, we create legislation. And the Western world or legislators, we kind of set up improvement programs without actually asking, like, hey, is this something that you want to work on? Do you have time or money to invest in this? It’s a very unequal model.”*



*“We have a bit of a toxic combination because these organizations are in the Global North; everything is headquartered there, and nothing is headquartered here... So, you have a narrative that is written by one group of people, a membership that is skewed to that group of people, tasks that are coming from primarily a brand background, and we’re steeped in that narrative... It’s very structurally colonial.”*

## 4.1

### Are standards and certifications the problem?

Are standards and certifications a root cause of supplier disengagement and exclusion? Standards and certifications can be designed in a way where the risk and reward are shared more evenly. We heard another familiar refrain that greater supplier voice within MSIs might lead to more institutional support for responsible purchasing practices, for example—but these questions (while important) distract from the wider point of our report.

Our findings show that suppliers do not feel a sense of agency or ownership over MSI activities. They often perceive them as something external to them rather than something they have a voice in. Interviewees often confused the MSIs, overlapping their scopes and roles, and found it challenging to view them as inclusive, collaborative partners rather than as organizations imposing programs that they felt forced to follow.

Here are a few insights that underscore the suppliers' lack of agency and ownership over MSI activities:



*“A lot of our manufacturers are not members [of Cascale] but are required to report via the tools. So there’s a big difference there, which is just that you are told by a brand if you don’t report via this tool, we will stop working with you. So they pay for the tool but are not a member, as they don’t attend anything around the SAC [now Cascale] and don’t have any say in the SAC [now Cascale]”.*



Another supplier—when asked if they were a member of SLCP—responded: *“We do not have a membership to SLCP, but we’re using this portal [because] there are different brands who are asking for different standards”.*



Another supplier added: *“For the Textile Exchange, we do not have a membership, but we have the certification from Textile Exchange.”*



Yet another turns our query over decision-making power on its head, saying, *“The problem is we do not have decision-making authority, so decision-making authority lies with the brand. A brand is saying if you have this certification, we are going to work with you; otherwise, we are not going to have any business with you”.*



One supplier, a new member of Cascale, described the organization as a *“very wonderful tool,”* not differentiating between the organization and its Higg Index suite of tools.

## 4.2

## Multiple standards and the cost of failed harmonization

As mentioned, the four MSIs launched to harmonize or lead in the space of proliferating standards, assessment tools, and certifications—promising suppliers they’d never have to go “for any further certification,” as one supplier recalled being pitched on the Higg Index a decade ago. There is some evidence that harmonization or simplification is on the horizon <sup>141</sup>, but nevertheless, this mission has largely failed thus far.

Suppliers often talked about the four MSIs in the context of the large number of sustainability standards and certifications they are now required to participate in, covering everything from carbon emissions reporting to water usage and worker wages. *The standards and data requirements mentioned by our interviewees include those overseen by the MSIs in our report, but also extend far beyond these groups. There are at least 75 standards and certifications in the apparel sector, according to StandardsMap.org<sup>142</sup>, and this doesn’t cover brands’ own proprietary standards and assessments.<sup>143</sup>*

One supplier noted a significant problem with duplicated efforts, saying that there is an overlap between Cascale’s FEM tool, ZDHC’s guidance and tools, and SLCP, which further weighs suppliers down. Another supplier echoed, *“One of the big issues we have with FEM 4.0 is that they didn’t unify it with ZDHC Supplier to Zero Programme,”* <sup>144</sup> stating that there’s a close overlap between the two. As has been mentioned, some suppliers are frustrated that SLCP’s CAF is still being used alongside other auditing systems. SLCP counters this criticism by saying the CAF is becoming increasingly more effective and more widely used.

Another supplier and member of ZDHC commented on what they view as the overwhelming number of chemical certifications their factory must comply with, and that they perceive as having sprung up in part as a response to ZDHC’s programming (the organization notes that the ZDHC MRSL is a “common denominator approach” but that certification and testing can be done by numerous different entities.):

*“For at least ten years or longer, it has been a nightmare to manage all [the chemical certifications]. Companies like [ours] have had to maintain a full team of people focused on producing safety improvements. It’s a shame because the same capable people could be dedicated, for example, to R&D.”*

## 4.3

## Double duty: Standards, certifications, and suppliers doing the work of MSI activities

As mentioned, suppliers already stepped into MSI engagement facing structural barriers and constrained resources relative to brands and retailers and Global North stakeholders. Here, we further demonstrate that MSIs themselves further contribute to the resource strain on suppliers. *The heavy burden of complying with multiple auditing, standards, and data-collecting systems—systems that often originate within MSIs themselves—takes up substantial time and resources at the factory level. Ironically this burden often leaves suppliers with little time to participate more actively in shaping MSI activities.*

As mentioned, suppliers have small sustainability teams relative to brands and retailers. These team members are typically tied up meeting multiple sustainability standards, auditing schemes, and data requirements. As one supplier explains:

*“Usually [supplier] sustainability teams are very small... They may have one utility manager who is taking care of the energy and CO2 and wastewater. And if you’re lucky, there is a sustainability manager separately.”*

Another supplier describes how their sustainability staff allocates their time, noting there are several people who manage audits and certifications and one dedicated staff person who manages both compliance with the Higg Index and *“all the ZDHC requirements.”* In addition, there is a staff member who focuses on worker well-being, on gender and now diversity and inclusion, and all these targets on women’s empowerment and anti-harassment.

ZDHC’s representative, having noticed the competing demands on suppliers, recounted a recent story of attending a meeting for another multi-stakeholder group. They recall a supplier having to leave abruptly because an auditor working for brand clients arrived earlier than scheduled.

*“They want to engage on some strategic topic, but then auditing and the daily grind comes into the way,”* they said.

This dynamic also ties closely into the previous section on power dynamics—the industry is structured in such a way that a supplier can’t simply request to delay the audit to discuss strategy.

Meeting multiple standards imposes not just a time burden but also significant costs, which are unfairly placed on the supply chain. There also appears to be insufficient support—such as cost-sharing—of this compliance on suppliers. One supplier notes the relationship between these costs:



*“The supplier who is required to report has to purchase the program to report, so you have a model where the person whose data everybody wants has to pay.”* they said.

