Innovation Forum
events and insight for sustainability

Sustainable apparel and textiles – business brief

Innovation Forum insights and the trends to watch

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Insights from Amsterdam

Apparel's ambition-to-alignment shift

By Amy Nguyen

Climate realities manifesting as extreme heat, calls for inclusive social dialogue and challenges regarding alignment on sustainability strategies punctuated conversations at the 2026 Sustainable Apparel and Textiles Conference in Amsterdam

In 2025, industry leaders gathered in Amsterdam against a backdrop of global trade wars, discussing how to sustain momentum on environmental and social priorities with tightening budgets. In 2026, those pressures have intensified. We're no longer just looking at trade wars but actual war, with events in the Middle East raising fundamental questions regarding energy security amidst attempts to continue with respective decarbonisation trajectories.

As brands, manufacturers, policymakers, NGOs, researchers and innovators huddled to dissect themes related to regulation and reporting, rebalancing power dynamics in the supply chain, circular business models and climate adaptation and mitigation, it was clear the question has shifted from what to do and which technical solutions to target, towards how to execute strategies in a way that secures internal buy in from senior decision makers.

Risk of inaction

At a time when investment should be ramping up, frustrations around securing C-suite buy-in were evident. A pulse check from the audience revealed that the biggest misunderstandings finance teams have regarding the work around sustainability initiatives are that there is no return on investment (ROI), that it is expensive and that short-term financial performance remains a priority.

These tensions were highlighted in sessions. CFOs are tasked with managing cash flow, margins and inventory risk. These are all pressures that can crowd out investment in initiatives where returns might be delayed, payback periods are longer or harder to quantify, especially in the case of social ROI.

Attendees pointed to the need to "find allies" within organisations, especially when sustainability might not be a core part of the business model, highlighting tactics such as building coalitions across commercial and operational teams to make the case for investment in a way that resonates with financial departments.

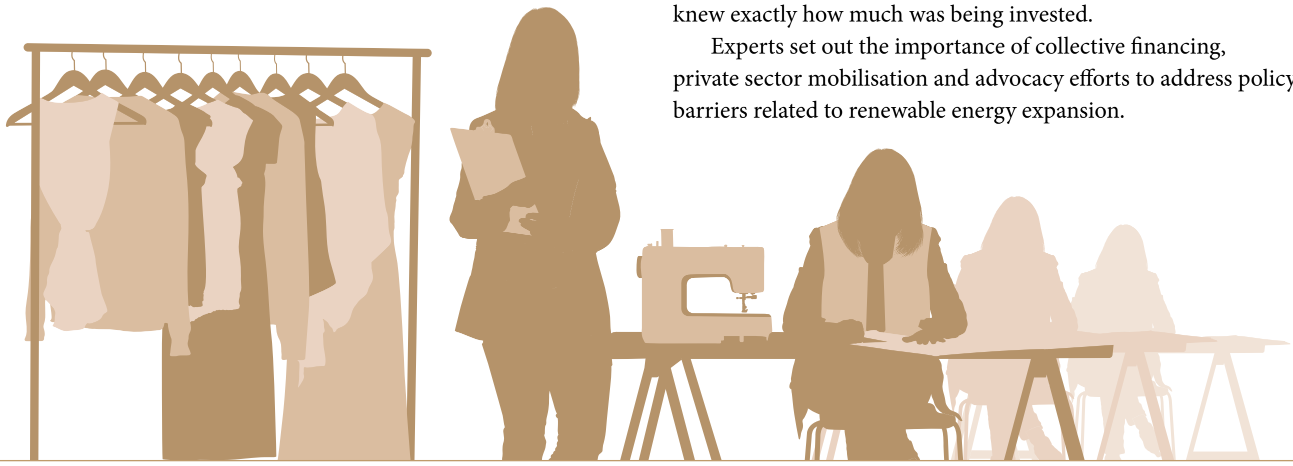
Rather than asking whether sustainability delivers return on investment, companies should be asking what the risk of inaction will be, whether that is through supply chain disruption, regulatory exposure or loss of customer trust, all mounting towards the heightened possibility of profit erosion.

