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Scaling ESG Solutions in Fashion 2023

A pragmatic sustainability playbook

2023 EDITION

Contents

Foreword

James Fallon
Editorial Director
Women's Wear Daily

Here's a riddle: What do sustainability and dogs have in common? One year can equal seven. Somehow, a year discussing sustainability can seem like five, six or even more.

Fashion brands and retailers continue implementing their sustainability programs, but the timeframe keeps shifting. In the last year, even as they registered progress in some areas, companies have set target dates for results in 2030, 2035 and in many cases, 2050.

We don't have that long. It's time for action. Or shall we say high time. Goals have been made, teams put in place, public commitments shared. The foundation has been set.

The weather shows how rapidly things are changing. Horrific winter storms in California, an unusually mild winter in Europe and the northeastern U.S., terrible recent floods in northern Italy. All these are signs of climate change.

As Women's Wear Daily's increasing coverage of sustainability and related issues shows, companies are taking action. But governments are also tightening the deadlines for when they'll have to take action. France, for example, has set stricter textile recycling timetables beginning in 2025. That's 18 months away. Or, in fashion terms, just a few collections. Meanwhile, almost all brands and retailers recognize sustainability is now a core part of business processes, as well as something the consumer expects and demands. It is a given.

However, the size of the overall task remains paralyzingly daunting. Especially going from Scope 1 to Scope 2 to Scope 3. And as the fast-growth post-pandemic period appears to be normalizing, tough decisions regarding investment and priorities need to be made. How many balls can a single company's executive team juggle at the same time? Materials, supply chain, water use, carbon emissions, circular design, workers' rights... it often feels like whack-a-mole. Each time you hit one, another challenge pops up.

Foreword

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But we all know fashion drives and reflects cultural changes. It's a network of interconnected people and businesses, all relying on one another. It's a community. And each company, and individual, has a role to play. The real evolution must come from within.

This second edition of Scaling ESG Solutions in Fashion 2023 with Accenture, the Responsible Business Center and Fashion Makes Change aims to help companies and brands speed that evolution. It also, hopefully, simplifies it by showing companies they don't have to reinvent the wheel. They can take learnings from others and apply them to their own operations.

The report identifies 12 key action areas for transformation, ranging from climate and the environment to transparency, consumer engagement, labeling, social impact and human rights, and more. Each is then further funneled into identifiable, measurable and achievable initiatives divided into Now, those to be affected in the short term, and Next, still critical, yet prioritized against

the whole. These collective initiatives, if scaled, would result in system-level change throughout the industry.

The fashion world has spent the last decade talking about many of these areas. But the urgency has never been greater. And now the million-dollar question – actually, it's worth much more than that – is what can we all do to spur the transformation?

Let's start using sustainability to scale the solutions that are possible right now – and next – to help redesign fashion's purpose-driven future. Three years, five years, seven years is too long.

The future starts now.

Introduction

It's time for action

We all know fashion is powerful. It propels and demonstrates societal shifts. It is a community of mutually dependent stakeholders. Each person and entity has a part to play and a duty to evolve.

Within that community, fashion's ESG footprint creates both a responsibility and an opportunity: to be stewards of the economy, environment and society.

Intersecting global challenges are forcing the fashion industry to navigate new levels of uncertainty. This is both a business challenge and a climate and societal one. Global instability interrupts our supply chain and our ability to achieve vital sustainability targets.

Progress has been made, of course. Over the last decade, the industry has begun to deliver on its sustainability goals, increasingly utilizing data and technology solutions, introducing new planning and logistics practices, advancing regenerative agriculture, collaborating to create new tracing solutions,

converting to renewable energy, and trialing other innovations. But more is needed. It's time to double down.

Lasting individual, organizational and collective change needs to accelerate and scale, quickly. The 2023 IPCC report tells us the chance of meeting critical global warming targets are dwindling. Unprecedented levels of collaboration, concentration and courage are required.

Beyond climate, fashion's ability to accelerate cultural change also provides, a unique opportunity to move the needle on gender disparity, poverty and race discrimination. By forging new practices, brands are becoming responsible stewards not only of their businesses, but of society.

We know the difficulties. Fashion's journey to become sustainable is widely recognized as one of the most complex. Brands are contending with a fragmented landscape of potential solutions, a lack of data, under-resourced teams, and a shifting regulatory landscape, among other challenges. Even reporting on efforts and progress is a complicated proposition. Simplification, organization, and a multifaceted approach is needed.
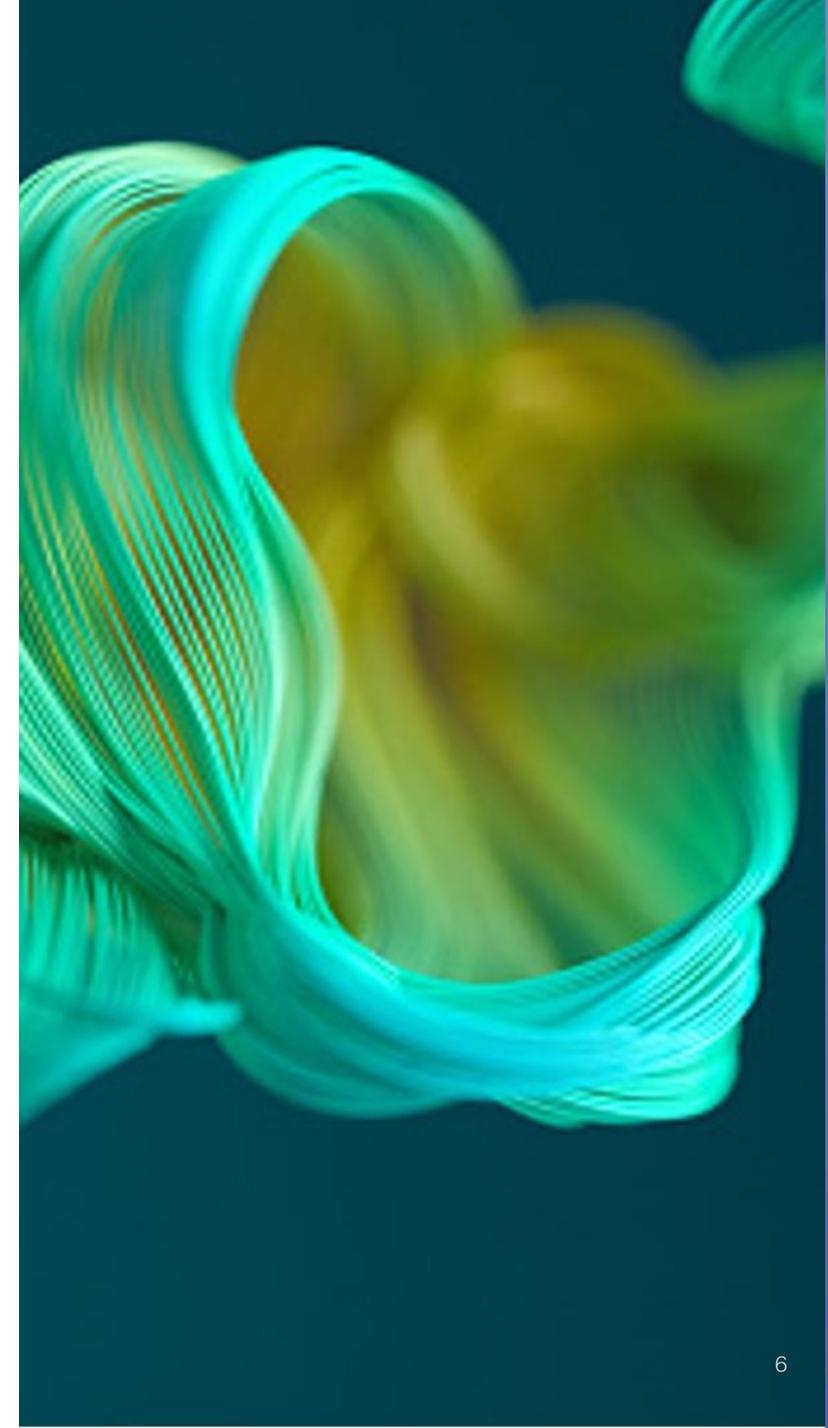
Yet, there is quantifiable good news. Broad sustainability goals and commitments have been identified and adopted. Teams are in place to help accelerate the transition to responsible retail.

And coalitions have formed to promote progress. These efforts are having a positive impact. The latest Fashion Industry Charter for Climate Action Progress Report from the UNFCCC revealed that 44% of active signatories have set public climate targets to remain below 1.5°C of global warming – up from 23% in 2020.

To guide and accelerate progress further, this 2023 Scaling ESG Solutions in Fashion playbook contains a call for continued collective action – for companies both advanced and new to the ESG journey – on 12 priority areas for transformation. Spanning carbon, plastics, circularity, labor rights, consumer engagement and much more, these levers explore the initiatives, technologies and practices that brands can adopt today, as well as those they can prioritize next.

Think of this second edition as a 2023 playbook, designed to help brands step up to the required pace of change in a realistic, phased way. From forecasting to material creation, product development and sourcing, merchandising, procurement, supply chain, marketing, distribution and retail – every individual and every company has a role to play.

Let's imagine a healthier world. Individually and collectively, we are building an industry that drives the circular economy, supports regenerative agriculture, and sources 100% of its materials from low-impact sources. That operates with zero waste and meets its energy needs from renewable sources. And that respects the contributions of all the direct and indirect workers across the entire supply chain. The north star is a respectful and regenerative ecosystem that supports economics and ecology.

There's nowhere else to look. The evolution must come from within each of us and our own community. Together, let's lead the change – by bringing the key action areas in this playbook to life, framing a roadmap for scaling the solutions that will get us there.

The initiatives and actions set out in this playbook are not designed to be exhaustive. They are, rather, intended to evolve and expand as proven solutions and new areas of research emerge. We invite contributions from our readers and the broader industry.

Lastly, we extend our heartfelt gratitude to the many organizations, including Textile Exchange, Apparel Impact Institute, ZDHC, OnePointFive, and numerous brand and retail partners, whose invaluable contributions have made this work possible.

Executive Summary

This playbook identifies 12 areas for transformation: 10 levers for collective action, capable of driving positive outcomes across climate change, the environment, industry transparency, and social impact and human rights; and two key growth opportunities for individual companies, with the potential to scale in the coming years.

The Matrix - Now and Next

High

EASE TO ACHIEVE
Considers the extent to which initiatives require changes to existing business model and value chains, and the degree to which existing solutions are commercially feasible and available for brand involvement

Now

Initiatives that are already off the ground, ready to scale, and open to participants. These initiatives have practical routes for brands to take action, including support from enabling organizations and partnerships

Low

High

Next

Initiatives that if implemented at scale have the potential to create systems-level change. These initiatives can help the industry "leapfrog" in progress and impact, but require wide-scale adoption and collaboration

Low

High

LEVEL OF VALUE/IMPACT
Considers the extent to which initiatives can decrease the fashion industry's carbon and environmental impact, and the degree to which existing solutions can commercially scale and generate impact for brands

12 action areas of transformation

01 Carbon and Net Zero

02 Materials, Regenerative Agriculture and Biodiversity

03 Water and Chemicals

04 Circularity, Waste and Redefining Growth

05 Plastics and Packaging

06 Traceability and Transparency

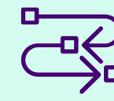**07** Consumer Engagement and Labeling

08 Worker and Human Rights

09 Empowerment, Education and Digital Wages

10 Justice, Equity, Inclusion and Diversity (JEDI)

11 Supply Chain

12 Transportation and Logistics

Collective action/collaborative

Emerging behaviors

01

Carbon and Net Zero

Collaborating on proven solutions to achieve net zero. Reducing carbon emissions across Scopes 1, 2 and 3. Targeting facility improvement, virtual power purchase agreements and eliminating coal in manufacturing. Shifting to 100% renewable electricity.

Carbon and Net Zero | Actions and prioritizations

Now

A	Track and Disclose GHG Emissions
B	Set SBT & Align to SBT Reduction Pathway
C	Establish Mill Improvement Roadmap
D	Increase Renewable Energy Adoption

Next

E	Phase Out Coal Power in Manufacturing
F	Combine Energy Investment Efforts

EASE TO ACHIEVE (High / Low)

LEVEL OF VALUE/IMPACT (Low / High)
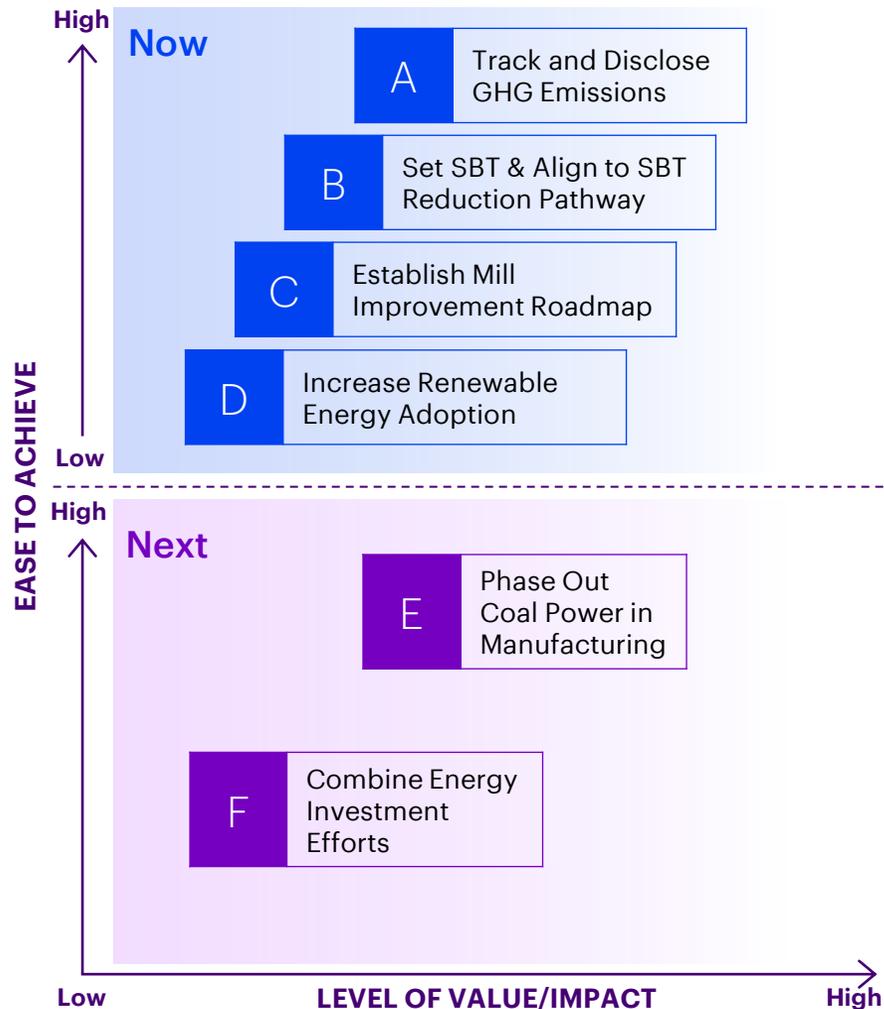
The opportunity

- Eliminating the greenhouse gas (GHG) emissions across the industry and supply network has the potential to reduce up to 8% of annual global carbon emissions, more than all international flights and maritime shipping combined

- The fashion industry and its supply network are one of the world's top ten largest polluters – it's estimated that, by 2030, the industry's total GHG emissions will increase by 50%

Key industry goals

- **Set** SBTi-approved reduction targets on emissions (Scope 1, 2, 3) within 24 months, and commit to achieve net zero emissions no later than 2050, or…

- **Set** target of at least 45% absolute total emissions reductions (Scope 1, 2, 3) by 2030 against a baseline of no earlier than 2019, and to achieve zero emissions no later than 2050

- **Secure** 100% of electricity from renewable sources for owned and operated (Scope 2) emissions by 2030

- **Assess** environmental impacts and set targets for freshwater and land, according to new Science Based Targets (SBTs) for nature
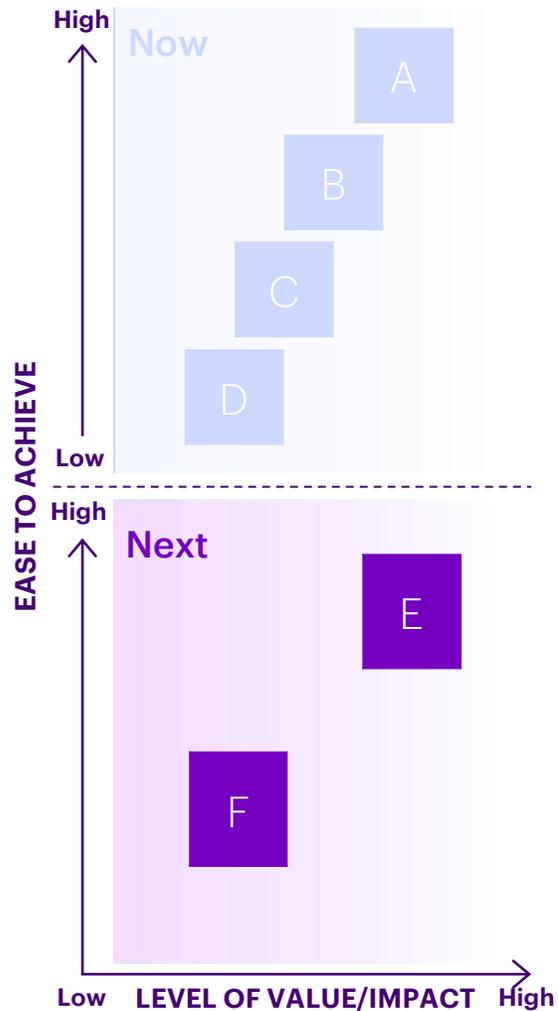
Carbon and Net Zero | Now