This individual referred to paying to submit data for the Higg Index (via Worldly), but the same applies to other MSIs. For example, suppliers must pay fees to labs for wastewater testing to meet ZDHC standards or creating a ZDHC InCheck Report that demonstrates the ZDHC conformance of a supplier’s chemical inventory.<sup>145</sup> The service fees for these providers vary and brands and retailers negotiate the fees directly with “solutions providers,” although ZDHC said that brands often cover these costs for their “strategic suppliers” or a portion of the fees can be offset with vouchers. Chemical formulators seem to pay more, with fees based on the number of products they’re publishing on the ZDHC Gateway, with fees starting at 1750 Euro and going up to 9800 Euro annually.<sup>146</sup> It’s unclear how many brands do this or how many suppliers benefit from these offsets—but the point here is that ZDHC is just one of many standards, assessment tools, and certifications factories are compelled to participate in. The costs add up.

One supplier noted that when Cascale first approached them for membership in 2013 (then SAC), their company complied with four standards and auditing schemes. Today, their company complies with 38 standards and certifications at a cost of around 100,000 euros annually for their company.

## 4.4 Strategic blind spots

A major consequence of the structural and functional barriers to MSI engagement is that significant portions of the supply chain are excluded from the conversation, leading to blind spots of how strategies impact the supply chain. One supplier felt that, for example, Textile Exchange's 2022 decision to require Organic Content Standard (OCS) certification of cotton ginners in Pakistan on a tight deadline seemed to ignore how difficult and costly that would be in practice.

Textile Exchange explains further that, as of December 1, 2022, *“Transaction certificate data from sites certified to GOTS needs to be received by Textile Exchange to establish traceability back to the farm inputs. First processors need to either be certified to OCS, or certification bodies for sites certified to GOTS need to have an agreement with Textile Exchange to provide required data for income organic materials.”*

The supplier also mentioned that additional auditing requirements of cotton farmers in Pakistan seem burdensome as well, saying, *“[Textile Exchange] believed, I guess, that all farmers are like [Global] Northern industrial farmers, with big land holding and access to all these materials. But in the Global South, most of the landowners are small landowners.”*

They went on to explain that they feel that ginners in their country don't process enough organic cotton for it to be efficient to separate organic from conventional cotton and that smallholders needed, at a minimum, to be trained first to prepare them for an OCS audit. They also felt that Textile Exchange, not his own facility should be responsible for this training.

*“You train them directly, and you involve them directly,”* they said. *“That part keeps getting lost, and sometimes information gets lost.”*

Textile Exchange said that although it does not provide training, there are third-party consultant services that *“help companies, including smallholders, understand this.”*

In another example, a supplier member of ZDHC said that a recent meeting focused on expanding the organization’s goals beyond chemical management to biodiversity, and this individual felt that the brand and retailer perception is that *“sustainability in the supply chain is already [achieved]”*. This perspective is only possible from the more detached way that brands and retailers engage with sustainability by ticking a box of MSI engagement, this supplier went on to say, as opposed to the on-the-ground reality of, for example, changing chemical formulations to comply with ZDHC guidelines.

## 4.5

## The commercialization of fashion MSIs and compromised vision

Several suppliers also felt that MSIs are becoming more commercialized, saying that their impression is that the organizations increasingly draw revenue from standards, certifications, tools, and events and that the funding models behind MSIs are compromising their visions.<sup>147</sup> A sense of commercialization seems to heighten their concerns that organizations’ missions are drifting from benefitting the collective good—or that the organizations are making money off supply chain contributions.

Rather than contest or try to verify whether these claims are true or not (which would require analyzing and accessing MSI financials), we want to relay the sentiments coming from suppliers on this topic. One supplier said:

*“Every MSI is trying to look for that revenue stream, whether it’s a standard, a certification, or some other tool that they can charge for, and then membership... And then if you want to have any event, you got to get that paid for”.*

The exception, perhaps, is SLCP, as suppliers own their data, and the CAF is open source.

Cascale’s decision to split its Higg Index tools into a for-profit technology company called Worldly came up the most on this topic. Worldly is a public-benefit for-profit company that is now the exclusive licensee of the Higg Index suite of tools (Cascale still “owns the methodology,” they said), among other supply chain and data analytics offerings.<sup>148</sup> Even though the Higg Index tools were created via a multi-stakeholder process, one supplier notes that Worldly *“can monetize FEM data without having to share any of the proceeds with Cascale or manufacturers.”*



In response to this assertion, Cascale’s representative said, *“There are direct financial agreements between Cascale and Worldly linked to the use of the tools, which provide income to Cascale in order to enable the organization to scale its sustainability mission while diversifying the burden away from membership dues alone. Outside of this, it is possible for Worldly to also utilize FEM data for other commercial purposes, to support their mission and investment needs to further enhance the Worldly platform value and user experience for all users, including Cascale members.”*

Still, the suppliers’ concern that these financial flows and decisions are now beyond Cascale member control appear to be valid, as Cascale reiterated that Worldly is a separate legal entity from Cascale.

Another supplier notes that while *“a majority of Worldly revenue”* comes from manufacturers, this individual said they *“cannot influence”* this pricing strategy. Worldly denies this, saying that brands and retailers and suppliers are surveyed to refine their pricing strategy.

Worldly introduced a new tool in May 2024 called Facility Data Manager (FDM) for which manufacturers enter environmental data monthly.<sup>149</sup> According to this same supplier, the tool underscores the inequity in Cascale’s way of working as the suppliers pay to submit data to the tool, but the data *“is only for brands.”*

While Cascale said the manufacturers own and have access to the data, the supplier means that they don't derive any value out of the program by, for example, attaching it to a "notional certification" that can help suppliers get more business.



*"It is really a brand tool that we have to pay for,"* they add.

This individual adds that each manufacturer is charged fees in addition to verification fees, which can add up to over \$2000 per facility per year for submitting data to this platform (Cascale said the annual cost of FDM before verification fees is \$299). Cascale said that brands are charged to access the Worldly platform, but it's unclear how much they are charged. Nevertheless, in this supplier's eyes, the FDM is unfair to supply chain actors.

Another interviewee noted that what they see as Cascale's focus on commercializing data via Worldly has "blurred" the organization's vision.



*"The money part is important, but they're not being pure in terms of addressing or solving what needs to be solved."* This supplier also felt that Cascale's is such a critical vehicle for sustainability any compromise in its mission or misstep in its goals was a loss not just for Cascale but also for society. *"I think we're losing precious time at the moment, really, unfortunately, with the politics that apparently have to be played,"* they added.

