

The background of the page is a close-up photograph of numerous rolls of white fabric, likely cotton or linen, stacked and piled together. The fabric is slightly wrinkled and has a soft, natural texture. The lighting is even, highlighting the subtle variations in the white color and the way the fibers are woven.

Accrediting Ethical Fashion

Investigating the implementation of third-party ethical certifications in Australian fashion social enterprise

Supported by the RMIT Social Change and Sustainable Technologies and Systems Enabling Impact Platforms

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Cover image by Ethan Bodnar.

Acknowledgement of Country

RMIT University acknowledges the people of the Woiwurrung and Boon wurrung language groups of the eastern Kulin Nations on whose unceded lands we conduct the business of the University. RMIT University respectfully acknowledges their Ancestors and Elders, past and present.

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Acronyms and Abbreviations

ACCC	Australian Competition and Consumer Commission
AO	Accreditation Organisation
CEBIC	Circular Economy Business Innovation Centre
CSR	Corporate Social Responsibility
ECA	Ethical Clothing Australia
FSE	Fashion-Based Social Enterprise
GA	Government Agency
HREDD	Human Rights and Environmental Due Diligence
ISEAL	International Social and Environmental Accreditation and Labelling Alliance
SE	Social Enterprise

Table 1. International typology of social enterprise¹

Social Enterprise Model	Acronym	Meaning
Entrepreneurial Non-Profit	ENP	Non-profit organisations that support their social mission with any form of earned income
Social Co-operative	SC	Mutual interest enterprises democratically run by a group of members/associates
Social Business	SB	Enterprise that engages in commercial business activities to aid a social mission
Public Sector Social Enterprise	PSE	Private enterprises that take on what are traditionally public sector responsibilities (such as the transfer of social service provision) but remain under public control or some level of regulation

Executive Summary

A 2023 report on greenwashing by the Australian Competition and Consumer Commission (ACCC) showed the textiles, garments and shoes sector is one of the top three worst performing sectors when it comes to making concerning claims about their environmental credentials.² In response to widespread concern about the legitimacy of such claims, many fashion businesses are seeking out accreditation or certification systems to communicate different aspects of their business model and supply chain.

Certification systems frequently enjoy substantial brand recognition, and the independent auditing of production processes enhances the level of reassurance they offer. However, the proliferation of certifications might also inadvertently lead to a 'veritable label maze',³ wherein consumers are confronted with an array of garments bearing numerous social or eco certifications.

The use of ambiguous or unfamiliar certification claims leads to significant consumer confusion. In response to this finding, this project conducted roundtable focus groups and interviews with academics, government representatives, accreditation organisations and fashion-based social enterprises (FSEs) to investigate:

How are Australian fashion social enterprises implementing third-party ethical certification systems and symbols? And how does the pursuit of these credentials impact the ethical and sustainable practices of these brands?

This report draws on the insights gained from those roundtables and interviews to examine the specific benefits, challenges and opportunities ethical and sustainable certification systems offer to Australian fashion social enterprises. Our research identified six common issues regarding the implementation of ethical certification systems for fashion social enterprise.

Key insights:

• Costs of accreditation	• Risks of using accreditation
• Value of accreditation	• Risks of non-accreditation
• Layering of accreditations	• Expectations of ethical 'perfection'

In response to these insights, we set out four recommendations to improve the implementation of third-party ethical and sustainable accreditation and certification for Australian fashion social enterprises.

Recommendations:

• Consumer education	• Baseline ethical standards
• Cost subsidies and resourcing	• Accreditation collaboration

Our aim is that this white paper will assist in clarifying the complex landscape of ethical and sustainable accreditation and certification systems for fashion businesses in Australia. The intention is to increase awareness of how these accreditations are currently used and the implications for both the fashion industry and fashion consumers. While this research focuses on Australian fashion social enterprise, we anticipate that the insights provided in this report will assist in minimising the use of certification systems in confusing or misleading ways across the industry, thereby reducing the incidence of greenwashing throughout the textiles, garments, and shoes sector.

Background

The fashion industry has long grappled with unethical and unsustainable practices, including the exploitation of cheap labour and negligence regarding workers' health and safety.⁴ The term “fashion-based social enterprise” (FSE) refers to social enterprises (SEs) that advance a social mission through the sale of fashion products within the free market.⁵ They are alternative business models that aim to challenge traditional fashion processes and empower consumers to engage in ethical fashion consumption as “agents of social change”.⁶ While many fashion brands claim to be ‘transparent’ about the manufacturing processes in their value systems, fashion consumers are often sceptical of brand-led proclamations of ethical and sustainable conduct.⁷

Third-party certification systems claim to offer consumers tangible assurances regarding sustainable and ethical processes.⁸ These systems may also serve to combat issues of greenwashing that have eroded consumer trust within the fashion sector.⁹ However, despite the level of reassurance accreditation and certification systems can offer, they also come with their own challenges, both for fashion businesses aiming to become accredited, and for fashion consumers wanting more clarity about the ethics of the practices under which their clothes are manufactured.

For the purposes of this pilot study, we focused on FSEs as a starting point from which to unpack the broader issues to do with third-party ethical and sustainable accreditation within the fashion sector. Fashion social enterprises comprise a small but powerful section of the Australian fashion industry. As values- and mission-driven businesses, they have a significantly higher incentive to verify or validate their claims to ethics and sustainability via third-party accreditation. Whilst these accreditations are utilised by fashion businesses across the sector, our investigation into their implementation by Australian fashion social enterprises forms a foundation from which to explore their uptake across the industry.

