



Business & Human Rights
Resource Centre

The missing thread

Workers absent from fashion companies' climate plans



Photo by ILO

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Executive summary

Extreme heat, flash floods and other consequences of the climate crisis increasingly dominate headlines – and the daily lives of workers in key international apparel production hubs across South and South-East Asia. At the same time, the fashion industry is on course to account for [more than a quarter](#) of the world's total greenhouse gas emissions by 2050. This requires urgent action on behalf of global fashion brands, which are uniquely placed to play a leading role in arresting emissions and driving an industry transformation built on clean energy.

But a just transition for the industry demands that apparel brands reduce emissions while embracing an additional opportunity: building shared prosperity with workers. If brands drive the transition with the current conditions of supply chain inequality baked in, it will only perpetuate the unjust and self-defeating power divides that are a key feature of current apparel production models. It will also miss a crucial opportunity to build more resilient supply chains built on partnership between business and workers in an increasingly volatile global landscape.

Critically, the fashion industry has begun the journey towards climate mitigation and adaptation, with many of the world's largest apparel and footwear companies setting commitments to decarbonise their operations and supply chains. But research from the Business and Human Rights Resource Centre (“the Resource Centre”) has found that the factory workers on whom the industry rests are almost entirely missing from these commitments. Quite simply, companies are missing the vital building block of worker engagement and social dialogue needed to address climate change while centring the decent work agenda. This can only be guaranteed with commitments to **rebalancing power relations within supply chains, creating better working conditions, and committing to fair negotiations as part of a just transition package.**

“Our faces may be covered, but our voices should be heard!”

Garment factory worker, Bangladesh

Alongside a review of the social and environmental policies of the top 65 fashion companies by market capitalisation, this report weaves throughout the often-missing thread of the experiences and expertise of workers and trade unions along apparel supply chains, who were presented with the key findings on fashion brand policies in a series of workshops held in Bangladesh and Cambodia. Importantly, findings show that while more than half of the 65 brands covered in this report have made **commitments to reduce supply chain emissions** by 2030, **not a single target** is framed around decarbonising while engaging with or mitigating the impact on workers. **No company** has a standalone just transition policy and of the **seven companies** with the most ambitious climate targets, **only one – Inditex** – has a public climate transition plan which mentions workers (Capri, Hugo Boss, LPP, Primark, Asics and H&M do not).

And testimony from apparel workers demonstrates that these policy gaps do indeed matter. Workers in Bangladesh, for example, recognised the benefits of decarbonised factories, but called for them to be “*certified green [only] if they are also green for workers.*” This reflects concerns about what rapid decarbonisation means for wages, working conditions and health and safety – including heat stress – and where worker needs and interests are considered to be separate from climate mitigation efforts.

FASHION COMPANIES COVERED IN THIS REPORT, BY MARKET CAPITALISATION* (IN US BILLION \$)

Amazon.com Inc	2076.13
Walmart Inc.	393.26
LVMH Moët Hennessy Louis Vuitton SE	166.95
The TJX Companies Inc.	135.07
Nike Inc.	89.71
Industria de Diseño Textil SA (Inditex)	69.33
Hermès International SCA	61.93
Fast Retailing Co. Ltd.	54.54
Lululemon Athletica Inc.	40.45
Adidas AG	40.43
Deckers Outdoor Corp.	30.88
Kering SA	17.18
Tapestry Inc.	14.99
ANTA Sports Products Ltd.	14.40
Dick's Sporting Goods Inc.	12.49
Asics Corp.	12.28
Next plc	11.83
Moncler SpA	11.69
Ralph Lauren Corp.	9.23
Primark	8.88
Skechers U.S.A. Inc.	8.66
VF Corp.	7.87
Zalando	7.66
Hennes & Mauritz AB (H&M)	7.18
Gildan Activewear Inc.	6.96
Shenzhou International Group Holdings Ltd.	6.32
Gap Inc.	5.75
PVH Corp.	5.59
Burberry Group plc	5.35
LPP Spolka Akcyjna	5.18
Capri Holdings Ltd. (previously Michael Kors)	5.16
Li Ning Co. Ltd.	4.87

Against this backdrop, it is clear that the apparel industry still has significant ground to cover in developing plans for a worker-centred transition. Nevertheless, examples of better practice when it comes to policy framing are emerging.

➔ Both Inditex and Levi's have integrated worker and decarbonisation/climate strategies. **Inditex** explicitly links its "Workers at the Centre" strategy and its climate transition plan and **Levi's** includes "worker well-being and equity" as a cornerstone of its climate transition plan.

➔ **adidas**, **Levi's**, **Nike** and **Next** have published policy documents which set out detailed guidelines for suppliers on heat stress in factories – either as a standalone document (**Next**), within a supplier code of conduct (**Levi's**), incorporated into broader supplier guidance (**adidas**) or guidance on implementing a code of conduct (**Nike**). These documents provide an important, and rare, acknowledgment by companies that the growing impacts of climate change are a critical occupational health and safety issue.

This evidence from key international – and profitable – apparel brands demonstrates that better practice is well within reach. It must now become the rule and not the exception. It also suggests that the days of fashion brands assessing risks from the single perspective of their bottom line are quickly passing, as regulation mandating human rights due diligence increasingly insists. Robust supply chains in the context of massive geopolitical, economic and social change around the world demand robust workforces producing in decent conditions, for decent wages.

Macy's Inc.	4.67
Puma SE	4.62
Ryohin Keikaku Co. Ltd.	4.62
Aritzia, Inc.	4.41
Prada SpA	3.97
JD Sports Fashion plc	3.46
Eclat Textile Corp. Ltd.	3.38
American Eagle Outfitters Inc.	2.89
Feng Tay Enterprises Co. Ltd.	2.85
Hanesbrands Inc.	2.84
Youngor Group Co. Ltd.	2.84
Woolworths Holdings Ltd.	2.76
Pou Chen Corp.	2.75
Shimamura Co. Ltd.	2.55
Columbia Sportswear Co.	2.31
Mr Price Group Ltd.	2.29
Hugo Boss AG	2.05
Lojas Renner SA	2.05
Carter's Inc.	1.89
Foot Locker Inc.	1.82
ABC-Mart Inc.	1.78
The Foschini Group Ltd.	1.69
Levi Strauss & Co.	1.63
Under Armour Inc.	1.56
Kohl's Corp.	1.52
Page Industries Ltd.	1.50
Arezzo Industria e Comercio SA	0.78
Aditya Birla Fashion & Retail Ltd.	0.65
Canada Goose Holdings Inc.	0.55
Salvatore Ferragamo SpA	0.32
ASOS Plc	0.27
boohoo group Plc	0.27
Trent Ltd.	0.23

*market capitalisation data from 13/05/2025

Summary of key findings

- ➔ **The concept of the just transition is not yet widely understood or adopted by fashion brands.** Brands are neither utilising the term “just transition” to speak about their climate commitments, nor developing just transition implementation plans.
- ➔ **Fashion brands' climate targets imply bold and rapid shifts – but workers and their representatives are nowhere to be seen.** Brands' commitment to decarbonise rapidly is welcome, but this fast transition requires partnership with workers and trade unions in industry climate planning to avoid workers bearing the full costs of the transition, and brands losing public trust.
- ➔ **Freedom of association to drive fair and sustainable supply chains is essential to ensuring a just transition.** Brands' paper commitments to freedom of association are failing to translate into their climate transition plans. This omission by brands and their suppliers to actively support freedom of association and fair negotiations along supply chains risks missing the opportunity to build a refreshed industry based on shared prosperity.
- ➔ **Urgent action and resource allocation by brands can help ensure that suppliers and workers do not bear the cost of decarbonisation.** Brands have yet to commit the requisite resources and support to help suppliers meet their new targets while ensuring decent work.