The fact that MSIs are able to generate revenue from this speaks to the profitability of these tools. However, as MSIs, they have a responsibility to ensure that the resources generated are used responsibly and equitably.

## 4.6

## Silencing amplified through regulation?

Finally, there is a concern amongst suppliers that MSI policy engagement threatens to codify one-sided sustainability strategies into law. Policymakers are looking to MSIs in developing and shaping new regulations and, as is the case of the EU’s Corporate Sustainability Due Diligence Directive (EU CSDDD), multi-stakeholder initiatives are specifically mentioned as a vehicle through which companies can perform due diligence.<sup>150</sup> What’s more, Cascale is the convener of the Technical Secretariat for the EU’s Product Environmental Footprint guidance for textiles and apparel products, which will outline approaches for companies on how to make appropriate and comparable life cycle assessments for products in the EU market.<sup>151</sup> Cascale also sponsors the Policy Hub to “propose” regulations in Europe (Textile Exchange is also a partner).<sup>152,153</sup> Meanwhile, brands and retailers use (or plan to use) several of Cascale and Textile Exchange’s standards and tools as evidence of compliance with, for example, the Corporate Sustainability Due Diligence Directive (CSDDD) and the Corporate Sustainability Reporting Directive (CSRD).<sup>154</sup>

MSIs are powerful—and arguably have the ear of policymakers—in part because they can claim to represent the fashion industry as a whole. This convening power should be used to ensure that regulations drive equitable outcomes and are practical and feasible for manufacturers and brands and retailers—and don’t disadvantage one group. And yet, this report’s observed trends in supplier engagement indicate that MSIs threaten to carry over biased strategies into regulation, which aligns with the findings of a recent report on regulations co-authored by the Transformers Foundation.<sup>155</sup>

One supplier calls for greater transparency from MSIs on their policy engagement:

*“I believe it is of utmost importance to consider how organizations promote their tools and positions. Policy Hub (Cascale) presents itself to EU policymakers as a representative of the textile industry,”* they said, *“However, in reality, it primarily represents the interests of a few major apparel brands. This situation calls for greater transparency,”* they said.

## 4.7

## Burnout leads to disengagement

*In conclusion, a combination of structural and functional factors are leading some suppliers to further disengage and lose faith in the process, which has serious implications for the sustainability agenda.* Our interviewees are those with the resources and appetite to participate in MSIs, but burnout and loss of trust in the process appear to be high, particularly among suppliers who have been heavily engaged since the early years of MSI development. They have invested time in initiatives that were either voted down, watered down, didn't work—or feel there's a feeling that tool and standard updates at this point are somewhat arbitrary and not leading to a higher purpose.

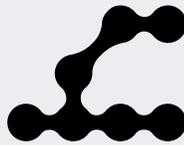
MSI engagement is intensive, often tapping the same small group of suppliers for every initiative, which leads to fatigue. The impact of burnout ranges from suppliers who have resigned from their roles within MSIs, carrying deep resentments with them (especially when they've encountered racism and implicit bias), to those who are still involved but privately questioning the process and function of the organizations.

A supplier notes, *“We need to consider because the SAC started making tools in 2011, and is still making tools in 2030, 2023, 2022. There is also the fatigue of providing input and making tools because you also think: how many times should I provide feedback?”*

Another supplier said they were filled with relief when they left Cascale, *“It was a relief for my life and my mental sanity. It was great. The best thing that happened to me was to leave that group.”*

*MSIs are arguably inherently rife with tensions, given that they bring together groups with competing interests. However, it's the obligation of the MSIs to be inclusive and to attempt to resolve tensions effectively and fairly.* There are many indications this isn't happening. Once suppliers are disengaged, it may be difficult to recruit new people and to develop solutions that reflect the collective or that create shared or equitable outcomes, and the cycle continues.

*Our findings show that MSIs simply cannot claim to represent a shared or collective vision of a more sustainable or equitable fashion industry, as suppliers have not had a voice in shaping that vision—at least not yet. There is a recognition, however, that supplier engagement is critical to effective change—and needs to be improved. The remainder of the paper will address our recommendation for how that engagement can be improved.*



## The cycle of disengagement, burnout and broken solutions within MSIs

The power of multi-stakeholder initiatives (MSIs) is in bringing together diverse perspectives and skill sets in a pre-competitive environment and using that diverse talent to solve complex problems. Our research indicates that ineffective stakeholder engagement within MSIs ultimately leads to a chain reaction and a cycle of exclusion, missed know-how, disengagement, burnout, a loss of trust, and failed solutions.

### ♣ Bias leads to a lack of relevance to suppliers

Suppliers on the outside of MSIs relayed that they often feel unmotivated to participate or join because they see MSIs as something external to and imposed on them. They may not see a benefit to the solutions on offer and many costs. On the other hand, complying with standards and certifications requires less investment of time and resources on the part of brands and retailers as compared to suppliers. Suppliers often question MSIs' relevance to their own realities, which further fuels disengagement.

### ♣ Lack of equity leads to burnout and then disengagement

Structural inequity means that a very small group of suppliers are heavily engaged in MSI activities. Once inside of MSIs, suppliers encounter implicit bias and rules and norms that favor certain stakeholders with more resources, namely brands and retailers. Because such a small group is tapped again and again—and encounters of bias are not rare—burnout and loss of faith in the process appear to be high, particularly among suppliers who have been heavily engaged since the early years of MSI development. The impact of burnout ranges from suppliers who have resigned from their roles within MSIs, carrying deep resentments with them (especially when they've encountered racism and implicit bias), to those who are still involved but privately questioning the process and function of the organizations. It's the obligation of the MSIs to resolve tensions fairly. There's an indication this isn't happening.

### ♣ Disengagement exacerbates broken solutions

Once suppliers are disengaged, it becomes increasingly impossible to develop sustainability strategies that reflect the collective or create shared or equitable outcomes, and the cycle continues.