Fashion-based social enterprise

Social enterprises are businesses with a social mission. In Australia, they support social transformation, employment generation, economic impact, and the promotion of innovative entrepreneurship. There is no universal definition for the social enterprise (SE) model. However, there is broad consensus that these entities function as hybrid organisations, operating across the public and private sectors by employing commercial activities to achieve social objectives.¹⁰

According to the Australian organisation Social Traders, SEs are characterised as entities with a clear mission focussed on social, cultural, or environmental advancement.¹¹ They channel a portion of their revenue through trade and reinvest their income to further their societal goals for the betterment of the community.

Leading international social enterprise scholars Defourny and Nyssens (2017) argue that there are four major SE models: 1) the entrepreneurial non-profit model (ENP), covering all non-profit organisations that support their social mission through any form of earned-income; 2) the social cooperative model (SC), whereby mutual interest enterprises are democratically run by a group of members/associates; 3) the social business model (SB), defining an enterprise that engages in commercial business activities to aid a social mission; and 4) the public-sector social enterprise model (PSE), where private enterprises take on what are traditionally public sector responsibilities, such as the transfer of social service provision, but remain under public control or some level of regulation.¹²

FSEs respond to an increasing consumer consciousness regarding the negative environmental and social impacts of the fashion sector. This increased awareness has been accompanied by an increased emphasis on sustainability and ethical considerations as integral components of consumer purchase decision-making.¹³ The concept of FSEs has gained visibility and interest among Australian fashion consumers in recent years amidst this growing consumer awareness.

FSEs adopt a wide spectrum of social missions and organisational structures. Within the fashion sector ENP, SC and SB models are all potential frameworks. However, Australia does not have a legal structure that fully encompasses the diversity of SE models. As such, FSEs often seek out third-party accreditations or certifications to communicate their social mission and commitment to ethical practices.

One of the key motivating factors for FSEs to become accredited by a third-party is to pre-empt or address accusations of greenwashing. Given their social mission, FSEs tend to make a higher number of claims regarding ethical and sustainable production than do their non-social enterprise counterparts. This also means that they are often placed under a greater degree of scrutiny in relation to those claims. Third-party accreditation provides a way to verify or validate those claims that does not rely solely on consumer trust.

Ethical and sustainable certifications and accreditations

FSEs tend to select certifications that align most closely with their organisational framework, values, and practices. They may also seek accreditation from multiple certification systems. While this can mean that the different aspects of their supply chains and production processes are certified as ethical or sustainable, the proliferation of accreditation labels and symbols can also lead to increased consumer confusion.

Our research identified 14 key third-party certification and accreditation systems currently available to Australian fashion businesses (see Table 2). These 14 widely recognised accreditations form part of a much larger ecosystem of 456 ecolabels across 199 countries and 25 sectors.¹⁴ Some of these accreditations, such as Ethical Clothing Australia (ECA), Australian Certified Organic Cotton (ACO) and Social Traders are Australian organisations whose jurisdiction is limited to businesses operating within Australia. Others, including Fairtrade International and the Global Organic Textile Standard (GOTS), operate globally and offer accreditation to businesses and organisations all over the world. These certification and accreditation organisations also accredit different aspects of the value chain, with some certifications accrediting labour rights and material composition, and others accrediting certain aspects of business operations.

With the rise in government legislation to do with human rights and environmental due diligence, for example the Australian Modern Slavery Act (2018) and the EU Corporate Sustainability Reporting Directive (CSRD) (2023), social responsibility is no longer being left to the discretion of corporate entities. Consumers are increasingly aware of the complexities of fashion and textiles production practices. They are also increasingly sceptical about businesses' claims regarding their 'ethical' or 'sustainable' credentials.¹⁵

Third-party accreditations are deemed to be more credible, and therefore trustworthy, than the claims of the brand and are thus seen to provide objective evidence as to the reliability of an ethical or sustainable claim.¹⁶ Legitimate certification and labelling can be of great benefit to companies, consumers and supply chains, aiming to increase producer-consumer transparency and decrease – and ultimately end – illegitimate labelling and manipulative or misleading 'greenwashing'. However, there are also a number of examples of 'brand-created pseudo certifications' such as H&M's "Conscious Collection"¹⁷ which are adding significant confusion to the already saturated accreditation landscape.

Here, we focus on the implementation of recognised third-party accreditation systems used by Australian FSEs to verify their claims to social impact, ethical production and sustainable materials.

Table 2. Ethical accreditation and certification systems available to Australia fashion businesses