Summary of recommendations to fashion brands

- ➔ **Build just transition framing into the design of climate plans and their implementation.** Develop clear just transition strategies to deliver shared prosperity throughout the supply chain and refresh the company's suite of social and environmental policies to reflect the realities of the climate emergency and its impact on rightsholders.
- ➔ **Name and centre workers and their representatives as critical stakeholders to drive a just transition within operations and supply chains.** This should include:
 - ➔ Utilising leverage to assertively encourage and strengthen freedom of association in supplier factories to support social dialogue on the just transition.
 - ➔ Setting out and implementing policies for trade union engagement and partnership on the just transition. Trade unions must be included as a critical rightsholder group in brands' stakeholder mapping and brands should engage directly with trade unions in relation to the shift towards green factories, decarbonisation initiatives, worker health and safety and the implications of this for delivering decent work.
- ➔ **Provide support through a range of means to suppliers to meet decarbonisation requirements and ensure that purchasing practices support suppliers to develop fair and green production.** Brands must support suppliers to switch to renewable energy and improve energy efficiency, including through direct investment and fair and sustainable purchasing practices.

For a full list of recommendations to fashion brands, suppliers, investors and governments, see [page 30](#).

How this research was conducted

The findings of this report are based on:

- ➔ **Review of company policies and reporting.** Conducted between August 2024 and April 2025, the review assessed the English-language environmental and social policy documents and other publicly available information of the world's 65 largest apparel and footwear companies (by market capitalisation – see full list on [page 4](#)). Companies were given the opportunity to respond to interim findings and provide additional information and policy documents.
- ➔ **Keyword search of company websites.** A keyword search across companies' full websites was conducted in December 2024 (with data checked in February 2025) to gather a broad understanding of key terminology related to the just transition used by companies in their communications to consumers and other stakeholders.
- ➔ **Focus group discussions.** These were held with workers and trade union leaders, NGOs, industry and government stakeholders, and environmental and labour experts in Bangladesh and Cambodia in December 2024 and March 2025 respectively. Interim findings from the desk-based research were presented to supply chain workers in these countries as key strategic sourcing locations to ascertain whether companies' policies and reporting reflect workers' experience, and to understand gaps in companies' just transition agendas in relation to worker inclusion and outcomes.

The Resource Centre was supported in this work by Karmojibi Nari (KN) and Bangladesh Centre for Worker Solidarity (BCWS) in Bangladesh, and Cambodian Alliance of Trade Unions (CATU), Independent Trade Union Federation (INTUFE), Collective Union of Movement of Workers (CUMW), Coalition of Cambodian Apparel Workers Democratic Unions (CCAWDU), Cambodian Labour Confederation (CLC), Cambodia Federation of Independent Trade Unions (CFITU) and CENTRAL in Cambodia.



A “just transition” for the fashion industry: What it means and why it matters

Effective due diligence in the apparel and footwear sector must start with a policy framework based on the interrelation of two critical supply chain risks: climate change mitigation and adaptation on the one hand, and workers’ rights and livelihoods on the other. As such, this report takes analysis of company policies as a starting point, supported by engagement with workers to understand how (and whether) these policies are put into practice at factory level. While environmental and social risks manifest themselves along the whole value chain, from the sourcing of raw materials to retail in key markets, it is at factory production level that some of the highest risks converge, with companies’ greatest visibility and leverage within the supply chain offering a significant opportunity for change.

The key production bases of the world’s biggest fashion brands [overlap significantly](#) with the regions of the world most vulnerable to the impacts of climate change – particularly Asia, which accounts for [more than 50%](#) of total global garment production. Workers on production lines in Asia therefore face both the direct impacts of the climate emergency, and significant risk to their livelihoods if the industry decarbonises while ignoring its responsibility to [support decent work](#). Given the [threats to stable production](#) from climate events such as flooding and heatwaves, it is vital for business to work in partnership with workers and their representatives to build resilient supply chains.

The “just transition” offers a powerful framework for the transformation of the industry’s current model, tackling its harms to both people and the planet and offering an opportunity to prioritise shared prosperity as a hallmark of the industry in future.

Origins of the just transition and its framework in international standards

Emerging from the labour movement in the 1980s, the concept of the just transition outlines how climate action and the clean energy transition must be fair and inclusive, ensuring that workers, communities and other vulnerable groups are not left behind or disadvantaged by necessary industrial transformation.

The just transition in international negotiations, agreements and standards

- ➔ The **2015 Paris Agreement** signed at COP21 recognised the just transition and subsequent COP agreements have built on this starting point.
- ➔ COP27 in 2022 saw the introduction of the **Just Transition Work Programme**, [emphasising social dialogue and social protection](#) and the importance of involving workers and trade unions in the transition process.
- ➔ The ILO's 2016 [guidelines for a just transition](#) established a policy framework and practical tool for the transition to low carbon economies, which explicitly highlights the essential integration of decent work into decarbonisation processes.
- ➔ This framework is further supported by European Union instruments, including the **Corporate Sustainability Reporting Directive** (CSRD), which requires companies to set out climate transition plans and take a “double materiality” approach, considering both the material risk to the company posed by environmental and social issues and, crucially, the company's own contribution throughout its value chain to people and the environment.



Freedom of association and the just transition

A transition which does not involve social dialogue and collective bargaining with workers – represented by the structures mandated to represent them in international law and standards, namely independent, democratic trade unions – cannot be just. From protecting workers from the health and safety impacts of climate change, such as extreme heat in factories, to training and reskilling workers in new methods and materials as part of the shift to a “circular economy”, this engagement is central to achieving fair outcomes.

Research from Cambodia, for example, has found that non-unionised garment workers spend [50% more time](#) working at unsafe core body temperatures than unionised workers, while widespread union busting is [making it harder](#) for workers to demand that their employers install effective cooling systems in factories. Engagement by fashion companies and their suppliers with trade unions and good faith negotiation are cornerstones of responsible business and meaningful due diligence, and thus essential to ensuring a just transition.

Decarbonisation is workers' business

Climate adaptation and mitigation call for a wholesale transformation of the fashion industry. The vast inequality of power within apparel and footwear supply chains, as well as historical precedent, from the COVID-19 pandemic to the US government's proposed tariffs on garment-producing countries, indicate profound risk for workers from this industry transformation. But there are opportunities too, if the industry chooses to take them – for a just transition based on shared prosperity, due diligence and fair negotiations, driving better conditions for workers instead of passing all the costs of decarbonisation onto them. The table below provides an overview of some of the risks, as well as opportunities, for workers at factory level.