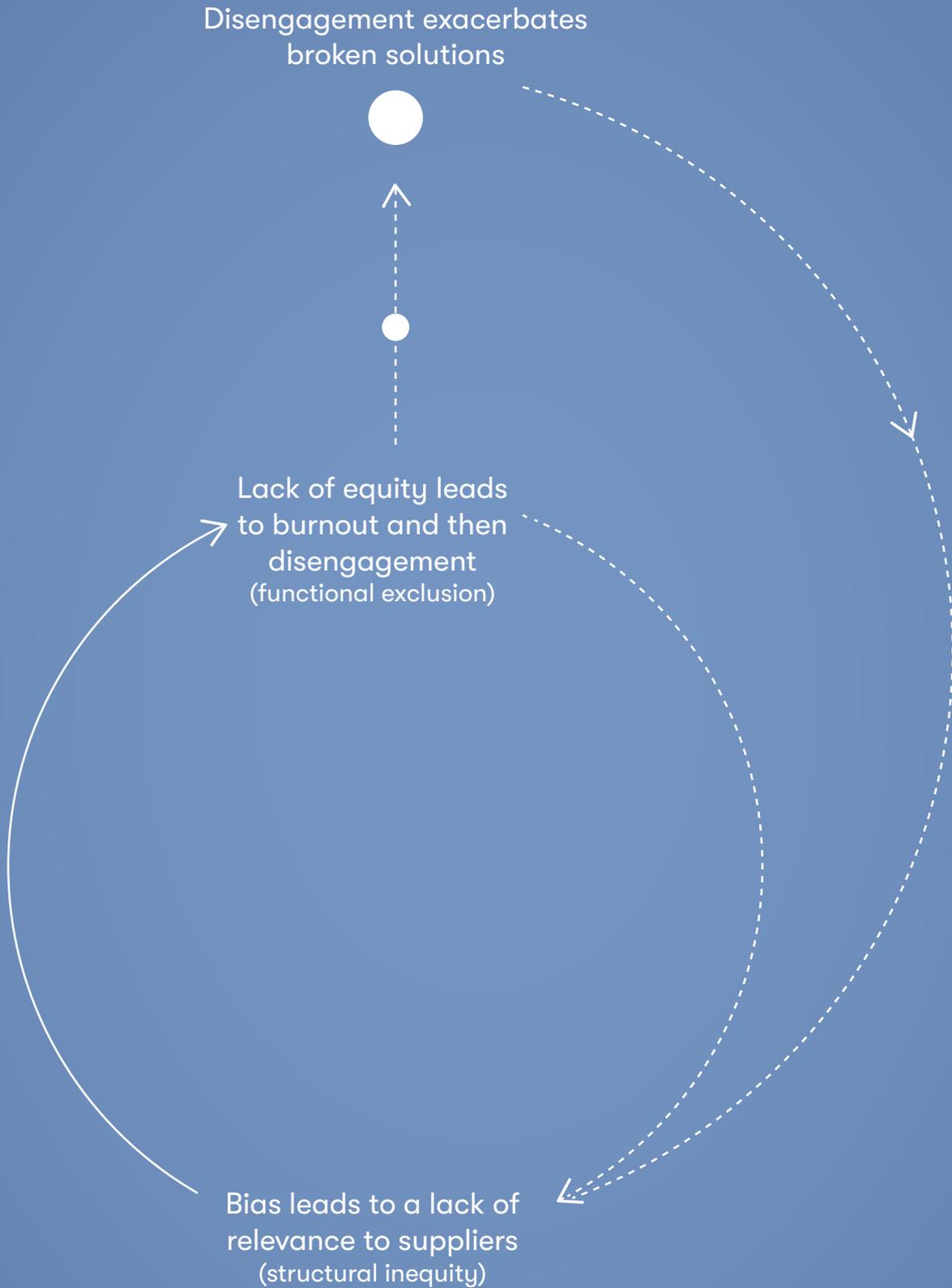


Diagram 3. The cycle of disengagement, burnout and broken solutions within MSIs

A Call for Fair Process:

**Strengthening Supplier  
Inclusion and Engagement  
to Drive *Collective Action*  
Within MSIs**

Throughout this report, we've highlighted that multi-stakeholder initiatives (MSIs) have the potential to drive the collective achievement of ambitious sustainability goals in the fashion industry. MSIs can accomplish this by leveraging consensus-based and inclusive decision-making processes that draw on the diverse skills, knowledge, and interests of all stakeholders. However, the exclusion of suppliers identified in our research hinders these initiatives' effectiveness and is a major reason why they often fall short of their stated missions.

*We must strive for better. Accepting the status quo is not an option. This report, along with the testimonies presented, offers a glimpse of the transformative power of amplifying supplier voices and participation within MSIs. It's a call to action: by valuing and including suppliers, we can energize these initiatives and drive real progress.*

A particularly encouraging finding from our research is the significant evolution of MSIs over time and the ways they have transformed since their inception. Cascale is now under new leadership and strategic direction, SLCP has transitioned into an independent foundation<sup>156</sup>, and Organic Exchange, initially focused on organic farming, has broadened its mission to become Textile Exchange, covering various fiber categories. Meanwhile, ZDHC has grown into a true multi-stakeholder group with revamped governance structures. This adaptability and ongoing evolution highlight one of the key strengths of the multi-stakeholder model.

*Building on this adaptability, we propose applying the organizational management theory of fair process as a framework to transform MSIs and enhance stakeholder engagement.* According to the recent work by Ilishio Lovejoy, who examined fair process within fashion MSIs like Cascale, this approach offers a way to evaluate and mitigate the tensions within these initiatives. Fair process emphasizes transparent, consensus-based rule-making and unbiased decision-making—critical components for achieving genuine consensus and industry-wide buy-in. By adopting this framework, MSIs can better align their actions with their missions, fostering more inclusive and effective stakeholder collaboration.

## 5.1

# Fair process as a tool to strengthen inclusivity and impact

Fair process is an organizational management theory that emphasizes fairness in the process of making and executing decisions.<sup>157, 158, 159</sup>

Developed by W. Chan Kim and Renée Mauborgne, professors at INSEAD and the co-creators of the Blue Ocean Strategy, a marketing strategy, the theory emphasizes that individuals are more likely to trust and commit to decisions and strategies when the processes behind those decisions are perceived as fair. What's more, fair process recognizes that organizational success is not solely determined by the quality of decisions but also by how those decisions are made and implemented.

Fair process was first adapted by *Ilishio Lovejoy* for the MSI context.<sup>160</sup> Our research reiterates Lovejoy's own findings that distrust and a sense of injustice within MSIs can cause suppliers to further withdraw from organizations' activities.