EASE TO ACHIEVE

High — Now
- A
- B
- C
- D

Low

High — Next
- E
- F

Low — **LEVEL OF VALUE/IMPACT** — High

	Solutions	Examples	Considerations
A	**Track and Disclose GHG Emissions** • **Contribute** to a verifiable emissions tracking inventory conforming with GHG protocol on a product level • **Disclose** annual GHG emissions through industry standards (e.g., CDP), utilizing SBT method (e.g., SBTi) for Scopes 1 and 2, and Scope 3 using industry-aligned calculators	• Corporate Accounting and Reporting Standard, Scope 2 Guidance, Scope 3 Guidance • LCA standards	• Monitoring emissions to establish baselines for reporting frameworks is key to setting practical and beneficial reduction targets • Untracked emissions remain common, and limit precision in accounting against planned reduction efforts
B	**Align to SBT Reduction Pathway** • **Join** SBT initiative requiring a commitment to set SBTs from 2023 to 2050, and collaborate to achieve targets • **Set and submit** reduction pathway plans for 2030 aligned with SBTi framework, using targets for Scopes 1 and 2 and supply network targets for over two-thirds of Scope 3	• Sustainable Apparel Coalition • GHG Protocol's Absolute Contraction Method	• Progress toward the UNFCCC's 45% absolute reduction by 2030 can only be tracked if there is transparency of each's organization's emissions reductions • Consider nature-based offsets and carbon reduction strategies as part of an interim decarbonization solution on the path to achieving SBTs
C	**Establish Mill Improvement Roadmap** • **Align** with mill improvement initiatives and establish an implementation roadmap for updating operated and contracted mills • **Address** the energy and water impact of mills through the application of global frameworks	• Apparel Impact Institute • Clean by Design	• Savings from energy efficiency initiatives typically average ~15% of total energy use with existing, known techniques • Mills that have completed the Clean By Design program are realizing 10–30% energy savings overall
D	**Increase Renewable Energy Adoption** • **Join** initiatives that support organizations in reaching their 100% renewable energy commitments, including goals of procuring 60% renewable energy by 2030, 90% by 2040 and 100% by 2050 • **Increase** adoption of renewable energy and energy efficiency measures throughout supply network using a combination of direct conversion, onsite solar power installations and purchase of Green Power Products	• RE100 • Virtual Purchase Power Agreement (VPPa)	• Roughly 250 million tonnes of CO_2e (~21% of emissions) could be reduced through a 50% shift to renewable energy in Tier 2 and Tier 3 producers

Carbon and Net Zero | Next

EASE TO ACHIEVE

Now — High / Low (boxes A, B, C, D)

Next — High (boxes E, F)

LEVEL OF VALUE/IMPACT — Low / High

	Solutions	Examples	Considerations
A	**Phase out Coal Power in Manufacturing** • **Phase** out coal power use in manufacturing facilities through conversion to dry processing • **Switch** fossil fuel burning facilities from coal power to lower-carbon emitting fossil fuels like natural gas or renewable energy where possible	• D(r)ye Factory of the Future	• Phasing out coal use at Tier 1 and Tier 2 facilities, and transitioning away from wet processing at Tier 2 facilities has the potential to abate 39% of required GHG emissions across the industry • Phasing out coal entirely can reduce emissions across the industry by 13%, a key portion of the 50% target for 2030
B	**Combine Energy Investment Efforts** • **Seek** pooled and blended investment vehicles aimed at removing CO2 throughout the fashion supply chain • **Combine** investment efforts with other organizations to increase reach and scope of capital, including initiatives to kickstart a larger energy transition throughout the fashion industry or through GPPAs driven by corporations	• Fashion Climate Fund • Collective Virtual Power Plant	• Over $1 trillion is needed to decarbonize the fashion industry by 2050, and partnerships will represent a key part of that progress

02

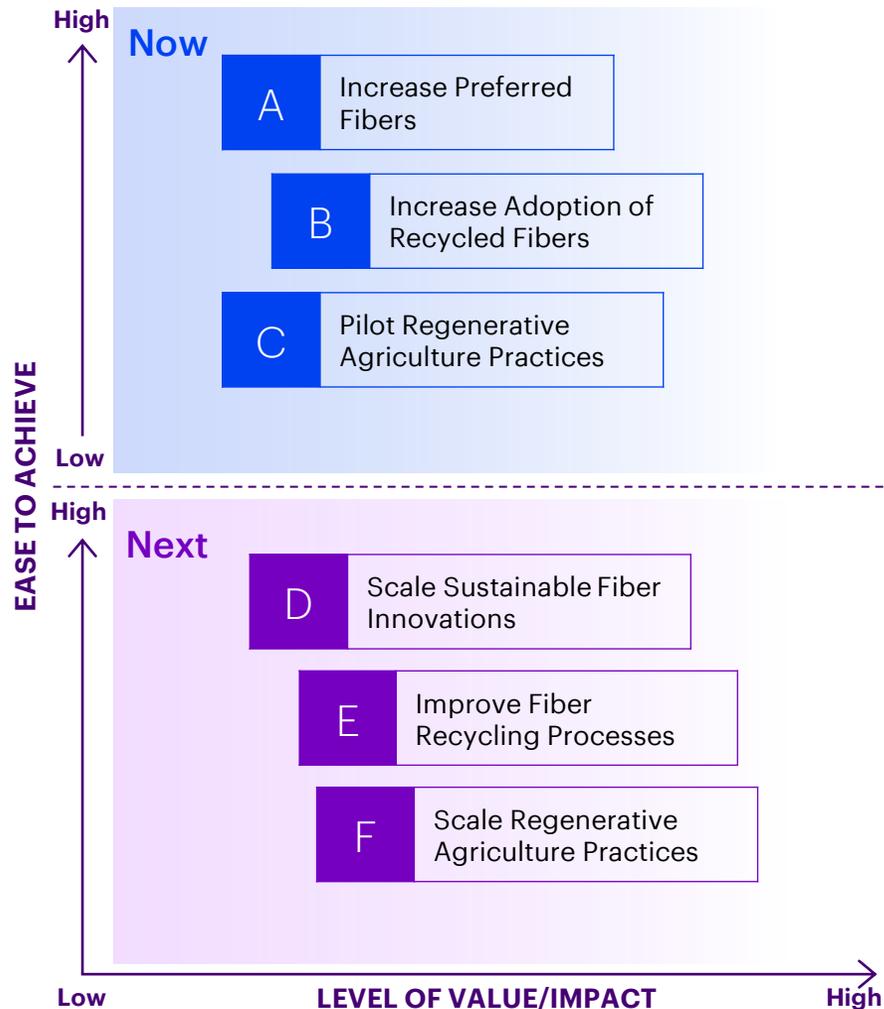# Materials, Regenerative Agriculture and Biodiversity

Scaling availability and pathways for preferred fiber and material use. Supporting regenerative agriculture and biodiversity. Accelerating the reduction of GHG emissions.

Materials, Regenerative Agriculture and Biodiversity

Actions and priorities

Now

A	Increase Preferred Fibers
B	Increase Adoption of Recycled Fibers
C	Pilot Regenerative Agriculture Practices

Next

D	Scale Sustainable Fiber Innovations
E	Improve Fiber Recycling Processes
F	Scale Regenerative Agriculture Practices

EASE TO ACHIEVE (Low → High)

LEVEL OF VALUE/IMPACT (Low → High)

The opportunity

- Fiber and raw material processing and production accounts for a majority of industry GHG emissions and as much as 4% of global freshwater withdrawal. This is exacerbated by the fact that fiber and raw material production within the fashion, apparel, and textile industry has almost doubled in the last 20 years

- Brands need to invest in and support the adoption of more sustainable fibers, including closed-loop recycled fibers as well as regeneratively grown natural fibers

Key industry goals

- **Align** with Textile Exchange's 2030 Strategy, Climate+: By 2030, achieve a minimum of 45% reduction in GHG emissions within the industry's fiber and raw material production from a 2019 baseline, while also considering interdependent impact areas such as biodiversity, water, and soil health and avoiding the pitfalls of a carbon-only concentration

- **Align** with the UN Fashion Industry Charter for Climate Action (COP26 Update): Source 100% of priority materials that are both preferred and low climate impact by 2030, ensuring these do not negatively affect other sustainable development goals
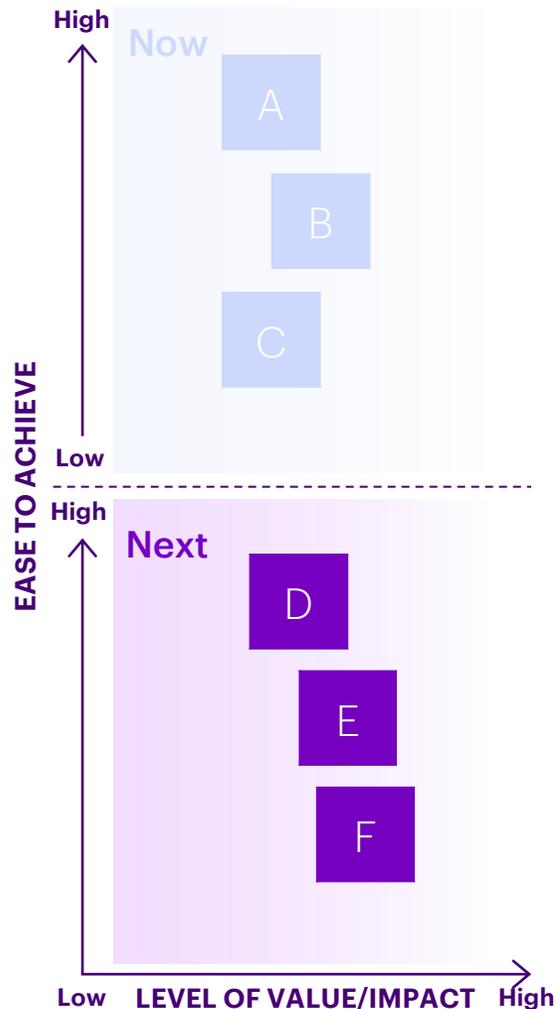
Materials, Regenerative Agriculture and Biodiversity

Now

EASE TO ACHIEVE (vertical axis, Low to High)

Now quadrant: A, B, C
Next quadrant: D, E, F

LEVEL OF VALUE/IMPACT (horizontal axis, Low to High)

|	Solutions	Examples	Considerations
A	**Increase Preferred Fibers** • **Partner** with organizations that can provide the technical knowhow and tools to scale the adoption of preferred fibers and raw materials, with the specific intention of moving away from virgin synthetics (i.e., polyester, nylon)	• Textile Exchange's Preferred Fiber and Material Matrix, Fiber Challenges, and Climate+ • Strategy Sourcing programs, such as U.S. Cotton Trust Protocol	• Virgin polyester comes from fossil fuels, is not biodegradable and sheds microplastic fibers, but is nonetheless the most widely used fiber globally with a market share of 54% • The negative impacts of virgin polyester can be mitigated by adopting preferred natural fibers (i.e., regenerative or organic) and recycled polyester, ideally from existing textile waste (vs. plastic bottles)
B	**Increase Adoption of Recycled Fibers** • **Source** recycled virgin fibers, whether synthetic or natural, through innovative providers • **Support** the necessary scaling of emerging closed-loop fiber recycling technologies and methods	• Giotex*, Renewcell* and Circular Systems*	• While the negative impacts of virgin material production can be mitigated by adopting recycled fibers, in 2021 less than 1% of the global fiber market was from pre- and post-consumer recycled textiles
C	**Pilot Regenerative Agriculture Practices** • **Invest** in regenerative agriculture, prioritizing mechanisms that directly support farmers in overcoming their financial barriers • **Invest and partner** with regenerative agricultural funds to drive needed research and innovations to scale regenerative agriculture	• Textile Exchange's Impact Incentives by the Impact Alliance and ReNature • US Regenerative Cotton Fund and Regenerative Fund for Nature	• Fibers and raw materials produced through extractive agriculture systems contribute to biodiversity loss, GHG emissions and water pollution • Regenerative agriculture can play a key role in combating climate change and biodiversity loss

Materials, Regenerative Agriculture and Biodiversity | Next

EASE TO ACHIEVE (vertical axis)

Now (chart, High to Low)
- A
- B
- C

Next (chart, High)
- D
- E
- F

LEVEL OF VALUE/IMPACT — Low to High

Solutions

D — Scale Sustainable Fiber Innovations
- **Join** fashion innovation initiatives to collaborate and connect with stakeholders across the fiber production supply network to create and scale new sustainable fibers
- **Partner** with organizations that can provide relevant recommendations and connections with sustainable fiber providers

E — Improve Fiber Recycling Processes
- **Partner** with organizations providing supplier connections, mapping and tools to increase adoption of closed-loop recycled and sustainable fibers
- **Join** research initiatives and organizations driving the innovation necessary to scale closed-loop recycled fibers
- **Advocate** for policies that will drive investment in the necessary closed-loop recycling infrastructure

F — Scale Regenerative Agriculture Practices
- **Invest** in regenerative agriculture equities to generate financial value to fund the transition within the supply chain
- **Partner** with regenerative agriculture project developers to connect with existing suppliers using regenerative farming practices or get support for supply network providers to transition to regenerative farming

Examples

D
- Fashion for Good Innovation Platform
- Material Innovation Initiative
- H&M Global Change Award

E
- CanopyStyle
- Rehubs Stakeholder Forum

F
- Natural Asset Company through the Intrinsic Exchange Group*
- Land to Market*
- PUR*

Considerations

D
- All fibers and raw materials have impacts and trade-offs – just because something is bio-based doesn't mean its GHG impact is automatically lower than an alternative
- Investing in new sources of fiber and raw material feedstocks, such as verified crop waste that is regeneratively grown, should be explored to scale GHG emissions reduction

E
- Most textiles produced today are fiber blends, so to scale recycling efforts, it's necessary to recycle blended textiles
- Due to the technically complicated process of separating fibers, difficulties in retaining original fiber quality, and lack of collection and sorting infrastructure, this market is still small and developing, and needs investment to develop and scale technologies and infrastructure

F
- Farmers often face high upfront financial costs and investments to transition to regenerative agriculture
- To make regenerative agriculture a financially viable practice for farmers, it will be necessary to increase demand by switching supply network partners
- Supply network transitions towards regenerative agriculture require expertise, time and financial investments
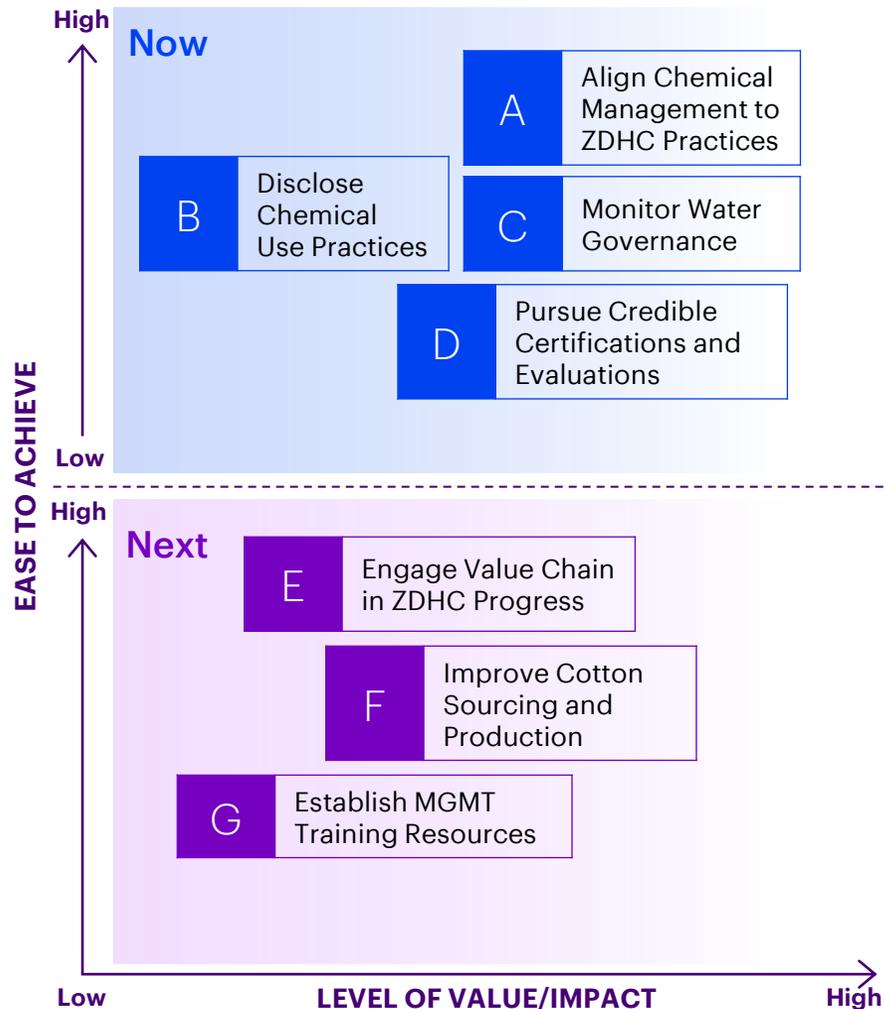
03
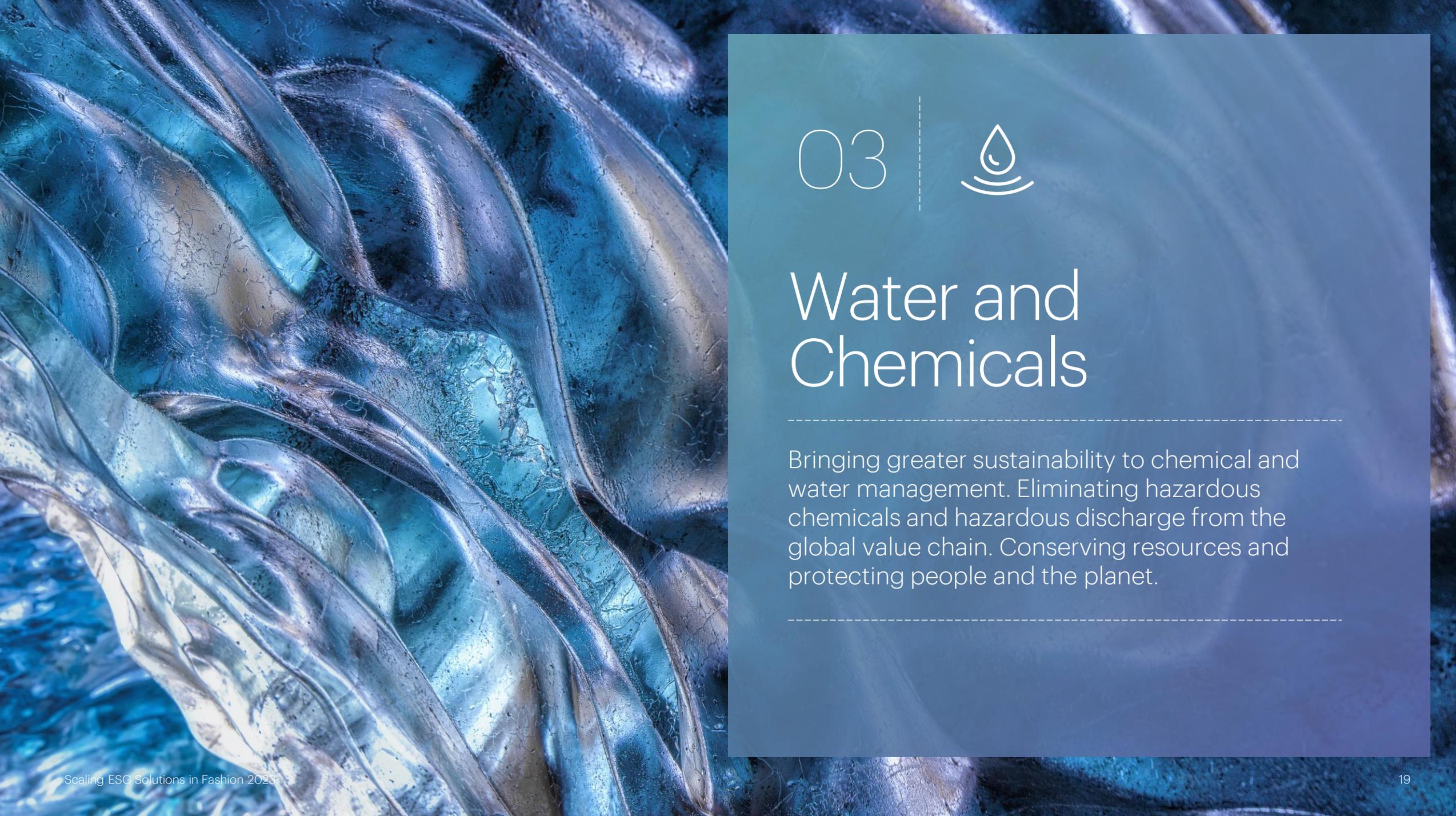
Water and Chemicals

Bringing greater sustainability to chemical and water management. Eliminating hazardous chemicals and hazardous discharge from the global value chain. Conserving resources and protecting people and the planet.

