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Patagonia: Putting People and the Planet Over Profits

Executive Summary

This essay is a case study of Patagonia as a global leader in the apparel industry in having sustainability as a core business practice. While fast fashion is the norm within the industry, Patagonia became one of the first companies to shift this paradigm towards slow fashion and a triple bottom line approach. Due to the extensive nature of Patagonia's commitments, it was challenging to determine which aspects to focus on for this analysis. The three areas of Corporate Social Responsibility (CSR) explored in this essay include philanthropic practices, innovation in social and environmental impact, and transparency in supply chains. Patagonia is a world-class company that integrates these practices from the bottom of its supply chain up to its retail stores.

The Norm of Fast Fashion

Over the past 20 years in the United States, a staggering 14 million tons of clothing has been thrown out¹. By 2020, the clothing industry is expected to reach \$1.65 trillion in sales worldwide, and "over 5.91% annual growth over the next three years"². Fast fashion retailers produce clothes that "embody the style and fashion trends of the modern world" and transform the "designs of high society brands" into their own "mass

¹ <https://goo.gl/Ftq8bg>

² <https://fee.org/articles/fast-fashion-has-changed-the-industry-and-the-economy/>

produced items that are inexpensive for consumers”³. H&M, Zara, Uniqlo, and Forever 21 are examples of popular companies that fit the model of fast fashion because “these sorts of brands tend to produce low-cost mimics and basic essential pieces that rotate company shelves frequently”⁴. Furthermore, “fast fashion brands are able to keep their prices low by relying on streamlined supply chains, globally integrated guidelines and policies as well as a quick implementation process”⁵. For example, Zara can “create a new design and have the finished product shipped to all 2,213 stores in just two weeks”⁶. In contrast, Patagonia - a leader in the sustainable apparel industry and the focus of this case study - has an eighteen-month long process to design, develop, and distribute its products to stores⁷.

The term “fast fashion industry” describes the characteristics of the textile and clothing industry today, which includes high-speed production and high-speed volume consumption⁸. The industry is the second largest polluter of clean water and has a large environmental footprint⁹. It is associated with many current social issues that we see around the world such as the overuse of resources, environmental pollution, and unethical labor conditions¹⁰. Producing cheap products has come with a cost, “putting downward pressure on working conditions and environmental standards, the so-called ‘race to the bottom’”¹¹.

³ <https://fee.org/articles/fast-fashion-has-changed-the-industry-and-the-economy/>

⁴ <https://fee.org/articles/fast-fashion-has-changed-the-industry-and-the-economy/>

⁵ <https://fee.org/articles/fast-fashion-has-changed-the-industry-and-the-economy/>

⁶ <https://fee.org/articles/fast-fashion-has-changed-the-industry-and-the-economy/>

⁷ <https://www.barnesandnoble.com/w/let-my-people-go-surfing-yvon-chouinard/1103270963>

⁸ <http://ualresearchonline.arts.ac.uk/2754/>

⁹ https://www.un.org/sustainabledevelopment/wp-content/uploads/2016/08/16-00055L_Why-it-Matters_Goal-12_Consumption_2p.pdf

¹⁰ <https://textclothsustain.springeropen.com/articles/10.1186/s40689-016-0024-3>

¹¹ <http://ualresearchonline.arts.ac.uk/2754/>

Shifting to Slow Fashion

The ethical fashion movement, also known as the “slow fashion movement,” is combating these negative issues that are associated with fast fashion. The slow fashion movement addresses the troubling nature of the industry, including wages, and aims to produce items that “respect the rights of workers and the environment”¹². Currently, society is experiencing a shift in consumption from quantity to quality, partially influenced by consumer awareness of companies’ supply chain production¹³. This shift has created a new market of consumers who are aware of social issues behind fast fashion clothing production and are demanding ethical and sustainable products¹⁴. Consumers have started to criticize the traditional manufacturing practices that create both environmental harm and poor labor conditions¹⁵. The slow fashion movement, along with other environmental and green movements, has “steadily gain[ed] momentum” as consumers are increasingly “demanding products that are ethically made and environmentally safe”¹⁶.