Climate reality

Discussions on financing decarbonisation were notably grounded in the lived impacts of climate disruption. Participants pointed to rising temperatures of 50C in manufacturing regions, alongside warnings of a super El Niño event that could further intensify extreme weather patterns. Physical climate risks are becoming difficult to ignore.

Yet, whilst many in the room said they have decarbonisation strategies, net zero or scope 3 targets in place, fewer relayed they were directly financing supplier decarbonisation, and, of those, even fewer knew exactly how much was being invested.

Experts set out the importance of collective financing, private sector mobilisation and advocacy efforts to address policy barriers related to renewable energy expansion.



Centring workers' rights amidst the energy transition remains a key question

Slido poll question: What is most misunderstood by your finance department regarding your sustainability initiatives?

This and the other word cloud graphics in this briefing were generated at our Amsterdam and New York events by polling delegates during conference sessions

Discussions also reviewed what makes decarbonisation projects truly bankable for SME manufacturers who have limited resources to finance loans required for capex investment in infrastructure.

Centring workers' rights amidst the energy transition remains a key question. Insights from manufacturers highlighted trade-offs seen on the factory floors. For instance, retrofitting facilities with cooling systems will be necessary to maintain safe temperatures for workers, but, as a result, the impact of mass air conditioning installation could wipe out carbon reduction gains.
This was referred to by one participant as a "ticking carbon bomb", who also questioned how to move forward when facing infrastructure constraints, such as a weak energy grid in countries such as Bangladesh.

Companies shared their approach to targeting heat stress, including on-the-ground impact assessments. But one participant questioned, how much more time will be spent on audits and assessments before action is taken? "What is our threshold?" they asked, raising the uncomfortable prospect that it may take mass casualties to trigger meaningful change. The responsibility for climate adaptation as well as decarbonisation strategies must no longer be pushed downstream to supply partners least able to absorb it, many agreed.

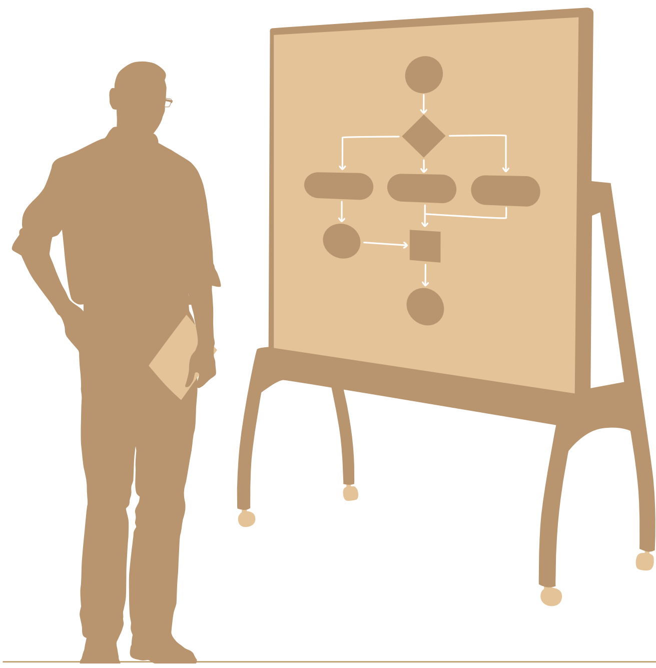
Confronting power imbalances

In Amsterdam, there was a more critical examination of what collaboration means, particularly when it comes to fair purchasing practices.

It was shared that, for many manufacturers, the experience of collaboration still falls short. They described ongoing pressures around cost, margin and compliance, alongside audit fatigue and limited access to the teams making decisions. Sustainability initiatives, they said, are often designed without sufficient input from those responsible for implementing them.

