Sustainability is not yet a financial KPI for fashion and apparel

Only 41% of brands link climate targets to financial KPIs

The transition to a low-carbon economy represents one of the most disruptive changes fashion and apparel organizations have faced in decades. It challenges established business models and requires rethinking product design, reconfiguring supply chains, changing technology, distribution, real estate and almost every aspect of operations and infrastructure.

Fashion and apparel businesses are perhaps further ahead than other industries. New Risilience-commissioned research revealed **80%** of businesses in this sector discuss climate very frequently at board level and investment is rising across the board, with **43%** of all CapEx now being allocated against sustainability goals, which is the highest of all industries polled in the survey.

However, only four in 10 (41%) fashion and apparel businesses are linking climate targets directly to financial performance — a critical gap if the sector is to build long-term resilience and deliver sustainable value.

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The fashion & apparel industry in focus

Only **41%** link climate targets to financial KPIs

80% report climate is discussed very frequently at board-level

38% suffer from unclear internal sustainability ownership

57% want ESG analysis tools

43% of all CapEx is aligned with sustainability goals

85% have a nature risk plan in place

*Data from the Climate and Nature Risk Report 2025, commissioned by Risilience and conducted by Censuswide in August 2025. 500 sustainability & risk decisions makers were polled across seven industries in the UK, US and Europe.

What does this mean?

While the fashion and apparel sector is excelling in many areas, the findings reveal a clear lag between ambition and financial integration. The fact that only **41%** are embedding climate targets into financial KPIs suggests that most organizations are yet to make sustainability a measurable driver of enterprise value, and highlights how much opportunity remains.

Furthermore, nearly four in 10 (38%) businesses currently suffer from unclear internal sustainability ownership and **31%** report insufficient collaboration between sustainability and finance teams as their biggest barrier to adopting finance-grade climate risk models.

What should companies do now?

Organizations that act now will gain resilience, investor confidence and competitive advantage. It's time to:

- Embed risk into enterprise governance and finance systems
- Build finance-grade models to clearly and robustly communicate ROI and enterprise value in line with and alongside all other business considerations
- Tackle Scope 3 through aligned incentives, supplier data and procurement governance
- Recognize natural dependencies: integrate nature alongside climate in strategy and disclosure

Turn climate and nature risks into financially quantified insights with Risilience

- Build a stronger foundation for reporting, disclosures, and strategic decision-making
- Understand climate and nature risk exposure in financial terms, clearly and confidently
- Turn strategic buy-in into financially informed, measurable action for sustainable growth

> Climate and nature risks are no longer abstract sustainability issues; they are real financial risks. Businesses that quantify these risks, embed them into governance and financial systems, and align incentives across their supply chains will build resilience and competitive advantage in the face of economic and political challenges.

Dr Andrew Coburn, CEO *Risilience*

Let's connect

Risilience works with global fashion and apparel clients to deliver audit-ready disclosures and commercially viable transition plans that align with business strategy to provide value for all stakeholders.

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