Patagonia: the “Father” of the Slow Fashion Movement

According to a Huffington Post blog post titled “My Top 13 Favorite Slow Fashion Brands,” Yvon Chouinard, the founder of Patagonia, is considered the “father” of the slow fashion movement as “Patagonia has pioneered quality clothing with organic, recycled, and upcycled fibers”¹⁷. Founded in 1973, Patagonia has around 1,350

¹² <https://goo.gl/8ebHjo>

¹³ <http://ualresearchonline.arts.ac.uk/2754/>

¹⁴ <http://ualresearchonline.arts.ac.uk/2754/>

¹⁵ <https://goo.gl/yR9EKB>

¹⁶ <https://goo.gl/9gDmRG>

¹⁷ https://www.huffingtonpost.com/maria-rodale/my-top-13-favorite-slow-f_b_7554266.html

employees and generates around \$540 million in annual revenue¹⁸. It has a major influence on the sustainability of apparel and other products.

The company's mission is to "build the best product, cause no unnecessary harm, use business to inspire and implement solutions to the environmental crisis"¹⁹. Patagonia's Corporate Social Responsibility (CSR) efforts range from philanthropy, environmental impact, transparency within its supply chain, to ethical issues. One of the most well-known of its philanthropic initiatives is 1% For The Planet - a program in which the company "annually gives at least 1% of its net sales to community based nonprofit groups focusing their activity on decreasing the harmful impacts of human beings"²⁰. As part of its philanthropic efforts, Patagonia is also involved in environmental campaigns, participates in corporate partnership, and engages employees in activities to positively impact the environment²¹.

Patagonia's mission for more than 40 years has been to combat the harms of the fast fashion industry. It became one of the first clothing companies to "adopt organic cotton, back in 1992, before it became a trend"²². For Patagonia, being sustainable has been a "part of the brand's ethos since its inception", using recycled polyester since 1993²³. It became the first clothing company to sign on as a bluesign partner, prioritizing "an emerging standard for environmental health and safety in the manufacturing of textiles"²⁴. Manufacturers that become bluesign system partners "agree at the outset to

¹⁸ www.inc.com/magazine/201303/liz-welch/the-way-i-work-yvon-chouinard-patagonia.html

¹⁹ <http://www.patagonia.com/corporate-responsibility.html>

²⁰ <http://www.patagonia.com/one-percent-for-the-planet.html>

²¹ <http://www.patagonia.com/employee-activism.html>

²² <https://www.yahoo.com/lifestyle/in-an-age-of-fast-fashion-patagonia-is-going-slow-151235353.html>

²³ <https://www.yahoo.com/lifestyle/in-an-age-of-fast-fashion-patagonia-is-going-slow-151235353.html>

²⁴ <https://www.yahoo.com/lifestyle/in-an-age-of-fast-fashion-patagonia-is-going-slow-151235353.html>

establish management systems for improving environmental performance in five key areas of the production process: resource productivity, consumer safety, water emissions, air emissions, and occupational health and safety”²⁵. Today, the company continues to innovate as a pioneer in the industry. In 2016, Patagonia created a 100 percent “recycled down material and synthetic insulation” for their Nano Puff collection²⁶.

Patagonia is highly transparent regarding its supply chain. The Footprint Chronicles is a tool on the company’s website that allows customers and stakeholders to learn more about the “company’s global operations and suppliers”²⁷. The Footprint Chronicles functions as an interactive map that allows visitors to engage virtually with all of Patagonia’s mills, farms, and factories, providing a “quick snapshot of each cog in Patagonia’s extensive supply chain”²⁸. The company continues to push the fashion industry’s boundaries by linking this tool to the wider online shop, where customers who wish to shop ethically “will have access to sustainability benchmarking data and the full traceability of Patagonia’s products”²⁹.

