



GLOBAL INSIGHTS REPORT — 2026 EDITION

Sustainability & ESG

*Fashion sustainability & regulation 2026 —
the compliance decade begins*

~70%

of a typical apparel brand's emissions
sit in the supply chain (Scope 3)

\$249B

projected global apparel resale market
by 2029 (illustrative)

4

major EU regimes — ESPR · DPP ·
CSRD · EPR — live between 2024–
2027

EXECUTIVE SUMMARY

- ◆ **Regulation is now the primary force.** Voluntary pledges are giving way to enforceable EU rules — Ecodesign (ESPR), Digital Product Passports, CSRD disclosure and Extended Producer Responsibility reshape 2024–2027.
- ◆ **Impact is upstream.** An estimated 70% of footprint is in tier-2/3 material and wet-processing — decarbonisation without supplier data is theatre.
- ◆ **Materials, not slogans, move the number.** Fibre choice drives water, land and CO₂e intensity by an order of magnitude; next-gen materials remain <1% of volume.
- ◆ **Circularity is a business model, not a bin.** Resale, rental and repair are scaling faster than recycling can absorb textile waste.
- ◆ **Greenwashing is now legal risk.** The EU Green Claims regime turns unsubstantiated "eco" labels into fineable liabilities.
- ◆ **Certifications clarify — they do not certify outcomes.** Each standard has a defined, and limited, scope buyers routinely over-read.

The regulatory horizon, 2024–2027

The next four years convert two decades of voluntary sustainability into hard compliance. Four EU regimes anchor the shift: **ESPR** sets ecodesign and durability floors, the **Digital Product Passport** makes every garment traceable, **CSRD** forces audited disclosure, and **EPR** puts end-of-life cost back on producers. The timeline below sequences the milestones brands must plan against.

Fashion & textiles regulation — the compliance runway

EU-anchored milestones on a continuous 2024 → 2027 axis. Dates illustrative and simplified for planning.



FIGURE 2.1 • Source: Verdant Field Institute policy tracker • as of Q1 2026 • illustrative sequencing

What changes for brands

Compliance moves from a marketing function to an operational one. Product data (fibre, origin, repairability, recycled content) must be captured at design and carried through to the passport. Firms without supplier-level data pipelines by 2026 face a reporting cliff in 2027.

Geographic spread

The EU sets the pace; the UK is consulting on parallel EPR and green-claims rules, and US momentum is state-led (e.g. New York / California proposals). A brand selling into the EU effectively adopts the strictest regime globally — the "Brussels effect".

THE FOUR REGIMES AT A GLANCE

REGIME	FULL NAME	WHAT IT REQUIRES	FIRST BITE
ESPR	Ecodesign for Sustainable Products Regulation	Durability, recycled-content & repairability floors; ban on destroying unsold stock	In force 2024 → delegated acts
CSRD	Corporate Sustainability Reporting Directive	Audited ESG disclosure to the ESRS standard, incl. Scope 3	FY24 reports land in 2025
EPR	Extended Producer Responsibility (textiles)	Producers fund collection, sorting & end-of-life of what they sell	EU-wide roll-out 2025–26
DPP	Digital Product Passport	Per-item digital record: fibre, origin, recycled content, repair info	Textiles phase-in ~2027

TABLE 2.1 • Source: Verdant Field Institute policy tracker • as of Q1 2026 • simplified & illustrative

Where the footprint really sits

PER-KG INTENSITY

Fibre choice is the single largest design-stage lever. The chart ranks common fashion fibres by illustrative cradle-to-gate greenhouse-gas intensity; the water and land figures alongside show that no fibre is "clean" on every axis — trade-offs are the rule.

Conventional polyester and cotton dominate per-kg CO₂e

Illustrative cradle-to-gate greenhouse-gas intensity, kg CO₂e per kg of fibre.