Local/Global	Type	Label	Initiator	Model	Accreditation
Local	Labour Rights	(ECA) Ethical Clothing Australia	Industry and Union	Not-for-Profit (Government funded)	Compliance audit and Membership fee
Local	Materials	(ACO) Australian Certified Organic Cotton	(ROA) Regenerative Organic Alliance	Not-for-Profit Industry Organisation	Compliance audit and Membership fee
Local	Business Model	Social Traders	Multi stakeholder council	Non-Profit Organisation	Compliance audit and Membership fee
Local/Global	Business Model	Certified B Corporation	B Lab	Non-Profit Organisation	Compliance audit and Membership fee
Global	Labour Rights	Fairtrade International	Non-Profit Organisations	Non-Profit multistakeholder association	Compliance audit and Membership fee
Global	Labour Rights	Fair Wear	Multi stakeholder council	Non-Profit Organisation	Compliance audit and Membership fee
Global	Environment	(FSC) Forest Stewardship Council	Multi stakeholder council	Non-government organisation	Compliance audit and Membership fee
Global	Materials and Environment	WRAP	(SGS) Société Générale de Surveillance	Non-Profit Organisation	Compliance audit and Membership fee
Global	Materials	(BCI) Better Cotton Initiative	Multi stakeholder council	Non-profit multi stakeholder governance group	Compliance audit and Membership fee
Global	Materials	BLUESIGN	(SGS) Société Générale de Surveillance	Public company	Compliance audit and Membership fee
Global	Materials and Labour	Global Organic Textile Standard (GOTS)	Multi stakeholder council	Non-Profit Organisation	Compliance audit and Membership fee
Global	Materials	STANDARD 100 by OEKO-TEX	Hohenstein Research Institute, the Australian Textile Research Institute and Testex (Textile Testing Institute)	Non-Profit Organisation	Compliance audit and Membership fee
Global	Materials	Cradle 2 Cradle	Multi stakeholder council	Non-Profit Organisation	Compliance audit and Membership fee
Global	Materials	Textile Exchange	Multi stakeholder council	Non-Profit Organisation	Compliance audit and Membership fee

Methods and Scope

This report draws on the insights gained from a series of roundtable focus groups and in-depth interviews. We conducted three roundtable sessions in early December 2023 with academics and representatives from government agencies (GAs), accreditation organisations (AOs) and fashion social enterprises (FSEs). We also conducted three additional in-depth interviews with representatives from GAs and FSEs who were unable to attend the roundtable focus groups. The three-hour roundtable sessions were held at the RMIT city campus, and the additional one-hour interviews were all conducted online via Teams.

We separated the groups of stakeholders in order to understand different industry perspectives and counter potential power dynamics between the groups. This was particularly important in the case of the FSEs and AOs, both groups of which we wanted to have the opportunity to speak openly about their experiences working with the other.

These roundtables and interviews sought to examine the specific benefits, challenges and opportunities ethical and sustainable certification systems offer to Australian fashion social enterprises from a range of different stakeholder perspectives. Prompted by the 2023 ACCC report into greenwashing, the research was also interested in investigating how Australian fashion social enterprises are utilising ethical and sustainable certification and accreditation systems and symbols (trust marks) to communicate information about their production and manufacturing practices to their consumers.

Limitations and further study

This study engaged with a range of stakeholders involved in the implementation of ethical and sustainable certification and accreditation systems and symbols. However, it did not engage with consumers, union representatives or garment workers. As such, the study functions as a preliminary investigation into the implementation of certification systems, rather than a wide-reaching study of the effects of accreditation on consumer decision making or changing fashion production and manufacturing practices.

The project established collaborative relationships with relevant industry, academic and governmental stakeholders, which will be instrumental in developing follow-up studies. The research team aims to conduct a larger, longer-term investigation of ethical and sustainable accreditation and certification across the Australian fashion landscape. This will include an investigation into how the implementation of certification systems impacts consumer decision-making. It is anticipated that further research will enable the development of a set of best-practice recommendations for industry on how to implement third-party ethical and sustainable accreditation systems and symbols as well as guidelines for consumers on how to interpret and understand the meaning of these systems and symbols.

To minimise the use of certification systems in confusing or misleading ways, ultimately reducing the incidence of greenwashing in the textiles, garments, and shoes sector, it is critical that we first identify how these certification systems are being implemented and utilised by fashion brands. It is only from this foundation that guidelines through which businesses and consumers might better implement, engage with, and understand the meaning of certification systems might be set.

Key Insights

Our research identified six common issues regarding the implementation of ethical certification systems for fashion social enterprise. Together, they provide a comprehensive picture of the challenges involved in the accreditation or certification of ethical and sustainable production practices within the fashion industry.

The insights provided by four FSEs differed significantly based on the type of social business model under which they operate. Two of the FSEs in the study were Entrepreneurial Non-Profit (ENP) enterprises, whereby they do not make profit and any earned income (from product sales, grants and donations) is used to cover running costs and to support their social mission. The other two FSEs were Social Businesses (SBs) that engage in commercial business activities to aid their social mission. We have noted the type of business model in the quotes below to clarify the differences in their approaches and attitudes towards accreditation.

1. Costs of accreditation

Throughout our conversations with FSEs, the costs of accreditation was one of the key points that was discussed. FSEs were not only concerned with the financial costs of accreditation, but they also spoke about the resourcing required to record and share complex data with accreditation organisations. These costs were particularly significant for the FSEs in this study who were ENPs, as they are small businesses with limited resources.

*“I am supposed to deliver to them: financial profit and loss statements, balance sheets, impact data, including direct support, cost of beneficiaries, wages paid, total headcount of beneficiary employees, total employment hours of beneficiary employees which is [almost impossible] to try to calculate [...] Total training hours unpaid for beneficiaries, total head count of beneficiaries assisted into employment. Total headcount of beneficiaries who remain in external employment after three months. Total headcount of beneficiaries transitional. **This is like more than I would say some grant applications require.**” (FSE – ENP)*

*“It's the **small organisations that don't have the resources a lot of the time to commit to the process and the cost of going through it.**” (FSE – ENP)*

Interestingly, the FSEs in the study who were SBs had a very different attitude towards the costs of accreditation. They were accepting of the – often substantial – costs as a necessary part of the process of verifying their claims.