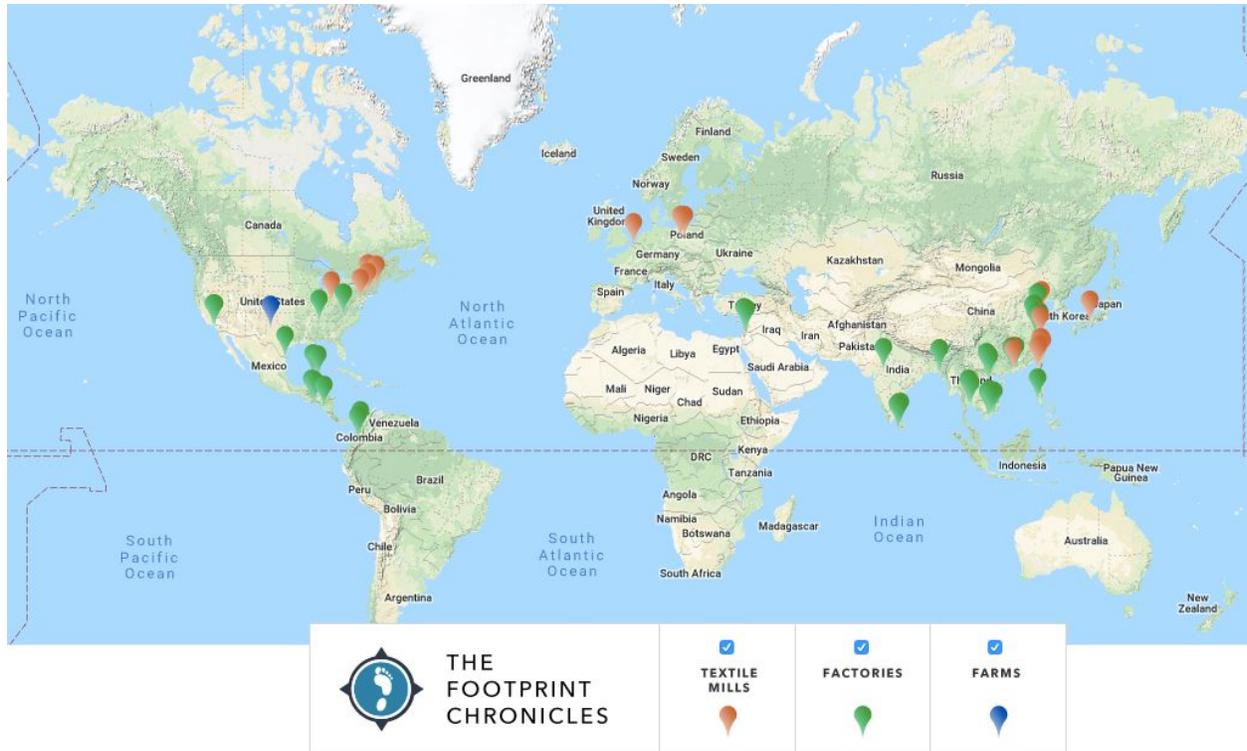
²⁵ <http://www.patagonia.com/bluesign.html>

²⁶ <https://www.yahoo.com/lifestyle/in-an-age-of-fast-fashion-patagonia-is-going-slow-151235353.html>

²⁷ www.triplepundit.com/2012/05/patagonia-footprint-chronicles-supply-chain-transparency/

²⁸ www.triplepundit.com/2012/05/patagonia-footprint-chronicles-supply-chain-transparency/

²⁹ www.triplepundit.com/2012/05/patagonia-footprint-chronicles-supply-chain-transparency/



The Footprint Chronicles is a tool for customers to track and view the textile mills, factories, and farms where Patagonia products come from.

Environmental Sustainability as a Core Strategy

Patagonia is truly a leader in environmental sustainability, not only in supply chains but at all levels of production. As an Atlantic article states, “its website is as much an educational tool about environmental and social responsibility - filled with information on issues such as preservation of land in Chile, labeling GMO products, and responsible sourcing - as it is an online store”³⁰. Due to the breadth and depth of the company’s work on this issue, this analysis will focus on a few key areas: Patagonia’s research on innovative alternatives to unsustainable materials and technology, its overall resource use, and sustainability efforts in its facilities.

³⁰ <https://goo.gl/YX5cex>

The innovative approach that Patagonia has taken to research materials used in its products and identify more sustainable options is impressive. On its website, the company highlights eight materials it has researched that have resulted in surprising and interesting results. For example, bamboo has become a popular material in clothing in recent years due to the sustainability and fast growth of the plant. However, as Patagonia's research has demonstrated, almost all bamboo that is turned into apparel uses the viscose process. This process uses chemicals that are harsh to both people and the planet, meaning that the material is not as sustainable as it's perceived to be. Therefore, the company does not use this product and instead uses eucalyptus, which "yields the best quality fiber with the least amount of waste"³¹.

Patagonia has established five areas of resource use to prioritize regarding environmental sustainability: energy use, storm-water runoff, landscaping, water use, and employee transportation³². In addition to achieving LEED Certification at several facilities, the company's headquarters has solar panels, LED lighting, SMARTGRID readers, and innovative air filtration systems to significantly reduce the company's energy consumption³³. Nine hundred employees participated in the company's employee transportation program in the first year, and "as a collective result...drove 690,000 fewer miles, cut CO₂ emissions by 500,000 pounds and saved 25,700 gallons of fuel"³⁴. Finally, instead of building new retail stores, the company believes in "using

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http://www.patagonia.com/static/on/demandware.static/-/Library-Sites-PatagoniaShared/default/dw0de5a5be/PDF-US/bamboo_rayon.pdf

32 <http://www.patagonia.com/resource-use.html>

33 <http://www.patagonia.com/resource-use.html>

34 <http://www.patagonia.com/resource-use.html>

and improving existing buildings” where possible, and - only when necessary - building new ones utilizing the most sustainable materials available³⁵. These programs have not only had a positive impact on the planet but have been great tools for team building and employee retention as staff feel like part of a team that’s having an impact.



