

THE
FASHION
PACT

First Steps to Transform Our Industry

Signatories

ADIDAS • AIGLE • ALDO GROUP • AUCHAN RETAIL • BALLY •
BESTSELLER • BONAVERI • BURBERRY • CALZEDONIA GROUP
• CAPRI HOLDINGS LIMITED • CARREFOUR • CELIO • CHANEL •
DAMARTEX GROUP • DCM JENNYFER • DECATHLON • DIESEL • EL
CORTE INGLÉS • ERALDA • ERMENEGILDO ZEGNA • ETAM GROUP
• EVERYBODY & EVERYONE • FARFETCH • FASHIONCUBE • FUNG
GROUP • GANT • GAP INC. • GEOX • GRUPPO ARMANI • GROUPE
BEAUMANOIR • GROUPE GALERIES LAFAYETTE • GROUPE ERAM
• GROUPE IDKIDS • GROUPE ROSSIGNOL • H&M GROUP • HERMÈS
• HERNÓ • HOUSE OF BAUKJEN • INDITEX • KARL LAGERFELD
• KERING • KIABI • MANGO • MATCHESFASHION • MONCLER •
MONOPRIX • NIKE, INC. • NOABRANDS • NORDSTROM • PAUL &
JOE • PRADA S.P.A. • PROMOD • PUMA SE • PVH CORP. • RALPH
LAUREN • RUYI • SALVATORE FERRAGAMO • SELFRIDGES GROUP
• STELLA MCCARTNEY • TAPESTRY • TENDAM

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Foreword

Over the past year, the trauma of the COVID-19 pandemic has been tempered by brilliant displays of altruism and collaboration. Businesses have embraced new responsibilities. Governments have taken extraordinary action to protect their citizens. Citizens have erupted in gratitude for workers who risked their lives for the greater good.

But we have also seen the cost of a failure to cooperate. Our response to the pandemic has been hampered by lack of international collaboration. Multilateral organisations have faltered, and, in the absence of a globally coordinated response, nations have had to fend for themselves. Today, months after the first lockdowns, normality remains a distant aspiration.

Contained within the challenge of the pandemic is a valuable lesson: global crises demand global solutions. This is true of COVID-19, of course, but it also applies to climate change, global inequality, and the destruction of the natural world. On issues as grave and far-reaching as these, meaningful progress will elude us until everybody changes together.

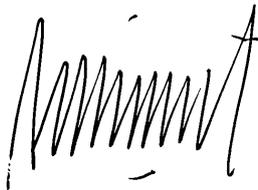
The Fashion Pact was born out of the recognition that only collective action can change the environmentally harmful impact of the fashion industry. It is an unprecedented coalition, with peers, competitors, established brands, newcomers, high-end labels, mainstream retail chains, manufacturers, and marketplaces, all coming together to work hand-in-hand on the most pressing issues facing our planet.

We are proud of what we have achieved in our first year. Our members, with the support of brilliant external experts, have

made the first strides toward meaningfully changing the fashion industry. Our governance is now well in place and we have defined tangible targets and KPIs. But the road ahead is long. This report is inherently incomplete. Our ambition is such that we cannot achieve everything in one year.

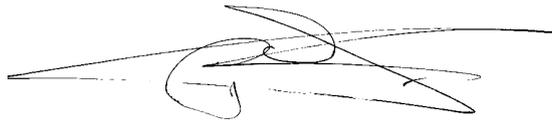
As we progress, we will continue to be guided by our conviction that the changes we are fighting for are essential for the future not only of the planet but of the fashion industry itself. Because in a world of runaway climate change and ecological collapse, no business can succeed for long.

No single company or executive can enact change at the scale or speed needed to protect our planet. So, to others in the fashion industry and our expanded community, we invite your dialogue, participation, scrutiny, and encouragement. We're here to hasten progress for all of us. Your involvement will strengthen us in our mission to help the planet, and save the industry we love.