Photo by [ILO](#)

RISKS AND OPPORTUNITIES OF DECARBONISATION FOR READY MADE GARMENT (RMG) WORKERS



Shifts in sourcing patterns

- ▶ Supply chain consolidation
- ▶ Supply chain diversification
- ▶ “Agile” supply chains
- ▶ Nearshoring/reshoring

- ▶ Unpredictability for supplier workforce planning
- ▶ Increase in precarious/“flexible” work and contracts
- ▶ Unpaid or forced overtime to make up for staffing shortfalls
- ▶ Mass job losses

- ▶ Supporting workers to reskill/upskill to within and beyond apparel and footwear sector
- ▶ Job substitution (e.g. sewing jobs “nearshored” but replaced by new types of work in current sourcing locations)
- ▶ Building long term partnerships with strategic suppliers to support investments in decent work, including secure contracts and a living wage (in the case of supply chain consolidation)



Automation and introduction of new technologies/machinery

- ▶ Mass job losses
- ▶ Changing profile of workforce (e.g. higher skill level required, gender profile)
- ▶ Changing shift patterns
- ▶ Inadequate/underfunded training opportunities
- ▶ Unequal access to training opportunities
- ▶ Workers not sharing in productivity gains from machines (e.g. through reduced workloads and higher wages)

- ▶ Supporting workers to reskill/upskill
- ▶ Workers sharing in productivity gains of new machinery (e.g. through reduced overtime, higher wages, bonuses)
- ▶ New job opportunities at higher skill and pay level



Energy efficiency and shift to renewable energy at factory level

- ▶ Lack of financing increasing financial burden on suppliers – risking reduced wages, worsened conditions and lack of investment in Occupational Safety & Health (OSH)
- ▶ Potential change in shift patterns, such as requirements to work overnight

- ▶ Factories built/refurbished to support worker wellbeing as well as “green” objectives
- ▶ A holistic approach is taken to greening factories, which incorporates support for decent work



Circular economy

- ▶ Reducing production
- ▶ Reducing waste
- ▶ Renewable/recycled materials

- ▶ Unequal or lack of access to necessary training opportunities
- ▶ Job losses due to lower production demand, skills gaps and automation

- ▶ Supporting workers to reskill/upskill
- ▶ Creation of new job opportunities in the circular economy
- ▶ Integration of informal workers (such as waste pickers) into the formal economy, offering job security and higher wages

Spotlight on Bangladesh and Cambodia

As two key countries in the world's primary garment production regions of South and South-east Asia, Cambodia and Bangladesh offer powerful lessons in how brands' decarbonisation and climate adaptation plans are affecting workers. Despite often repressive environments for labour rights, both nonetheless have [legal frameworks](#) that provide for the right to freedom of association and a robust trade union infrastructure. They are also [highly vulnerable to climate change](#) and rely heavily on export-oriented garment manufacturing to support their national economies. The findings of this report are based on engagement with workers and their representatives in these two countries, alongside the desk-based policy review. Resulting recommendations for brands, governments and suppliers were developed in collaboration with them.

Feeling the heat: The impact of climate change for garment workers in Bangladesh and Cambodia

Workers interviewed by the Resource Centre shared how climate change is already affecting them:

- ➔ **Severe health and safety impacts from heat and flooding:** In Bangladesh, workers have felt the impact of [increasing heat](#) in recent years, reporting fainting, [itching skin conditions](#) and an [increase in diseases such as typhoid and dengue](#) as evidence of the severe health impacts of workplace heat. In Cambodia too, workers are suffering in the heat, with factory temperatures reportedly rising as high as 39°C during a 2022 heatwave. The impacts for workers range from exhaustion, meaning lower productivity and wages, to [mass fainting events](#). Workers in Cambodia also highlighted the impact of flooding linked to climate change, citing health and safety concerns such as electric shocks, and the hazard of slippery floors for pregnant workers in particular.

“We feel our bodies burning in the heatwave... it's like steam, it's like boiling.”

Factory worker, Cambodia

- ➔ **Reduced incomes:** The heat affects workers' productivity and makes it harder to meet targets, which results in reduced wages. Workers have also lost wages due to the suspension of operations following flooding.
- ➔ **Lack of mitigation measures:** Workers reported that a lack of heat mitigation measures in their factories, such as fans, ventilation and even drinking water, compounds the impacts of rising temperatures. In Bangladesh, some employers reportedly provide [jugs of saline solution](#) on very hot days, but this is not seen as an adequate or sustainable solution. In the absence of effective measures from employers, workers' already low incomes are squeezed even further by having to fund their own heat mitigation strategies, such as fans.
- ➔ **Heat stress beyond the factory door:** The impact of heat in the workplace is further compounded by heat in workers' homes, for which workers say they are often unable to afford sustainable cooling solutions. In Cambodia, workers also reported increased incidence of domestic violence (as well as labour disputes) linked to heat stress.

Joining the dots between decarbonisation and decent work: Key findings



The concept of the just transition is not yet widely understood or adopted by fashion brands

“The just transition process has to be a worker-centred process.”

Trade union representative, Cambodia

What are brands saying?

How fashion brands talk about the climate emergency matters, because it indicates not only how they understand the unprecedented challenges and opportunities faced by the sector but also, importantly, how they perceive and are reflecting the aspirations, concerns and priorities of consumers, investors, civil society and other stakeholders. A keyword search of companies' full websites, including product pages, revealed limited use of the term “just transition” in comparison to a broad adoption of terms like “sustainability”, “net zero” and “decarbonisation”.

- ➔ Just **15 out of the 65 companies**¹ reviewed – around a fifth of the total – use the term “just transition” across their websites. On average, they do this **fewer than ten times**.
- ➔ **62 companies**² use the terms “sustainable/sustainability/sustainably” across their webpages. On average, they do this **266 times**.
- ➔ The terms “decarbonise/decarbonisation” and “net zero/net-zero” are also widely used: by **48 companies**,³ on average **36.5 times** and by **47 companies**,⁴ on average **five times**, respectively.

A focus on sustainability, if put into practice, is welcome. But being a sustainable business should mean decarbonising and reaching net zero in a way that minimises harm to workers' rights and livelihoods by means of a just transition. Acknowledgment of the need to decarbonise and claims to “sustainability” without the accompanying recognition of the need for a just transition risk amounting to greenwashing.

“I am surprised that brands don't mention workers in relation to the just transition.”

Factory worker, Bangladesh

¹ Amazon, ANTA, ASOS, Burberry, The Foschini Group, Gap, Hermès, H&M, Inditex, Kering, Levi's, Moncler, Primark, Puma and Ralph Lauren.

² Only ABC-Mart, Canada Goose and Lojas Renner do not.

³ Companies not using the term “decarbonise/decarbonisation”: ABC-Mart, ANTA, Arezzo&Co, boohoo group, Canada Goose, Columbia, Deckers, Feng Tay, Foot Locker, Gildan, Kohl's, Lojas Renner, Moncler, Mr Price, Page Industries, Pou Chen, Woolworths and Youngor.

⁴ Companies not using the term “net zero/net-zero”: ABC-Mart, Arezzo&Co, Aritzia, boohoo group, Canada Goose, Columbia, Deckers, Eclat, Feng Tay, Gildan, Kohl's, Lojas Renner, Mr Price, Moncler, Page Industries, Salvatore Ferragamo, Shenzhou, Shimamura and Youngor.

How is this reflected in company policies?

No policy framework for the just transition

Brands' failure to grapple with the concept of the just transition in their communications to consumers, investors and other stakeholders is reflected in the lack of a policy framework on the just transition.

- ➔ **No fashion company** has a publicly available and standalone “just transition policy”.
- ➔ Just **11 companies**⁵ include a statement on the just transition within their suite of environmental and social policies.
- ➔ **12 companies**⁶ have a standalone climate transition policy or plan in the public domain that sets out how they will engage with climate adaptation and mitigation within their own operations and supply chain.
- ➔ Yet only **two** of these – **Levi's** and **Inditex** – mention workers in the context of the risks and opportunities of climate change and the transition specifically, and acknowledge the need for these issues to be tackled together.