Water and Chemicals | Actions and priorities

Now

- A: Align Chemical Management to ZDHC Practices
- B: Disclose Chemical Use Practices
- C: Monitor Water Governance
- D: Pursue Credible Certifications and Evaluations

Next

- E: Engage Value Chain in ZDHC Progress
- F: Improve Cotton Sourcing and Production
- G: Establish MGMT Training Resources

EASE TO ACHIEVE — High / Low — High / Low

LEVEL OF VALUE/IMPACT — Low / High

The opportunity

- Work with suppliers towards toxic-free production, the transparency of chemical use and wastewater management data

- Target zero discharge of hazardous chemicals in the supply chain, including eliminating substances on the manufacturing restricted substances list (MRSL)

- Increase transparency of hazardous chemical discharges, including quantification, standard reporting - on chemical-use and wastewater - and annual auditing
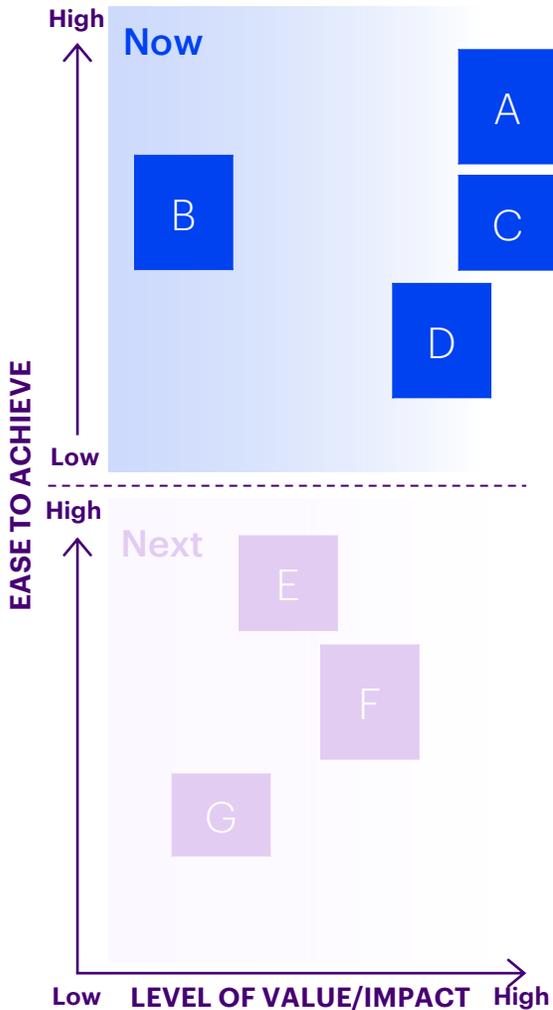
Key industry goals

- **Reduce** the estimated 93 billion cubic meters of water used by the fashion industry each year, _representing 20% of global wastewater production_

- **Eliminate** hazardous chemicals in the production processes, including chemicals that are harmful to human health (i.e., carcinogens, endocrine disruptors, and neurotoxins), and damaging to the environment (i.e., persistent and bio-accumulative chemicals)

- **Full supply chain visibility** of hazardous chemical and water use, from raw materials sourcing to finished product – including where and under what conditions each component of a product is produced, with accompanying third-party certification

Water and Chemicals | Now

EASE TO ACHIEVE

Now

High

A
B
C
D

Low

Next

High

E
F
G

Low — **LEVEL OF VALUE/IMPACT** — High

	Solutions	Examples	Considerations
A	**Align Chemical Management to ZDHC Practices** • **Join** industry commitment to sustainable chemicals management throughout supply network • **Align** chemical management practices to industry-leading practices	• Brands to Zero Programme • ZDHC's Detox Fashion Radar program	• More than 30% of chemicals used globally come from the fashion and textile industry • Without commitments to manage the sourcing, production, and use of those chemicals responsibly, they will continue to plague the industry's impact on the environment
B	**Disclose Chemical Use Practices** • **Strengthen** industry commitment to sustainable chemical management by publicly disclosing chemical footprints and reductions on an annual basis	• Chemical Footprint Project	• Alignment to ZDHC prioritizes proper chemical management practices and disclosure needs to be accelerated • Chemical Footprint Project (CFP) provides a structured approach to disclosures
C	**Monitor Water Governance** • **Ensure** proper water governance practices and monitor impact by aligning with international standards organizations	• Alliance for Water AWS Standard 2.0	• Water usage, scarcity, and pollution cannot be measured in annual impact if there is no formal tracking system in place • Alignment to international standards ensures accountability and transparency
D	**Pursue Credible Certifications and Evaluations** • **Enhance** industry transparency in chemical management by pursuing certifications • **Verify** supply chain performance of chemical and water practices through publicly disclosing internal state of certification using a transparent, scientific, hazard-based method	• bluesign's* IMPACT Report • OEKO-TEX's Detox to Zero system • Intertek's* Chemical Smart Screening • GreenScreen for Safer Chemicals • US EPA Safer Choice • ZDHC Supplier Platform (Supplier to Zero)	• Internal analysis of proper chemical and water management can be biased, flexible in scope, and unstandardized, so prioritizing third-party review ensures better compliance • Publicizing certifications transparently and connecting them to brands and individual products, enables consumers to self-select sustainable manufacturing methods, including chemical use

Water and Chemicals | Next

EASE TO ACHIEVE

Now

High — Low

	A
B	C
	D

Next

High — Low

E	
	F
G	

LEVEL OF VALUE/IMPACT — Low / High

Solutions

E — Engage Value Chain in ZDHC Progress
- **Engage** with ZHDC framework through databases and guidelines that help implement sustainable chemical management
- **Engage** external providers to implement ZHDC framework, guidelines, platforms and solutions

F — Improve Cotton Sourcing and Production
- **Source** sustainably produced and lower water-intense cotton via international standards and farming programs
- **Join** alliances focused on reducing the use of plastics throughout production and packaging systems, factoring in impact on oceans and other water bodies

G — Establish MGMT Training Resources
- **Leverage** internal and external training resources for building expertise in chemical management practices

Examples

E:
- ZDHC Supplier Platform
- ZDHC Gateway
- ZDHC Approved Solution Providers

F:
- Fairtrade certification
- Organic Content Standard (OCS)
- USCTP
- GOTS
- (RE)SET for The Fashion Pact

G:
- ZDHC's Approved Training Providers
- ZDHC Academy

Considerations

E:
- The success of each brand in its efforts to reduce chemical impact are interconnected, and using the same framework to achieve reductions in environmental impact creates incentives for other brands to comply
- ZDHC Supplier Platform provides modules to assess conformance against the Roadmap to Zero Guidelines and tool implementation, while the Gateway consists of the Chemical Module and the Wastewater Module
- The ZDHC Roadmap to Zero Program and ZDHC InCheck Solutions provide insights into the MRSL conformance of a supplier's inventory

F:
- Traditional cotton production is incredibly water-intense, and while suppliers have begun to make progress towards lower polluted wastewater in production, the overall quantity of water used can be eliminated by over 90% with newer production techniques
- Over 30% of global microplastics are sourced in the fashion industry, and most end up in the ocean, polluting ecosystems

G:
- Prioritizing sustainable sourcing is a strong growth area for the industry, as over half (56%) of Chief Procurement Officers consider sustainable sourcing to be a key strategic driver of business going forward
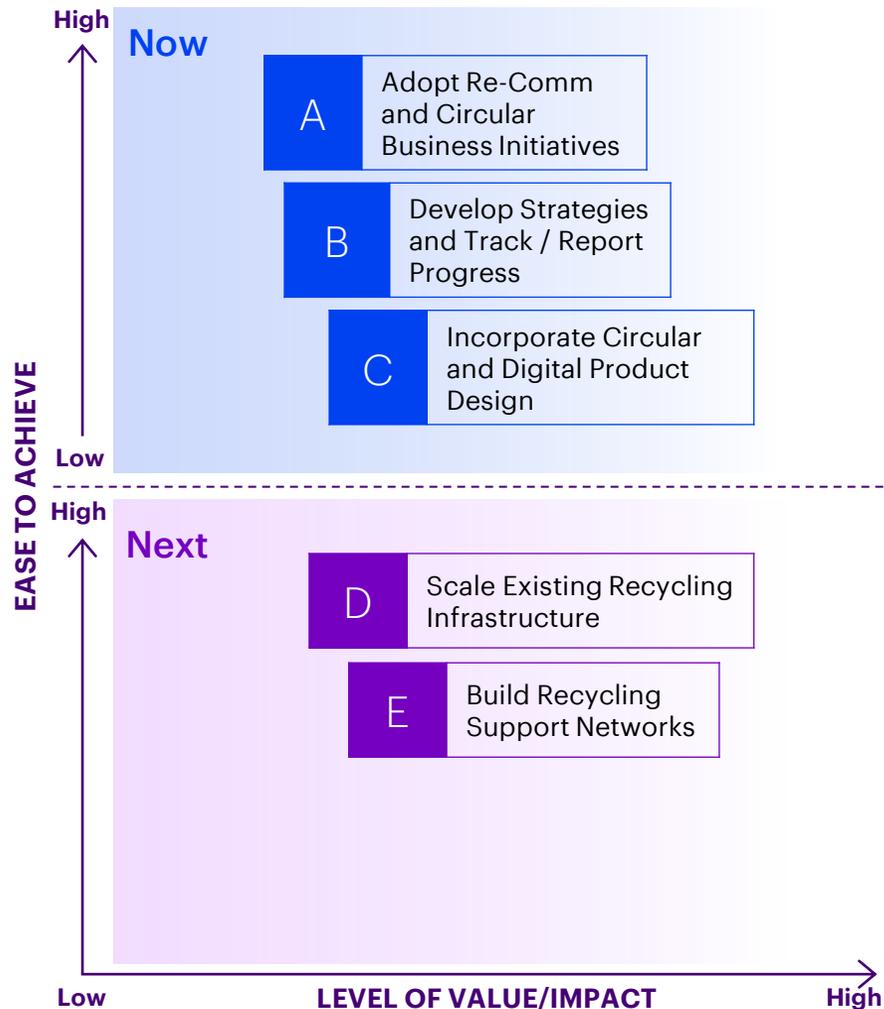- Greater fluency is required on the related issues throughout the value chain

04 | ∞

Circularity, Waste and Redefining Growth

Scaling innovations in fiber-to-fiber recycling. Turning textile waste into new fibers and/or other textile products. Managing collection, sorting and pre-processing at scale. Maximizing material efficiency. Reframing business growth to include new products and channels. Advancing re-sale, repair and other circular models.

Circularity and Waste | Actions and priorities

EASE TO ACHIEVE

Now

High

- A — Adopt Re-Comm and Circular Business Initiatives
- B — Develop Strategies and Track / Report Progress
- C — Incorporate Circular and Digital Product Design

Low

Next

High

- D — Scale Existing Recycling Infrastructure
- E — Build Recycling Support Networks

Low → High

LEVEL OF VALUE/IMPACT

The opportunity

- Circularity in the fashion industry could unlock a $560 billion economic opportunity by better capturing the value of underutilized and landfilled or incinerated clothes. Circular models have the potential to grow from 3% to 23% of the global fashion market by 2030, representing a significant opportunity for brands

- New revenue models for existing products through resale channels, customer acquisition, and new market capture are driving alternative value creation

- Incorporating circular economy principles, such as prolonging use and decreasing waste, can significantly benefit the environment. GHG emissions are estimated to be 44% lower if a garment's useful life can be doubled
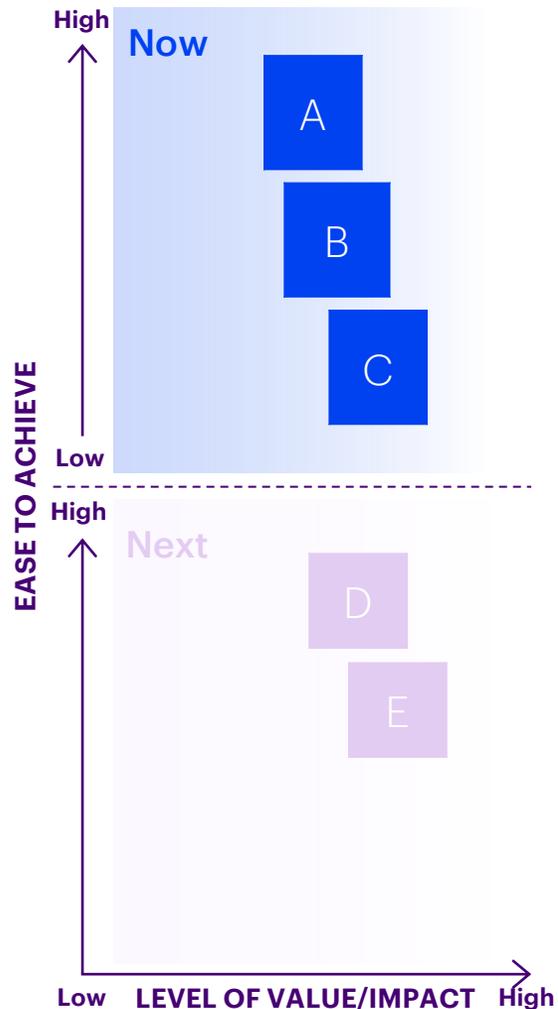
Key industry goals

- **Aligned** UN Fashion Industry Charter for Climate Action: Initiate a phased transition to source 100% of priority materials that are both preferred and low climate impact by 2030

- **Pursue** materials that are closed-loop recycled and deforestation free, apply regenerative practices, and ensure relevant verification and impact measurement mechanisms are applied

Circularity and Waste | Now

EASE TO ACHIEVE

High

Now

A

B

C

Low

High

Next

D

E

Low

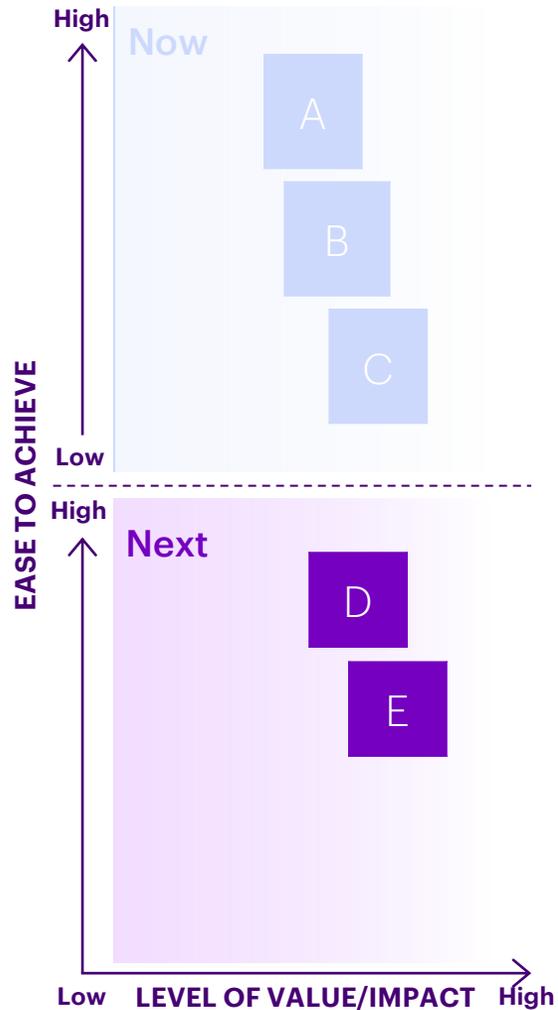**LEVEL OF VALUE/IMPACT** High

Solutions

Examples

Considerations

A

Adopt Re-Comm and Circular Business Initiative
- **Adopt** resale, remake, and repair models that prioritize keeping garments and textiles in use for longer, via partnerships with existing platforms or piloting and building out in-house programs including new product creation

- Trove*
- Recurate*
- ThredUp*
- Vestaire*
- Archive
- Coachtopia
- Urban Outfitters

- The opportunity to control brand image in resale markets and how to establish and manage the authenticity of products
- Businesses are increasingly interested in circular business models, with 87% of clothing retailers eager to trial resale models – resale models are predicted to grow 11 times faster than traditional retail by 2025
- Brands must consider business models across geographies, potential partners, logistics of take-back, digital solutions for product authenticity, marketing, and even product durability and design.

