



Fast Fashion: Costing More Than the Planet

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Fast fashion has grown to a \$150 billion market, expanding another 10% just last year. This model of rapidly designing, producing and distributing clothing has grown to satisfy our swelling appetite for enhancing our day-to-day wear. Fashion brands have long used new styles and lower prices to attract customers, but previously brands would plan new ranges many months, even years, in advance. Now, fast fashion is focused on responding to ever-changing consumer tastes as quickly as possible. So quickly that Shein can design, source materials, build, market and ship garments in just 10 days. Adding the omnipresence of Tiktok trends and Instagram marketing, individuality now morphs into ubiquity faster than ever. Cha-ching for the Sheins and Lululemons of this world. In fear of further allegations of being a 'boomer' from my younger colleagues I will skip over the issues of weaponising social media but they are here if of interest.

What I won't shy away from is outlining the scale of this problem. 1 in 3 young British women consider garments once or twice to be old. It is not my place to tell people how to shop but it does mean a truckload of discarded clothing is estimated to be dumped or burned every second. Leading to a grand total of 85% of all textiles going to landfill each year - enough to fill Sydney Harbour annually. We know that this shift to a throwaway culture has very real consequences for our planet, and combining it with the actual production of these goods accounts for 10% of global pollution and 20% of waste water. And according to the UN Framework Convention on Climate Change, emissions from textile manufacturing alone are projected to skyrocket by 60% by 2030. Globalisation has unlocked the benefits of comparative advantage but in doing so

our goods travel thousands of miles just to get to the warehouse. That's even before the journey that culminates in the package being left somewhere almost near your door.

There are many intensive factors involved in production yet somehow retail prices are low. Democratising the catwalk must however be a profitable pursuit, otherwise profit-seeking corporates wouldn't pursue this avenue so aggressively. The margin therefore sadly comes from intense cost compression in the form of exploitative labour conditions. No days off, earning less than a dollar per item of clothing for as many as 75 hours per week was found to be the norm at Shein's Guangzhou factories. Fast fashion shares a real likeness with fast food in many regards. The product is of course affordable in price but costly in almost every other respect. Just as ultra-processed food saves pennies but costs our NHS dearly, our environment and a disregarded workforce pays for the true costs of fast fashion. But what if I told you, there may be even more costs to consider.

I went through an exercise of clearing out my wardrobe a few years ago and remember being surprised about how many of my clothes were made of polyester. I naively assumed 'cotton blend' meant different types of cotton rather than the natural substance blended with this plastic. In fact now as many as 50% of our clothes are made from this plastic. Again I draw likeness to the UPF world where spreadable butters are branded as 'butter blend' or 'spreadable butter' when in reality it's semi-liquid nature comes from harmful vegetable oils. Cut costs, boost profits, make unsubstantiated claims that it's better for us, repeat.

The same plastic as your water bottle, now woven into the clothes we wear every day. As the world wakes up to the harms of microplastics in teabags, bottled water and even tap water we are drastically underestimating the effects of fashion. When washed, up to 700,000 microplastic fibres come off a single load. However, we seem to overlook that the same harmful substances permeate our skin day in day out, and at a faster rate than ever anticipated. Phthalates, the chemical added to plastics to give the material its flexibility and bisphenol A (BPA), added to provide rigidity, are both endocrine disruptors, meaning their inevitable ingestion affects our hormonal system. Thus, associating them with a variety of health issues including female reproductive disorders such as abnormal puberty, impaired fertility, premature menopause or polycystic ovarian syndrome (PCOS). Worse still, Lululemon leggings were found to contain PFAs, also known as forever chemicals, which are associated with a whole host of ailments including various cancers.

Emerging evidence suggests the concerns may not stop there. One study, for example, dressed 35 pregnant dogs in garments made of either pure polyester cotton or wool or a 50-50% cotton/polyester mix. Stick with me here. Only two in the study showed low serum progesterone, both wearing polyester, and both pregnancies ended in miscarriage. Both of whom saw hormone levels return to normal and had successful pregnancies upon the polyester garments being removed. Male dogs were also fitted with loose-fitting polyester garments over 24 months. From which a significant decrease in sperm count and motile sperm was observed with testicular biopsies showing degeneration. While cotton and control groups showed no significant changes. Again, all affected dogs saw gradual improvement after polyester removal. Your mileage may vary on the efficacy of studies such as these. But with roughly 3.5 million people affected by infertility in the UK, and 25% of which are currently 'unexplained', it is certainly something for socially conscious investors to consider when looking at their asset allocation.

To my view, fast fashion perfectly encapsulates society's issues of overconsumption and therefore are painfully familiar to those who invest in an environmentally and socially conscious manner. Social media perpetuates Freudian marketing techniques which tap into our evolutionary psychology and make it easy to overconsume. Poor labour standards, high resource intensity and swathes of waste are consequences with which we are sadly familiar. With fast fashion, we save money, time and in a subconscious way our primitive desire to fit in within society. It is perhaps the easiest sale there is. However, we already know our planet is suffering as a result, but now we are beginning to see that the consumer, me and you, may be suffering too. What I have learned from both being an investor and having a penchant for consumer psychology, is that a business's principal concern is profits. Therefore, it is important to share information like this and let it inform your purchasing decisions, while at TAM it will certainly shape how we allocate capital within our sustainable strategies.

If you would like to speak with us about anything in this note, or to discuss our discretionary investment management services in general, please get in touch with our UK business development manager David Terry today.



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