François-Henri Pinault

Chairman and CEO of Kering and Co-Chair of the Fashion Pact Steering Committee



Paul Polman

Co-founder of IMAGINE and Co-Chair of the Fashion Pact Steering Committee

Executive Summary

One year ago, chief executives across fashion began a collaborative effort to transform our industry – to bend the curve away from environmental crisis, and towards a more just, durable, and ecologically responsible fashion industry in which all parties are able to thrive.

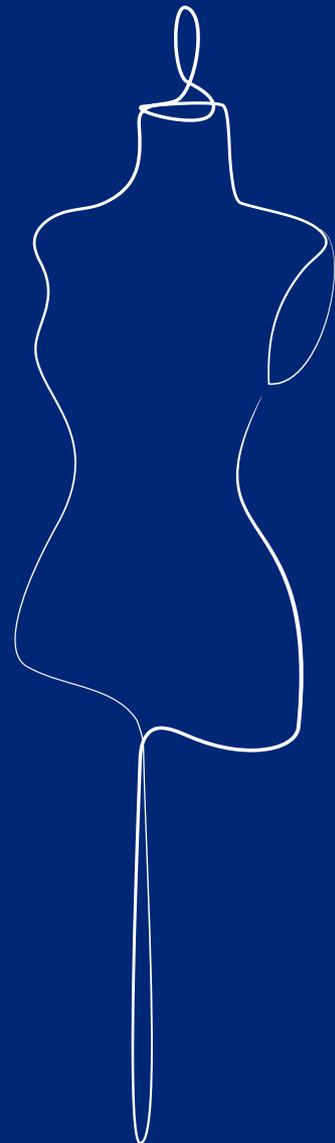
Actively led by CEOs representing a third of our industry, The Fashion Pact is a coalition of exceptional magnitude – 60+ competitors and partners across regions and cultures, working together to improve the sustainability performance of each other and, in fact, our entire business. Featuring global players, niche brands, and subject matter experts from sectors along the entire value chain, we're setting a common agenda with priority actions and tangible targets, in order to mitigate climate change, restore biodiversity, and protect the oceans.

Our first year has been defined by cooperation, transparency, and a bias towards action, during a time of enormous global turbulence. Together, we have aligned on shared standards, committed to joint frameworks, and begun implementation of our action plans. We have already documented increased use of renewable energy and reduced our reliance on unnecessary and harmful plastic. We have pioneered biodiversity as a critical area for sustainable action within consumer goods industries. And we have established ongoing forums for knowledge sharing across signatories and with leading experts, which will carry us forward into the coming years.

The Fashion Pact believes that multi-sector collaboration is the only way that the fashion industry can adopt more sustainable practices at the required scale – and that with our cumulative industry representation, we can create the tipping points needed to accelerate change. We invest in this work not just to meet prevailing environmental standards, but to truly transform one another – out of commitment to our companies, employees, consumers, communities, and planet.

Executive Summary

In this report, we share a summary of our progress and accomplishments in year one, as well as plans within our primary pillars of climate, biodiversity, and oceans. As our first public communication since launch, we are eager to be transparent and open about our activities. At times we highlight work undertaken by individual brands and companies – not in order to take credit for every sustainable action within the last twelve months, but to share examples of initiatives we are collectively embracing. Indeed, by publicising our progress to date, we are eager to spotlight positive trends, identify areas for continued industry investment, and build momentum. This is a long journey and our commitment is enduring. The Fashion Pact is dedicated to driving unprecedented collective impact to meet the demands of this pivotal moment.