One participant went further, calling for a higher level of worker representation at industry events, arguing that "purchasing practices are colonial", a stark characterisation that reflects the persistent imbalance in power and value distribution across global supply chains. Suppliers are expected to invest, improve transparency and absorb risk, while continuing to operate on thin margins with limited visibility on future orders.

Equally, the cost of time in reporting on the impact of energy-efficient machinery significantly dwarfs the time spent on maintaining it, as raised by one expert, highlighting the unintended consequences of reporting to brands on mandated environmental targets.



Sustainability initiatives are often designed without sufficient input from those responsible for implementing them

Slido poll question: What do brands not understand about supplier reality?

The transition to a circular economy must also be inclusive, with constant social dialogue with workers, experts argued. This came to fruition regarding the well-being of waste pickers. The handling of materials is largely carried out by informal workers, yet they are rarely part of the system's design. If circular models are to be credible, they must improve livelihoods, through better working conditions, income, skills and social protection, while addressing the stigma faced by many of these workers.

Is legislation moving the needle?

From CSRD to EPR, DPP and ESPR, participants shared their own experiences in navigating the regulatory landscape. In 2025 there was anxiety around the lack of clarity regarding what the Omnibus package would entail. In 2026, companies shared how they are working with technical solution providers to get their ducks in a row, debating when exactly the data is good enough to work with in line with reporting requirements.

Honest anecdotes were shared about how regulation is both increasing pressure on companies to act to help secure buy-in at the executive level and send signals to investors, whilst also how companies are navigating data fatigue and data blind spots. And, how companies no longer in scope of regulations such as CSRD are trying to maintain momentum within their organisation for sustainability initiatives.

As one discussion put it, the biggest limitation to scale is not ambition, but the ability to build "solid foundations" of reliable data.

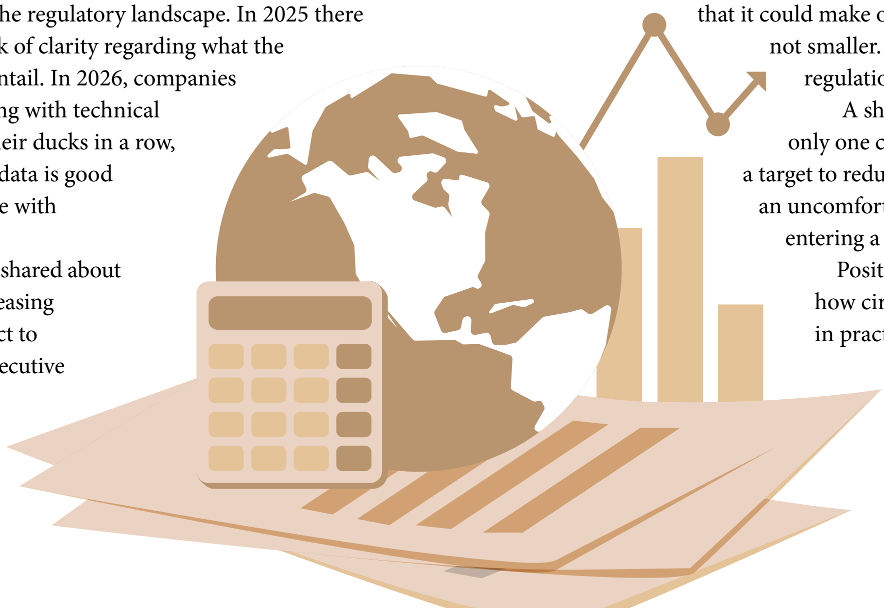
Can circularity fix overproduction?

The imperative to move from linear to circular systems was coincidentally coupled with an overflowing textile recycling bin situated on the road outside the conference venue. Can circularity fix overproduction?

Over half of the participants remained sceptical, under the rationale that it could make overproduction cleaner, but not smaller. Whilst some argued that with regulation, yes, it could.

A show of hands revealed that only one company present had set a target to reduce production volumes, an uncomfortable signal in an industry entering a period of finite resources.

