

# Business and Water: Water Reporting in the Fashion Industry

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## Why does corporate water reporting matter?

### A Global Water Crisis:

According to the World Wildlife Fund, 1.1 billion people currently lack access to clean water and two-thirds of the world's population could face water shortages by 2025. <sup>1</sup>

Corporations are responsible for the majority of global water use and pollution. In order to mitigate corporate impacts on water resources, stakeholders, governments and consumers must have transparent access to data on corporate water use.

### Water Use in the Fashion Industry:

Corporate water disclosure in the fashion industry is particularly important. The fashion industry is one of the most water-intensive and water-polluting industries globally, with 20 trillion gallons of water used each year. <sup>2</sup>

1. Water Scarcity | Threats | WWF. (n.d.). World Wildlife Fund. Retrieved September 26, 2022, from <https://www.worldwildlife.org/threats/water-scarcity>  
2. Ellen MacArthur Foundation (2017) A New Textiles Economy: Redesigning Fashion's Future. [https://www.ellenmacarthurfoundation.org/assets/downloads/publications/A-New-Textiles-Economy\\_Full-Report.pdf](https://www.ellenmacarthurfoundation.org/assets/downloads/publications/A-New-Textiles-Economy_Full-Report.pdf)

## The Problem with Greenwashing

*What it is:* Greenwashing occurs when an organization misrepresents themselves in order to appear more sustainable than they really are

*Why it is bad:* For us to achieve climate change and environmental degradation targets, it is essential for stakeholders and consumers to be able to hold corporations accountable for their actions. This is not possible if corporations are not fully transparent about their progress on environmental issues.

## Methodology

### Phase 1: Literature Review

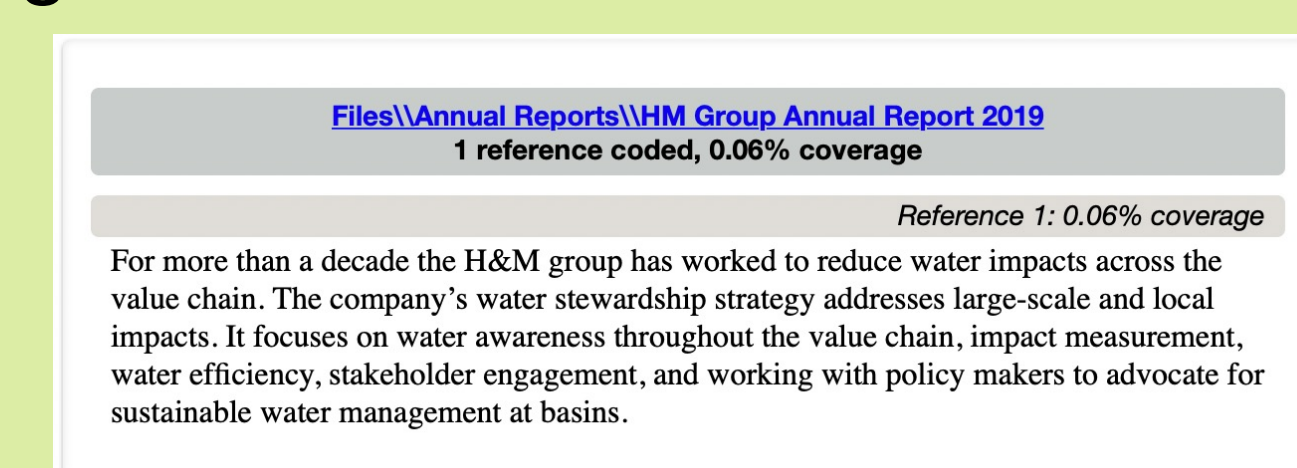
- Summarized the current literature regarding greenwashing, corporate sustainability disclosures, and corporate water reporting
- Summarized current government policies and standards regarding corporate water reporting in the UK, USA, EU, Australia, and China
- Identified gaps in the literature and potential opportunities for research, leading to a subsequent focus on water reporting in the fashion industry

### Phase 2: Compiling a Database

- Downloaded and organized sustainability and annual reports from 252 fashion companies (taken from the Fashion Transparency Index) for the years between 2006 and 2021.