*“**I don't mind paying a third party to verify any claims that we make.** As I said, I don't have the resources to prove it.” (FSE – SB)*

*“It is costly, but again like I said... **we just put it in the marketing budget really.** There's only so many times that you can tell your supporters that you're doing stuff sustainably [...] we budget for the time [...] for staffing resources to put towards it to gather that information that we need.” (FSE – SB)*

The accreditation organisations recognised the challenges involved in implementation, pointing out that the process of documenting a business's ethical and sustainable credentials could be a confronting task.

*“**Nobody likes to be told you're not doing the right thing. Of course, it's very confronting and very challenging.** So, you know we do hear that, you know it's a challenging process.” (AO)*

However, they also spoke about the value of engaging in what could often be a long, confronting process:

*“I hear people say, ‘It took us longer and it was harder than we thought it would be... but don’t change a thing.’ So, I think **that rigour is what they appreciate**. We also hear that just going through the process alone is capacity building. Our standards were designed to help companies learn about the different ways they could be managing their impacts – both reducing negative impacts and increasing positive impacts. Sometimes it takes several years to implement changes in order to certify, and at times that involves getting a few other certifications relevant to your industry. With certification it is a commitment to continuous improvement, so **certification is actually just getting them to the start line, not the finish line.**” (AO)*

Stakeholders representing government agencies mediated these benefits alongside the costs and resourcing of accreditation and suggested this could be a significant impediment to ethical accreditation, especially for small businesses and not-for-profit FSEs.

“If you were a small business the costs certainly are quite prohibitive [...] does that mean we get to a situation where only the largest producers and those proponents of fast fashion are the ones that are able to use a certification mechanism to make various sustainable claims?” (GA)

Overall, the costs associated with accreditation – both financial and social (in terms of time, skills and resourcing) – are a significant burden for small businesses. Despite this, small businesses, and especially FSEs with strong social values, tend to see ethical accreditation as an important step in verifying the claims they make about their production practices.

The costs of ethical certification are often prohibitive for small businesses.

2. Value of accreditation

Attitudes towards the value or benefit of accreditation varied significantly among participants in the study. Unsurprisingly, the accreditation organisations saw great benefit in the certifications. For them, the accreditations could act as shorthand to communicate ethical conduct to other businesses and consumers.

*“Ultimately, they know that it is enhancing their operations and **providing the much needed... I guess proof to consumers that they're looking for**, that they've gone through that they're not just sort of making the statement, there's actually something to back up their statements.” (AO)*

This was echoed by the academic participants, who understood the certifications to have a normative effect that would encourage other brands to improve their practices to become accredited to ‘keep up’ with industry standards as well as consumer demands and expectations.

*“There is quite a normative... sort of effect that goes ‘if one brand takes on this, then others will follow’. So, then that **it will create a shift in practices as a result**. I think that's the benefit of these types of compliance approaches – they do tend to have this very magnetic kind of effect that comes from them so that's the power of them that could be harnessed, I think.” (Academic)*

Similarly, the participants representing government agencies saw ethical conduct accreditation as a way for brands to differentiate themselves and lead the way in ethical business practice.

*“We increasingly hear that the most successful businesses this century are going to be those that most effectively make the green transition. That it’s an increasingly important way to capture market share and consumer dollars... In this context making sustainability claims **is a way to differentiate yourself from the competition and win market share.**” (GA)*

As with reflections on the costs of accreditation, FSEs who were ENPs had very different opinions to FSEs who were SBs regarding the value and benefit of accreditations, especially when it comes to communicating details of their production practices or assuring their customers of their ethical and/or sustainable credentials.

*“Those accreditations that help explain your relationship with the third parties and your expectations on those third parties [are] **really beneficial in their communication to your customer or your supporter.**” (FSE – SB)*

For this SB, the accreditation process did not require any changes to their business model. The business was already operating as a values-driven social enterprise, with a strong focus on ethical production and giving back to the community. Their accreditation was driven by a desire to validate these practices.

*“There’s only so many times that you can tell your supporters of how great of a job you think you’re doing without essentially having a third party verify that for you. So, I guess we were always looking at these are the ways that we’re doing our business, what accreditations map back to that to help us tell that story really clearly? We just put those logos as you walk into the store, they’re like one of the first things that you see in that entrance way and that was a conscious decision to be like **we have these great accreditations that talk for us about what we do.**” (FSE – SB)*

The other SB in the study was far more ambivalent about the value of accreditation:

*“There’s no flexibility given because you’re a small business. I’ve tended to, you know, use my interns to work with me on doing our reporting. Yeah, **you’ve got to question the value of it, especially if we don’t see that much impact on our business.**” (FSE – SB)*

For the FSEs in the study who function as ENPs, they too had diverging opinions regarding the value of accreditation. For one, certification was more important on a B2B level than it was for B2C communication:

*“I think that **brands that work with us want to be able to say that stuff is ethically made... from the manufacturing side.**” (FSE – ENP)*

Another tended to see the value of accreditation to be entirely weighted towards the accreditation organisations, who reap the financial benefits of the process of accreditation.