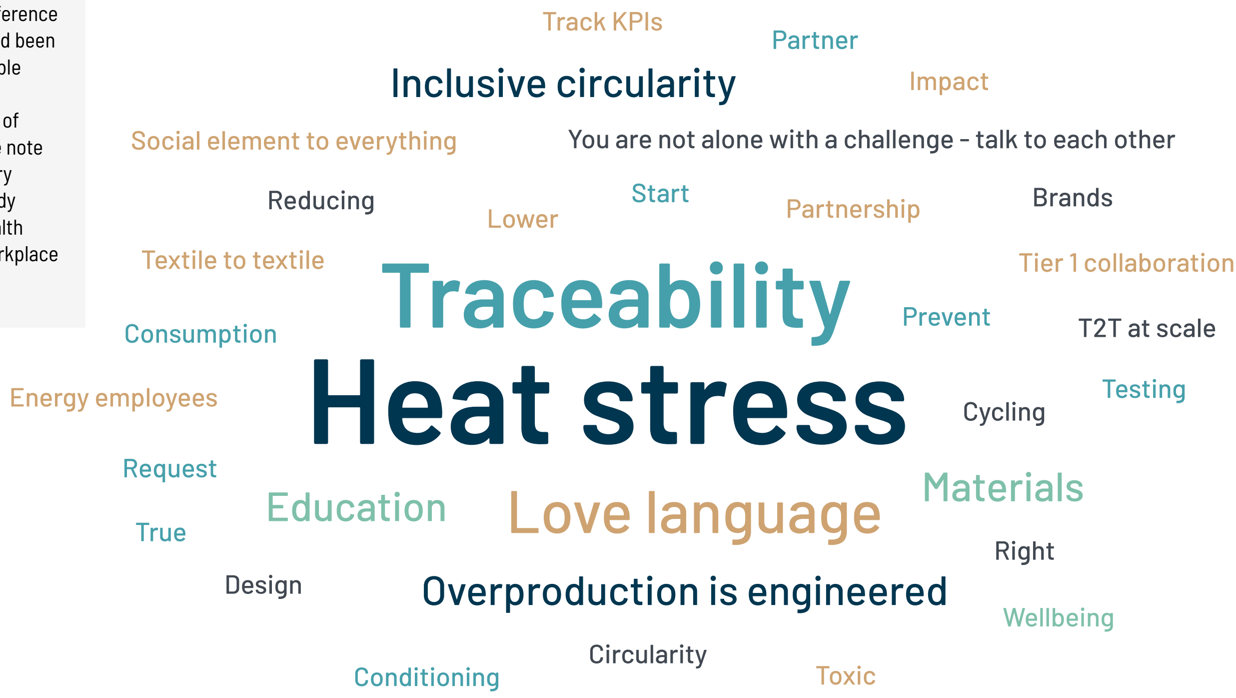
Positive showcases were made of how circular initiatives can work in practice, from commercialising repairs to subscription services and the expansion of textile waste recovery to reimagine materials and reduce reliance on virgin fibres.



The biggest limitation to scale is not ambition, but the ability to build "solid foundations" of reliable data

Slido poll question: What has been your "lightbulb moment" from the conference?

We asked the conference delegates what had been the most memorable moment for them from the two days of discussion. Please note that we'd had a very powerful case study on the serious health impact of high workplace temperatures.



But, it was also clear that brands face pressure to demonstrate that these initiatives do not cannibalise sales.

Each year, the conversation regarding textile-to-textile recycling evolves. Where formerly it had been regarding how to make it work, now, with the expansion of infrastructure and recycling hubs in regions such as Vietnam, brands are actively incorporating T2T fibres into their material strategies, with quantifiable time-bound targets. The parameters for success are now becoming clearer as infrastructure scales. For instance, collaborative discussions regarding offtake agreements and ensuring that high enough volumes of post-industrial waste exist.