B

Develop Strategies and Track / Report Progress
- **Establish** goals such as decoupling from finite use, reducing waste and overproduction (e.g., 100% used or recycled materials), volume of garments recycled, and validate brand progress by aligning to relevant circularity certifications
- **Digitally track** progress by gathering data on non-circular pain points to identify opportunities and risks, leveraging technology to track textiles and garments (such as tracking tags or blockchain) and data dashboards

- Cradle-to-Cradle Certification
- Textile Exchange's Global Recycled Standard
- ISO 14001 Certification
- Circular.fashion
- Reverse Resources' Waste Traceability Dashboard

- Brand performance metrics are currently attuned to a linear model, which makes it challenging to understand the progress being made on circularity and sustainability
- To transition towards a circular production model, companies need to be able to track their re-sale data, progress and benefits of circularity (including benefits to stakeholders)
- Consumers are increasingly conscious about a brand's environmental and social impacts – 78% of people are more likely to purchase a product that is clearly labeled as environmentally friendly

C

Incorporate Circular and Digital Product Design
- **Train** designers and incentivize manufacturers to incorporate circular principles (durability, material health, recyclability and traceability) in the design process, leveraging existing resources to guide design choices. Prioritize mono-materials and easy disassembly for ease of recycling
- **Adopt** digital design methods, such as digital twin technology and pattern optimization to reduce waste and transport emissions, while developing assets for new channel revenue including the metaverse and gaming

- Ellen MacArthur Foundation's Make Fashion Circular Framework
- Global Fashion Agenda's Circular Design Toolbox
- Sorting for Circularity

- Internal education is required for design, sourcing and merchandising teams to ensure circularity considerations
- 26% of textiles cannot be used as feedstock for recycling due to their composition or other factors – given that more than 70% of the environmental impact from products is determined at the design stage, promoting sustainability in the design phase could have significant benefits
- Extending clothing use by 9 months through using more durable and sustainable material could reduce carbon, waste, and water footprints by 20-30%
- Digital products can reduce GHG emissions by 97% while using 3,300 fewer liters of water on a per product basis, in addition to reducing GHG emissions from transporting sample garments

Circularity and Waste | Next

EASE TO ACHIEVE

High

Now

A

B

C

Low

High

Next

D

E

Low **LEVEL OF VALUE/IMPACT** High

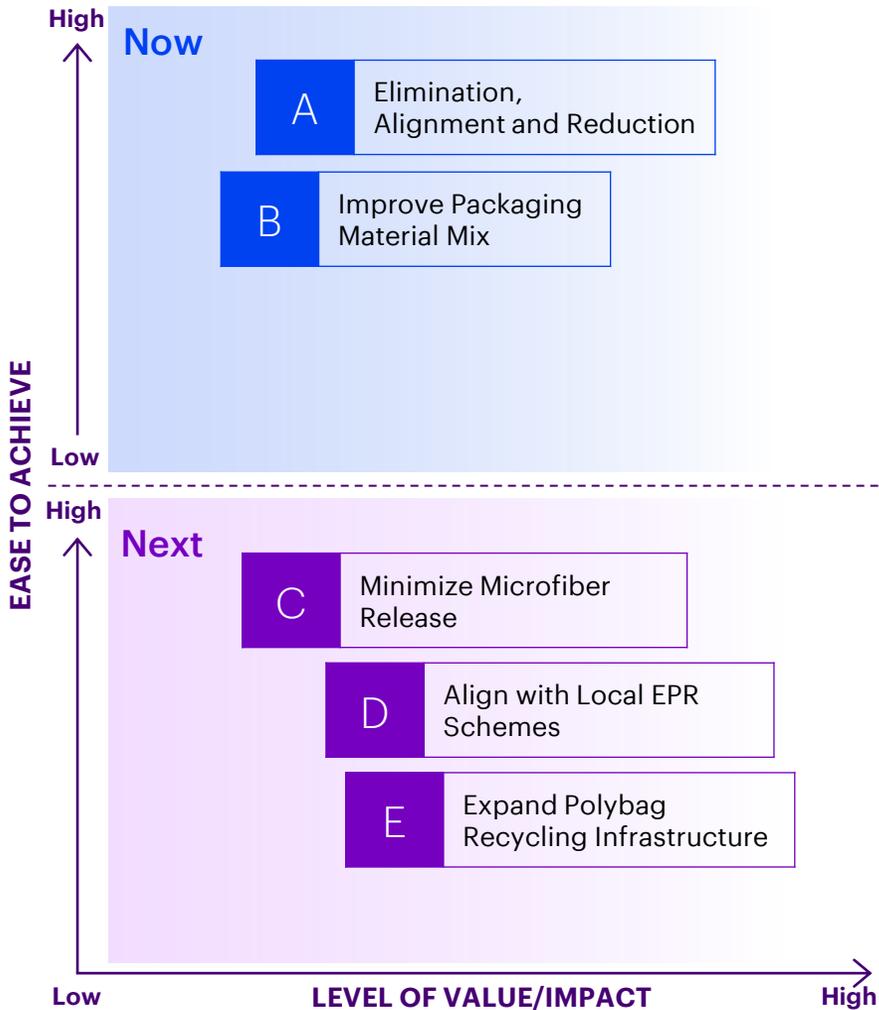|	Solutions	Examples	Considerations
D	**Scale Existing Recycling Infrastructure** • **Use** open digital platforms that match textile waste from manufacturers to recyclers to scale adoption of existing recycling technology • **Encourage** recyclers to build out robust recycling infrastructure by using open-source resources	• Reverse Resources and Refashion Recycle (EU) • Sorters Handbook to guide the sorting industry • Recycler's Database to manage their waste streams	• Over 30% of textiles could be made of recycled textiles by 2030, but the scalability of the technology required to achieve this is hindered by limited access to high-quality waste and full background information • There is currently a gap between supply and demand (sorted textile waste and material re-processors/textile recyclers) • An efficient and transparent system needs to be developed to connect relevant stakeholders in the end-of-use supply network for textile waste
E	**Build Recycling Support Networks** • **Partner** with platforms that connect brands to suppliers that engage in recycling or circularity efforts **Advance Recycling Solutions** • **Partner** and invest in R&D for hard-to-recycle materials for which there are not currently readily available circular replacements	• Fashion for Good's Sorting for Circularity USA Project • Global Fashion Agenda's Circular Fashion Partnership • Partnerships for Green Growth	• From production or as a consequence of excess stock, only 1% of fashion waste is currently being recycled and $500 billion in clothing is lost annually through underuse and insufficient recycling. • Scaling existing recycling technologies could enable the fashion industry to realize 80% of products from recycled materials • Developments in renewable feedstocks and materials for apparel and footwear are changing the landscape, and while the biomaterials market in fashion is expected to grow, additional research is needed to fully unlock the value

05

Plastics and Packaging

Reduce, reuse, replace, recycle. Collaborating with other stakeholders, retail and brand consortiums to streamline plastics and packaging requirements. Driving efficiencies, alternatives, and potential regional recycling collaborations.

Now

High

| A | Elimination, Alignment and Reduction |

| B | Improve Packaging Material Mix |

Low

EASE TO ACHIEVE

Next

High

| C | Minimize Microfiber Release |

| D | Align with Local EPR Schemes |

| E | Expand Polybag Recycling Infrastructure |

Low — **LEVEL OF VALUE/IMPACT** — High

The opportunity

- Reverse the trend towards plastics use through elimination, partner alignment and reduction strategies – plastic production has doubled from 2000 to 2019, accounting for 3.4% of global GHG emissions

- Alter the materials mix: packaging accounts for 40% of plastic waste, another 11% comes from textiles, and 72% of plastic packaging in the fashion industry is thrown away each year

- Minimize microfiber release: Over 35% of microplastics in the ocean can be attributed to the fashion industry

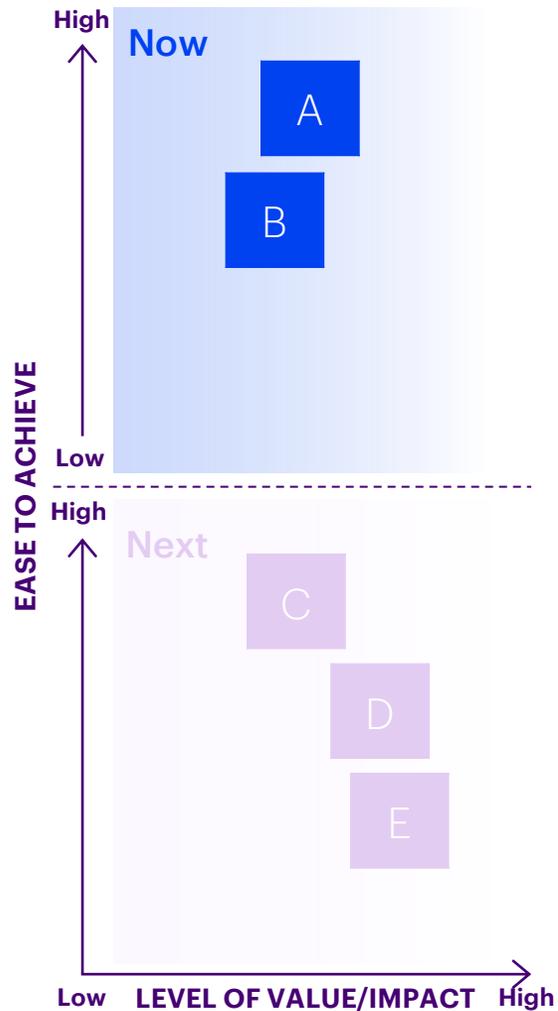## Key industry goals

- **Aligned** US Plastics Pact from The Recycling Partnership and World Wildlife Fund: Ensure 100% reusable, recyclable, and compostable packaging by 2025, eliminating single-use virgin petroleum-based plastic

- **Effectively recycle or compost** 50% of plastic packaging by 2025

- **Achieve** at least 30% recycled content in plastic packaging by 2025
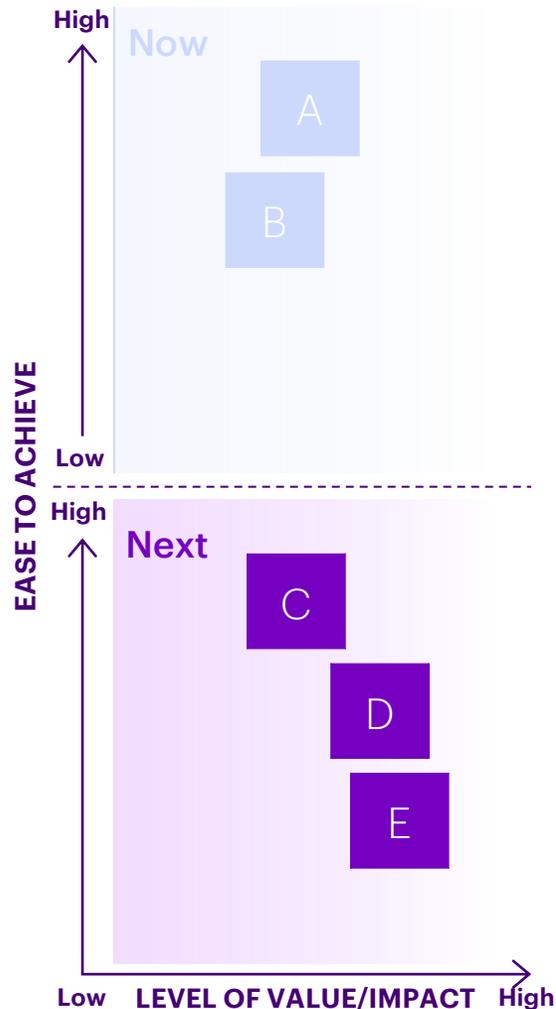
Plastics and Packaging | Now

EASE TO ACHIEVE

High

Now

A

B

Low

High

Next

C

D

E

Low   **LEVEL OF VALUE/IMPACT**   High

Solutions

A — Elimination, Alignment and Reduction

- **Review** product-by-product packaging and remove all unnecessary elements
- **Engage** retail/brand partners on packaging requirements to align on agreeable reductions
- **Eliminate** unnecessary polybags and implement guidelines at factory level to decrease the size of polybags – such as folding garments to fit into smaller polybags or using master polybags that can fit multiple garments for retail channels

B — Improve Packaging Material Mix

- **Replace** plastics with wood-based packaging to reduce demand for and transition away from the use of virgin petroleum plastic, including in store
- **Source** recycled polybags

Examples

A
- Samsøe Samsøe's removal and reduction of polybags
- prAna's roll-back program

B
- EcoEnclose*
- Vela*
- FSC-certified packaging

Considerations

A
- Polybags can be essential for protecting products, as damaged products can cause a more significant environmental impact
- Patagonia found that 30% of their garments that went through the factory system without polybags were damaged beyond the point of being sellable, leading to product waste
- Brands should eliminate polybag use where possible but otherwise focus on reducing materials – Patagonia found folding products into smaller shapes could result in a 50% reduction in plastic waste

B
- Polybags are traditionally made from low density polyethylene, which requires an intensive and highly pollutive raw material extraction process including the combustion of natural gas and crude oil
- Recycled polybags minimize the production of new polybags and associated environmental impacts
- Wood-based products such as paper and cardboard can be reused and recycled up to 25 times more than plastics
- Some brands may be unable to use wood-based packaging depending on their products and distribution system, and recycling may be a challenge

Plastics and Packaging | Next

EASE TO ACHIEVE — High / Low

Now
- A
- B

Next
- C
- D
- E

LEVEL OF VALUE/IMPACT — Low / High

Solutions

C — Minimize Microfiber Release
- **Educate** design teams to incorporate tactics for minimal microfiber release, such as material brushing, laser and ultrasound cutting, and longer fibers
- **Encourage** manufacturers to use fiber solution tech, finishing treatments, and wash textiles to capture microfibers released
- **Engage** consumers on best laundry practices to reduce microfiber shedding, such as using microfiber-reducing detergent, handwashing, or installing filters
- **Expand** and support plastic-based fiber recycling initiatives

D — Align with Local EPR Schemes
- **Register** with local Extended Producer Responsibility (EPR) scheme and establish ambitious targets in alignment with the appropriate EPR scheme

E — Expand Polybag Recycling Infrastructure
- **Conduct** a waste audit to measure waste and appropriate reduction opportunities
- **Build** in-store infrastructure for separate disposal of polybag waste from manufacturers (bins/bailers in stock rooms) and for consumers to deposit used polybags
- **Educate** consumers on best practices for recycling packaging – returning in-store, by mail, or at grocery stores with bag drops
- **Instruct** employees on importance of polybag collection to ensure adequate uptake of collection and recycling schemes
- **Partner** with trusted recycling programs to ensure proper disposal of waste

Examples

C:
- CiCLO*
- Eileen Fisher's educational program
- Zara and BASF detergent*

D:
- RILA Retail Compliance Center (US)

E:
- Levi's in-store recycling infrastructure
- How2Recycle
- WRAP
- Fashion for Good's Polybag Collection Scheme
- Terracycle*
- Eco-Cycle*
- Trex*

Considerations

C:
- Nearly 70% of clothing is made from or contains a form of plastic, such as polyester or nylon, which leads to microfiber (a type of microplastic) release
- Up to 700,000 fibers can be released in a typical wash, with relatively more released in the first five washes of an item
- Microfibers continue to be released in the maintenance of clothing, then are discharged in sewage water and potentially end up in waterways – it is critical brands embrace tactics to minimize microfibers in design and use

D:
- Approximately $30 billion per year may be required to scale and operate mass recycling systems in a best-case scenario
- EPR can provide sufficient funding at scale through fee-based schemes that hold producers accountable for the lifecycle of their products – although regulations vary with over 400 global EPR schemes and 65 specific to packaging

E:
- Roughly 180 billion polybags are produced each year to store, transport, and protect apparel – and consumers and brands both express complaints about the amount of plastic packaging used for garments
- However, less than 15% of all polybags in circulation are collected for recycling
- Uptake of recycling for mono-material polybag waste streams can allow brands to reduce plastic disposal relatively cheaply and easily
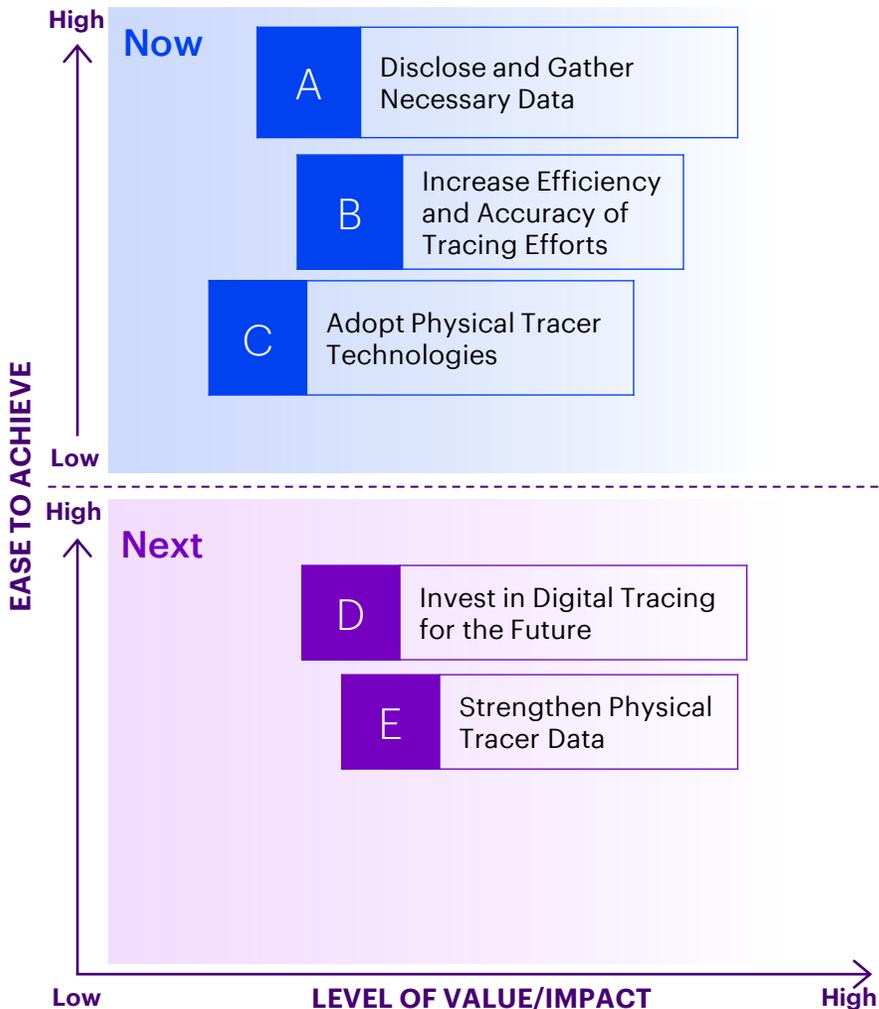
06

Traceability and Transparency

Increasing visibility. Enabling data-led stakeholder communications. Improving decision-making, quality control, and risk reduction via supply network mapping, traceability and transparency.