*“I really do think that because literally our existence is creating, like we are subsidising their jobs and if we all just opted out of the accreditation system, they collapse overnight... So, I think **the relationship is very one-sided at the moment, I think there’s not a heap in it. it’s like they need us more than we need them at the moment.**” (FSE – ENP)*

The academic participants also recognised this as a fundamental flaw in the system.

*“**The challenge when you’re looking at those accreditation systems is that they are reliant on selling more of those accreditations.**” (Academic)*

If the accreditation organisations are themselves functioning as businesses, then they have an imperative to encourage brands to become certified in order to keep their own business running. For many of the FSEs, these conditions undermined the validity and meaning of the accreditation in the very first instance. They

pointed to instances of significant government funding being allocated to accreditation organisations, rather than to the businesses doing the work of ethical production or skills training and took that to be a slight on the system and the very notion of accreditation as a necessary dimension of ethical business practice.

Ultimately, these differing attitudes towards the value or benefit of third-party ethical accreditation suggests that the relationship between accreditor and businesses needs to be more clearly defined, as well as better supported financially and socially.

The value of ethical certification should be more clearly defined for all stakeholders.

3. Layering of accreditations

The value of different individual certifications was a point of contention within this study. Where participants agreed was on the challenges and opportunities posed by layering multiple accreditations. Academics and representatives agreed that, with the proliferation of accreditation systems comes increased confusion about what they each mean, and which are the most important to pay attention to.

*“Accreditations are great as a shorthand, they’re really helpful. **The challenge is where you’ve got multiple accreditations which may be for different things**, which may in some ways feel like they are in competition with each other, which can cause challenges and it’s also then **working out which one of those important accreditations is actually the most important for the person and balancing those things.**” (Academic)*

*“I’m guessing some clothing would have multiple ones of those labels, which one is the most important one is really, you know, **most consumers don’t have the capacity or the time to sit down and actually assess which is the most important one.**” (Academic)*

*“I think on the one hand accreditations are good to have. We want to see traders evidencing what underlies claims and potentially certification schemes can help deliver that. But **there is that challenge of the proliferation of them which can make it difficult for consumers to appraise, which means what? and what the systems are underlying them.**” (GA)*

Accreditation organisations recognised this and acknowledged that there could be better collaborative relationships between the different certifications so that brands could more effectively accredit certain aspects of their supply chains or business practices.

*“I definitely see that there is **opportunity for collaboration between all the different labels**. It is an alphabet soup and for us, we recognise other credible representations for the industry... So, from the materials that they use, and what accreditations can speak to that, to how it’s made and what kind of organisation they are, it’s all relevant for us. So, **we build upon other industry or product led certifications.**” (AO)*

Despite the positive potential of this sort of collaboration, some of the accreditation organisations also identified risks that the layering of certifications might raise, especially when consumers don’t have adequate information about what each of the accreditations represent.

*“There’s risk where there’s sort of related entities in that sphere, and **wires can get crossed and so I think that’s a big risk to accreditation programmes** as well and ultimately, like we don’t have their attention enough to actually take them through, you know, all the ins and outs of it.” (AO)*

For those FSEs who already have multiple certifications, this has been of more benefit in their B2B interactions than in B2C business.

*“We did actually have all the labels next to our front door and I can't recall a single person ever coming in and saying oh [you have X accreditation], they did recognise some of the logos... but I think... **they're handy for B2B business. They really haven't helped us with that B2C business.**” (FSE – SB)*

This suggests that while, at present, there is very little collaboration between different accreditation systems, there is significant potential to improve the ways in which accreditations can be layered to account for disparate aspects of the complex fashion supply chain and different business models.

There is potential for greater collaboration between accreditation organisations.

4. Risks of using accreditation

Given the differing attitudes concerning the value of accreditation, it is little wonder that stakeholders in the study recognised significant risks associated with third-party ethical accreditation, not least of all in terms of consumer engagement with the issues at stake.

The increased availability of information about ethics and sustainability in fashion production is certainly positive. However, it can also lead to feelings of overwhelm, which foster disengagement.

*“**The ironic thing is when consumers have too much complexity and information as part of their decision making, they often just opt out and then they could make a very unethical decision because they just feel completely overloaded.**” (Academic)*

The increased media attention and brand transparency about production practices in the industry has also meant that consumers are more aware of greenwashing and the existence of misleading claims on behalf of brands touting unverified claims.

*Consumers’ **“ears are pricked to the concerns of greenwashing, but they don't know how to discern what is greenwashing and what is real. That is really hard [and can result in consumers] disengaging because they then fall back to the fallback position which is that ‘Well, we can't trust claims, therefore all claims must be ignored, and I can only really just trust what I know.’” (Academic)***

The academics in the study suggested that consumers are correct to be wary. While many accreditations require rigorous auditing of supply chain processes, others focus on particular elements of product design or production, which can defer attention away from a holistic view of brand practices. In this way, brands can use accreditation to illuminate things they might be doing well (ie. using of accredited cotton suppliers) whilst also disguising the things they are not doing so well (ie. manufacturing in non-accredited facilities).

*Accreditation **“can help decision making on the consumer end, but I think it also allows a lot of hiding of practices... when they are co-opted and used as marketing tools and other brands are then doing that in that innovative way... it's not really driving change. It's just acting as a signal and perhaps not a very transparent signal. That's the problem.” (Academic)***

The use of accreditation and certification as marketing tactics, rather than as indicators of change, is also of concern to government agencies, who are vigilant to the imprecision in how many brands use certifications.