## 5.2

# Adapting the fair process model for MSIs

Traditionally, fair process theory has been used within individual organizations, such as corporations and businesses. Lovejoy was the first to extend this theory to MSIs.<sup>161</sup> In addition to adapting her framework for analyzing exclusion throughout the paper, we also propose that MSIs implement Lovejoy’s evolution of fair process principles listed below as a means to improve supplier engagement and MSI outcomes. These three principles, as she concludes, have the potential to improve the performance of MSIs, by leading to increased buy-in and value proposition for all members and increased motivation to participate.<sup>162</sup>

Acknowledgment and reduction of bias

Equitable engagement and decision-making

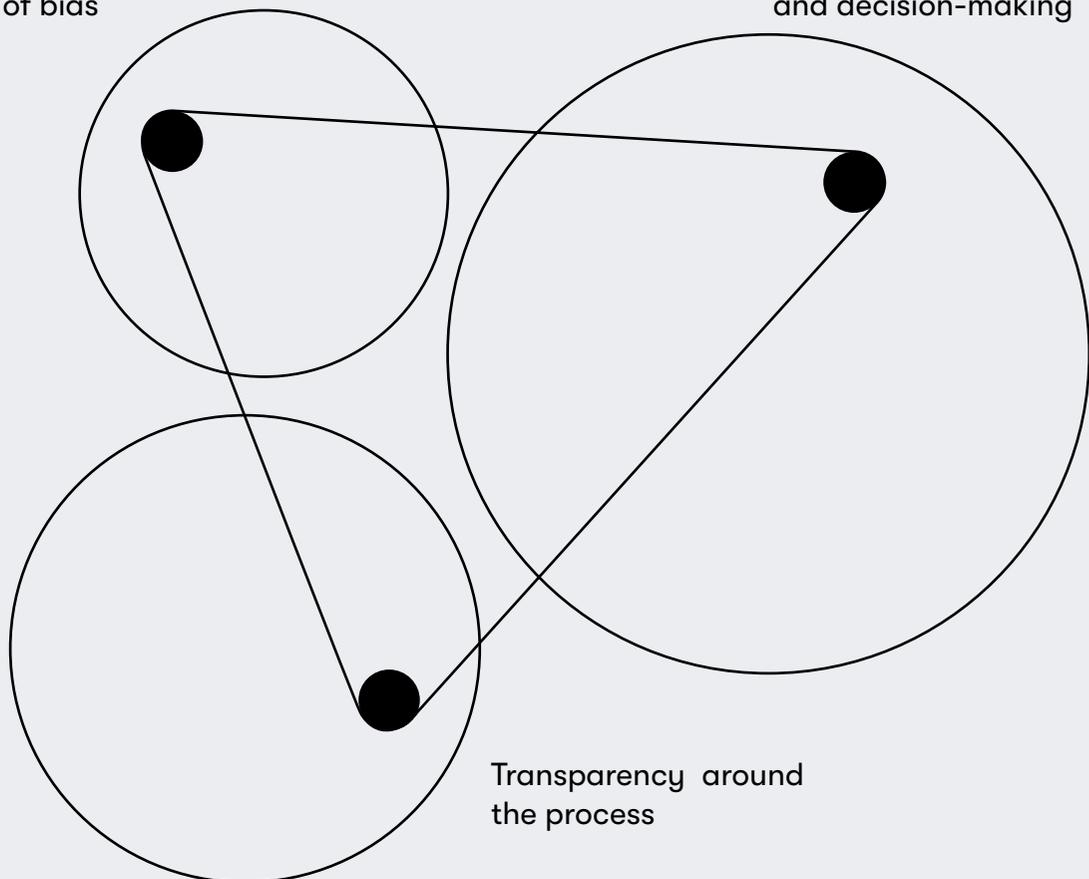


Diagram 4. The Fair Process Model For MSIs

## *The three principles of fair process in an MSI context:*

### **Acknowledgment and reduction of bias<sup>163</sup>:**

As mentioned, suppliers often experience overlapping forms of bias based on factors such as race, geography, and their position in the business model. **Instead of MSIs positioning themselves as inclusive, a first step might include acknowledging and working to reduce bias.** Non-biased decision-making involves participants' perceptions of justice within a process.<sup>164, 165</sup>

- *Do they feel they are being treated fairly in relation to others?*
- *Are they being unfairly treated because of their background, ethnicity, native language, gender or position in the supply chain?*

This is an important point for fashion MSIs, as extreme structural and historical inequality in the industry seeps into all aspects of these organizations.

### **Equitable engagement and decision-making:**

We aren't just calling for suppliers to feel included. They must also have a meaningful voice in decision-making. Applying Lovejoy's recommendations, we advocate equitable engagement and decision-making.<sup>166</sup> **Equitable engagement would mean not just giving suppliers a "seat at the table" but addressing the power differentials and barriers they face to engagement.** We advocate, in line with Lovejoy's findings, for a move beyond equal partnership to equitable partnership in decision-making. Inclusion is about shared power, meaning suppliers shouldn't just have a seat at the table but should be able to co-create solutions and drive strategy.

### **Transparency around the process:**

Fair process stipulates that transparency is critical to building buy-in and trust around solutions. Even if a solution or outcome is "good," if participants feel shut out of the process, they are far less likely to support it.<sup>167</sup> In line with Lovejoy's findings, **we advocate for clear rules and reporting concerning who makes decisions, how members can and cannot influence decisions, clear communication of final decisions, and how and why decisions were reached.**

From theory to practice: :

# **A Step-By-Step Guide To** *Fair Process For MSIs*

Below, we lay out suggestions for how  
MSIs might implement each principle



# Acknowledgment and reduction of bias

## • *Step 1: Acknowledge inequity and its impact on the way that MSIs currently function head-on.*

Instead of MSIs positioning themselves as already inclusive, a first step might include acknowledging that structural inequity negatively impacts MSI outcomes and limits supplier engagement. It could also include acknowledging that while MSIs did not cause structural inequity, existing rules and norms still favor large brands and retailers, disadvantage suppliers (and likely other key stakeholders), reinforcing inequities.