Traceability and Transparency

Now

- **A** — Disclose and Gather Necessary Data
- **B** — Increase Efficiency and Accuracy of Tracing Efforts
- **C** — Adopt Physical Tracer Technologies

EASE TO ACHIEVE (High / Low)

Next

- **D** — Invest in Digital Tracing for the Future
- **E** — Strengthen Physical Tracer Data

LEVEL OF VALUE/IMPACT (Low / High)

The Opportunity

- Supply network traceability is key to the creation of a more sustainable and responsible fashion industry. Without data about supply network operations, the environmental and societal impacts, costs, and appropriate solutions cannot be activated at scale – currently, only 47% of brands have traced suppliers beyond Tier 1

- Investing in supply network traceability can simultaneously drive consumer loyalty – 94% of consumers are likely to stay loyal to brands offering complete transparency – and ensure compliance with new EU and US regulations
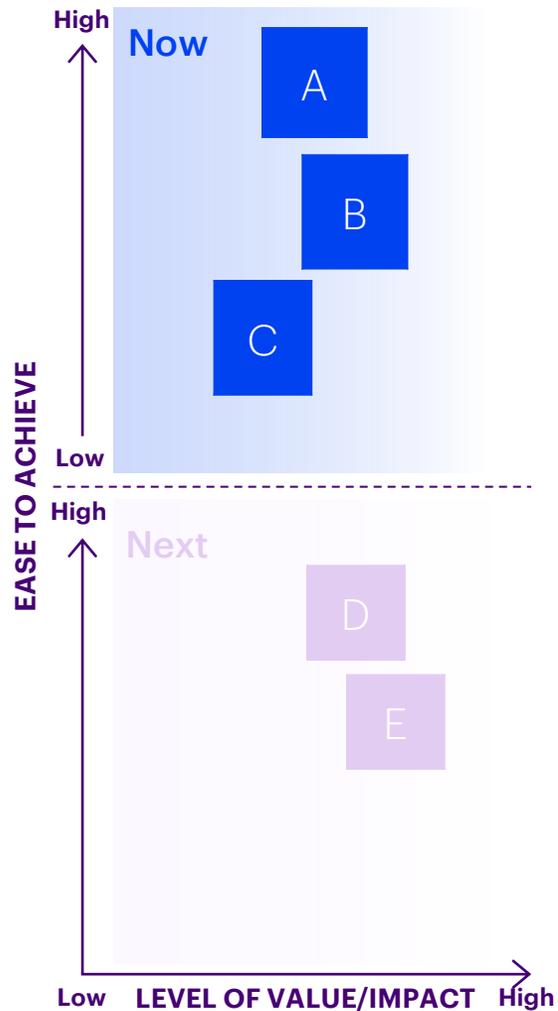
Key industry goals

- **Aligned** UN Fashion Industry Charter for Climate Action: Create engagement and incentive mechanisms for relevant supplier sites to implement science-based aligned targets by 2025 – or adopt 50% absolute target by 2030 and net zero by 2050

- **Expand** supply network tracing and mapping to all Tiers, integrate physical material verification and adopt circular economy in supply chain traceability efforts
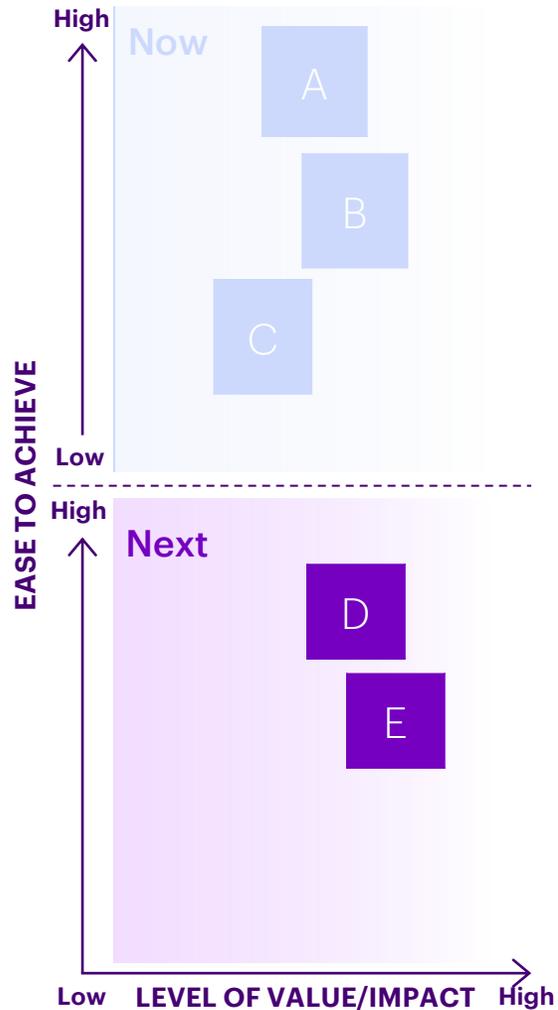
Traceability and Transparency | Now

EASE TO ACHIEVE

High

Now

A

B

C

Low

High

Next

D

E

Low **LEVEL OF VALUE/IMPACT** **High**

	Solutions	Examples	Considerations
A	**Disclose and Gather Necessary Data** • **Assess** current state of the supply network, tracing and mapping supply partners as well as supplier profile • **Disclose** at least Tier 1 and Tier 2 facilities in line with the Transparency Pledge requirements • **Publish** supply network data on open registries to facilitate collaboration amongst industry partners	• Open Supply Hub	• A lack of supply network transparency and traceability increases the likelihood of exploitative, unsafe working conditions and environmental damage – 50% of major brands don't disclose information about their supply networks • By mapping and disclosing at least Tier 1 and Tier 2 facilities, brands can identify and address any major environmental or social supply network issues
B	**Increase Efficiency and Accuracy of Tracing Efforts** • **Centralize** supply network traceability data with updated technology • **Partner** with supply chain platforms to track supply network beyond Tier 1 and transition away from analog systems • **Participate** in industry-wide auditing initiatives to minimize auditing burdens at facilities and drive accuracy	• Textile Exchange dTrackit • TrusTrace*, • Textile Genesis* • Transparency-One* • Sourcemap* • SLCP • Fair Factories Clearinghouse • Better Work	• Supply network traceability is key to assess environmental and societal impacts/costs embedded in production – and avoid greenwashing by sharing data • 95% of information is currently being recorded on outdated, inefficient analog systems making it harder to trace supply network activities efficiently and accurately • Supply network traceability platforms centralize information using the latest technology making it more efficient to trace supply network partners.
C	**Adopt Physical Tracer Technologies** • **Integrate** physical material verification to strengthen supply network data using forensic tracer technologies with minimal supply network burden	• Textile Exchange eTrackit • Oritain*	• Supply network tracing efforts currently focus on site-level and transaction-level assurance, but have limited capacity to do physical/material authentications – this can lead to errors in sustainability claims • Using forensic tracer technologies strengthens chain of custody models, increasing information accuracy

Traceability and Transparency | Next

EASE TO ACHIEVE

Now

High
Low

A
B
C

Next

High
Low

D
E

Low **LEVEL OF VALUE/IMPACT** High

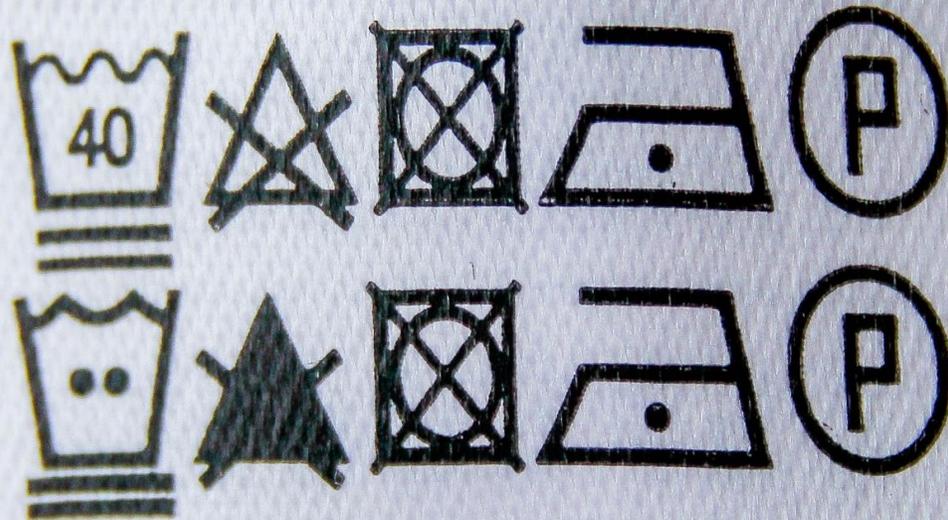|	Solutions	Examples	Considerations
D	**Invest in Digital Tracing for the Future** • **Invest** in needed supply network data infrastructure to scale circular supply network by utilizing circular supply chain enabling software • **Join** fashion innovation initiatives to connect and partner with key stakeholders to drive innovative supply network traceability solutions	• circular.fashion* • EON* • Fashion for Good Innovation Platform • Aura	• The fashion industry is transitioning from a linear to a circular economy – digital infrastructure to communicate supply network data points for re-commerce, re-sale and product authentication is needed, but still in its infancy • Innovating and scaling supply network data and technology infrastructure is needed to create a post-gate circular economy
E	**Strengthen Physical Tracer Data** • **Expand** application of physical material verification by adopting additive tracer technologies, such as digital footprinting to strengthen supply network data beyond Tier 4	• Haelixa* and Tailorlux*	• Forensic tracer technologies have limited applicability beyond Tier 4 and across fiber types – different technologies are needed to ensure physical verification across tiers • Additive physical tracer technologies, with greater versatility, should be adopted to increase applicability across multiple fiber types, within different tiers and for recycled textiles

07

Consumer Engagement and Labeling

Educating and engaging consumers in social and environmental issues – at point of sale or via labeling – allowing them to shop according to their values. Agreeing on a data sharing framework to drive consistency and industry collaboration.
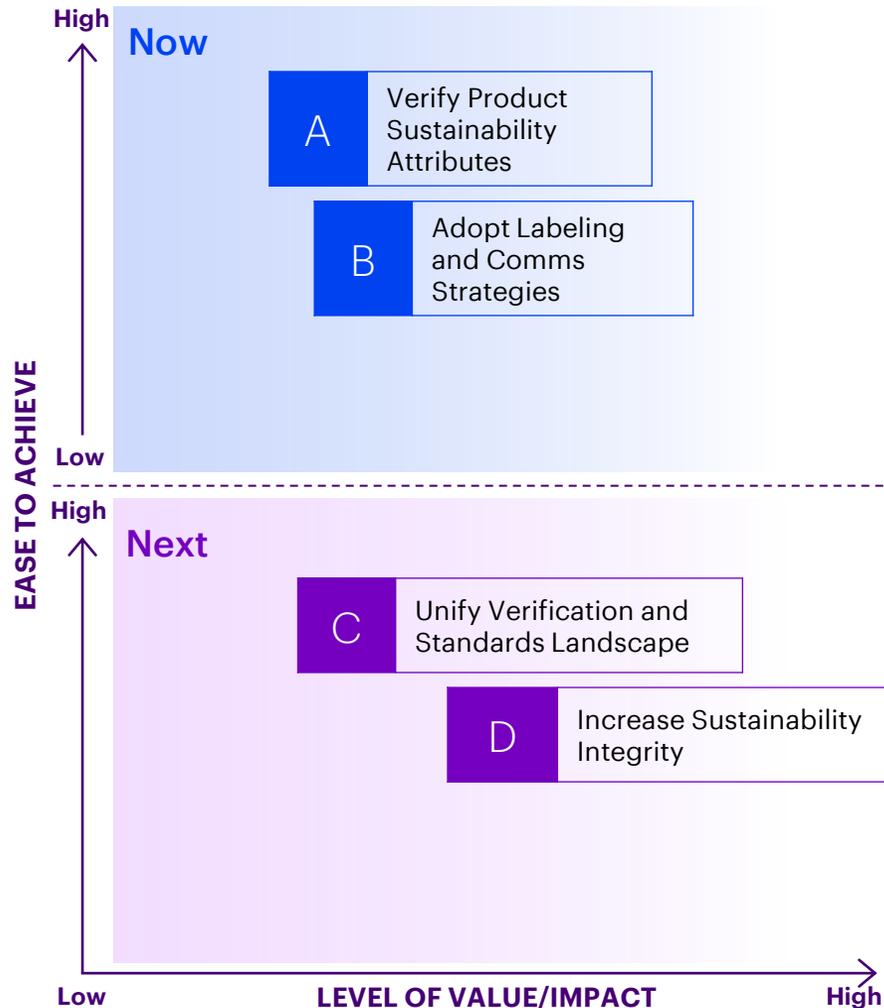
Consumer Engagement and Labeling

Actions and priorities

EASE TO ACHIEVE (vertical axis: Low to High)

Now
- A — Verify Product Sustainability Attributes
- B — Adopt Labeling and Comms Strategies

Next
- C — Unify Verification and Standards Landscape
- D — Increase Sustainability Integrity

LEVEL OF VALUE/IMPACT (horizontal axis: Low to High)

The opportunity

- 70% of consumers care about the social, environmental and safety impacts of products they buy – but 55% of consumers don't think the sustainability information is adequate

- Simultaneously, brands are preparing for new labeling regulations that are rolling out across various countries (e.g., EU Digital Product Passport)

- By improving information shared, and consumer labeling and engagement, brands and retailers can increase consumer loyalty while preparing for upcoming regulatory changes

Key industry goals

- **Use** existing third-party verifiers to ensure high-quality product certification and verification – gaining consumer trust and avoiding greenwashing

- **Adopt** digital labeling solutions to effectively communicate product sustainability

- **Agree and implement** an industry-wide data sharing framework to collect and share data, driving alignment toward product-level sustainability claims

- **Commit** to upholding sustainability integrity across the supply network

Consumer Engagement and Labeling

Now

EASE TO ACHIEVE

High

Now

A

B

Low

High

Next

C

D

Low **LEVEL OF VALUE/IMPACT** High

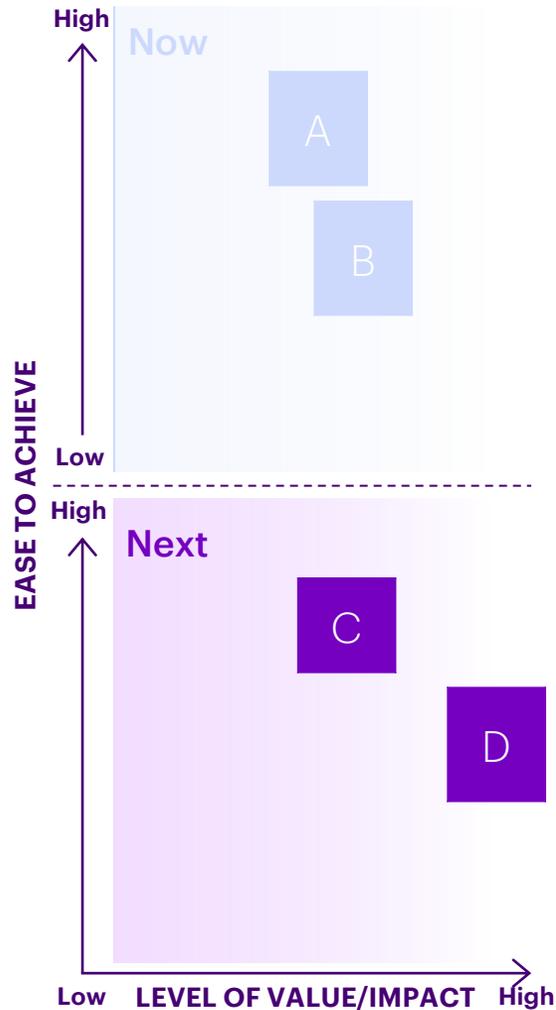|	Solutions	Examples	Considerations
A	**Verify Product Sustainability Attributes** • **Use** existing verifications and standards to certify products through third-party verifiers, strengthening uniformity across the industry	• Textile Exchange • Global Organic Textile Standard • OEKO-Tex	• Individual efforts to create brand-level sustainability verification are commendable, but they risk fragmenting the sustainability landscape and decreasing consumer trust • Until technology solutions are adopted, existing verification bodies and standards can help brands unify the fashion sustainability landscape and gain consumer credibility
B	**Adopt Labeling and Comms Strategies** • **Pilot** digital label solutions to communicate product attributes at the level of detail and accuracy demanded by consumers • **Communicate** product sustainability using best practices to gain consumer trust • **Empower and engage** consumers regarding social and environmental impacts and initiatives	• Digital Care Label* • The Fashion Task Force • EON* • Fashion Makes Change (FMC)	• Consistency of definitions and consumer education are required for informed purchasing decisions • Industry-wide communication practices, such as storytelling, provenance narratives, and other methods, can make it easier for consumers to engage and make more sustainable purchases • Education is required to address a lack of consumer awareness on supply chain impacts and the opportunity to be part of the solution