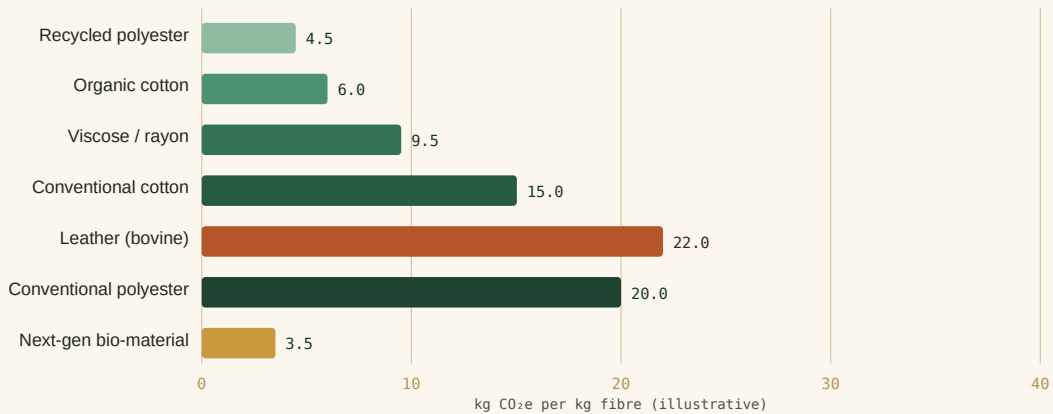


FIGURE 3.1 • Source: VFI meta-review of LCA literature • as of Q1 2026 • ranges vary widely by process & grid

~2,700L

Water to grow enough conventional cotton for one t-shirt (illustrative) — the axis fibres win/lose on is often **water**, not carbon.

<1%

Share of global fibre volume held by next-gen bio-materials in 2026 — low impact, but not yet at scale.

Reading the trade-offs

Polyester is carbon- and fossil-heavy but water-light and durable. **Cotton** flips that — renewable but water- and land-intensive. **Leather** carries land-use and methane burden. **Viscose** risk is forest sourcing, not carbon. **Next-gen** materials look best on paper but remain sub-1% of supply. There is no free fibre — only the right fibre for the use-case.

FIBRE SCORECARD — NO SINGLE WINNER ACROSS ALL AXES

FIBRE	CARBON	WATER	LAND USE	RECYCLABILITY	WATCH-OUT
Conventional cotton	MED	HIGH	HIGH	GOOD	Irrigation & pesticide load
Conventional polyester	HIGH	LOW	LOW	MED	Fossil origin · microfibres
Leather (bovine)	HIGH	MED	HIGH	LOW	Land use · methane · tanning
Viscose / rayon	MED	MED	MED	MED	Forest sourcing risk
Next-gen bio-material	LOW	LOW	LOW	MED	Sub-1% of supply — not at scale

TABLE 3.1 • Source: VFI meta-review of LCA literature • as of Q1 2026 • relative bands, illustrative

Who leads, who lags

The VFI ESG Index scores a representative set of (fictional) apparel houses 0–100 across three equally-weighted pillars: **supply-chain transparency**, **decarbonisation progress** and **circularity commitment**. Scores are illustrative and constructed to show a realistic spread — not a real-world ranking.

A wide spread separates disclosure leaders from laggards

VFI ESG Index, 0–100 composite. Segments = transparency · decarbonisation · circularity (illustrative).

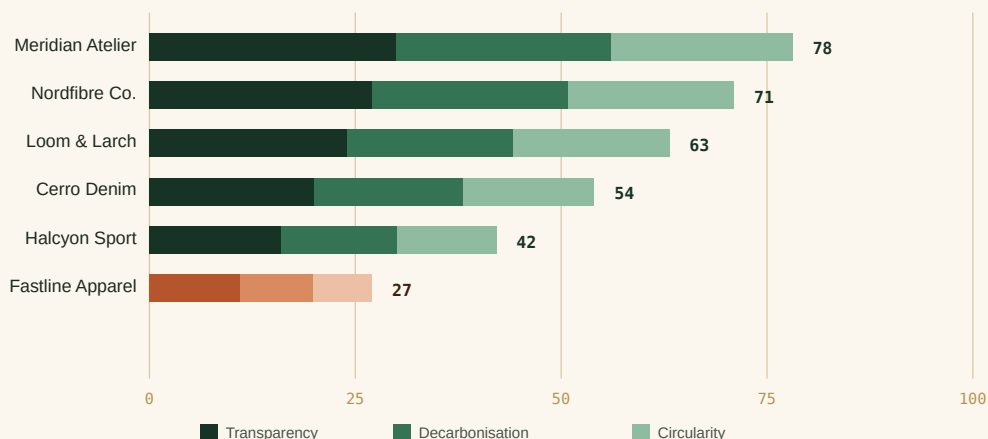


FIGURE 4.1 · Source: VFI ESG Index (illustrative construct) · as of Q1 2026 · fictional brands

Who leads

Meridian Atelier and **Nordfibre Co.** pair tier-2 supplier disclosure with science-based targets and funded take-back programmes. The pattern among leaders is **data first**: they can measure Scope 3, so they can manage it. Transparency is the pillar that carries the rest.