BETTER PRACTICE

Applying a just transition lens

Kering, owner of luxury brands including Yves Saint Laurent, Gucci, Balenciaga and Alexander McQueen, [sets out](#) a nuanced understanding of the interrelation of environmental and social factors, including workers' rights, in its conceptualisation of the just transition (italics added for emphasis): “Just conditions encompass a wider spectrum than social only and cover the global landscape in which the fragmented supply chain of fashion brands is positioned. If the social dimension of a circular transition is neglected, we risk repeating negative patterns present in the current linear system. *‘Just transition’ is a principle, a process and a practice. It assumes that a healthy economy and a clean environment can and should coexist. The process to realise this vision should be fair and not cost workers’ health, the environment, jobs or residents’ economic assets.* Recently, various stakeholders have sought to combine the principles of the circular economy with those of a just transition to find ways to achieve a just circular transition in the textile and fashion industry. This means that a circular economy *must go beyond recycling, waste management and technological ‘fixes’ and also consider social transformation.*”

Next steps

Policies setting out a holistic perspective on climate change and human rights, framed around a just transition, are a vital starting point. Companies must also share in detail how they plan to implement such a transition, including how they are engaging workers and their representatives to develop the plans, and then put those commitments into action.

⁵ Amazon, Burberry, Hermès, H&M, Inditex, Kering, Levi's, Moncler, Mr Price, Salvatore Ferragamo and Woolworths.

⁶ Burberry, Hermès, H&M, Inditex, Kering, Levi's, Moncler, Pou Chen, Primark, Puma, Ralph Lauren and Walmart.

Human rights and environmental policies are siloed

Climate mitigation and adaptation, and workers' rights and livelihoods, are also siloed within companies' broader social and environmental policy suites, reflecting an outdated understanding of supply chain risk. Where workers are mentioned at all in environmental policies, this is typically about engaging employees in often tokenistic workplace initiatives or encouraging adoption of environmentally-friendly practices in their own lives. Rarely are they included as rightsholders for whom the company has a responsibility to consider the severe potential implications of decarbonisation and the climate emergency.

Companies are rightly starting to recognise the profound risks of the climate emergency. But, disappointingly, these risks and associated mitigation strategies are generally framed in terms of business risk only, such as lost productivity or additional upfront costs, whereas a comprehensive approach to supply chain risk assessments should also include an assessment of the risks posed by the company's operations and supply chain to people and the environment. Moreover, disclosure of risk, largely through reporting frameworks such as the Taskforce for Climate Disclosure (TCFD), is rarely supported by robust governance frameworks that adequately address the magnitude of the labour rights risk posed by the climate emergency and transition. The widespread failure to identify and mitigate the impacts of climate change on supply chain workers' rights and livelihoods is an abrogation of businesses' responsibility to conduct human rights and environmental due diligence in their supply chains. It is also a missed opportunity to lay the foundation for resilient and truly sustainable supply chains, based on inclusion of workers as critical partners from the outset.

- ➔ Only **three companies** – **ASOS**, **Inditex** and **Kering** – acknowledge decarbonisation-related risks or opportunities for workers in their environmental policies. **Inditex** and **Levi's** include workers within broader climate transition plans (as outlined above).
- ➔ Only **two companies** – **Inditex** and **Kering** – mention workers in relation to decarbonisation and the climate transition in their social policies, including human rights and health and safety policies.
- ➔ Only **11 companies**⁷ mention workers in relation to the impacts of climate change in their social policies, including human rights and health and safety policies.
 - ➔ **Ten companies** acknowledge the critical, and growing, health and safety issue of heat stress, with four – **adidas**, **Levi's**, **Next** and **Nike** – publishing detailed supply chain guidance on this issue.
 - ➔ **Two companies** – **Canada Goose** and **VF Corp** – mention climate impacts on the livelihoods of supply chain workers.

⁷ adidas, Amazon, Canada Goose, Eclat, Inditex, Levi's, Next, Nike, Puma, Under Armour and VF Corp.



Photo by ILO

BETTER PRACTICE

Heat stress guidance

Next, **Nike**, **Levi's** and **adidas** have published policy documents which set out detailed guidelines for suppliers on heat stress in factories – either as a standalone document (**Next**), within a supplier code of conduct (**Levi's**), incorporated into broader supplier guidance (**adidas**) or guidance on implementing a code of conduct (**Nike**). These documents provide an important, and rare, acknowledgment by companies that the growing impacts of climate change are a critical occupational health and safety issue. **Next** is the only company that states that it engages with trade unions in relation to implementing the guidelines in factories. **Shenzhou** and **Amazon** provide limited examples of heat mitigation strategies to be employed in factories, including adequate ventilation, personal protective equipment, adequate rest and water breaks and provision of water.

Climate impacts on livelihoods

Canada Goose and **VF Corp** acknowledge in their respective human rights policies the threat posed by climate change to the livelihoods of supply chain workers.

Vulnerable workers

- ➔ **Nike** commissioned a study on the cross-cutting risks, including heat exposure, food shortages and migration, that climate change presents to its supply chain workforce, with a focus on gender disparities.
- ➔ **ASOS** identifies the risk of climate change displacing people, in particular women, in its key sourcing regions, and acknowledges the need to incorporate this risk into its human rights strategy and due diligence framework.

Next steps

A robust policy framework acknowledging the interrelation of two key areas of supply chain risk – workers' rights and climate change mitigation and adaptation – as well as the differential impacts on vulnerable groups, is an essential first step for bringing about a just transition in the apparel and footwear industry. Companies must set out how they will involve and mitigate risks to workers in implementing their environmental policies alongside how they are considering climate mitigation and adaptation processes as key areas of human rights risk for workers.

Several companies told the Resource Centre that they have heat stress guidelines they share with suppliers, but that these are not made public. A publicly available policy document represents best practice to enable all stakeholders, including trade unions with whom such guidance should be developed, to have access and to contribute to peer learning and sharing of best practice across the sector. From there, companies must ensure suppliers have adequate resources and training to put such policies into practice. [Guidance on heat stress](#) is being developed for investors to engage with fashion companies in their portfolios to ensure that this issue is taken seriously as a critical – and growing – risk in apparel and footwear supply chains. This includes the toolkit developed by Schrodgers and the Global Labour Institute.

WHAT WORKERS ARE SAYING

“Brands need to be transparent about the worker element of a just transition”

Workers expressed their desire for clearer and more comprehensive policies from brands, for these to explicitly include workers, and for these policies to be implemented.

- ➔ **A just transition is essential:** In Bangladesh and Cambodia, the Resource Centre spoke to workers acutely aware of the need to reduce emissions across the sector but fearful of again being left behind in big industry shifts. In this context, research participants expressed readiness and eagerness for dialogue on the impacts of climate change and the just transition, and frustration that the companies profiting from their labour are barely talking about the concept, let alone setting out and implementing the policies to bring it about.
- ➔ **Policies should be clear, integrated and explicitly include workers:** In Bangladesh, workers stated that brands need to combine environmental and social policies when it comes to workers and the just transition. Workers expressed frustration at “vague” and “ambiguous” policy statements, and the absence of a policy framework for the just transition, calling for policies from brands that are clearly stated and directed to both workers and suppliers, and crucially, accessible: *“We need to see your policies in factories, not just hidden on your website,”* said a worker in Bangladesh.

“*Please include the word ‘worker’ in your policies and then follow them.*”

Factory worker, Bangladesh

- ➔ **Policies are just the start:** While workers want to see policy frameworks strengthened, they are clear that these mean nothing without effective implementation. In the words of one worker in Bangladesh: *“brands need to not just say ‘what’ they want to do, but ‘how’.”*
- ➔ **Workers must be included in risk assessment processes:** Workers demonstrated some awareness of regulatory instruments such as the European Union’s Corporate Sustainability Due Diligence Directive (CSDDD), stressing the need to be included in plans for the implementation of such instruments, engaged as critical stakeholders throughout and with fair access to information and capacity building opportunities.
- ➔ **Companies need to join the dots:** Workers are on the frontline of the climate emergency; working for poverty wages in factories that are too hot, returning to homes they cannot afford to cool and fearing replacement by automation and shifting production bases. This daily lived experience means that workers are having to join the dots between climate change, decarbonisation and decent work in a way that companies have so far failed to do. Workers in Bangladesh are clear-eyed about the “hype” around green factories: while recognising the benefits of decarbonised factories, they nonetheless *“should only be certified green if they are also green for workers”* and workers’ broader concerns around wages, working conditions and health and safety – including heat stress – must simultaneously be addressed as part of a just transition.