## • *Step 2: Acknowledge and work towards reducing bias.*

Addressing bias requires both an open heart and an open mind. During the feedback process for this report, we, at times, encountered deep-rooted fragility—including defensiveness, denial, anger, and guilt in response to our findings. We suggest that these reactions stem in part from the systemic advantages and comforts of privilege. Acknowledging that supplier perspectives matter does not mean that other perspectives do not matter, rather, it emphasizes the specific ways in which structural and historical inequity make it harder for supplier perspectives to be heard, understood, and ultimately included.

Working to reduce bias could involve hiring more staff with supply chain expertise and collaborating with suppliers to develop bias training for MSI staff. Such training would help staff understand why suppliers often view MSI governance as favoring large brands and retailers rather than serving the common good and why even well-intended supplier engagement efforts can sometimes further alienate suppliers.

## • *Step 3: Commit to remediation and safe spaces.*

There should also be a process of remediation when members act in a biased way (or members feel they're the victims of bias) and a commitment to protect people who speak out against these dynamics.

## • *Step 4. Work with suppliers to launch a dialogue and a plan.*

Our report has just scratched the surface of supplier experiences within MSIs. Rather than be too prescriptive, we suggest that MSIs work with suppliers to launch dialogues and conversations for members and signatories to continue to discuss these tensions as well as how to effectively acknowledge and reduce bias—and devise solutions. This could be done via writing, meetings, and one-on-one conversations and should be done on an ongoing basis to monitor progress.

# Equitable engagement and decision-making principle

## • *Step 1: Take steps to amplify supplier voices within decision-making processes.*

Though this certainly includes increasing member or signatory representation from the supply chain, it is also much broader. For example, MSIs could better support suppliers in sharing their input and experiences. This could include facilitating connections among suppliers, enabling them to collectively amplify shared viewpoints, and supporting initiatives that promote thought leadership from the supply chain on sustainability issues. By investing in the infrastructure needed for these efforts, MSIs can help consolidate and amplify supplier voices more effectively.

Recognizing that standards and assessments often place a heavy burden on suppliers, MSIs should prioritize initiatives that alleviate this pressure—such as supporting the alignment of standards and requiring brands to eliminate their proprietary standards. This would reduce compliance demands on suppliers, allowing them to redirect resources toward co-created solutions.

Additionally, MSIs could collaborate with existing supplier members and signatories to develop a stronger value proposition aimed at attracting more manufacturers to participate as members or signatories.

## • *Step 2: Take steps to design and prototype inclusive decision-making processes and ways of working.*

Work with suppliers to redesign the rules, norms, and functional ways of operating to ensure suppliers, alongside other stakeholders, have meaningful influence over outcomes such as programs, tools, strategies, standards, frameworks, and beyond. This could include, but is not limited to, developing case studies and prototyping governance ideas. In feedback for this report, a representative of SLCP shared that they have experimented with practices such as 'reverse role playing', clear definitions of terms like 'consensus', and clear rules of engagement that form the starting point for any working group meeting. They also shared that they have sought to minimize punitive approaches by brands through clauses in their Terms of Use and SLCP Signatory Charter. Though more work remains to be done, we share these examples as a practical starting point for what this experimentation could look like.

## • *Step 3: Be open to truly different outcomes.*

MSIs must also be open to supplier inclusivity changing the core strategies and visions of their organizations, acknowledging that this is likely necessary to reach our collective goals.

# Transparency around the process

## • *Step 1: Publicly disclose how decision-making works*

We advocate for transparent rules and reporting on decision-making processes, including who makes decisions, how members can influence those decisions, how final decisions are communicated, and the rationale behind them. We urge MSIs to disclose the specific changes and interventions they are implementing and outline how they will monitor and measure progress against these efforts.

Furthermore, MSIs should collaborate with each other to share best practices and develop a unified approach to governance, drawing lessons from organizations like ISEAL. In our feedback process, some organizations felt they were already transparent about these issues, so perhaps there is also an opportunity to better communicate these efforts.

## • *Step 2: Implement new feedback and self-assessment models.*

Adopting a fair process model should empower suppliers to transition from passive implementers to active shapers of sustainability, leading to more effective solutions.

We recommend that MSIs collaborate with suppliers to establish regular feedback mechanisms that inform broader MSI management systems. These mechanisms should evaluate whether fair process efforts are delivering the intended outcomes.

This could involve monitoring suppliers' perceptions—do they feel engaged as co-creators? It could also encompass discussions about suitable indicators to measure how resource constraints and cultural differences are being managed. Additionally, MSIs could develop indicators to assess the representation of supply chain voices relative to Global North voices on staff, boards, and membership. Finally, there should be indicators on how biases, racism, and other forms of prejudice are addressed, including the effectiveness of remediation and accountability processes.

## • *Step 3: Publicly report progress.*

Publicly disclose the changes you are making in an effort to adopt a fair process, and the results of your monitoring.

# How other stakeholders can be effective allies

## *Suppliers*

- We do not wish to downplay the structural barriers that contribute to supplier exclusion. However, suppliers play a crucial role in advocating for their position as co-creators of sustainability, rather than mere implementers. This shift requires vulnerability and more informal, human-to-human conversations between suppliers and brands and retailers, focusing on shared goals rather than company roles.
- Suppliers should also proactively seek to understand their customers' objectives so that they can proactively propose meaningful ways to achieve those objectives.

## *Brands*

- Brands and retailers should use their power and relatively larger voice within MSIs to advocate for more manufacturer inclusion—and for MSIs to genuinely reflect suppliers' voices.
- Brands and retailers should support convergence and drop proprietary standards, tools, frameworks, and other de facto standards.
- Brands and retailers need to genuinely engage suppliers as partners and co-creators of strategies and programs to transform fashion. Practically, this means involving suppliers in defining how to achieve objectives rather than deciding unilaterally and imposing solutions. It also calls for vulnerability and informal, human-centered conversations that focus on shared goals beyond just company roles.
- Brands need to support their suppliers through more equitable risk-sharing and investment. This may require rethinking sourcing practices - not out of benevolence - but because there is a shift in how self-interest is understood: in the face of the climate crisis, the collective's interest is a brand and retailer's self-interest. This, in turn, may require engagement with investors.