Who lags

Fastline Apparel illustrates the volume-driven laggard: strong marketing claims, thin verified data, no upstream visibility. The gap is not intent but **infrastructure** — no supplier map means no credible target, and the 2027 passport requirements will expose it.

HOW THE VFI ESG INDEX IS BUILT — THREE EQUALLY-WEIGHTED PILLARS

Transparency

Depth of supplier disclosure — tier-1 through tier-3 mapping, published supplier lists, verified traceability. The pillar leaders win on.

Decarbonisation

Science-based targets, measured Scope 1–3 progress, and renewable energy in wet-processing — not pledges, but audited reductions.

Circularity

Funded take-back, resale/repair services, recycled-content share and product design for durability and disassembly.

Methodology note. Each pillar scored 0–33.3 and summed to a 0–100 composite; brands and scores are a constructed illustration to demonstrate the template, not an assessment of any real company.

What the labels actually mean

SCOPE & LIMITS

Certifications are useful signals with defined boundaries — and buyers routinely over-read them. Each covers a specific claim; none certifies "sustainable" as a whole. The grid below states what each standard **covers**, what it does **not** guarantee, and a credibility note.

GOTS

FIBRE

Covers: organic-fibre content (≥70%) plus processing & some social criteria along the chain.
Does NOT: address carbon, water footprint or a garment's durability/end-of-life.
Credibility: high — independent, chain-of-custody audited.

GRS

RECYCLED

Covers: verified recycled content (≥20%) plus chain-of-custody, social & environmental criteria.
Does NOT: prove the recycling reduced net impact, or that fibre is recyclable again.
Credibility: high for content claims; mass-balance nuance applies.

OEKO-TEX

CHEMICAL

Covers: tested for harmful substances (Standard 100) — a human-safety threshold.
Does NOT: mean organic, low-carbon, fair-labour or environmentally preferable.
Credibility: high for chemical safety; often mis-read as "eco".

Cradle to Cradle

DESIGN

Covers: multi-attribute design (material health, circularity, water, energy, fairness) at tiered levels.
Does NOT: a Bronze tier can still be a modest performer — read the level.
Credibility: strong framework; level matters more than the badge.

B Corp

COMPANY

Covers: whole-company governance, worker, community & environmental performance.
Does NOT: certify any individual product — a B Corp can still sell high-impact items.
Credibility: good governance signal; product-level blind.

Higg / Cascale

SELF-REP.

Covers: industry impact-measurement tools (MSI / FEM / brand modules) for internal benchmarking.
Does NOT: a consumer certification; historically criticised for self-reported data.
Credibility: improving with verification; not a consumer label.

The buyer's rule of thumb. A certification answers *one* question well. Stacking several ("GOTS + OEKO-TEX + B Corp") covers more ground, but no combination equals a full lifecycle claim. Under the EU Green Claims regime, a label alone will not substantiate a marketing statement — the underlying data must.

USING CERTIFICATIONS IN SOURCING — A THREE-STEP DISCIPLINE

1 · Match claim to scope

Pick the standard that certifies the specific attribute you are claiming — organic (GOTS), recycled (GRS), chemical safety (OEKO-TEX). Never let one badge stand in for another.

2 · Verify the chain

Ask for the transaction certificate and scope certificate, not just the logo. Chain-of-custody is what makes a content claim defensible under audit.

3 · Mind the gap

State plainly what the certificate does NOT cover on-pack. Under Green Claims rules, an implied "fully sustainable" read of a single-attribute label is the liability.

Resale, repair, recycle

Circularity has moved from CSR page to P&L line. Resale and rental extend revenue per garment, repair builds loyalty, and recycling — still the weakest link — struggles to keep pace with volume. Consumer intent is running ahead of the systems built to serve it.

Intent outpaces action across every circular model

Share of surveyed consumers, % — illustrative sample.