*There is concern “with the way the **brands are using certification schemes [because they] can sometimes not be very precise.**” (GA)*

*We have to “ensure that businesses are making evidence-based claims because **otherwise if traders are making the claims but not backing it up with the supply chain practices then it's not only causing consumer harm but also an unfair competition issue.**” (GA)*

*“The role of the standards has become a consumer information processing device and that is not what they should be. They should be something that holds brands and companies accountable... There is a shift of thinking about how these standards are working from a consumer perspective and actually relieving consumers of a lot of that work, because **I think the more that they become marketing tools and devices, actually the more ineffective they become.**” (Academic)*

Interestingly, some of the FSEs involved in this study noted their own frustration with the ways certification systems are being implemented by mainstream brands, which undermines the legitimacy of the accreditation for values driven FSEs.

*“We will continue with them for the short term and we're keeping a close eye to see that because we are **really getting sick and tired of the ethical greenwashing that's going on.**” (FSE – SB)*

The more accreditation systems there are, the more confusion there seems to be about what these certifications mean or represent. While there is great benefit to transparency in supply chains, many of these certifications allow for “selective transparency”, whereby the management of some aspects of the supply chain are publicised in ways that disguise or distract from other aspects. If certification systems are used simply as marketing tools, rather than authentic indicators of ethical practice across the supply chain, then consumers are likely to assume greenwashing and disengage.

There is a risk that consumers will be cynical about brand claims and will disengage.

5. Risks of non-accreditation

Despite the differing opinions regarding the costs and benefits of accreditation, as well as the risks associated with using certification symbols as marketing techniques, one of the driving factors behind the pursuit of certification is to do with the risks of non-accreditation, especially in terms of reputational damage and accusations of greenwashing.

*“There are so many brands that refer to themselves as a social enterprise that I absolutely know for a fact are absolutely not accredited and it's just trying to differentiate yourself I guess in this weird greenwashing way, and because then when people catch on to that, then they get a little bit suss on **who's calling themselves the social enterprise and who's actually doing the work.**” (FSE – SB)*

For some of the FSEs, this requirement to become accredited to avoid reputational damage or potentially risk greenwashing accusations feels unfair, especially as so many fashion businesses who do not operate with a social mission get away with unethical practices every day.

*“They [the accreditation organisations] rely on this kind of collective shame to like essentially, **it's not blackmail, but it's like coercive to get a lot of small organisations signed up because they fear the consequences of not [becoming certified].**” (FSE – ENP)*

In addition to the risks associated with non-accreditation, some of the FSEs also mentioned the risks of noncompliance within the certification process and noted that they often felt intimidated by the accreditors who wanted them to be perfect.

*“But we do it because it’s useful, but **it feels like a more punitive process to go through, it feels like you’re being kind of judged**, rather than it be collaborative.” (FSE – ENP)*

This punitive approach has put some FSEs off the entire accreditation process:

*“I think they’re by and large, parasitic and **contribute very little** and that’s been our experience with a lot of them.” (FSE – ENP)*

For this FSE, the value of accreditation did not offset the labour, cost and time necessary to become accredited. They mentioned one instance of consumer interest in their certification but were happy to share details of their production practices without needing to prove their claims via third-party audits.

The only risk they identified to do with non-accreditation was in relation to government procurement. This was an issue raised by all FSEs in the study. Government procurement requires social enterprises to be accredited in order to apply for grants or tenders. If brands are not accredited, they are not eligible to apply.

*“Government grants especially in socially enterprise... **they want to know that your social enterprise has kind of a stamp of approval.**” (FSE – ENP)*

From the perspective of accreditation organisations, the punitive measures were seen as necessary in order to ensure that standards are being met and maintained.

*“Yeah, obviously **punitive measures are not always good**, but potentially that might be where it’s headed.” (AO)*

*“**If there’s been a suspension of a certification, well, that shows you that the process is working.**” (AO)*

While this approach is understandable in terms of upholding standards, it also risks brands divesting from accreditation for fear of punishment. In this case, the risks of non-accreditation can appear more desirable than the disciplinary measures imposed by accreditation organisations in instances of noncompliance.

The punitive measures of noncompliance can outweigh the risks of non-accreditation.

6. Expectations of ethical ‘perfection’

One of the driving factors behind the pursuit of third-party ethical accreditation is an expectation of ethical ‘perfection’ – on behalf of consumers, brands and accreditation organisations to differing degrees. Due to the rise in the information and knowledge available regarding ethical and sustainable production, consumers have increasingly high expectations regarding what brands should be doing to improve their practices. There is a substantial body of literature concerning the ethical consumer ‘intention-behaviour gap’,¹⁸ which demonstrates that despite consumer behaviour that contradicts intentions, these high ethical values and expectations continue to prevail.

“It basically creates a new expectation or standard of what sort of expected compliance is. So, then it resets expectations around what brands should be doing, not what they have to be doing as

opposed to what they might like to be doing... I think there is a bit of a gap at the moment between practice and what consumers would like and expect from brands.” (Academic)

These expectations not only lead brands to pursue accreditation and to moderate their marketing to meet consumer demands, it also often prevents them from being as truthful as they could be for fear of retribution or public shaming for not being ‘perfect’. This is a significant issue, which was recognised by accreditation bodies and FSEs involved in this study.