Fashion brands' climate targets imply bold and rapid shifts – but workers and their representatives are nowhere to be seen

Companies broadly recognise the clear need for rapid decarbonisation across the industry – an essential and welcome step. At the most ambitious end of the spectrum are commitments to more than halve supply chain carbon emissions in the space of as little as nine years. With such short timeframes for achieving their targets, time is running out for companies to ensure that workers and their representatives are integrated into this process.

But there are also huge opportunities, if companies choose to take them. Within the framework of a just transition, based on social dialogue and a partnership approach that relies on the expertise of workers, there is an opportunity to build sustainable and resilient supply chains, deliver shared prosperity, minimise risk and human rights harm, and foster positive industrial relations. However, companies are failing to take account of and action these possibilities.

- ➔ **Seven out of 65 companies**⁸ have supply chain emissions reduction⁹ targets of 50% or more by 2030 (compared to baseline years ranging from 2015 to 2021).
- ➔ **Three companies**¹⁰ commit to reducing supply chain emissions by 2025 (compared to baseline years of 2019 to 2022).
- ➔ **33 companies**¹¹ commit to net zero or carbon neutrality by 2050 or earlier.

Companies say they will meet decarbonisation targets at factory level by: requiring suppliers to reduce energy usage and switch to renewable energy sources; introducing new technologies and automation; “diversifying” supplier bases and reshoring and nearshoring production and introducing a “circular” production model through initiatives such as increased utilisation of recycled materials – with **46 companies**¹² setting out targets on the use of lower impact, including recycled, materials for products. These are wholesale industry shifts, but the workers at the core of the industry are nowhere to be seen in these targets.

It is impossible for a fair transition to take place without an understanding that decarbonisation and materials targets will have a direct impact on the workforce. Most companies appear to be in denial about the potential harm of their decarbonisation plans for workers, indicating a belief either that workers will not be impacted by the enormous and rapid industry shifts required to decarbonise supply chains and adapt to the impacts of climate change, or that the impacts of these shifts on production workers are not their responsibility. Either way, workers stand to pay the price.

⁸ Asics, Capri, Hugo Boss, H&M, Inditex, LPP and Primark.

⁹ Absolute reduction.

¹⁰ adidas, Aditya Birla and Zalando.

¹¹ adidas, AEO, Amazon, ANTA, Asics, ASOS, Burberry, Capri, Fast Retailing, Gap, Hermès, Hugo Boss, H&M, Inditex, JD Sports, Kering, Levi's, Lojas Renner, Lululemon, LVMH, Moncler, Nike, Prada, Puma, PVH, Ralph Lauren, Salvatore Ferragamo, Tapestry, Under Armour, VF Corp., Walmart, Woolworths and Zalando.

¹² adidas, AEO, ANTA, Asics, Arezzo&Co, Aritzia, ASOS, boohoo, Burberry, Canada Goose, Carter's, Deckers, Eclat, Fast Retailing, Gap, Gildan, Hanesbrands, Hugo Boss, H&M, Inditex, Kering, Kohl's, Levi's, Lojas Renner, LPP, Lululemon, LVMH, Macy's, Moncler, Next, Nike, Page, Prada, Primark, Puma, PVH, Ralph Lauren, Salvatore Ferragamo, Tapestry, TFG, TJX, Under Armour, VF Corp., Walmart, Woolworths and Zalando.

- ➔ **Not a single target** is framed around minimising impact on workers.
- ➔ Only **one of the companies** with the most ambitious targets – **Inditex** – has a standalone climate plan or strategy that explicitly mentions workers.
- ➔ **No companies** mention consultation with trade unions in setting these targets.

The aim of this research is to understand the extent to which workers are included in plans to meet existing targets, rather than to assess the credibility of companies' decarbonisation targets from a climate perspective. However, the targets [have also been criticised](#) in this regard, indicating further risk for workers: if even insufficient targets fail to include them, what hope is there for their inclusion in plans that genuinely meet the ambition needed to bring about an environmentally sustainable industry? It is also notable that companies overwhelmingly avoid citing reduced production as a strategy for meeting decarbonisation commitments. As scrutiny of the industry from a climate perspective grows, including with the introduction of [new regulation](#) on waste and circularity, companies may find they have to begin to grapple with this “elephant in the room.” This too will have profound implications for workers.

Where are the workers?

- ➔ **Ralph Lauren** and **Trent** cite diversifying production bases as mitigation strategies for the impacts of climate change, with no mention of the implications for workers in existing sourcing locations.
- ➔ **The Foschini Group** (owner of brands including Bash, G-Star Raw and Whistles) suggests that reshoring production presents an opportunity for job creation in new locations, but says nothing about the risks for workers left behind in current sourcing locations or any plan to mitigate these risks.
- ➔ **Feng Tay** highlights restrictions on using factory air conditioning systems as an energy-saving measure, without acknowledging the heat stress risk this might pose to workers.



BETTER PRACTICE

Centring workers in climate transition plans

Two companies stand out for their integration of workers in their climate transition plans, under the framework of a just transition.

- ➔ **Inditex** explicitly links its “Workers at the Centre” strategy and its [climate transition plan](#), acknowledging the need to centre workers in climate transition processes in the former and strategy and including a section on a worker-centred just transition in the latter. Inditex sets out an understanding of the potential impact of processes involved in meeting its climate ambitions – such as new fibres, processes and technologies – on workers, identifying the need for training. It also states that its Workers at the Centre strategy is “articulated around social dialogue”, with social dialogue also cited as a mitigation action in its climate transition plan.
- ➔ **Levi's** includes “worker wellbeing and equity” as a cornerstone of its [climate transition plan](#), in which it acknowledges the risk posed both by climate change and decarbonisation to already marginalised groups and the need for a just transition in this context. It links worker health, satisfaction and engagement to its climate strategy, setting out an aim for more than 80 per cent of its product volume to be made in factories that demonstrate continuous improvements to worker health, satisfaction and engagement scores by 2030.

Supporting skills development in the just transition

- ➔ **Kering** explicitly links workers' skills development to the “ecological transition” and cites the need to “fully consider the socioeconomic imperatives of a just transition” in meeting its climate ambitions.
- ➔ **ASOS** includes a requirement in its [supplier code of conduct](#) for suppliers and subcontractors to support upskilling opportunities for workers in relation to meeting climate goals.

Next steps

Placing “workers at the centre” must become an industry-wide norm, with clear steps identified, shared and followed for how workers and their representatives will be meaningfully included in the transition, protected from the risks it carries, and supported to share in the opportunities it presents – including the opportunity to learn new skills and futureproof livelihoods.

WHAT WORKERS ARE SAYING

“We want equal training opportunities, consultation and secure jobs”

At the sharp end of the climate crisis, to which the fashion the industry is a key contributor, workers engaged for this research emphasised that they recognise the need for rapid decarbonisation across the sector. But they demand to be included in these processes. Otherwise, past harms – [such as mass job losses due to automation](#) – risk being reproduced.