Solar Panels at one of Patagonia's Facilities.

A Move Towards Fair Trade

In addition to environmental concerns, the fashion industry is known for the exploitation of humans, and Patagonia has taken several steps to address this issue³⁶. In a proactive move to combat labor exploitation, it became a Participating Company in the Fair Labor Association (FLA) in 2001 and in 2008 became a fully accredited member of the FLA³⁷. According to the FLA’s website, the association “is a collaborative effort of universities, civil society organizations and socially responsible companies

³⁵ <http://www.patagonia.com/resource-use.html>

³⁶ <http://www.patagonia.com/fair-labor-association.html>

³⁷ <http://www.patagonia.com/fair-labor-association.html>

dedicated to protecting workers' rights around the world"³⁸. As a participating company, Patagonia submits to "unannounced, Independent External Monitoring Audits of up to 5 percent of [its] factories each year", the results of which can be found on the FLA website³⁹. In addition, in 2014 Patagonia began offering Fair Trade Certified clothing and since the fall of 2017 has offered customers "480 Fair Trade styles made in 14 different factories"⁴⁰.



"Fair Trade makes me feel very proud to work with fleece and of the work we're doing."- Pascuala Patricia Marin Valdez, an employee in Patagonia's factory in Mexico.

³⁸ <http://www.fairlabor.org/>

³⁹ <http://www.patagonia.com/fair-labor-association.html>

⁴⁰ <http://www.patagonia.com/fair-trade-certified.html>

As part of the company's CSR efforts it has declared its concern for legal issues such as human trafficking and workers' rights. The company acknowledges that "human trafficking still remains a deeply problematic issue in the fashion industry in general as well as in our own supply chain"⁴¹. This is a concern at every level of its supply chain, including both Tier one (finished goods) and Tier two (textile mills) suppliers⁴².

Patagonia's website states that "most textile mills...have never been audited" for human rights-related issues⁴³. Most apparel brands do not monitor these issues deep within supply chains, instead going after only the suppliers providing finished goods⁴⁴. In order to go deeper into its supply chain, Patagonia works with Verité, a "global, independent, nonprofit organization that conducts research, advocacy, consulting, trainings and assessments with a vision that people worldwide work under safe, fair and legal conditions"⁴⁵. In 2011, Patagonia started the Raw Materials Supplier Social Responsibility Program to audit Tier two suppliers, which included the "mapping of their Tier 2 supply chain of material suppliers (fabric mills) and their sub-suppliers...developing a communication plan to announce the program, and providing internal training on migrant worker issues to our material development"⁴⁶.

That same year, Patagonia released the disclosure of its supply chain to comply with the California Transparency in Supply Chains Act, explaining the steps the company takes to prevent human trafficking and child labor in its supply chain⁴⁷. Other

⁴¹ <http://www.patagoniaworks.com/press/2015/6/3/patagonia-and-human-trafficking>

⁴² <http://www.patagonia.com/working-with-factories.html>

⁴³ <http://www.patagonia.com/protecting-migrant-workers.html>

⁴⁴ <http://www.patagonia.com/protecting-migrant-workers.html>

⁴⁵ <https://www.verite.org/about/>

⁴⁶ <http://www.patagonia.com/protecting-migrant-workers.html>

⁴⁷ <https://goo.gl/75UNvL>

efforts towards confronting human trafficking include awareness training and a Code of Conduct that “outlines responsible practices” for its suppliers, and the provision of Fair Trade Certified™ apparel⁴⁸.

A Focus on Migrant Workers

Although the company has a larger focus on overall well-being and fair labor standards, it has placed a particular emphasis on migrant workers due to the prevalence of exploitation of these populations. Globally, it’s estimated that there are 150 million migrant workers⁴⁹. Key issues that many of these workers face include low-wages, long hours, high recruitment fees to find work, violence, and dangerous working conditions⁵⁰. Extreme situations lead to human trafficking, which is estimated to have impacted over 40 million people globally in 2016⁵¹. After investigating its supply chains and beginning to conduct audits, Patagonia discovered that these issues - particularly that of high recruitment fees - existed not only in the apparel industry but also with its own suppliers.