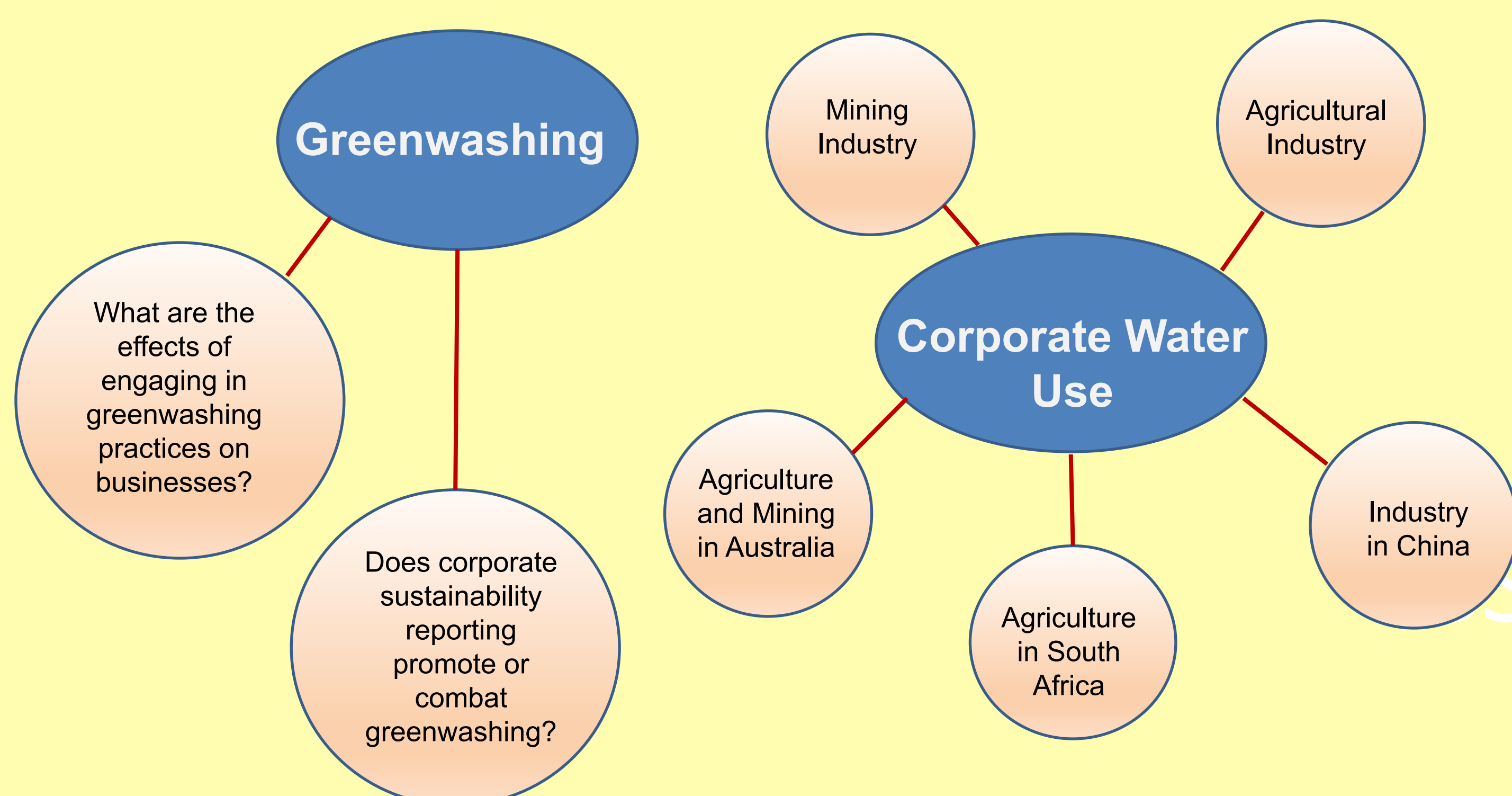
### Phase 3: Textual Analysis

- Narrowed textual analysis to 4 corporations (Nike, H&M, Deckers, and Esprit) between the years 2016 and 2020
- Used the qualitative textual analysis software NVivo to code instances of the word "water" into various themes such as "water consumption" and "water-related value chain engagement".