- ➔ **Lack of consultation:** Research participants highlighted an absence of consultation with their representatives from buyers and factory management around reskilling and the introduction of new technologies and say that unions are not involved in training programmes.
- ➔ **Fear of automation and mass job losses:** Job losses as a result of automation are already being felt, in Bangladesh in particular, where [more than 30% of garment sector workers have lost their jobs already due to automation](#). Workers engaged for this research expressed their fear that this will only escalate as companies introduce new technologies and processes to support decarbonisation, without accompanying engagement with workers and their representatives, or adequate training opportunities. One worker recounted a clear threat to workers from management at a factory where upskilling was not provided: *“if you can’t work the machine, the factory gates are open.”*
- ➔ **Lack of opportunity to train and upskill:** A key concern shared by workers is the lack of opportunities to train and reskill: they reported a lose-lose situation, with workers laid off because they lack the skills to work with new machinery but also a lack of training opportunities to equip them with the necessary skills, and enable them to be more resilient to automation and industry shifts.
- ➔ **Efficiency gains do not trickle down to workers:** In both Bangladesh and Cambodia, workers reported that while new and more “efficient” machines have led to productivity gains and labour cost savings for employers, they have done nothing to alleviate the workload of remaining workers, with targets simply increasing.
- ➔ **Disproportionate impact on women:** In Bangladesh, workers reported that [women are less likely to be trained on new machinery than men](#) and more likely to lose their jobs because of automation and the introduction of new technologies.
- ➔ **Increase in precarious work:** Workers also shared their fears about an increase in precarious work as companies seek efficiency gains and introduce new processes in the context of decarbonisation, reporting that following past automation drives that have reduced the permanent workforce, employers have turned to temporary and informal workers to fill gaps during busy periods.

Freedom of association to drive fair and sustainable supply chains is essential to ensuring a just transition

Companies have commitments to freedom of association on paper but are not taking adequate steps to implement these in practice in the context of just transition planning. This includes missing the opportunity to build the infrastructure for and engage in robust social dialogue as the building block of a just transition.

- ➔ **60 out of 65 companies**¹³ commit in their policy documents to freedom of association and collective bargaining.
- ➔ Only **six companies** mention engagement with trade unions on any climate-related issues, including decarbonisation or the impacts of climate change, across their full suite of social and environmental policies, including climate transition plans (these companies are: **Kering, Moncler, Hermès, H&M, Next** and **Inditex**).

BETTER PRACTICE

- ➔ **H&M** lists “supply chain workers” as a “key stakeholder group” in relation to [sustainability](#) and states that it engages workers through trade unions in relation to issues including “the just transition towards a circular economy, reversed supply chains and coal phase-out”.
- ➔ **Next** sets out an expectation for suppliers to engage with trade unions on heat stress in its [Heat Stress Guidance](#).
- ➔ **Moncler** includes trade unions as a stakeholder group with which it engages on environmental issues in its [environmental policy](#).
- ➔ **ASOS, Inditex** and **H&M** have [global framework agreements](#) in place with global union federation IndustriALL. H&M's cites engagement on the just transition specifically.

Next steps

There must be industry-wide acknowledgment within policy documents that workers and their representatives are critical stakeholders to be engaged in climate mitigation and adaptation processes. From there, companies must also show how they are supporting the enabling conditions for the freedom of association and social dialogue on which these processes must rest – tackling union busting in supplier factories for example, and engaging in genuine dialogue with workers through representative trade unions.

¹³ Only ABC-Mart, Dick's, Li Ning, Shenzhou and Youngor do not.

Companies' widespread failure to explicitly name workers or trade unions as critical stakeholder groups indicates the relative importance placed on workers compared to suppliers and investors, for instance. It also ignores workers' unique role as rightsholders along supply chains to collectively bargain for terms and conditions in a rapidly changing work environment.

This policy gap was reinforced in the Resource Centre's engagement with companies between October 2024 and April 2025. Several companies cited their use of one-way, individualised mechanisms such as worker voice technology and complaints procedures as evidence of their engagement with workers, while others referred to a general commitment to engage with trade unions and protect freedom of association, without acknowledging the need to do this relating to decarbonisation and the impacts of the climate crisis specifically. Others suggested that references in their policies to stakeholder engagement on these processes implicitly include trade unions and one company even stated that they do not see workers as a distinct stakeholder group separate from suppliers (their employers), despite the clear power differentials between them.

Where are the workers?

Given supply chain workers' integral role in delivering products – and profits – for companies, and the role organised labour through trade unions must play in any negotiated transition, both supply chain workers and their representatives are conspicuous in their absence from companies' definition of a "stakeholder".

- ➔ **Salvatore Ferragamo** defines its "main internal and external stakeholders" as: ***"employees, suppliers, contract manufacturers, shareholders, investors and distributors... final customers, trade associations, the media, influencers, NGOs, local communities, regulatory bodies, public administration, schools and universities."***
- ➔ **Walmart** states that *"to achieve [the] goal of... [going] beyond compliance to shape its sustainability commitments and programs, [it] works with a broad group of stakeholders to advise and shape its environmental sustainability programmes. These stakeholders include **customers, associates, NGOs, government officials, investors, suppliers, farmers, academics, think tanks, peer companies, grantees and others.**"*

Moreover, policy commitments are a starting point, but in the context of [widespread union busting and a repressive environment for freedom of association](#) across sourcing countries, it is not enough for brands to simply state their commitment to freedom of association: they need to actively enable it and protect it, and allow genuine dialogue and bargaining structures to flourish, as set out in [previous research from the Resource Centre](#). Without this framework in place, the industry lacks the critical infrastructure to bring about a truly just transition.

WHAT WORKERS ARE SAYING

“We need to speak with buyers about the just transition”

Workers and their representatives in Bangladesh and Cambodia confirmed that engagement from brands with trade unions and workers on decarbonisation and the impacts of climate change is largely absent – but badly needed and desired.

“We see [the buyers] in the main offices, eating lunch, and on the factory floor for a ‘hi/hello’ kind of conversation, or maybe about the quality of the product.”

Factory worker, Bangladesh

- ➔ **Brands must ensure trade unions can freely organise:** In both countries, union busting is widespread, [including through yellow unions](#). Workers said they want brands' support to counter these practices and to build and strengthen independent trade unions, and then to engage with trade unions in relation to the just transition.
- ➔ **Trade unions provide workers with information and training on the just transition:** Even in a compromised and repressive environment for trade unions, workers reported that participation in these structures is essential for accessing information and training in relation to green factories and the just transition, and for pushing both for climate mitigation measures at factory level, and for workers' voices to be heard in relation to decarbonisation processes. There is a strong demand for more training and more dialogue in relation to decarbonisation, both of which rest on engagement with unions.
- ➔ **[Alternative representative structures](#) cannot replace the role of trade unions:** In Bangladesh, participation committees are often used by employers and brands in place of trade unions (despite their limited, secondary remit established in labour law) but workers reported seeing no evidence of these structures engaging on the just transition or providing a communicative or representative role in this area, demonstrating that alternative representative structures are no substitute for trade unions.
- ➔ **Existing health and safety committees can support a just transition dialogue:** Bangladesh is in the unique position of having a broad existing structure for health and safety representation, with 1,600 factories covered by the [Bangladesh Accord](#), which requires factories to have a health and safety committee. According to workers, these committees are not always active or independent enough, but nevertheless they provide a useful framework for meaningful engagement between factories and workers on health and safety concerns in the context of the climate emergency. In the words of one worker in Bangladesh: “can we use health and safety committees to create a ‘dynamic situation’ for the just transition?”