A critical takeaway was that Europe plays an important role in signalling demand in the future and stimulating players in Asia to ramp up capacities, as the T2T industry faces challenges regarding feedstock preparation.

One expert considered that there is a need to harmonise circularity strategies with broader decarbonisation strategies and teams must find synergies between what takes place upstream and downstream to ensure it does not negatively impact a company's whole sustainability strategy. ■

There is a need to harmonise circularity strategies with broader decarbonisation strategies

Insights from New York

What buyers should learn from their suppliers

Mobeen Chughtai, group head of ESG and corporate communications at Soorty Enterprises, discussed key takeaways from the Sustainable Apparel and Textiles Forum in New York with Innovation Forum's portfolio lead for apparel and textiles Niamh Campbell.

They emphasised the need for better collaboration between suppliers and brands, noting the complexity introduced by consumer preferences and regulatory legislation. They also highlighted the confusion and ambiguity in compliance and sustainability standards, which often contradict and burden suppliers.

Mobeen criticised the top-down approach of brands, which fails to consider local expertise and context. He also pointed out the disparity in reporting requirements, where brands often demand more from suppliers than they provide.

For the full interview, scan the QR code or click here.

Key conference takeaways

- The necessity for suppliers and brands to collaborate effectively.
- Increased complexity in supplier-brand relationships due to consumer preferences and regulatory legislation.
- Confusion among suppliers, brands, regulators, and stakeholders regarding the clarity of new legislations.
- This confusion impacts the bottom line and the need for clearer guidelines.

Legislation challenges

- Sector companies have to deal with different legislation in different geographical regions.
- Suppliers therefore have to expand their compliance and sustainability teams.
- Top-down guidance provided by brands often doesn't align with local contexts.
- Mobeen commented that suppliers from Pakistan often "suffer in silence" due to language barriers and lack of clarity.

Supplier compliance vs sustainability

- Mobeen explained the distinction between compliance and sustainability – often defined by buyers.
- He highlighted the increasing pressure on suppliers to meet sustainability targets, often without proper support or co-funding.
- Suppliers in Pakistan are in some cases calculating and submitting carbon inventories in advance of their brand customers.
- There is a lack of recognition for suppliers' efforts and the need for more collaborative approaches.

Standardisation solutions

- Concluding their conversation, Niamh and Mobeen discussed the standardisation of sustainability programmes and their impact on local expertise.
- Mobeen pointed out the gap between the complexity of industrial emissions calculation and the basic training provided to suppliers.
- He suggests that standardised programmes often fail to consider local contexts and specificities.

Slido poll question: What's the one question you need answered at this event?

We asked the delegates at the opening of the conference what they most wanted to hear about over the two days.

Insights from New York

What did our conference attendees take away?

To wrap up the New York Sustainable Apparel and Textiles Forum, delegates were invited to take part in a series of roundtable discussions around the themes of labour justice and visibility, climate progress, materials and circularity. Here are the headline conclusions from each conversation

Labour justice and visibility

Corporate accountability: How do we make worker rights a business norm, not a compliance exercise?

- Business decisions — order size, timing, system changes — have direct consequences on workers and factory conditions.
- Accountability means understanding the total cost of responsible production, not just reporting on it.
- Brands need to move beyond compliance frameworks and build worker welfare into how decisions are made at every level.

Human rights due diligence in shifting supply chains: What does protecting workers look like as sourcing decisions change?

- There is no one-size-fits-all solution when sourcing decisions change — context is everything.
- Protecting workers requires open, qualitative conversations with suppliers and workers.
- Worker voices are still absent from industry forums, and that structural gap needs to close.
- Long term supplier relationships, even in fast fashion, are both achievable and essential to sustaining progress.

Climate progress

SBTi implementation: How do we navigate SBTi services and integrate FLAG into our inventories?