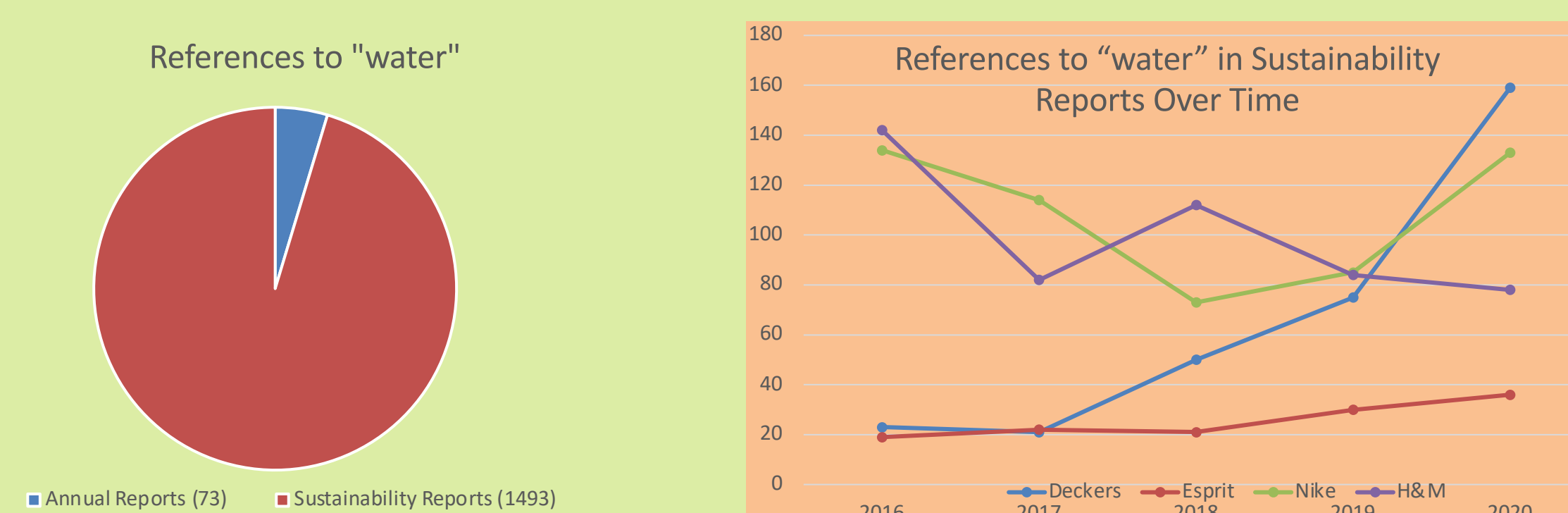


Example of coded NVivo "water" reference from 2019 H&M Annual Report

## Key Themes in Recent Literature



## Results and Conclusions



### Key Takeaways:

- The higher prevalence of "water" references in sustainability reports compared to annual reports suggests that water issues are more important to corporations within the context of stakeholder and consumer social impact perceptions than within the context of financial security and strategy
- The increase in total references to water over time suggests companies are under increasing pressure to disclose their water usage
- Water disclosure tends to include data on water consumption, water discharge treatment, and value-chain engagement
- References to local water context, water stress, and water withdrawals by source were not present in most reports
- Future targets set by companies tended to be vague and not quantifiably measurable

## Next Steps and Research Implications

### Next Steps

- Complete NVivo textual analysis for all reports in the database
- Create an index based on textual analysis of reports to rank fashion corporations on their water disclosure

### Potential Research Implications

- Aid corporations in understanding how well they perform on water disclosure in relation to competitors
- Help governments understand current deficiencies in water disclosure which could translate into water disclosure policies
- Make water disclosure performance transparent to stakeholders and consumers