Consumer Engagement and Labeling

Next

EASE TO ACHIEVE — High / Low

Now — A, B

Next — C, D

LEVEL OF VALUE/IMPACT — Low / High

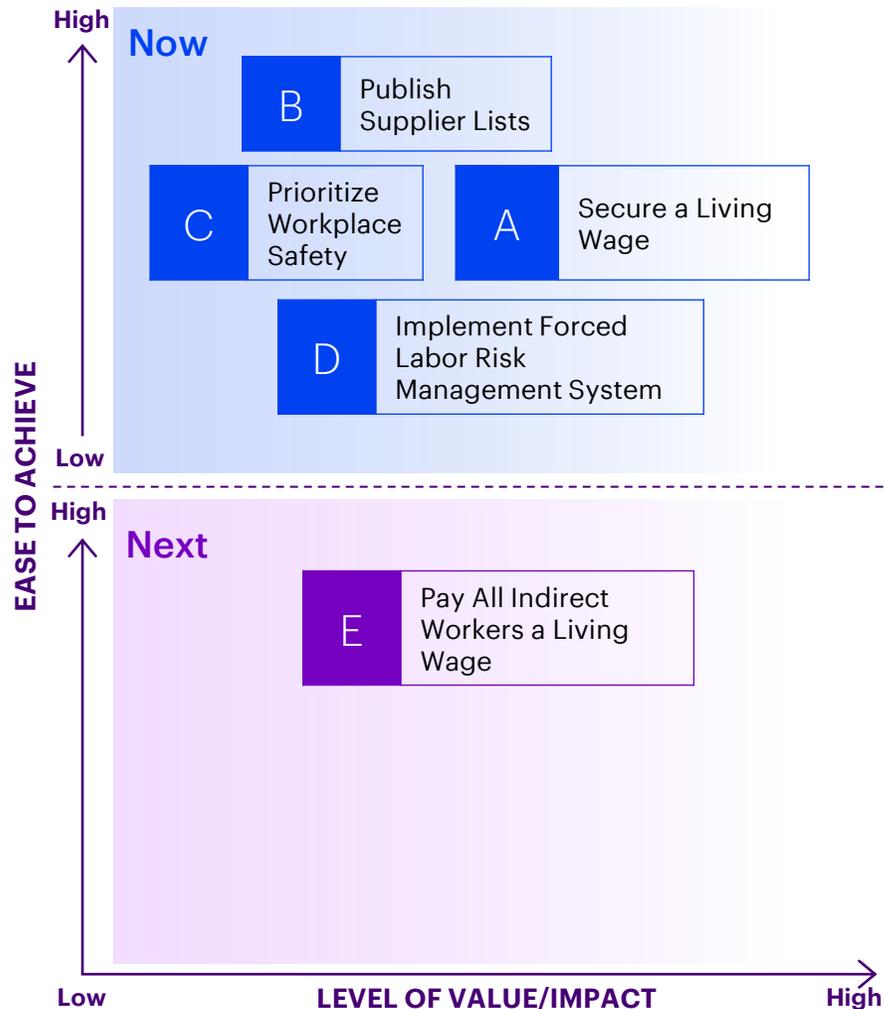|	Solutions	Examples	Considerations
C	**Unify Verification and Standards Landscape** • **Take part** in industry-wide discussions and roundtables to create unity and develop preferred standards and certifications • **Adopt** and support the development of industry-wide labels and certifications that evaluate product sustainability across a range of ESG metrics • **Share** supply network data on open-source platforms to increase uniformity and ease of verifying and complying with standards	• Fordham Responsible Business Center (RBC) • Textile Exchange Round Tables • FMC Impact Index • Open Supply Hub	• Streamlined data and experience sharing is currently lacking, but is needed for collective intelligence, diverse perspectives and accelerated learnings to effectively engage consumers • By supporting an industry-wide data sharing framework to facilitate the reporting of product attribute information, brands have an opportunity to unite and create alignment in the verification and standards landscape
D	**Increase Sustainability Integrity** • **Adopt** management reporting tools and/or frameworks to determine the real monetary value of sustainability efforts, creating financial incentive structures that reward supply chain partners' sustainability efforts • **Increase** use of tracer technologies to strengthen the validity of supply network data to minimize opportunity for fraud	• EP&L App • Natural Capital Protocol • Textile Exchange eTrackit • Oritain • Haelixa*	• Despite increased supply network tracing efforts, challenges on the validity of sustainability claims have created a negative impact on consumer trust and brand willingness to share information • Brands can strengthen the integrity of sustainability claims by embedding technology solutions and creating adequate incentive structures

08

Worker and Human Rights

Accelerating the expansion of worker rights. Increasing supply network transparency and human rights due diligence. Removing unethical practices from the fashion supply network by amplifying global efforts and collaborating with NGOs.

Worker and Human Rights | Actions and priorities

EASE TO ACHIEVE

Now

- B: Publish Supplier Lists
- C: Prioritize Workplace Safety
- A: Secure a Living Wage
- D: Implement Forced Labor Risk Management System

Next

- E: Pay All Indirect Workers a Living Wage

High / Low (EASE TO ACHIEVE)

Low / High — **LEVEL OF VALUE/IMPACT**

The opportunity

- Increased visibility is required to ensure the world's garment workers have safe working conditions, mutual trust and respect, and the opportunity to earn a living wage, meet basic needs and care for their families – leading to greater value for employees, consumers, and society

Key industry goals

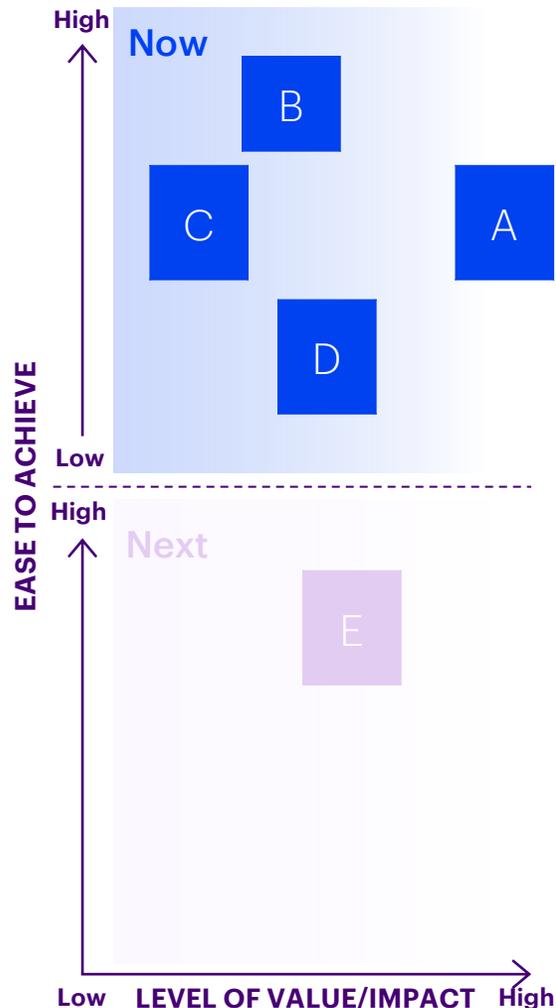- **Uphold** human rights, health, and safety standards across supply network

- **Commit** to responsible recruitment

- **Implement** fair compensation programs

- **Consider** opportunities that allow longer-term commitments to facilitate regular, planned working hours

- **Publish** supplier lists to ensure industry collaboration on common issues, vendors or geographies can be identified and addressed

Worker and Human Rights | Now

EASE TO ACHIEVE (vertical axis: Low to High)

LEVEL OF VALUE/IMPACT (horizontal axis: Low to High)

Now (quadrant with boxes B, C, A, D)

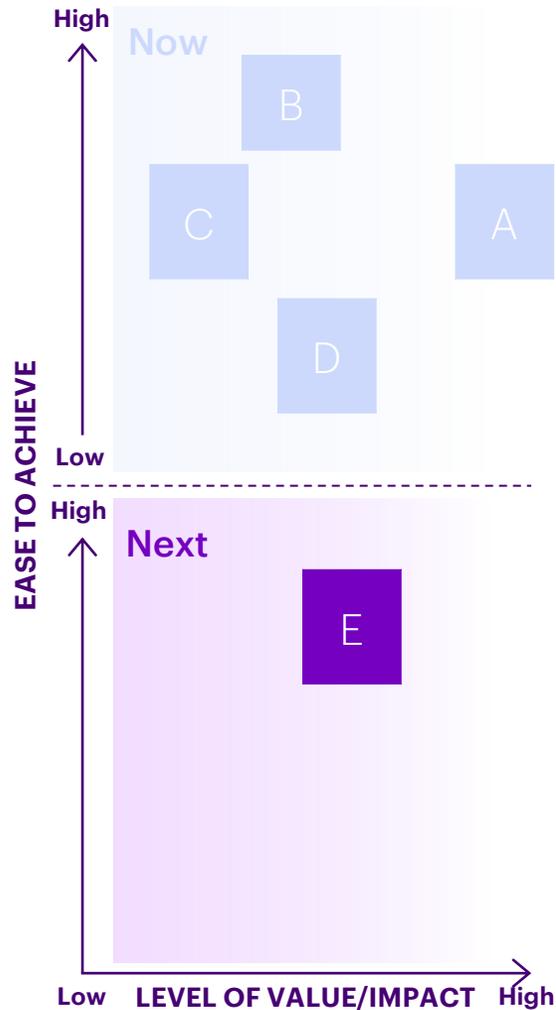**Next** (quadrant with box E)

Solutions | Examples | Considerations

A — Secure a Living Wage
- **Support** efforts for direct workers employed by the garment company to be paid a living wage, replacing piece pay rate models with mandated minimum wage, aligned with existing and proposed legislation

Examples:
- California's Garment Worker Protection Act
- FABRIC Act
- NYS Fashion Workers Act

Considerations:
- Brands can receive timely and credible information from worker representatives and environmental groups which can help mitigate labor, human rights and environmental risks

B — Publish Supplier Lists
- **Publish** Tier 1 and Tier 2 supplier lists per Transparency Pledge requirements and the open-data standard, and upload to the Open Supply Hub to better identify and collaboratively address labor rights, risks, and violations across industry supply networks

Examples:
- Open Data Standard for the Apparel Sector
- Open Supply Hub

Considerations:
- Opacity in supply chains can impede companies from collaborating with other bodies in identifying and avoiding adverse human rights impacts

C — Prioritize Workplace Safety
- **Prioritize** workplace safety by signing international, industry-wide legally binding commitments
- **Commit** to accepting verified social audits aligned with a Converged Assessment Framework, in lieu of proprietary assessments, to mitigate auditing fatigue
- **Communicate** to suppliers the countries and facilities from which SLCP-verified data will be accepted, and publish results to increase transparency and encourage ethical sourcing

Examples:
- International Accord and Pakistan Accord
- Social and Labor Convergence Program
- Fair Factories Clearinghouse

Considerations:
- While factory audits can help to promote decent working conditions, their proliferation and lack of consistent standards has given rise to duplicative efforts and widespread audit fatigue

D — Implement Forced Labor Risk Management System
- **Enforce** relevant regulations and standards like UFLPA to ensure imported goods have not been produced in conflict regions
- **Implement** forced labor risk management systems and processes to enhance supply network due diligence, tracing and management
- **Renew** commitment to responsible recruitment by signing the enhanced AAFA/FLA Apparel and Footwear Industry Commitment to Responsible Recruitment
- **Check** for and disclose the number of workers in supply networks paying recruitment fees

Examples:
- TrusTrace and Kharson*
- End Uyghur Forced Labour Coalition
- Operational Guidance for Importers (U.S. Customs and Border Protection)
- EU directive on corporate sustainability due diligence
- Uyghur Forced Labor Prevention Act

Considerations:
- Over 20% of the world's cotton output is sourced from the Uyghur Region, where there has been pervasive forced labor of the Uyghur population and other Turkic and Muslim-majority peoples
- Indebted workers are far less likely to bargain for better pay or working conditions to assert their rights, which perpetuates exploitation
- Application of UFLPA standard across global operations could help globalize protections and prevent detained goods from being re-exported to other markets

Worker and Human Rights | Next

EASE TO ACHIEVE

High

Now

B

C   A

D

Low

High

Next

E

Low   **LEVEL OF VALUE/IMPACT**   High

Solutions

E

Pay All Indirect Workers a Living Wage

- **Adopt** industry-recognized purchasing practices that reflect the cost of labor – such as including labor costs as a distinct block in price negotiations and establishing training programs on fair labor costs for suppliers

- **Enable** collective bargaining agreements (CBAs) and increase sourcing from unionized facilities, requiring worker-representative and worker-led structures

- **Support** in-country advocacy for policy-based protections for a living wage

- **Consider** publishing average wages paid, average hours worked, and labor standards across supply network, including rates of unionization and CBA uptake

Examples

- Act on Living Wages (ACT)
- Fair Wear's suite of tools
- Fair Labor Association (and FLA's Wage Data Collection Toolkit)

Considerations

- Current systems often require suppliers to advance the cost of production and raw materials on credit, resulting in a risk position if orders are cancelled

- Consistent and longer-term commitments would allow suppliers and their workers to plan effectively, avoiding pressures to deliver quickly

09

Empowerment, Education and Digital Wages

Partnering across the apparel industry to build resilient communities. Scaling and accelerating a global educational agenda of women's empowerment and gender equity in the supply network.

Empowerment, Education and Digital Wages

EASE TO ACHIEVE

High

Now

A	Advance Women's Training Programs
B	Upskill Workers for Digitization and Automation

Low

High

Next

C	Transition to Digital Wages
D	Gather and Act on Gender Data

Low

Low **LEVEL OF VALUE/IMPACT** High
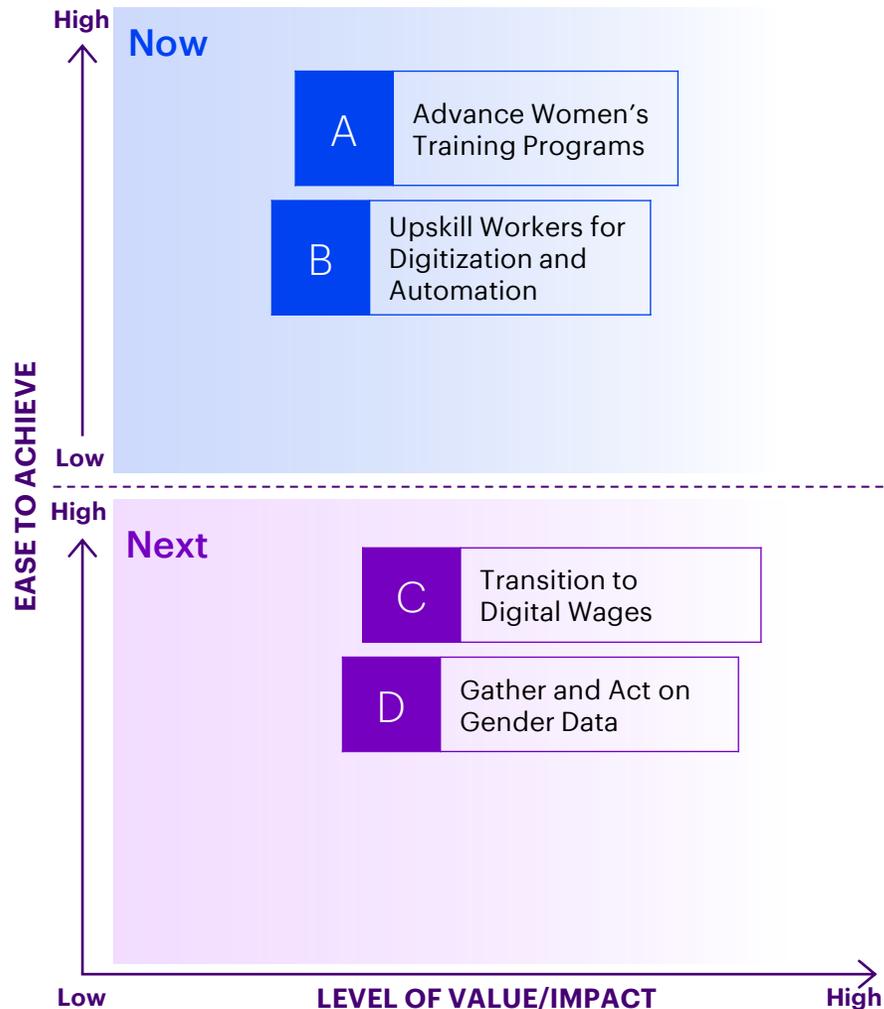
The opportunity

- Advance training programs – women workers make up around <u>75% of the fashion supply network</u>, but often lack access to education, training, finance and technology resources

- Digitalization of wages can empower women workers, increasing financial inclusion, economic success and help to close the gender gap

- Accelerate progress: Current brand commitments often fail to deliver on progress for women's empowerment – <u>over 80% of suppliers</u> surveyed have reported experiencing high-pressure negotiations with brands that aim to drive prices down, making it extremely difficult for factories to improve wages

Key industry goals

- **Increase** women workers' dignity and equality in the workplace by changing both behaviors and systems

- **Implement** empowerment and education programs in garment supply networks, reaching at least 20 million workers in the next 10 years

Empowerment, Education and Digital Wages
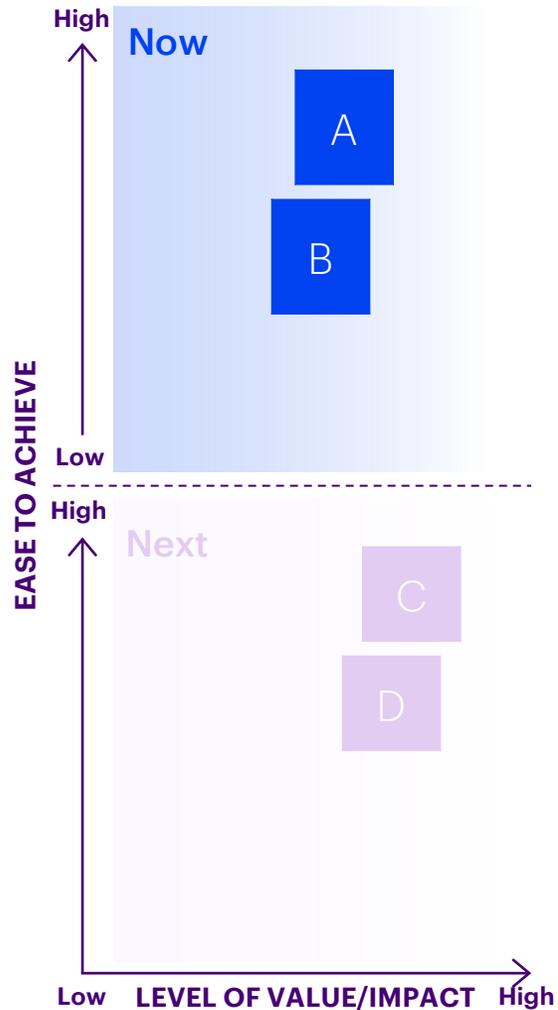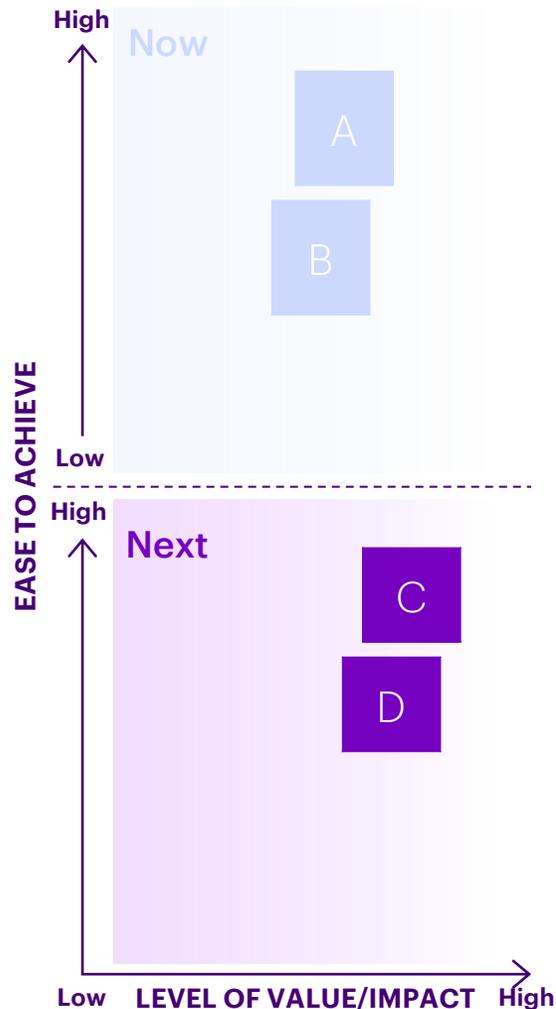
Now