- ➔ **Trade union representation in health and safety committees is essential:** Workers highlighted the need to identify health and safety committees that are working effectively and that include trade union representation, and to begin to develop and model climate impact discussions between worker representatives and employers through these structures.
- ➔ **Trade unions must be included as equal partners:** Participation in a trade union alone is not enough to secure workers access to information and dialogue processes in relation to the just transition. Workers in Bangladesh noted that suppliers can access information on climate issues through guidelines from industry associations and brands themselves, but workers and their representatives cannot. In Cambodia, research participants highlighted the exclusion of trade unions from a full participatory role on the National Climate Change Committee, and the role of language barriers in further marginalising workers and their representatives from these processes.
- ➔ **Workers want more dialogue with brands:** Workers stated that they feel the just transition agenda should be an opportunity to open up conversations with brands; between brands and workers, but also through brand support for suppliers, with workers sharing in the benefits. Workers highlighted the importance of brands encouraging suppliers to engage with them through existing representative structures to find solutions to issues like heat stress in the workplace. In an environment in which brands supported the enabling conditions for freedom of association, brands and workers should be able to engage in dialogue through trade unions.



Factory-level dialogue in action

The Solidarity Center has worked with independent trade unions in Cambodia – CATU, INTUFE, CCAWDU and CUMW – to integrate negotiations on heat stress into their broader social dialogue with factory management. Given workers' ongoing struggle to circumvent union busting at factory level to gain most representative status and the right to enter collective bargaining agreement negotiations, discussions on heat stress have provided a new entry point for dialogue with employers.

Several agreements have been agreed to date: as standalone heat stress agreements, broader agreements covering other key issues for workers such as gender-based violence and harassment, and a minority within collective bargaining agreements themselves. These examples show that not only can workers and employers work together to tackle the impacts of climate change in factories, but that such discussions can provide a new entry point for future social dialogue.



Urgent action and resource allocation by brands can help ensure suppliers and workers do not bear the cost of decarbonisation

A holistic approach to decarbonisation is needed, with robust industrial strategies and financing plans at the state level vital to supporting the industry's transformation. But it is also incumbent upon international buyers, which hold huge power in the fashion industry and have the resources and responsibility to lead change, to use the resources they have available, especially in contexts in which sufficient government action is not guaranteed. This means materially supporting their suppliers to implement decarbonisation strategies and technology, as well as utilising their leverage to advocate for policies that support a just transition that leaves no one behind, including the unlocking of climate finance at an international and state level. Direct support must also be provided to suppliers through progressive purchasing practices that factor in the cost of decarbonisation and allow businesses to train and meaningfully employ their workforce.

“If a better price is paid to suppliers, it should reach the workers ... we want clean factories and a living wage.”

Factory workers, Bangladesh

Yet, the findings of this research indicate that companies are placing significant demands on suppliers to meet their decarbonisation commitments without commensurate support. These costs will inevitably be passed down to workers at these factories.

- ➔ **44 out of 65 companies**¹⁴ have decarbonisation targets which include the supply chain.
- ➔ **44 companies**¹⁵ set out requirements for suppliers regarding factory emissions.
- ➔ While **all but one of the 44 companies**¹⁶ that place specific requirements on suppliers to decarbonise set out details of support offered to help them do so, this is usually in the form of training or general “engagement”.
- ➔ Only **19 companies**¹⁷ set out any direct support to help suppliers meet the costs of decarbonisation, including direct investment in renewable energy or emissions reduction infrastructure and support accessing loans for such investments.

¹⁴ ABFR, adidas, AEO, Amazon, ANTA, Arezzo&Co, Asics, ASOS, boohoo, Burberry, Capri, Carter's, Deckers, Fast Retailing, Feng Tay, Gap, Gildan, JD Sports, Hanesbrands, Hermès, Hugo Boss, H&M, Inditex, Kering, Kohl's, Levi's, Lojas Renner, LPP, Lululemon, LVMH, Moncler, Next, Nike, Prada, Primark, Puma, PVH, Ralph Lauren, Salvatore Ferragamo, Tapestry, Under Armour, VF Corp., Walmart and Zalando.

¹⁵ ABFR, adidas, Amazon, ANTA, Asics, ASOS, Burberry, Carter's, Deckers, Eclat, Fast Retailing, Feng Tay, Foot Locker, Gap, Gildan, Hermès, Hugo Boss, H&M, Inditex, JD Sports, Kering, Kohl's, Levi's, Li Ning, Lojas Renner, Lululemon, LVMH, Moncler, Nike, Page, Pou Chen, Prada, Primark, Puma, PVH, Ralph Lauren, Ryohin Keikaku, Shimamura, Tapestry, TFG, Under Armour, VF Corp., Woolworths and Zalando.

¹⁶ Only TFG does not.

¹⁷ Amazon, Asics, Capri, Fast Retailing, Gap, Hermès, H&M, Inditex, Levi's, Li Ning, Moncler, Nike, Primark, Puma, PVH, Ralph Lauren, Tapestry, VF Corp. and Walmart.

In setting out emissions reduction requirements for supplier factories, companies are asking suppliers to take on additional responsibility and cost. Suppliers must get something in return. In the past, the world's largest apparel and footwear companies have consistently passed the cost burden for responding to the [impact of global crises](#) onto their suppliers, with workers paying the ultimate price in the form of wage squeezes, job losses, excessive production targets and harassment to meet them. As supply chains become increasingly turbulent – including more unstable trade and tariff regimes – companies must ensure that it is not yet again workers who suffer, by committing to fairly sharing the cost burden for responding to industrial transformation with suppliers.

Yet there is little evidence from their public policies and reporting that companies are making these commitments, nor that they demonstrate an understanding of the need to share the responsibility for decarbonisation with their suppliers. In fact, some companies signal an expectation that suppliers will bear the costs for decarbonisation, even as they acknowledge the potential business opportunities for themselves. Expecting suppliers to bear the financial costs of decarbonisation while its benefits are captured by brands at the top of the supply chain, where the industry's value is already disproportionately concentrated, is clearly no basis for a just transition. Suppliers must be meaningfully supported so as not to continue the cycle of costs and low margins being passed onto workers.

In their policies and reporting, and in responses to the Resource Centre in relation to this research, several companies cited their contribution to multi-stakeholder platforms such as the Apparel Impact Institute to demonstrate their commitment to supporting suppliers to decarbonise their operations. This collaborative approach is welcome, but direct financing through these platforms is largely at the stage of pilot or feasibility studies for the installation of renewable energy at selected supplier factories.



Photo by ILO

BETTER PRACTICE

Direct financial support to suppliers

H&M explicitly acknowledges the need for direct financial support to reduce supply chain emissions, and sets out in detail how it is doing this (in both its [Climate Transition Plan](#) and [2024 Annual & Sustainability Report](#)), including providing direct financial support to factories to replace fossil fuels through the company's Green Fashion Initiative.

Companies using their leverage

It is vital that the fashion industry utilises its leverage at an international and state level to promote a basis for a just transition. This means taking a leadership role in advocating for ambitious international climate targets and the requisite support, as well as assertively supporting freedom of association in sourcing countries to ensure that transition plans integrate workers as a critical stakeholder group alongside business in buying and sourcing countries. It also means advocating for investment in renewable energy infrastructure at the state level. For example, in a [2020 letter](#) addressed to the Cambodian government, brands including **adidas**, **Gap**, **H&M** and **Puma** urged the government to move away from planned fossil fuel projects and instead invest in renewables – utilising their collective leverage to support clean energy creation at the state level.

Next steps

There needs to be industry-wide acknowledgment of the responsibility of companies to help finance the transition, with accompanying plans (and implementation of those plans) for their contribution. This includes direct financing for the installation of renewable energy and energy efficiency measures, as well as long-term purchasing agreements, especially to suppliers less advanced in their sustainability efforts. Fair prices – including premiums for “green” products or for products produced in “green factories” – and a commitment to collaboration and partnership rather than disengaging suppliers unable to meet targets are also critical. Companies can use their leverage and power to help suppliers to access financing opportunities, but this must be complemented by fair purchasing practices, especially long-term purchasing agreements, to “de-risk” this debt. Fashion Revolution [has called on](#) major fashion brands to commit at least 2% of their annual revenue to a fair transition away from fossil fuels.