- Methodologies such as the change of landuse FLAG approach offer a conservative but useful starting point.
- Traceability is the critical lever for decarbonising at the raw material level, and FLAG work is best integrated into existing traceability initiatives (not a separate effort).
- Many apparel companies, after proper estimation, may not need to set a FLAG target – but doing the analytical work to find out is still necessary.

Shared purchasing power agreements: How can collective action unlock renewable energy investment in supply chains?

- The core barrier to renewable energy adoption in supply chains is the mismatch between long contract horizons (10-20 years) and the short-term nature of most brand-supplier commitments. This creates disproportionate risk for small and medium manufacturers in sourcing regions.
- Brands forming consortia to aggregate demand, share risk and secure more flexible off-take agreements is a viable and underexplored path forwards.

Slido poll question: What was the answer to the question you came with?

At the end of the conference we asked delegates about the solutions they had heard to the questions they wanted answered.

Materials

Certified materials and AI: How far has the industry come on automating test certificate management?

- The bottleneck in test certificate management isn't the absence of AI – it's fragmented manual processes and systems that do not talk to each other.
- The industry needs a better system design that reflects how businesses operate.
- Equally important is cross-functional ownership: chain of custody is a partnership across sourcing, production and compliance, and progress stalls when any of these teams is not engaged and accountable

Fibre shedding: Until data sets improve, what assumptions should guide material choices?

- All fibres shed, and microplastic and microfibres pollution is already at levels significant enough to impact human health and ecosystem function.
- While the science continues to develop, brands don't need perfect data to act — reducing intrinsic shed rates and investing in capture and filtration at mill and consumer stages are available levers now.
- Material and process choices made today will shape environmental impact for years, so waiting is not a neutral decision.

Circularity

T2T feedstock: How does "design for disassembly" work in practice?

- "Design for disassembly" is the wrong frame — circularity strategy needs to be grounded in your specific product, customer, and brand.
- Cotton and polyester require fundamentally different end-of-life strategies: cotton retains highest value in its original form, while polyester has more viable channels to near-virgin quality.
- Simple, consistent design decisions (eg mono-material trims on cotton products) would improve recyclability without major reinvention.
- Leadership turnover and shifting internal priorities remain structural barriers to sustained progress.

What's coming up?

The themes to watch

The apparel and textiles sector is by its very nature fast-moving and creative. But what are emerging as the key focus areas? Innovation Forum's apparel sector portfolio lead Niamh Campbell outlines what to look out for

1 | Sustainability and business-as-usual incompatibility

Business-as-usual remains the biggest roadblock to action at scale. Short-termism, growth KPIs, competition and cost externalisation keep market systems structured against first movers, and framing change as a moral imperative or premium driver hasn't been successful.

Sustainability language needs translating out of its own dialect. Net zero, double materiality and workers' rights don't land with boards distracted by tariffs and trade wars. Reframed as transition risk, physical risk, liability risk and market opportunity, the same substance competes properly for attention.

The business case for a diverse range of sustainability initiatives rests on six elements, each carrying both risk and crucially opportunity:

- Market forces, regulation and compliance costs
- Operational disruption (extreme weather, social unrest)
- Stranded assets
- Business models and propositions
- Brand and reputation
- Employee engagement

The assumption that business-as-usual guarantees success will begin to break down as the climate crisis increases market volatility and worker insecurity. Some boards are already making this shift; those that follow their lead and recognise the need for leadership buy-in will be best placed to adapt.

To watch over the next year: evolving governance structures, and a shift towards distributed accountability across procurement, finance and operations rather than one office or singular figurehead as CSO carrying it all.

Further resources:

- Fashion CFO Agenda 2026
- State of the Sustainability Profession – Trellis Group
- How to build a winning sustainability team – Vogue Business
- Apparel Impact Institute's report on the climate risks from the cost of inaction

2 | Brand-supplier risk transfer

A historical power imbalance runs through the brand-supplier relationship, in funds and in knowledge sharing. Supplier knowledge, and genuine involvement in decision-making from the start, remains underutilised, though a handful of long-term brand-supplier partnerships are beginning to demonstrate what shared investment and joint planning can achieve.