“It’s an interesting phenomenon I think of a lot, which is like this kind of idea of ethical perfectionism... because if a brand’s trying to do something and doing something good, yeah, everyone just piles on them. But there’s always other brands doing literally nothing, and they get nothing so you’re almost better off just doing nothing and keeping quiet.” (AO)

“It makes people feel like if they’re not accredited, you’re somehow part of this bad segment of the industry rather than being encouraged to like change the industry.” (FSE – ENP)

This point comes back to the risks of non-accreditation. By seeking accreditation, or making claims to ethical production, brands seem to open themselves to higher levels of public scrutiny than those brands that have chosen *not* to pursue certification. To combat this, accreditation organisations noted that they needed to support brands on their journey towards ethical production, rather than expecting them to already be performing ‘perfectly.’

“I think if we’re gonna see that sort of global shift to making sure that... both people and the environment are respected... then we need to support those businesses to do the right thing. They’re probably going to stuff it up. And, you know, there are risks that are associated with that and I think you probably need to take that risk if the position of the organisation providing the accreditation is that you want a better outcome and a better just and equitable world then you probably need to work with those businesses to support them.” (AO)

“Where it gets quite interesting with brands as well is to take them on the journey. The worst thing you can possibly do in that situation [where a brand has done something wrong or unethical] is just go right, we’ll stop buying from them, because that’s only gonna make the problem worse.” (AO)

The FSEs were also in favour of the accreditation organisations providing more support for them as they progress in their transition towards more ethical production, rather than penalising them for not already being ethically perfect in their practices.

“It’s like is the accreditation there to try and lift standards up? Or is it just to be, you know, fashion police? Like, is it just another cop watching your moves and being like ‘and are you following?’” (FSE – ENP)

Ultimately, the concept of ethical ‘perfection’ does not support improved ethical production practices. When brands are expected to be perfect in their ethical conduct, they frequently choose not to share any details of their production practices for fear of increased scrutiny. This can lead them to reject ethical accreditation systems all together.

To encourage change in the industry, rather than mere lip service, brands and consumers alike should be encouraged to embrace ethical ‘imperfection’ that accounts for the transition towards ethical conduct.¹⁹

The expectation of ethical ‘perfection’ can prevent brands from improving their practices.

Recommendations

Based on the key insights outlined above, we have established four recommendations to better facilitate the process of third-party ethical accreditation and certification. These recommendations take into account the ACCCs guidelines for making environmental claims.²⁰ However, rather than focusing solely on how to avoid instances of greenwashing, our recommendations prioritise suggestions for how the implementation of third-party ethical and sustainable accreditation can be better supported to foster the transition to more ethical and sustainable business and consumption practices across the textiles, garments and shoes sector.

1. Consumer education

One of the most significant insights across the study was that consumers have a lack of knowledge about third-party accreditation and that this significantly impairs the benefits of certification for businesses seeking to provide evidence of their ethical claims. Academics and accreditation organisations agreed that this lack of understanding was a substantial barrier to improving consumer behaviour regarding the purchase of more ethically and sustainably produced fashion and textiles.

“I doubt most consumers could tell the difference between the certifications.” (Academic)

“There’s some really engaged consumers who you know, they are our ideal customer and we’re going, yes you live and breathe it, but **the vast majority of consumers don’t understand nuances of all these different programmes.**” (AO)

The answer to this, one government representative suggested, was including information about ethical and sustainable production into the education system from a young age.

“I think that it’s something that **needs to be embedded in the education system right from the beginning.**” (GA)

Ultimately, there is far more work to be done to communicate the meaning of different accreditation systems and certification symbols to consumers so as to minimise confusion and support more ethical consumption.

Improved consumer education about ethical certification systems is required.

2. Cost subsidies and resourcing

The second resourcing recommendation to come out of the study was that financial support was necessary to encourage businesses to prove their claims to ethics, sustainability and social impact through third-party certification. All the accreditation organisations agreed:

“Government should be subsidising the cost.” (AO)

For “businesses that are, you know, committed to manufacturing locally and doing the right thing... **There should be some sort of subsidisation by the government...** tax offsets, tax incentives and those sorts of things... things like that.” (AO)

In addition to financial support, some of the FSEs also suggested the need for more investment in tools and mechanisms through which to assess ethical practices and benchmark against other businesses. These mechanisms could also streamline the accreditation process so that brands could upload their data to one place, rather than having to compile separate datasets for each application for accreditation.

*“So, creating a mechanism, a free mechanism, **where any organisation can tap into and just essentially plug in their data and have outcomes...** mapped out reasonably cleanly in a nice pretty like data visualisation. That feels like a worthwhile project to be chasing to me.” (FSE – ENP)*

*“In an ideal world, you just put all of the information of all of the impact things that you're doing and all of the ways that you're doing things into like this one giant portal and then, like **all of the accreditations that you match would just like spit out the other side and you'd just be accredited.**” (FSE – SB)*

If the costs of accreditation are prohibiting businesses, especially small FSEs, from seeking third-party accreditation there should be grants, tax incentives and other support mechanisms available to encourage brands to improve their ethical practices and become certified. This is especially true of certifications that are required in order to receive government grants or tender for government contracts, such as procurement.

*There are some accreditations that are “imperative for social procurement at government level. But then, **if governments aren't actually willing to look at what it costs to be a social enterprise, or a not-for-profit social enterprise...** then there's no point. They're still ultimately coming down and driven on price then it's actually very, very hard to be a social enterprise in that space.” (FSE – ENP)*

Government investment in ethical accreditation does not simply equate to providing grants to fund the accreditation process. Rather, it should include other incentives for businesses to improve their production practices and seek third-party assurance that these practices are meeting appropriate ethical standards.