THE FASHION PACT

Who We Are

A CEO-led coalition leveraging our collective power to drive actions beyond existing initiatives and accelerate positive change across the fashion industry

Collaboration Across the Entire Value Chain



| | | | |
|--------------------------|-----------------------------------|-------------------------------|-----------------------------|
| 15 Luxury Apparel | 13 Marketplace/Distributor | 12 High-street Apparel | 8 Premium Apparel |
| 6 Sportswear | 4 Manufacturer | 3 Pure Footwear | 2 Mannequin Supplier |

The Fashion Pact as a Catalyst for Members



Of members reported that joining The Fashion Pact triggered an acceleration of the sustainability journey within their organisations

With Active Involvement of Our CEOs



14 leaders forming the CEO-led Steering Committee actively driving collective action



Collective decisions since founding



60+

Signatories

200

Brands

14

Countries

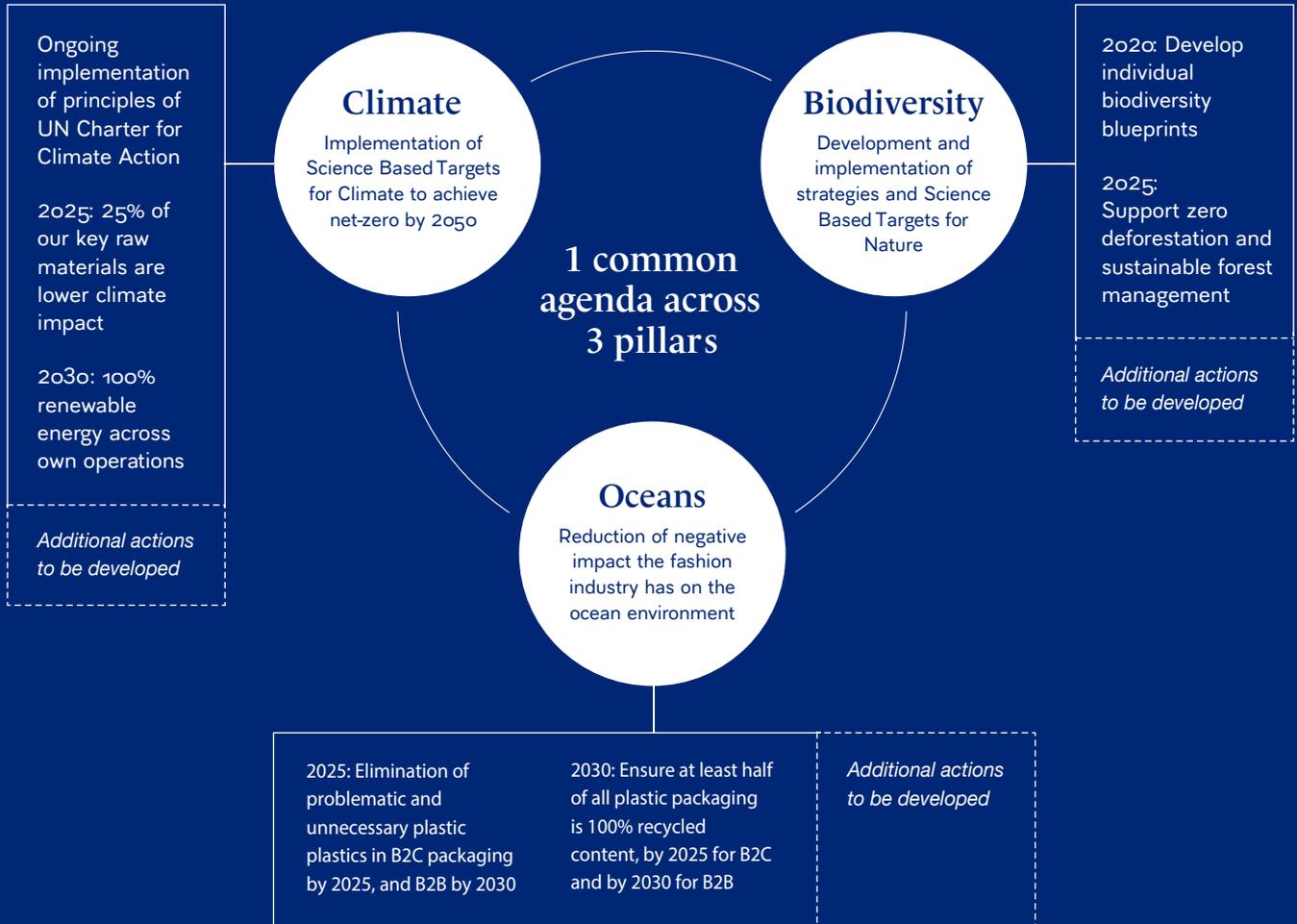
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Of Global Fashion Industry