# How other stakeholders can be effective allies

## *Legislators*

- Legislators and activist organizations need to be aware that MSIs may not be representative of the entire industry and that primary stakeholders may not be effectively engaged. Legislative bodies should critically assess the representativeness of MSIs—when you engage MSIs, be sure to ask who does this organization really represent? In engagement with MSIs, push to ensure all voices are heard.
- Legislators should commit to inclusive principles in the lawmaking process and advocate for legislation that addresses inequities within the value chain.
- Push for reforms. Demand transparency and more thorough and effective stakeholder engagement within MSIs. Legislators should require MSIs to publicly disclose their stakeholder engagement processes, including who is involved and how decisions are made.

## *Academia:*

- Conduct further research on MSIs, fair process, and geographic inequalities, focusing on power imbalances and meaningful engagement. Academic institutions should prioritize studies that explore the dynamics of power within MSIs in sectors like fashion (where inequity is entrenched and severe) and how these impact stakeholder participation and decision-making.

## *Advocates*

- Advocate for MSI reform and transparency, including regarding supplier engagement. Activist groups should campaign for MSIs to adopt more inclusive and transparent practices, holding them accountable for their engagement strategies.
- Create platforms for public scrutiny and dialogue where stakeholders can share their experiences and hold MSIs accountable for their actions.



In conclusion, for MSIs to drive genuine progress in the fashion industry, they must transform their approach to supplier inclusion.

Addressing structural and functional biases requires acknowledging the deep-rooted inequalities and making concerted efforts to level the playing field. Fair process theory provides a valuable framework, advocating for non-biased decision-making, engagement of all affected parties, and transparent processes. By incorporating these principles, MSIs can harness the collective power of diverse stakeholders, ensuring that sustainability strategies are effective and equitable. This transformation is not just beneficial—it is essential for achieving a truly sustainable fashion industry that works for everyone involved.

More specifically, it is important to recognize that those within the supply chain have a voice. Although the sector is beginning to confront race-based privilege and colonial power dynamics, this remains a challenging process. Our research highlights that MSIs recognize the need for inclusivity and are actively exploring new management approaches to improve outcomes. Many are undergoing significant transformation, with organizations like Cascale, ZDHC, Textile Exchange, and SLCP rethinking their strategies, leadership, and structural frameworks. These changes present a crucial opportunity for MSIs to evolve and become more inclusive, especially as regulatory pressures around sustainability and human rights intensify.

Suppliers are also getting more organized and conscious of their voices—and some are optimistic about feeling heard.

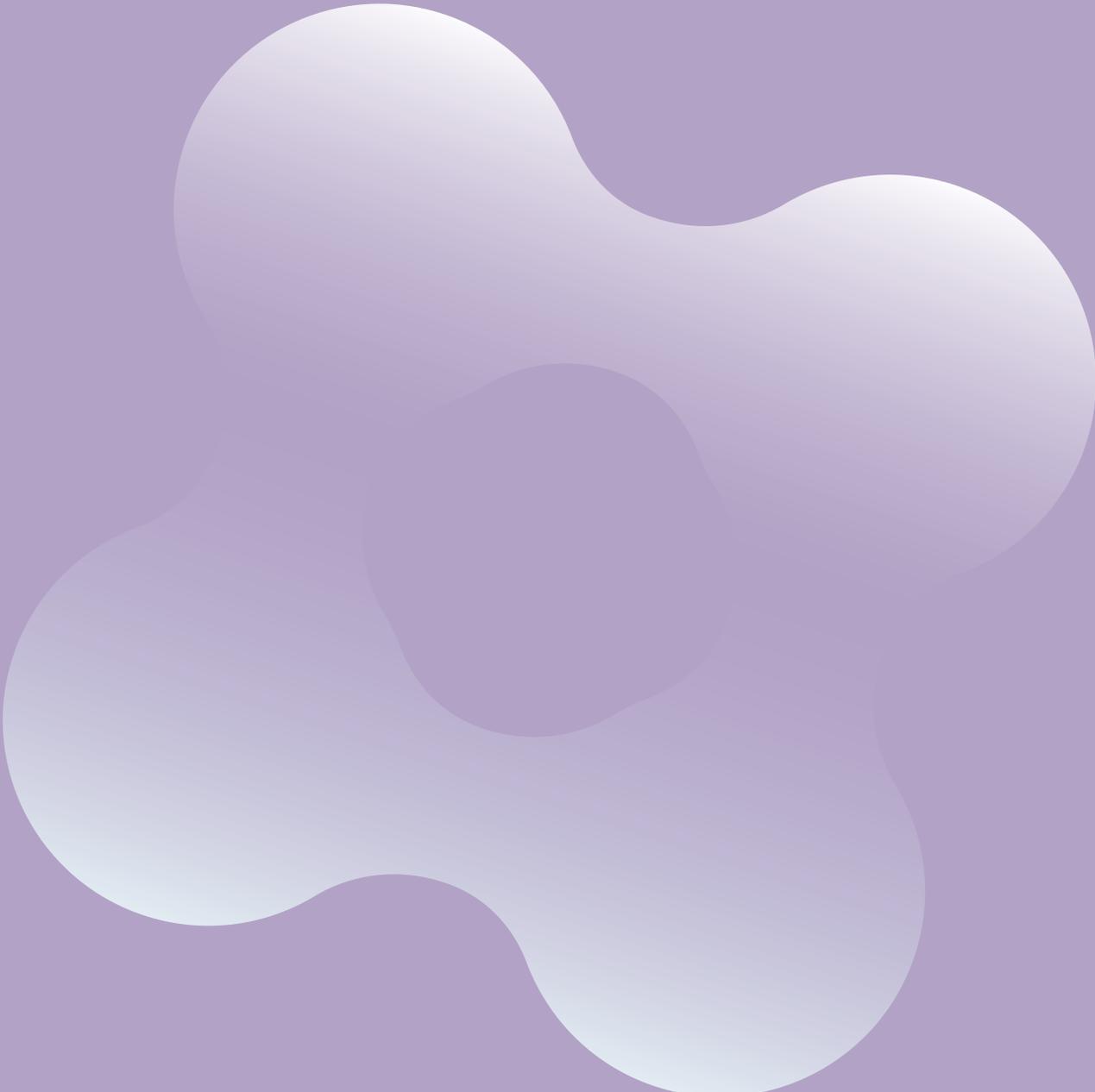
The potential transformation of MSIs represents more than just a change in rules and governance; it could challenge the business models underpinning the fashion industry, redefining how we structure supply chains and conceive sustainability.