EASE TO ACHIEVE

High
Now

A

B

Low

High
Next

C

D

Low

Low · **LEVEL OF VALUE/IMPACT** · High

	Solutions	Examples	Considerations
A	**Advance Women's Training Programs** · **Enroll** supply network partners into women's empowerment and gender equality training programs led by RISE, a collaborative cross-industry initiative · **Partner** with RISE to help build out their approach to women's advancement and leadership	· RISE (fka Empower@Work)	· 75 percent of the 60 million garment workers are estimated to be women who may experience gender inequality and instances of harassment or violence at work, among other systemic barriers to empowerment and gender equity · Industry collaboration is advancing to support and advance women workers – RISE comprises the four largest women's empowerment programs in the fashion industry, including BSR's HERproject, Gap Inc.'s P.A.C.E., CARE International and Better Work
B	**Upskill Workers for Digitization and Automation** · **Upskill** female workers to prepare for digitization and automation in the garment industry by leveraging pilot technology/initiatives that emphasize both soft skills (e-communication, leadership and planning) and hard skills (multi-machine operation and digital design)	· CARE International · Swisscontact · Shimmy Technologies*	· In the garment sector, women are disproportionately employed in low-skilled jobs and have limited career mobility – men make up 90% of supervisory positions while women make up 80% of sewing floor workers, the roles most susceptible to automation and digitization in the textile industry

Empowerment, Education and Digital Wages

EASE TO ACHIEVE

High

Now

A

B

Low

High

Next

C

D

Low — **LEVEL OF VALUE/IMPACT** — High

Solutions

C — Transition to Digital Wages

- **Make** the business case to suppliers for a program that transitions to digital wages and supports the procurement of computerized payroll systems

- **Deliver** digital wages training in-house, and strengthen supplier-led training to include gender-intentional outreach, with support and tools from collaborative industry organizations

D — Gather and Act on Gender Data

- **Collect** and disclose gender-disaggregated data in factories and across the supply network to better track gender and climate indicators, utilizing industry tools to quantify and mark progress

- **Engage** suppliers to develop progressive pay systems that tie wages to skills, education, performance, and experience, and incorporate wage parity into supplier assessments to prioritize equal compensation

Examples

- BSR and Mastercard Center for Inclusive Growth
- HERproject
- United Nations-based Better Than Cash Alliance

- BSR's Gender Data and Impact Tool

Considerations

- Roughly 33% of global garment factories pay their workers only in cash or checks. Given that at least 75% of these workers are women who lack access to adequate financial services, cash-only payments threaten the safety and autonomy of women in particular

- Collaborating with suppliers to catalyze the development of digital payment systems can significantly improve women's financial autonomy and decision-making capacity

- Basic and reliable data to track gender disparities in the garment sector is lacking – globally, just 21% of the data necessary to track the 54 gender-specific indicators outlined in the UN Sustainable Development Goals is up to date, and even then the data is often impacted by gender-biased collection methodologies

- The collection of gender-disaggregated data is necessary to minimize adverse outcomes of business operations on women, make the business case for action on women's empowerment, and ultimately build effective, evidence-based programs that advance women

10 | Justice, Equity, Diversity and Inclusion

Engaging with initiatives – ranging from secondary educational opportunities to board room practices – that further the vision and careers of individuals from more inclusive racial, gender, cultural and socioeconomic experiences.

Justice, Equity, Diversity and Inclusion

Actions and priorities

Now

A	Advance BIPOC Educational Opportunities
B	Promote Gender Diversity Goals
C	Develop Targets for LGBTQIA+ Inclusion

Next

D	Expand Mentorship Opportunities
E	Promote Justice Throughout Value Chain

EASE TO ACHIEVE — High / Low / High / Low

LEVEL OF VALUE/IMPACT — Low / High
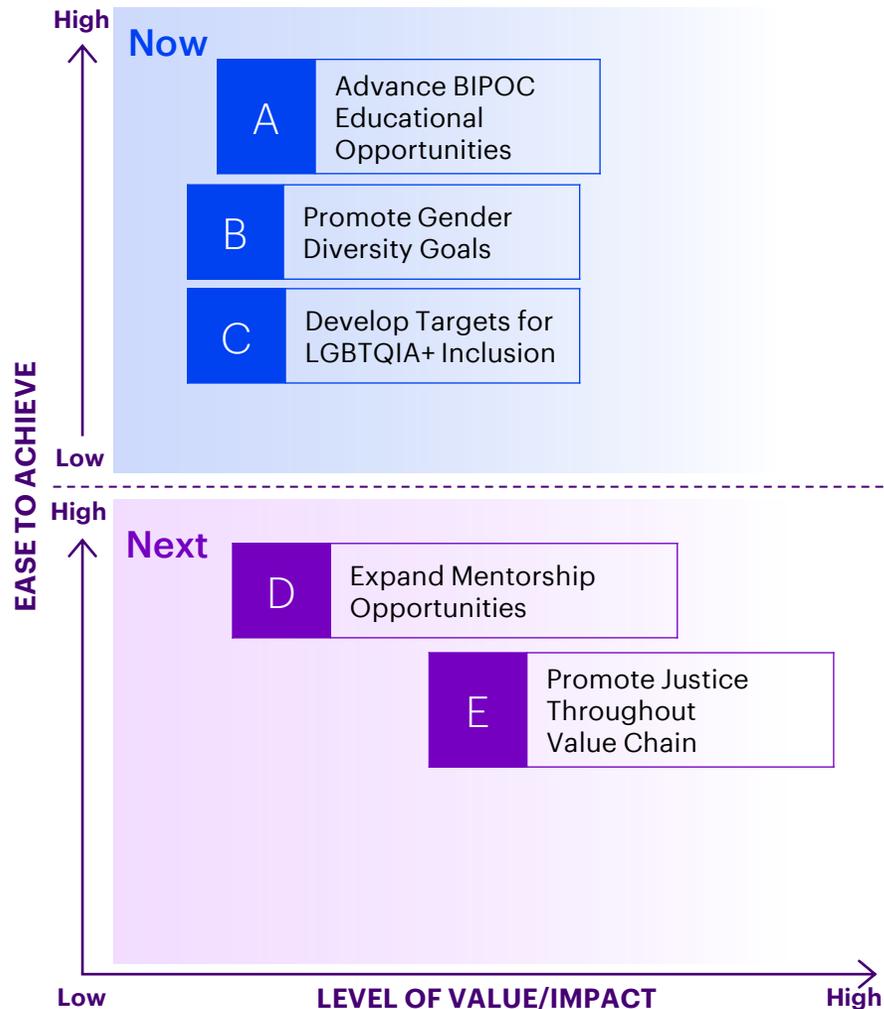
The opportunity

- Greater diversity in leadership to ensure Black, Indigenous, and People of Color (BIPOC) are represented in all levels of leadership, including the C-Suite and Board positions

- Unwavering commitments to inclusion, diversity and equity to ensure that the fashion industry provides career opportunities equally accessible to all qualified candidates

Key industry goals

- **Continue** to align the representation of brands and their leadership to resemble their constituencies and provide opportunities for marginalized groups that have been historically excluded

- **Acknowledge and integrate** Justice, Equity, Diversity and Inclusion (JEDI) practices into all aspects of operations, from hiring and promotion to marketing strategies and contributions made to impactful funds and initiatives

- **Provide** ongoing learning, dialogue and education to eliminate unconscious bias

Justice, Equity, Diversity and Inclusion

Now

EASE TO ACHIEVE (High → Low)

Now
- A
- B
- C

Next
- D
- E

LEVEL OF VALUE/IMPACT (Low → High)

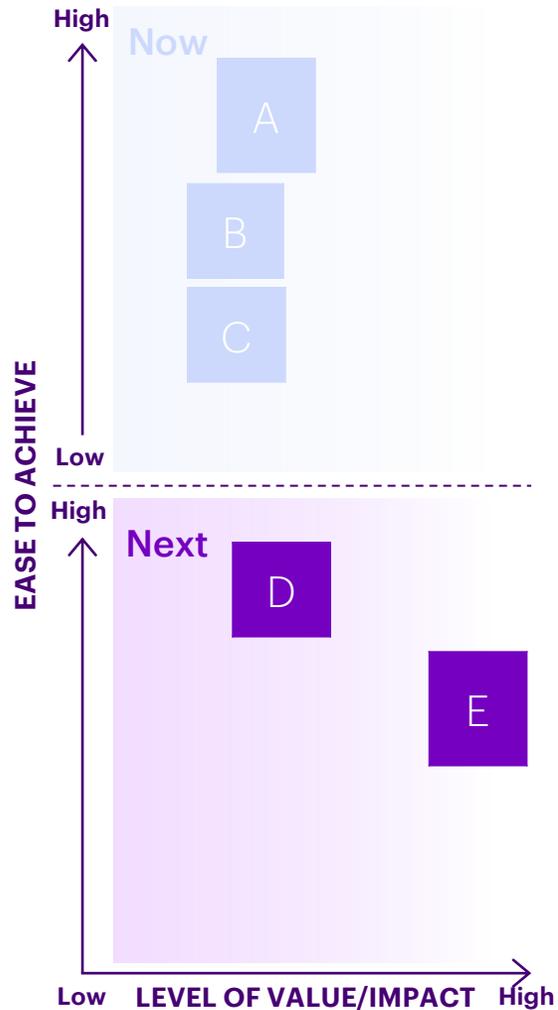|	Solutions	Examples	Considerations
A	**Advance BIPOC Educational Opportunities** • **Partner** with educational advancement initiatives to support BIPOC designers and institutions engaging in fashion • **Provide** scholarships to the next generation of BIPOC fashion leaders • **Support** black-owned businesses and look for certified Minority Business Enterprises – consider certification if your company qualifies	• Harlem's Fashion Row • Closing the Gap • Diversity in Design • 15percentpledge.org • National Minority Supplier Development Council	• Access to fewer educational opportunities significantly affects entry and growth potential in the fashion industry • Providing financing for higher education enables members of historically marginalized communities to benefit from previously inaccessible academic experiences
B	**Promote Gender Diversity Goals** • **Develop** initiatives to ensure attention is given to diverse applicants in regular hiring processes for design, professional, and leadership roles • **Align** with initiatives to promote gender diversity in all parts of media content delivery, and publish diversity present on production and distribution teams	• BBC's 50:50 Equality Project	• Women hold roughly a quarter of top leadership positions in fashion companies despite accounting for more than 70% of the total workforce in the fashion industry • Referrals and recruiting continue to be imbalanced, with 57% of white employees reporting having received a referral in their recruiting process, compared to 23% of black employees
C	**Develop Targets for LGBTQIA+ Inclusion** • **Develop** targets and processes to provide LGBTQIA+ applicants with access to design and leadership roles, employees with internal resources and support, and non-LGBTQIA+ employees with opportunities to support and learn more about the community • **Support** organizations that act on behalf of the LGBTQIA+ community, especially if producing celebratory lines, such as Pride collections	• Anti-Violence Project • Trevor Project • Brooklyn Community Pride Center • CFDA IMPACT	• 65% of LGBTQIA+ individuals report regularly experiencing microaggressions, and nearly a fifth would not recommend that others from the LGBTQIA+ community apply for jobs where they are employed • A report by CFDA and PVH identified six areas of intervention and opportunity: awareness, access, promotion, advocacy, compensation, and belonging • Systemic change requires sustained coordination between individuals, companies, and the ecosystem of an industry

Justice, Equity, Diversity and Inclusion

Now

High

A

B

C

EASE TO ACHIEVE

Low

Next

High

D

E

Low

Low **LEVEL OF VALUE/IMPACT** High

	Solutions	Examples	Considerations
D	**Expand Mentorship Opportunities** • **Sponsor** programs that provide mentorships to young designers and professionals of color • **Develop** internal mentorship structures to enable professionals and designers of color to learn from the experiences of those who have come before them and gain internal champions	• Tiffany and Co.'s' involvement in the HFR ICON 360 HBCU Summit	• Providing business opportunities to diverse groups in fashion continues to be challenging – only 28% of Latin fashion employees reported having a senior colleague advocating for them regularly, and only 36% of employees of color reported having a senior person to seek advice from in challenging times – each statistic exacerbating the difficulties of networking in a space not historically populated with diverse staffing
E	**Promote Justice Throughout Value Chain** • **Support** initiatives to increase JEDI practices in all industries involved in the fashion supply network	• Anti-Slavery Collective • Collective Fashion Justice	• Many parts of the global supply network are currently lagging in JEDI practices, especially manufacturing and materials production facilities – addressing these workplaces is the next step in improving practices associated with production and operation
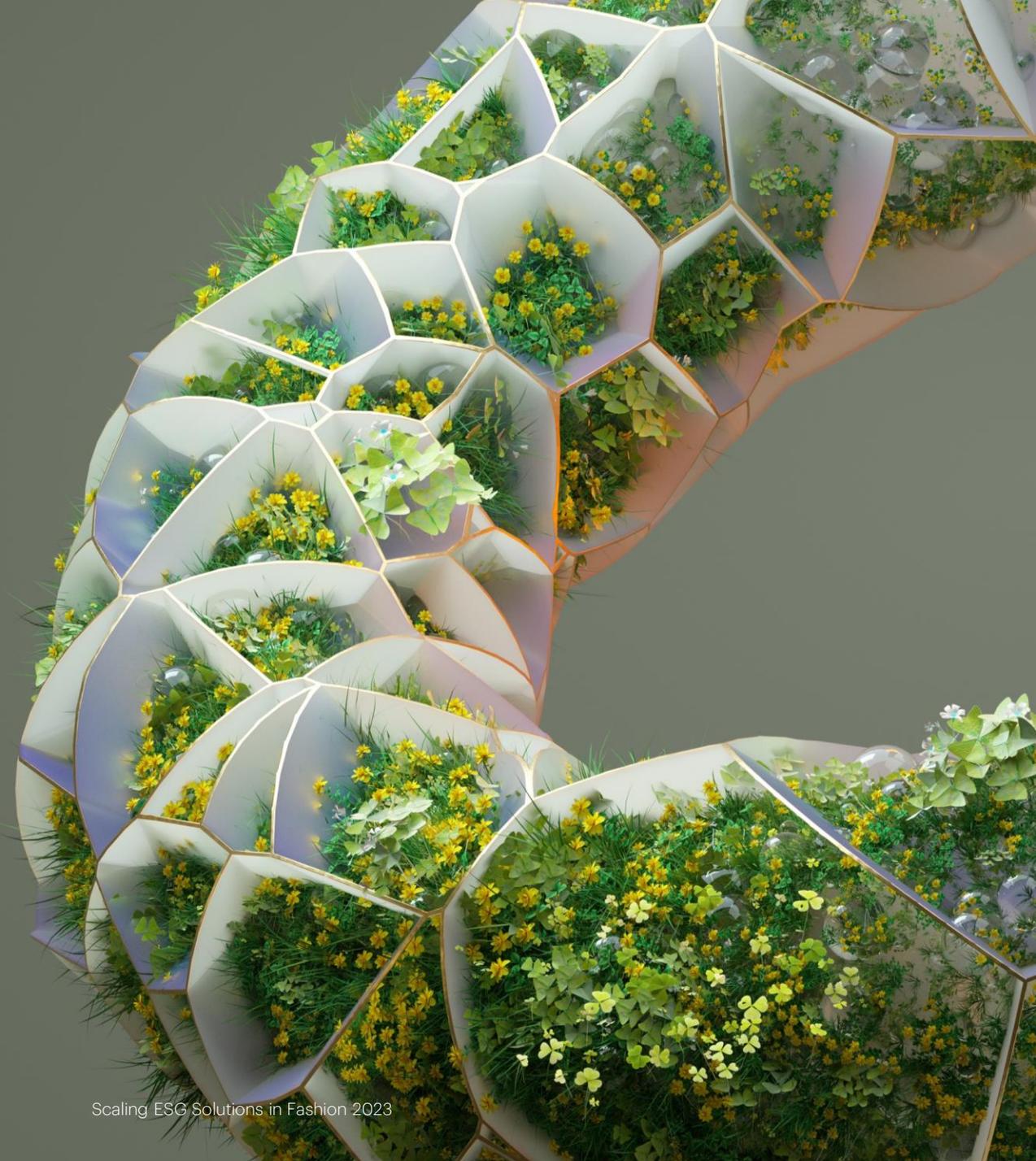
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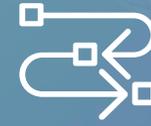
Emerging behavior:

Supply Chain

Emerging areas of supplier engagement and dynamic planning, leading to economic and ESG benefits for organizations.