THE FASHION PACT

Our Common Agenda

In this first year, Fashion Pact signatories have developed one common agenda with first actions and tangible targets to jointly spearhead and scale sustainability in the fashion industry



First Progress of Signatories in Our Pillars

CLIMATE

40-45%

Of all energy consumed by our members comes from renewable sources

BIODIVERSITY



The Fashion Pact sparks first comprehensive industry commitment to set Science Based Targets for Nature enabling measurable decrease of impact on biodiversity

OCEANS

70%

Since joining The Fashion Pact, 70% of signatories have reduced unnecessary and harmful plastic packaging (incl. single-use) and actively worked on pilots and other actions to replace plastic packaging with sustainable alternatives

“

As environmental and social priorities rise to the forefront of industry agendas, initiatives like The Fashion Pact help drive positive change through collaboration. Coming at this from a unified, collective position at this scale shows how serious the fashion industry is about working together to make tangible action to protect our planet.”



Manny Chirico
PVH Corp.



Background

The Fashion Pact began with the setting of joint commitments published at the 2019 G7. Initiated by the President of France, Emmanuel Macron, it was the first time that any private sector was invited to play such an active role at the conference.

The fashion industry was seen as uniquely ready to spearhead such an initiative – a sector where companies could collaborate on shared interests, and where actions could have requisite scale and impact. Without a doubt, fashion is an industry with tremendous influence. Over recent decades, fashion has experienced significant growth, with worldwide clothing revenues doubling from 2001 to 2019.¹ Today, the industry employs over 75 million people globally, generating EUR 1.5 trillion a year in revenues. That growth is expected to continue at a 7% compound annual rate until 2024, even correcting for economic instability caused by the pandemic.² The fashion industry continues to have unsurpassed cultural influence, as well. Fashion is one of the few mass consumer industries that engenders an emotional relationship – both a daily necessity, and a canvas for creativity, expression, and identity.³ As a collective, we are made up of brands that are part of the daily lives of billions of people. And in that way, we have both the power and responsibility to drive positive change.

Over the last decade, sustainability has become a growing concern within the industry, driven by conscious consumers, threat of supply chain disruption, and regulatory expectations.⁴ As such, there already exist many innovative and effective sustainability initiatives within the industry. However, given the fragmented nature of the fashion value chain, it's an incredibly complex issue for a single entity or individual fashion company to manage in full. Many brands and companies have taken meaningful steps: from defining customised sustainability targets, to increasing supply chain traceability for their products, to investing in transparency and consumer education. Concurrently, foundations, incubators, and NGOs have helped develop and promote alternative manufacturing methods and new economic frameworks such as circularity.

Background

However, there remains a considerable gap in sustainability performance across companies within the industry. Due to a variety of factors, larger players and luxury brands have been the frontrunners in sustainable action – but as a segment, these brands comprise less than half of the industry by revenue,⁵ which ultimately limits the scope of their sustainable actions. And some recent analysis concludes that, while total sustainability efforts are still growing year-over-year, the rate of change itself is slowing.⁶ As elaborated in the 2019 Pulse of the Fashion Industry report, “even under optimistic assumptions, the industry’s existing solutions and speed of progress will not deliver the impact needed to transform the industry. Fashion needs deeper, more systemic change.”⁷ The Fashion Pact was formed a year ago in an effort to galvanise precisely this sort of widespread and systemic transformation.