 As one supplier noted, *“We may be entering a historical phase... driven by newfound collaboration within the industry... with the same goal.”*

 Another supplier said, *“This is actually not the battle between the brand and the suppliers. This is the battle between the whole [value] chain versus the world. How the world is going to view our act of humanity and our act of doing good and paying the price.”*

The evolution of MSIs could pave the way for a more inclusive, equitable, and sustainable fashion industry where all stakeholders’ voices are heard and integrated into the path forward.

# **MSIs** *Responses*



At Cascale, we extend our thanks to all organizations who engage with us in understanding and addressing the industry's critical challenges. We are grateful for the opportunity to engage with reports, like this one, which raise important perspectives and spark crucial conversations, pushing all of us to work harder toward a more sustainable, equitable future. While no single organization has all the answers, such insights are invaluable as we navigate complex issues together.

We acknowledge concerns about fair process and equitable representation across our diverse membership. As with most MSIs, Cascale strives to balance the needs and voices of a diverse range of stakeholders - from large to small companies, manufacturers, brands, and NGOs. More recently, this need has become more acute, as we recognize the growing sense of a lack of effective engagement and representation from the manufacturing community, particularly in the Global South. We recognize that our engagement efforts have not always been as effective as they could be. We are committed to doing better and, over the last year, have taken concrete steps to do so.

Our recent Annual Meeting reflected this ongoing work, and included many honest and open conversations and perspectives. The event featured manufacturer keynotes, Ilishio Lovejoy's important research on fair process, and a panel discussion on improving equity to drive climate action, moderated by the Transformers Foundation. These moments underscore our commitment to elevating underrepresented voices and ensuring that equity is at the heart of our mission. We will continue to foster these courageous conversations and take meaningful action based on the insights learned.

However, it is crucial to note that Cascale is a non-commercial, nonprofit organization. We are a multi-stakeholder initiative established to serve the entire value chain, fostering equity and accessibility for all. Any revenue generated for Cascale by the Higg Index tools is reinvested 100 percent into our work to reduce environmental impacts and increase social justice. Resources are targeted to improving the industry's sustainability performance and driving meaningful change.

The Higg Index tools are constantly evolving, with input from suppliers, manufacturers, brands, retailers, and non-corporate members and external stakeholders. In fact, the 2023 Higg FEM update incorporated input from over 140 representatives across Member Expert Teams, including 62 from manufacturers — the largest representation from any stakeholder group. This kind of collaboration reflects the shared ownership of the tools we champion.

We are confident that the progress we're making to evolve our governance framework and restructure membership operations will ensure suppliers and manufacturers have a stronger voice in our processes. Our newly implemented member management model is designed to elevate supplier input and inclusion. This restructuring is a work in progress, not the final solution, and we are committed to evolving these efforts in collaboration with our members.

We also recognize that this is part of a longer journey. We hope to continue engaging with independent researcher Ilishio Lovejoy; we began engaging with her over a year ago and her research has been instrumental in shaping our approach to fair process and governance. Our focus remains on creating a system where every stakeholder, from the smallest to the largest, has a say in how the industry moves forward.

Moving ahead, we remain open to feedback and committed to refining our approach. Cascale's work will continue to evolve, and we invite all members and partners to engage with us in this shared effort to create a more equitable, transparent, and sustainable future for our industry."

## Responses — SLCP

Compliments to Transformers Foundation for putting this important topic on the agenda.

At SLCP, we acknowledge that structural inequity and (brand) bias limits supplier engagement, which is a barrier to achieving our mission.

The case study in the report clearly shows the struggles, but also the learnings and progress SLCP has made since the early days. We have further developed our governance, staff sensitivity and principle of facility ownership to address supplier inclusivity. Some of these efforts have been more successful than others. We want to continue improving in this domain and In fact, a more 'manufacturer-centred' approach is one of the focus areas for 2025.

Therefore the report is timely. We welcome the structured analysis in the report and appreciate the step-by-step guide to fair process for MSIs. It provides a good

reference for us on where we've made progress (e.g. transparency, facility ownership, governance) and where we have opportunities to improve (e.g. mitigation strategies to reduce bias, openness to different outcomes).

We would like to invite Transformers Foundation to support us in the implementation of these guidelines. This could take different forms, but ideally would include joint conversations with the Board and leadership team, following which we can identify and implement additional recommendations and joint activities.

Audit fatigue has been a burden for suppliers for decades. Reducing the duplications in social audits is at the heart of our Program and the reason for creating and deploying the Converged Assessment Framework (CAF). Collecting and sharing data can only happen in the context of a trusted relationship between brands and suppliers. We are very aware of the unequal power dynamics and 'supply chain resilience' is a corner stone of our 2024-2028 strategy. This means that collecting and sharing data is not a one-way street: Credible and actionable data can enable change, but good purchasing practises are a precondition for structural improvement of working conditions. SLCP is aware it cannot work in isolation and therefore our collaborations with organizations like BBI, Fair Wear, IAF & ITMF are key.

We are proud of the achievements we've made on reducing audit fatigue. We've mapped progress and challenges, and publicly reported. Our most recent Impact Report demonstrates the fast growing uptake of the CAF (13,000 facilities in 52 countries) and benefits for the supply chain (26 M USD unlocked for improvements & supplier testimonials) in only 5 years of operation. It also reveals the challenges ahead of us, particularly where upcoming legislative requirements with added demand for good supply chain data risks triggering a new wave of social audit duplications. For the sake of the workers and the industry, we need to streamline more and faster. A more supplier-inclusive approach is essential to this and SLCP is committed to be at the fore front of that journey.

Responses

# Textile Exchange

Textile Exchange welcomes the insights gained from suppliers on their experiences within the spaces aimed at solving challenges facing the full sector; it's something that's crucial for the goals we're aiming for.

We are committed to continuous improvement in the way we invite, create space for, and follow the leadership of those that are the most active at Tier 4. Specifically, this involves active engagement with suppliers on the ground, adapting to local and time-tested methods already used by those stakeholders: industry associations, community groups, and more. Textile Exchange is currently implementing organizational shifts that further looks at how decisions can be more transparent and inclusive of stakeholder voices, both in setting the direction of travel, but also in implementation. This includes defining preferred production systems, setting industry targets, finalizing and revising the standards system, and access to knowledge sharing and peer learning platforms, and more.



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