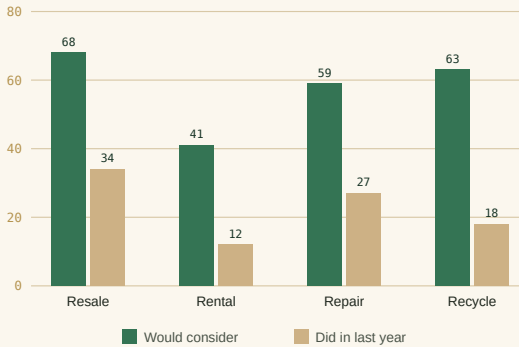


FIGURE 6.1 • Source: VFI consumer pulse (illustrative, n=sample) • as of Q1 2026

2–5×

revenue a resale-enabled garment can return over a single first sale (illustrative)

<15%

of collected textiles that are fibre-to-fibre recycled today

SAMPLE IMAGE

The business case

Resale and rental unlock **second and third revenue events** per unit and recruit younger buyers; repair services lift retention and brand trust. Recycling remains a cost centre until sorting and fibre-to-fibre capacity scale — which is exactly where EPR fees are meant to push investment.

CIRCULAR MODELS COMPARED — WHERE EACH ONE PAYS

MODEL	REVENUE LOGIC	MATURITY	KEY BARRIER
Resale	Second & third sale per unit; recruits younger buyers	SCALING	Authentication, logistics & margin on low-ticket items
Rental	Recurring fee per wear; high revenue per garment	EMERGING	Cleaning, damage & reverse-logistics cost
Repair	Loyalty & retention; extends product life & trust	PROVEN	Labour cost vs. new-unit price; skills supply
Recycle	Feedstock & compliance value; weakest P&L today	NASCENT	Sorting & fibre-to-fibre capacity gap (<15%)

TABLE 6.1 • Source: Verdant Field Institute • as of Q1 2026 • illustrative

Compliance risk & the path forward

GREENWASHING

The regime that most changes day-to-day operations is the crackdown on **green claims**. Unsubstantiated environmental marketing is moving from reputational risk to legal liability. The mini-timeline and checklist below frame the exposure; the recommendations set out where to act — and the trade-offs each carries.

Green-claims enforcement runway

Key dates brands should back-plan from (illustrative).

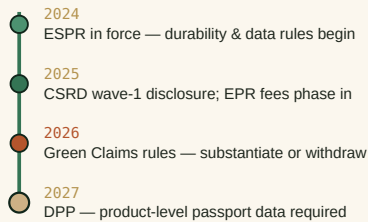


FIGURE 7.1 • Source: VFI policy tracker • as of Q1 2026 • illustrative

Pre-2027 compliance checklist

- ✓ Map tier-1 to tier-3 suppliers; capture fibre, origin & process data
- ✓ Baseline Scope 1–3 emissions with a documented method
- ✓ Substantiate every public green claim or retire it
- ✓ Build product-data pipeline ready for the Digital Product Passport
- ✓ Register & budget for EPR fees in each market sold
- ✓ Align disclosure to CSRD / ESRS reporting templates

Greenwashing exposure

Vague terms ("eco-friendly", "conscious", "green"), unproven offsets, and cherry-picked single-attribute claims are the highest-risk patterns. The safe posture: **claim only what is measured, cite the method, and disclose the boundary.**

Recommendations

- 1 Invest in supplier data before targets.** You cannot manage Scope 3 you cannot see. *Trade-off: slower headline pledges, but credible, defensible ones.*
- 2 Prioritise material substitution by use-case,** not by blanket "sustainable fibre" rules. *Trade-off: nuance is harder to market than a single logo.*
- 3 Launch resale/repair as revenue, not CSR.** Fund it from commercial, measure LTV. *Trade-off: some cannibalisation of first-sale volume.*
- 4 Substantiate or delete claims now.** Treat marketing copy as regulated disclosure. *Trade-off: fewer, plainer claims — but litigation-proof.*

DISCLAIMER — Illustrative sample data only. Verdant Field Institute is a fictional research house created for this template; all figures, dates, indices and brand names are constructed examples and must NOT be used for compliance, disclosure, procurement or investment decisions. Verify against primary regulatory and scientific sources before acting.