The volatility present in global supply chains since the covid-19 pandemic has demoted sustainability in the sourcing strategy for many brands, all while sustainability expectations carry higher cost: time, data and operational burden, most acutely in what's required to prove compliance. There's a lack of interoperability in data, disclosure and certifications, often multiplying effort and cost, and suppliers are absorbing most of this without financial support.

Long-term commitments and responsible commercial practice can shift this balance. Brands and suppliers are both competitive businesses with margins to protect, but by developing responsible purchasing practices, distributing risk for new investments fairly and valuing suppliers as co-creators in climate transitions, roadmaps can be more achievable and reduce friction.

Increasing consolidation and working collectives, both within supplier groups and across tiers, will drive efficiency gains and allow new innovations to deliver the scale required.

To watch over the next year: new factory-level finance entering the space, including fund manager SIMA's decarbonisation of textile, apparel and footwear suppliers fund (DTAFS) and the Good Fashion Fund, to help bridge this gap.

Further resources:

- Cascale's Better Buying reports
- Fashion Producer Collective's Bang for Buck Decarbonisation
- Vogue Business' What could better brand-supplier relationships look like?

3 | Worker-centric approaches

Due diligence legislation is tightening, with the EU's Forced Labour ban and CSDDD (watered down, but still a step towards greater accountability). But regulation is too slow for new threats making risk harder to fully assess. For instance, heat stress and recruitment risks for migrant workers are both likely to be intensified by the climate crisis.

When assessing changing risks, a distinctly gendered lens must be taken. Women are overrepresented in the lowest tiers of the workforce whilst tending to balance a larger burden of domestic duties. Any policies and programmes must be mindful of the demands on women workers on and off the factory floor.

Purchasing practices have direct impacts on workers' livelihoods and safety. Real links need to be made between brand decisions and worker outcomes, which means collaboration between internal purchasing teams and external suppliers when it comes to payment terms, lead times and pricing to avoid overtime and subcontracting to unregulated facilities.

Audits aren't doing enough (and many would argue a broken tool) as they remain fragmented and under-utilised. Instead, holistic HRDD (human rights due diligence) approaches built on localised consultation are gaining real traction as an alternative, with a growing number of brands piloting worker-representative engagement from the start rather than as an afterthought.

Effective remediation isn't always cutting off suppliers at the first sign of bad practice. Corrective action plans that protect workers and sustain improvement serve the industry better than disengagement.

To watch over the next year: how climate-adaptive guidelines from AAFA, Accord and Fair Labor Association develop and are implemented, as stronger el niño phenomenon is projected to amplify climate crisis impacts through 2026 and 2027.

Further resources:

- Harvard Business Review's Case study: A key supplier failed a labor audit. Now what?
- ERM Insight on the EU Forced Labour Regulation
- Business and Human Rights Centre's Beyond Social Auditing
- Cornell ILR School's Higher Ground reports

4 | Oversupply and circular consumption

The waste crisis is increasingly acknowledged, by brands cutting down overstock and by regulators implementing the EU's Eco-design for sustainable products regulation (ESPR) which includes bans on destroying unsold stock and volume disclosure rules. Progress remains too slow though and while growing 'algorithmic fast fashion' models theoretically reduce oversupply, end-of-life waste keeps climbing.

Secondhand has grown sharply, offering a genuine route to decoupling growth from virgin production, a trajectory that demonstrates the potential for business model innovation. But poor garment quality limits how long items stay in circulation, and secondhand's rise risks being used to justify continued primary production, both under ESPR and in consumer mindset.

Circular materials and downcycling into feedstock have moved past the pilot phase, a genuine shift from novelty to mainstream sourcing conversation. But infrastructure has not yet caught up with ambition in the manufacturing hubs, and the economic value attached to recycled feedstock remains too low to incentivise scaling the systems required.