Supply Chain:
Supplier Engagement and Dynamic Planning

The opportunity

- Fashion companies recognize the need to address climate change, support their people and the future of work, respond to consumer demands, comply with regulations and investor demands, build resilient supply chains, and drive innovation, efficiency and cost savings

- As retailers, brands and suppliers continue to shift to responsible retail practices, they are publicly committing to sustainability goals and Science Based Targets (SBTs) – and increasingly need to work together to achieve their ambitions

- In 2018, just over 100 total companies had approved SBTs. By June of 2023 over 2,800 organizations, covering ~35% of global market capitalization, had set commitments, including nearly 400 apparel, footwear, and textiles companies with approved Science Based Targets or commitments to set them – a dramatic increase from roughly 12 in 2019.

- Meeting SBTs involves an overhaul of many aspects of a company's operations, including its strategy, supply chain management, and product design – requiring unprecedented levels of inter-company collaboration, new operating models and supplier engagement

- Consider new approaches to dynamic planning, which relies on accurate demand forecasting, real-time data analysis, and effective collaboration with suppliers, logistics partners, and retailers to reduce overproduction

- Continuously evaluate and adjust production levels, optimizing inventory management, and embracing sustainable practices – this can help brands and retailers reduce waste throughout their supply network and contribute to a more resilient and efficient industry

- Consider near shoring to reduce lead times, allowing for more agile production and reducing the risk of excess inventory

- Where possible, emphasize local sourcing of materials, components and repair management to minimize transportation-related emissions and waste associated with long-distance supply chains

- As supply chain interruptions, geopolitical pressures and the demands for repair and customization services related to the emerging practices of re-commerce, regional production supports continuity and negative impact reductions

Supply Chain:
Supplier Engagement and Dynamic Planning

Emerging behaviors and concepts

- Once SBTs are set, engage retail, brand and supply network partners to align on common environmental, economic and social goals

- Analyze commonalities and gaps in sustainability and SBTs across vendor partners to identify operational efficiency and ESG benefits

- Agree on efficiency programs and leverage data for operational excellence, including in planning and forecasting, inventory and order management, predictive analytics, improved merchandising, fulfillment and workforce management

- Establish data exchange programs to allow for quantifiable progress reporting on efficiency, sustainability goals and SBTs

- When internal resources need to be augmented, select strategic technology partners to provide platform, artificial intelligence (AI) and sustainability as a service support

- Consider programs such as Supplier Leadership on Climate Transition (SLoCT)

- Invest in data and technology solutions that allow AI analytics and intelligence to be applied to forecasting and planning practices

- Increase agility and boost resilience by putting data and AI at the heart of reinvention – companies can build an intelligent supply chain network that brings new visibility into E2E operations, while reducing overall sustainability risk

- Consider the shape of the company's existing supply chain and reconfigure it to be an agile, customer centric supply network, suitable to maximize sell-through and minimize waste

12

Emerging behavior:

Transportation and Logistics

Emerging area of company specific, independent focus leading to economic and ESG benefits.

Transportation and Logistics

The opportunity

- Over 6% of the fashion industry's emissions are sourced from transportation, retail, and warehousing facilities

- Over 16 million tonnes of carbon are produced from goods that are returned in the US alone, as over 20% of goods purchased online are returned

- Electric and alternative fuel-powered trucking and last-mile delivery can reduce emissions while providing long-term cost savings

- AI-based software can predict and optimize logistics for carbon reduction and cost-efficiency

- 50% of consumers are prepared to pay more for sustainable packaging and delivery

Emerging behaviors and concepts

- Minimize return frequency and innovate on return model to limit emissions associated with transport

- Optimize shipping loads to reduce number of trips needed to meet shipping demands

- Refrain from expediting delivery promises to enable slower and lower-carbon forms of delivery

- Improve warehouse management to reduce energy – even switching to LED lighting can reduce electricity costs by up to 70%

- Relocate production and distribution facilities closer to delivery areas to reduce overall distance traveled

- Phase out diesel trucking and switch to electric and hydrogen-powered fleets of cars or bikes for last mile

Enablers

Finance Mechanisms

Data & Technology

Enablers

Additional factors driving ESG transformation

Finance Mechanisms

Sustainability-linked loans, green bonds and carbon budgets

"Green" finance mechanisms that leverage the variance in the cost of capital can be used to create funds for sustainability investments – offsetting short-term program costs, making longer-term adjustments in COGS, or adding a carbon intervention budget:

- Sustainability-linked loans incentivize sustainability performance by linking the interest rate to the improvement in a company's ESG score or its tailored sustainability KPIs

- Green bonds are a type of fixed-income instrument specifically earmarked to raise money for climate and environmental projects. These are typically asset-linked and backed by the issuing entity's balance sheet, so they carry similar credit ratings as their issuer's other debt obligations

Data and Technology

ESG master data management and new technologies

Advances in data management, AI and scenario modeling are accelerating sustainable solutions:

- As sustainability assessments are increasingly embedded in Product Lifecycle Management, their capabilities are expanding. These include more complex data management, preferred materials sourcing, BOM consolidation with enhanced traceability, configuration management, multi-tier workflow collaboration, broader systems integration, regulatory standards measurement and KPI tracking

- The integration of AI and machine learning is accelerating dramatically across planning and supplier engagement practices. This includes complex forecasting models that leverage quantum analytics to significantly reduce inventory-to-sales ratios and disposition inventory, lowering costs across the supply chain while minimizing GHG impacts and waste to landfill

Enablers | Legislation and Directives

Informed by HEY FASHION! – a platform dedicated to elevating the issue of textile waste in the fashion industry, founded by The Eileen Fisher Foundation and Pentatonic®.

USA

New York PFAS Apparel Ban	Uyghur Forced Labor Prevention Act (UFLPA)	Massachusetts Waste Ban
Fashioning Accountability and Building Real Institutional Change (FABRIC) Act	Plastic Pollution Prevention and Packaging Producer Responsibility Act	Garment Worker Protection Act
Fashion Sustainability and Social Accountability Act or "Fashion Act"		

EU

Article L-541-10-3 of the Code de l'Environnement (French EPR)	Producentansvar för textil – en del av den cirkulära ekonomin (Swedish EPR)	Textile labelling regulation	Ecodesign for Sustainable Products Regulation (ESPR)	Right to repair
Packaging and Packaging Waste Directive	The New Waste Shipment Regulation (WSR)	A New Circular Economy Action Plan (CEAP)	Corporate Sustainability Reporting Directive (CSRD)	Corporate Sustainability Due Diligence (CSDD)
EU Ecolabel Regulation	Sustainable Products Initiative	Green Claims Directive	Waste Framework Directive	EU Strategy for Sustainable and Circular Textiles

Case Study | J. Crew Group

Regenerative Cotton Action Group

Regenerative agriculture holds immense promise, including wide-ranging benefits for soil health, biodiversity, water quality and availability, animal welfare, and community resilience and livelihoods.

As the fashion industry increasingly prioritizes this concept, the J. Crew Group (comprising J.Crew, J.Crew Factory, and Madewell) has created an opportunity for like-minded brands to collaborate and achieve greater collective impact.

Multiple brands have come together to expand upon J.Crew Group's pilot program. This Regenerative Cotton Action Group acknowledges both the urgency of addressing climate challenges and the intersectional relationship between climate and communities.

The group has therefore proposed an all-encompassing approach, recognizing America's farming heritage and creating opportunities for underserved farming communities throughout the United States. Currently in progress, the group's initiative provides avenues for other organizations to participate, either by engaging directly with cooperatives and growers or contributing through direct purchases.

Option 1: Commitment for demonstration plot with the Federation of Southern Cooperatives (FSC) in Alabama and farmer training:
The objective of this intervention is to identify a plot of land in the FSC's Rural Research Training Center, in Epes, Alabama, to serve as the regenerative

Option 2: Commitment to support an FSC grower to begin the transition into regenerative agriculture practices:
This engagement opportunity is focused on helping FSC growers transition into regenerative practices. This group has already identified five possible producers pre-vetted to participate in the FY '23 expansion plan.

Option 3: Commitment for fiber purchase from the network of farmers that are certified to regenerative agriculture:
Commitment: Minimum volume of 176 bales

Case Study | The Fashion Pact

Collective Virtual Power Purchase Agreement (CVPPA)

The Fashion Pact brings together global fashion and textile companies in a commitment to core environmental goals in three areas: global warming, biodiversity and protecting the oceans.

The Pact's ground-breaking Collective Virtual Power Purchase Agreement (CVPPA) initiative is designed to accelerate the switch to renewable electricity sources, aligning participants with the ambitious goal of achieving 100% renewable energy use by 2030 across their entire operations.

A first-of-its-kind for the fashion industry, supporting organizations include Bally, Capri Holdings Limited, Ermenegildo Zegna Group, FARFETCH, Ferragamo, Kering, Prada Group, PVH Corp., Ralph Lauren, Tapestry, Under Armour, and Zimmermann.

This project seeks to add over 100,000 MWh per year of new renewable electricity generation to the grid. This is equivalent to eliminating approximately 24,400 cars from the roads, propelling the shift towards clean energy while empowering brands to invest in and make substantial progress towards their sustainability goals.

The Fashion Pact is currently working on future programs to expand geographically and include other industry players interested in reducing supply chain GHG emissions.

Learn More: thefashionpact.org

Case Study | RISE

Advancing gender equality at scale

RISE is an initiative to support collaborative industry action at scale for advancing gender equality in global garment, footwear and home textiles supply chains.

The organization, formerly known as Empower@Work, brings together the four largest women's empowerment programs in the sector, namely BSR's HERproject, Gap Inc. P.A.C.E, CARE International, and Better Work, to build from proven approaches, scale impact and improve efficiency.

RISE's mission is to empower women workers, embed gender equality in business practices and catalyze systemic change. It pursues that mission through three core strategies: strengthening knowledge and skills for workers and managers, embedding gender equality in business practices, and influencing industry and public policy.

Learn More: riseequal.org

A look ahead

A look ahead

Time to step up on sustainability. It's on all of us.

This playbook is a renewed call for accelerated action on sustainability on both an individual and collective level. As ESG becomes ever more embedded as a management tool, sustainability is becoming further integrated in every part of every business.

It's about changing how we operate as an industry. As that change happens at every level, innovative new processes will shift the culture not only of individual companies but also of fashion as a whole. Sustainability becomes a core part of business as usual.

This industry reinvention will not only help our communities address the climate crisis, but also drive revenue growth, supply chain resilience, product innovation, brand differentiation, and exceptional customer experience for fashion companies. It will put people and purpose at the core of what we do.

Legislation and regulation will continue to reshape fashion's approach to sustainability, as financial materiality and investor due diligence drive transparency and traceability. The industry's 2030 commitments are starting to feel like they're just around the corner.

Direct engagement with suppliers will become common practice on the path to Scope 3. And multi-party collaboration will increasingly be seen as the most direct way to achieve Science-Based Targets. Data innovations, including AI and advanced modeling via ESG analytics platforms, will increasingly support these efforts.

The challenges are real. But the good news is fashion is hardwired for change. It holds within it some of sustainability's most promising solutions. Activating them will require each of us to step up and play our part.

Let's commit to scaling ESG solutions that accelerate our reset, reinvigorate our industry, and provide a model for every business to become part of a regenerative ecosystem.

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About Accenture

Accenture is a leading global professional services company that helps the world's leading businesses, governments and other organizations build their digital core, optimize their operations, accelerate revenue growth and enhance citizen services—creating tangible value at speed and scale. We are a talent and innovation led company with 738,000 people serving clients in more than 120 countries. Technology is at the core of change today, and we are one of the world's leaders in helping drive that change, with strong ecosystem relationships. We combine our strength in technology with unmatched industry experience, functional expertise and global delivery capability. We are uniquely able to deliver tangible outcomes because of our broad range of services, solutions and assets across Strategy & Consulting, Technology, Operations, Industry X and Accenture Song. These capabilities, together with our culture of shared success and commitment to creating 360° value, enable us to help our clients succeed and build trusted, lasting relationships. We measure our success by the 360° value we create for our clients, each other, our shareholders, partners and communities. **Visit Accenture**

About RBC

The Responsible Business Center (RBC) at Fordham University's Gabelli School of Business is a network that collaborates with educators and researchers for the greater good. Working collectively to support the next generation of business leaders as a sustainable force for prosperity, our shared vision and commitment is to improve the environmental, social, and governance (ESG) impact of industries worldwide and contribute to the achievement of the UN Sustainable Development Goals. As a hub for collaboration that factors in people, planet, and profit, we support the development of economic systems and values-based education, while enforcing our core principles with dignity, compassion, and courage. **Visit RBC**

About WWD

For 100+ years WWD, a property of Fairchild Fashion Media, has been the daily media of record—and the industry voice of authority—for senior executives in the global women's and men's fashion, retail and beauty communities, while also keeping informed the consumer media that cover the market. Often referred to as "the fashion bible," WWD provides a balance of timely, credible business news and key fashion trends to a dedicated readership of retailers, designers, manufacturers, marketers, financiers, Wall Street analysts, international moguls, media executives, ad agencies, socialites, and trend-makers. **Visit WWD**

About Fashion Makes Change

Fashion Makes Change (FMC), a project with Rockefeller Philanthropy Advisors, is an industry-wide initiative bridging the sustainability gap between consumers and organizations. Through our CEO Convenings, and with support from the most influential brands and retailers, we engage consumers and industry via a multi-pronged approach, including sustainable operating models, customer campaigns that fund women's empowerment and education, and new research connecting women and decarbonization. FMC's Impact Index a product sustainability framework and consumer-facing label is unifying the industry's approach to communicating sustainability attributes. FMC is an ecosystem between brands, consumers, and stakeholders in the industry, supporting a mission to responsibly drive action on key social and environmental issues throughout fashion's value chain. **Visit FMC**

Glossary & Definitions

Biodiversity Means the variability among living organisms from all sources, including: inter alia, terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are part; this includes diversity within species, between species and of ecosystems (UN, 1992).

Circular economy Looking beyond the current "take, make and dispose" extractive industrial model, the circular economy is restorative and regenerative by design. Relying on systemwide innovation, it aims to redefine products and services to design waste out, while minimizing negative impacts. Underpinned by a transition to renewable energy sources, the circular model builds economic, natural and social capital. (Ellen MacArthur Foundation).

Decarbonization The process by which countries, individuals or other entities aim to achieve zero fossil carbon existence. It typically refers to a reduction of the carbon emissions associated with electricity, industry and transport.

Decent work The promotion and realization of standards and fundamental principles and rights at work, creating greater opportunities for women and men to decent employment and income, enhancing social protection, and strengthening social dialogue.

Decoupling (in relation to climate change) Where economic growth is no longer strongly associated with consumption of fossil fuels. Relative decoupling is where both grow but at different rates. Absolute decoupling is where economic growth happens but fossil fuels decline.

Direct conversion The process of transforming kinetic energy into electricity.

End-of-use/End-of-life (lifecycle phase) Emissions from the waste disposal and treatment of products sold by the reporting company (in the reporting year) at the end of their life. This category includes the total expected end-of-life emissions from all products sold in the reporting year.

Fair Compensation A right of workers to compensation within a regular work week that is sufficient to meet their basic needs and have some discretionary income.

Fashion Supply Chain Tiers: Tier 4 (raw materials extraction), Tier 3 (raw materials processing), Tier 2 (material production), Tier 1 (finished assembly product), Tier 0 (office, retail and distribution).

Green power products Sources of renewable energy that can be procured from electricity providers in the form of energy agreements.

Justice, Equity, Diversity & Inclusion (JEDI) A framework that ties together approaches that consider Justice, Equity, Diversity & Inclusion into decision making.

Life Cycle Analysis (LCA) A method that quantifies the environmental impacts associated.

Living wage Remuneration received for a standard work week sufficient to afford a decent standard of living for the worker and their family, including food, water, housing, education, health care, transportation, clothing, and other essential needs.

Manufacturing Restricted Substances List (MRSL) Sets the limits for the presence of hazardous chemicals from manufacturers in the final product

Glossary & Definitions (cont.)

Net Zero Emissions Achieved when anthropogenic emissions of greenhouse gasses to the atmosphere are balanced by anthropogenic removals over a specified period. Where multiple greenhouse gasses are involved, the quantification of net zero emissions depends on the climate metric chosen to compare emissions of different gasses (such as global warming potential, global temperature change potential, and others, as well as the chosen time horizon). See also Net zero CO_2 emissions, Negative emissions and Net negative emissions.

Re-commerce The recovery and resale of a garment by the original retailer.

Reduction pathway Science-based pathways to outline limiting emissions to align to different trajectories towards limiting warming to dedicated warming levels, most commonly to below 1.5°C or 2°C.

Regenerative agriculture There is no standardized definition of regenerative agriculture, but it typically includes the following practices: (1) Minimize and ideally eliminate external inputs; maximize on-farm inputs (2) Reduce tillage to preserve the life in the soil (by utilizing no-, minimal-, or conservation-tillage) (3) Aim for and monitor a broad and holistic set of outcomes including soil health, biodiversity, animal welfare, social justice, and the economic well-being of farmers and communities.

Renewable energy sources Sources of electricity like wind and solar that provide non-fossil fuel sources to produce electricity.

Responsible recruitment Ensures that labor employment procedures across supply chains have been carried out in an ethical manner, protecting the basic human rights of all people and safeguarding the livelihoods of workers across all sectors, in all countries.

Science-Based Targets (SBT) A joint initiative between CDP, UN Global Compact, the World Resources Institute, and World Wildlife Fund, and SBTi's targets aligned with the UN Fashion Charter, and associated measurement metrics and goals.

Scope 1 emissions Direct carbon emissions that occur from sources controlled or owned by an organization.

Scope 2 emissions Indirect carbon emissions related to purchase of electricity, steam, heat or cooling.

Scope 3 emissions All indirect carbon emissions that occur in and across a company's value chain.

UNFCCC Fashion Industry Charter for Climate Action (Fashion Charter) A renewed charter from 2021 that has brought fashion stakeholders together to drive the fashion industry to net-zero greenhouse gas emissions no later than 2050, in line with keeping global warming below 1.5 degrees.

Virtual purchase power agreement (VPPa) A financial transaction, exchanging a fixed- price cash flow for a variable-priced cash flow and renewable energy certificates (RECs). The corporate buyer does not own and is not responsible for the physical electrons generated by the project. Because the VPPa is purely financial, the buyer still needs to meet its electricity load through traditional channels—therefore, the VPPa means the buyer's relationship with its utility at the retail level remains unchanged.

Wastewater discharge and management The process connected to raw material and textile production that results in discarding of water post-production, and the management of this to minimize environmental and operational impacts.

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