Given the scale and rapidity with which companies state that they will decarbonise their supply chains, this is woefully inadequate. It is not credible that companies can meet their commitments to decarbonise their supply chains by as much as 50% in as little as seven years without serious hardship to workers if financial support to suppliers is still at the pilot stage. Companies need to set out how they are embedding concrete and genuinely supportive strategies, including direct financing for the implementation of renewable energy infrastructure, and responsible purchasing practices to lower the risk of investments made by suppliers, into their own policies and in-house action plans.

WHAT WORKERS ARE SAYING

“Owners by themselves can never make living wages happen, brands need to do this too”

Workers are acutely aware of the link between brands' purchasing practices and failure to invest in their supply chains and their own wages and working conditions.

“*Will you [workers] pay for damaged goods if we implement measures to mitigate heat?*”

Factory owner, Cambodia

- ➔ **Investments are needed and must benefit workers:** Workers shared their belief that there needs to be clear incentives for suppliers to decarbonise and that these should be linked to investment, financing opportunities and a commitment to improve purchasing practices, alongside commitments to improve workers' remuneration and workplace safety. As one worker in Bangladesh stated: *“Owners by themselves can never make living wages happen, brands need to do this too.”*
- ➔ **Green factories should come with a green premium:** “Green factories” are increasingly on the policy and industry agenda in Bangladesh, but there is currently no premium paid by brands for goods produced in a factory that has taken steps to reduce its emissions or to mitigate the investment costs made by suppliers. This can make it difficult for suppliers to pay for the improved working conditions that should be the basis of a just transition.
- ➔ **A holistic approach is needed:** In both countries, workers highlighted that a holistic approach to factory “greening” and decarbonisation is essential. This must include freedom of association and social dialogue to drive decent jobs, with a new deal for workers moving away from temporary contracts towards secure jobs, and social security measures to support workers in the transition.
- ➔ **Workers are bearing the cost burden of climate adaptation:** In the absence of sufficient measures from employers, workers reported that they are having to pay for fans and other measures to mitigate the impacts of climate change themselves. They also cited reluctance on behalf of employers to bear the investment cost and perceived risk to product of heat mitigation.
- ➔ **Brands must make long-term commitments to suppliers to shift the burden from workers:** In Cambodia, participants highlighted that to have greener factories and mitigate heat stress, buyers need to make long-term purchasing commitments, and support suppliers to access loans through financial institutions. Brands must support employers to shift the heat stress burden away from workers and provide support to implement adequate mitigation measures. This includes clear policies and expectations on heat stress, including engaging with workers on what they need to stay cool at work and at home.

Recommendations: Bringing about a just transition for the fashion industry

The Business & Human Rights Resource Centre presented the findings of the fashion brand policy analysis to workers and their representatives operating in Tier One readymade garment (RMG) factories in Bangladesh and Cambodia. Recommendations are informed by workers' response to the research findings and their lived-experience expertise.

Recommendations to buyers

- ➔ **Build just transition framing into the design of climate plans and their implementation.** Develop clear just transition strategies to deliver shared prosperity throughout the supply chain and refresh the company's suite of social and environmental policies to reflect the realities of the climate emergency and its impact on rightsholders.
- ➔ **Name and centre workers and their representatives as critical stakeholders to drive a just transition within own operations and supply chains.** This should include:
 - ➔ Utilising leverage to assertively encourage and strengthen freedom of association in supplier factories to support social dialogue on the just transition;
 - ➔ Setting out and implementing policies for trade union engagement and partnership on the just transition. Trade unions must be included as a critical rightsholder group in brands' stakeholder mapping, and brands should engage directly with trade unions in relation to the shift towards green factories, decarbonisation initiatives, worker health and safety and the implications of this for delivering decent work.
- ➔ **Provide support through a range of means to suppliers to meet decarbonisation requirements and ensure that purchasing practices support suppliers to develop fair and green production.** Brands must support suppliers to switch to renewable energy and improve energy efficiency, including through direct investment and fair and sustainable purchasing practices.

Recommendations to supplier factories

- ➔ **Develop and implement robust policies on climate mitigation and adaptation at factory level.** This should include assessment of the risks of these processes for workers, and how they will be mitigated. Employers should collaborate with worker representatives and health and safety representative structures where appropriate to introduce measures to protect workers from climate impacts in the workplace, such as heat stress.
- ➔ **Permit independent trade unions to form and organise in the workplace.** This should be to the extent that they are able to gain most representative status and enter into good faith negotiations and collective bargaining towards a just transition and decent work.
- ➔ **In collaboration with buyers, identify financing opportunities for “greening” factories.** From here, ensure that these opportunities promote sustainable business models and translate to decent work and secure livelihoods.

Recommendations to governments

In buying countries

- ➔ **Develop and implement mandatory human rights and environmental due diligence legislation,** ensuring stringent processes for risk assessment, mitigation and meaningful stakeholder engagement in relation to impacts of the climate emergency and decarbonisation.
- ➔ **Bring suppliers, trade unions, and fashion brands together in a pre-competitive environment** to develop shared approaches to respect for workers' rights in a just transition
- ➔ **Follow through on the COP29 commitment for countries with “developed economy” status** to contribute to the climate finance goal of \$300 billion per year by 2035 to support climate action in lower income countries.

In sourcing countries

- ➔ **Develop and implement a clear green industrial strategy through a tripartite framework** that engages business and workers as critical partners, and which acknowledges workers as an impacted rightsholder group. The strategy must include the apparel and footwear sector, and must also enact policies to support job creation outside of the garment industry to mitigate any job losses. Governments must also address the entire work package for workers, from wage negotiations to provision of social security.
- ➔ **Provide an enabling environment for the just transition.** This should include opportunities to finance and release funds to support decarbonisation in the apparel and footwear sector, including funds to train and reskill workforces across sectors.
- ➔ **Renew commitment to freedom of association, including strengthening labour codes and adequately financing inspectorates.** Governments must engage with all stakeholders on the just transition, and bring suppliers and unions together to develop shared approaches to respect for workers' rights in a just transition, together insisting on fair distribution of benefits and costs of the transition across the supply chain from brands.

Recommendations to investors

- ➔ **Insist on double materiality reporting from fashion companies** to enhance investors' risk management and fair distribution of benefits of risks and benefits in supply chains.
- ➔ **Include just transition and freedom of association commitments** as key criteria in assessment of portfolio companies' material risks.
- ➔ **Promote successful dialogue for a just transition.** Engage brands both individually and collectively to support the design and implementation of a just transition.





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Business & Human Rights Resource Centre is an international NGO which tracks the human rights impacts of over 10,000 companies in over 180 countries, making information available on our 10-language website.

LEAD AUTHORS AND RESEARCHERS:

Kate Jelly, Natalie Swan and Anithra Varia

WITH SUPPORT FROM:

The Resource Centre's regional researchers, **Michael Clements, Mayisha Begum, Rosie Monaghan and Áine Clarke**

AND:

Karmojibi Nari (KN) and Bangladesh Centre for Worker Solidarity (BCWS) in Bangladesh and Cambodian Alliance of Trade Unions (CATU), Independent Trade Union Federation (INTUFE), Collective Union of Movement of Workers (CUMW), Coalition of Cambodian Apparel Workers Democratic Unions (CCAWDU), Cambodian Labour Confederation (CLC), Cambodia Federation of Independent Trade Unions (CFITU), Center for Alliance of Labor and Human Rights (CENTRAL) and Solidarity Center in Cambodia