An Inclusive circular approach is essential in all strategies, one that keeps workers and their perspectives central. This is particularly true for sortation systems which are a skilling opportunity as much as an infrastructure one.

The underlying tension is consumer value and volumes: balancing affordability, aesthetics, durability (physical and emotional), and finding what will incentivise people to invest in higher quality clothing that they keep for longer.

To watch over the next year: how the ESPR ban plays out in practice, and its knock-on effect on procurement practices and the business case for circular programmes.

Further resources:

- Ellen MacArthur Foundation's report on policy levers to scale resale and repair
- ThreadUp's 2026 Resale Market and Consumer Trend Report
- IFC's report on scaling circularity in Morocco's textile industry
- H&M Foundation's article on inclusive circularity
- Guardian article on secondhand fashion
- Apparel Insider's Textile Recycling Infrastructure Global Report

5 | Reporting and data requirements

Incoming regulation is pushing scrutiny down to product level. Digital product passport preparation places growing emphasis on production transparency (delegated act scheduled for mid-2027, with 18 months to comply), while extended producer responsibility will be live across all EU member states by 2028 and in California under SB707 by 2030. Supplier onboarding and data gaps beyond tier 1 remain major unresolved challenges.

Compliance and certifications are complicated by a lack of interoperability between standards and data sets. The resulting data volume and complex verification chains consumes time and resources for all stakeholders, contributing to burnout among sustainability practitioners and crowding out capacity for genuine innovation and impact programmes.

Data, when high quality and used properly, is a powerful support for sustainability teams to make internal cases and communicate credibly to consumers, but it depends on internal data capability: management systems and tools that can turn reporting from a compliance exercise into something other departments can mobilise.

Annual reporting is fragmenting. Some companies are pausing public updates, others publishing for the first time, others shifting towards board-level double-materiality disclosure. This divergence is raising real questions about what reporting and transparency are actually for, and how ownership of that role sits alongside existing sustainability functions.

To watch over the next year: the uptake of AI in data validation and emissions modelling, and whether it can turn reports and data collection from a compliance burden into interdepartmental collaboration.

Further resources:

- Cascale's policy deep dive into EPR and expanding demand for data, traceability and interoperability
- Nobody's Child DPP Playbook
- Transformers Foundation's The End of Fiction report into fibre traceability's failures
- WRAP's What can global EPR Schemes teach the textiles sector

Get involved in 2027

Participants who joined us in 2026 left energised by the discussions:

"This was one of the best sustainable fashion conferences I've had the privilege of attending, even if I couldn't report about any of it due to the Chatham House rule. The agenda was on point, the conversation honest but respectful, and the flow of the sessions was managed and flexible at the same time. No fluff, no fat, just the raw truth about what truly matters – which is what all conferences should aspire to."

– Jasmin Malik Chua, labour and climate editor, Sourcing Journal

"The IF conference has really become a meeting point for the textiles and apparel industry that attracts all kinds of important stakeholders. Not only are the discussions honest and engaging, bringing up the hard conversations, but we are also having a lot of fun during breaks and in the evening. I'm full of energy after these days and inspired to accelerate some things in our value chain."

– Anna-Karin Dahlberg, chief sustainability officer, Lindex

Here's what's ahead in 2027.

Amsterdam, 21–22 April

As EU regulation implementation starts to reshape teams and actions, we'll dive into how industry leaders are using new reporting and data collection standards to drive real impact, HRDD, business model innovation, and market advantage.

New York, 23–24 June

Amid continued high pressure on budgets and teams, the conversation continues on embedding sustainability, delivering value, and understanding shifting consumer behaviour.

Hong Kong, November

Building on the discussion between Mobeen Chughtai and Niamh Campbell on the challenges suppliers face, our inaugural Asia event takes a manufacturer-led approach: sourcing directors and manufacturers working through what resilience looks like on the ground. **Join the interest list** to hear first.

» For further details, visit our apparel and textiles page or reach out to portfolio lead Niamh Campbell.