The company began proactively addressing this issue in 2011, and states publicly on its website, “we hold our suppliers to high standards, and these practices are inconsistent with our values and mission. We decided to begin working to eliminate them in our supply chain and collaborate with others to do so industry-wide”⁵². Since the

⁴⁸ <http://www.patagonia.com/working-with-factories.html>

⁴⁹ http://www.ilo.org/moscow/news/WCMS_618011/lang--en/index.htm

⁵⁰

https://www.unodc.org/documents/human-trafficking/2015/Recruitment_Fees_Report-Final-22_June_2015_AG_Final.pdf

⁵¹

http://www.alliance87.org/global_estimates_of_modern_slavery-forced_labour_and_forced_marriage.pdf

⁵² <http://www.patagonia.com/protecting-migrant-workers.html>

apparel industry and fast fashion lacks sustainable supply chains - both environmentally and socially - Patagonia has had to lead the way in raising awareness of these issues and determining how to address them. One of the first progressive steps it took was to not only hire experts onto its own staff but to foster its partnership with Verité⁵³. Since then, the company has continued to work with nonprofits, governments, and other industry stakeholders to ensure fair labor practices across the globe.

Leading the Apparel Industry in a Triple Bottom Line Approach

Verité describes Patagonia's efforts on workers' rights "to reach beyond its Tier 1 finished goods suppliers to Tier 2 fabric mills [as] an unprecedented move for most apparel companies"⁵⁴. While many companies are beginning to address the first tiers of their supply chains, Patagonia has made an intentional effort to dig deeper. Working in partnership with Verité, it not only addresses the working conditions and wages of workers but goes so far as to address both the recruitment process as well as the repatriation of migrant workers once they return home. While the company first implemented these systems in Taiwan, they have since expanded these policies globally, and made these procedures "publicly available for other companies to use as a benchmark for their own efforts to address forced labor and trafficking in their supply chains"⁵⁵.

In addition, while most Fair Trade apparel factories are located in Asia, Patagonia has expanded these benefits to "factories in Mexico and the United

⁵³ <http://www.patagonia.com/protecting-migrant-workers.html>

⁵⁴ <https://www.verite.org/how-patagonia-is-addressing-forced-labor-in-its-supply-chain/>

⁵⁵ <https://www.verite.org/how-patagonia-is-addressing-forced-labor-in-its-supply-chain/>

States...Colombia, Vietnam, Thailand and Nicaragua”⁵⁶. This has resulted in Fair Trade premiums benefiting over 15,700 workers to date through Patagonia alone⁵⁷. Workers have used these funds for everything from college tuition for their children to sanitary napkins for personal comfort. The company’s work has set such high standards for the industry that representatives were invited to speak about Patagonia’s efforts at a White House Forum on Combating Human Trafficking in Supply Chains in 2015⁵⁸. In addition, one of its staff members was honored by Nomi Network - an anti-trafficking organization - in 2017 for their work to address human trafficking⁵⁹.

The company also stands out as a leader in the apparel industry by having an approach that places the planet above its own sales and growth. In addition to the great lengths it goes through to ensure sustainable materials and facilities, the company launched Patagonia Action Works in 2018 - a platform to engage consumers in local activism efforts around preserving the planet. Founder Yvon Chouinard told customers, "Patagonia's reason for existence is to force government and corporations to take action in solving our environmental problems”⁶⁰. This effort to lead not only its industry but even entire nations and governments in efforts of sustainability is remarkable. From its iconic “Don’t Buy This Jacket” campaign on Black Friday to its innovative Worn Wear program - which repairs, reuses, and recycles garments - the company has

⁵⁶ <http://www.patagonia.com/fair-trade-certified.html>

⁵⁷ <http://www.patagonia.com/fair-trade-certified.html>

⁵⁸

<http://us.fashionnetwork.com/news/Patagonia-fights-against-human-trafficking-with-new-Migrant-Worker-Standard.537821.html#.Wvi4e9MvzOQ>

⁵⁹ <https://www.nominetwork.org/gala2017/>

⁶⁰ <https://mashable.com/2018/02/07/patagonia-action-works-environmental-activism/#1EzVgPzuJkq8>

demonstrated how a triple bottom line effort can not only impact the lives of workers and the environment but can also boost sales and customer loyalty.