Government should be investing in more support for ethical accreditation and certification.

3. Baseline ethical standards

The other point on which many participants were agreed was the imposition of government administered baseline standards for ethical conduct in the textiles, garments and shoes sector.

*“Why isn't the government stepping in on these things? The government has very clear requirements to meet, you know, 50% reduction in consumption by 2030, just over 2000 days away. Yet where is government here? We are giving the government a lot of free pass here and **actually government should be stepping in on some of these for just minimum standards.**” (Academic)*

*What would be **useful would be minimum standards for what's minimum practices...** Unless you've met this benchmark, you cannot use it for a brand. You can't use it in some kind of promotional purpose. You can't use it as a label. So, I think you know having different sort of levels within the standard could be helpful.” (Academic)*

The academic participants in the study were clear that these standards should be set by an objective panel of government representatives, who would ensure that the standards are consistent across the sector.

*“So, who's setting the benchmark practice standard? Because if that's being pushed to a third party, then the motivations behind that could be varying. They could come from an expert lead sort of perspective. They could come from all sorts of different perspectives... So yeah, **consistency of understanding what best or what expected practice should be in this space. That's the only way that you're gonna drive change.**” (Academic)*

They also suggested that these standards would also need to be accompanied by resources for consumers to improve knowledge about how ethical standards are applied and what brand expectations are.

“Yes, government should absolutely be playing a role here in terms of providing those types of resources that can help consumers navigate this.” (Academic)

Further, these standards should not be something a brand can meet overnight. Rather, they should be rigorous to a degree that businesses are required to prove their commitment over time.

“There should be a minimum, you have to have with that standard for at least three years to say that you’ve done it, not six months and I’ve ticked it like that’s good to go, some sort of credibility that comes with doing it consistently and showing that you’re committed to doing it.” (GA)

At present, there is extensive inconsistency in terms of ethical practice in the fashion industry. While brands such as the FSEs in this study are making significant contributions to the advancement of ethical production, there remain countless mainstream brands that are not held to account for their manufacturing and sourcing practices. Consistent government-imposed minimum standard would level the playing field to allow those brands going above and beyond the bear minimum to be celebrated whilst also ensuring that those who do not prioritise social impact or ethical and sustainable production are nevertheless not causing harm.

Consistent government standards should be imposed to ensure baseline ethical practice.

4. Regulation of accrediting bodies

Finally, concern was raised by multiple stakeholders in the study regarding the regulation of accrediting bodies; in other words: who is auditing the auditors? The accreditation organisations themselves welcomed the idea of regulation, suggesting that this would add further credibility to their work.

“There just needs to be strong regulation around certifications... there’s so many private ones out there as well and [they just need] clearer standards.” (AO)

Several of the accreditation organisations in the study mentioned the International Social and Environmental Accreditation and Labelling Alliance (ISEAL) as an international regulator in the space. There is potential for ISEAL to be implemented more widely, or for their standards to be used in national regulation.

Another accreditation organisation suggested that, like brands, accreditors need to be more transparent about their practices and the limits of their jurisdiction. This is important not only for consumer education but also for improved clarity regarding where certification systems might overlap or diverge.

“I think it is a bit more of this kind of like hand holding and people like the accreditation programmes coming together as well and seeing, you know, obviously being honest about what the scope of each certification is and where there are gaps.” (AO)

We cannot simply assume that third-party accreditors are ensuring ethical conduct across supply chains. Rather, regulation is required to ensure the appropriate use of accreditation systems and accurate auditing of businesses on behalf of the accreditation and certification organisations.

Accreditation and certification organisations should be audited for ethical compliance.

Conclusion

As this research indicates, there are currently several barriers that prevent FSEs from becoming accredited through third-party systems and challenges that prevent these accreditation systems from having the impact they aim for. Accreditation and certification systems have the potential to encourage the implementation of more ethical and sustainable practices in Australian FSEs and across the broader Australian fashion industry. These systems also have the ability to substantiate ethical and sustainable claims in ways that can mitigate instances of greenwashing. Yet, if these barriers and challenges are not addressed, these systems are likely to remain either at the fringes of the sector, used only by businesses that are already values-driven, or their application will be undermined by a lack of rigour that encourages consumer scepticism and works to support greenwashing in the industry.

Third-party accreditation can effectively substantiate ethical and sustainable claims and, therefore, potentially reduce instances of greenwashing in the textiles, garments and shoes sector.

However, the pursuit of ethical certification or accreditation does not substantially impact the ethical and sustainable practices of Australian FSEs, which are already values-driven businesses.

It is not enough to simply encourage Australian fashion businesses to transition towards more ethical and sustainable practices. Rather, government intervention is required to ensure that this transition is realised across the sector. In relation to accreditation, this intervention should come in the form of improved consumer education about ethical production and the meaning of different certifications; greater financial support for the accreditation process, especially for FSEs; the implementation of baseline ethical production standards; and the auditing of accreditation systems to ensure that they are meeting minimum standards.

While accreditation can be a powerful communication tool and signalling device, it must be accompanied by stronger regulatory frameworks that insist, rather than simply encourage, fashion businesses to amend their practices for a more ethical and sustainable future.

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