But without a doubt, it’s been a volatile and unprecedented year since then, with the COVID-19 pandemic as the dominant global event. Within our industry, the pandemic has underscored the need for evolution into a more resilient and sustainable fashion industry. American retailers grappled with indefinite store closures and tough decisions to furlough staff. Because of fluctuating consumer demand, some brands cancelled already completed facility orders, creating uncertainty in the lives of manufacturing workers in countries like India and Bangladesh. Factory shutdowns in China impacted European department stores’ ability to serve customers. The economic consequences of these unforeseen events undercut planned corporate sustainability efforts – while at the same time underscoring the need for greater cooperation and partnership across parts of the value chain. As detailed in recent industry research by Boston Consulting Group, Higg Co, and the Sustainable Apparel Coalition, “fashion risks irrecoverable self-inflicted wounds if it abandons sustainability and value chain partnerships in the face of COVID-19. While sustainability is in danger in some areas of the industry, companies that embrace it will be among the leaders of a resurgent fashion industry on the other side of the pandemic.”⁸

It’s worth noting that – while The Fashion Pact’s primary remit is on environmental sustainability – we acknowledge the considerable social challenges in our industry and our role in addressing them. During a leadership committee meeting this past spring, our members decided to endorse the International Labour Organization’s call to action entitled “COVID-19: Action in the global garment industry,” which sets out urgent priorities for protecting garment workers’ income, health and employment. These manufacturing employees are our partners and colleagues – and our coalition is dedicated to a connected and global industry that is working for the common good of all players within the space.



Aigle has always put sustainability in the heart of its values. Being involved in The Fashion Pact is for us a strong will to take part in the change we need to see happening in the fashion industry. It’s important to us to collaborate with other brands and we believe that collective effort will bring a better future for the generations to come.”



Sandrine Conseiller
Aigle

Background

For The Fashion Pact, recent global turmoil emphasises the need for us to redouble collective efforts to strengthen our commitment to our communities, build resilience in our supply chain, and take action for the planet itself. And in fact, we're encouraged by our industry's ability to take action despite the pandemic's challenges. But while bringing together a third of the industry – across market segments, across steps in the value chain, across geographies – is a historic achievement in its own right, The Fashion Pact is still at the beginning of its impact. In everything we do, we remain focused on our primary goal, which is action on behalf of sustainability, stability, and a healthy shared future for all.

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I believe we need to work hand in hand – not only retailers and consumer-facing companies, but the entire value chain. We all have expertise to bring to the table. It's truly exciting to me to see so many from our industry participating."



Nicolas Houze
Groupe Galeries Lafayette



“

The environmental issues that cloud our future are such that they cannot be addressed alone. For this reason the Prada S.p.A. has enthusiastically joined The Fashion Pact which represents a perfect example of today’s multilateralism. The spirit of this coalition is based on awareness, cooperation and solidarity on an international level, transcending local interests and pursuing the common good of humanity for this and future generations. So what should we be doing? We need to weave a network to connect the many oases of fraternity that exist in the world.”



Carlo Mazzi
Prada S.p.A.

Our Ambition

The Fashion Pact has organised itself as a CEO-led coalition, with one common agenda and the commitment to act together across three pillars of environmental urgency.

We know that a substantially more sustainable fashion industry is possible – but we recognise that environmental and social issues cannot be solved by any one brand alone. To reduce our environmental impact at the required magnitude, collaboration will be critical. And collaboration must involve representatives from across the entire fashion ecosystem. We need brands, retailers, sourcers, suppliers, and manufacturers working in concert around clearly agreed upon goals and targets.

In a word, our sustainability efforts must be collective.

Our vision is for The Fashion Pact to serve as an unequalled catalyst: to drive massive investment in and adoption of low-carbon, biodiversity-friendly, and ocean-conscious ways of doing business across all of fashion. Launching with 32 signatories, we have since grown to more than 60 companies across 14 countries and 8 sectors in only our first year. We've worked together to lay groundwork for cooperation across all signatory organisations, at a scale that begins to create tipping points across the entire industry.



This is the first time that we, the CEOs across the entire fashion industry, have come together. It's a powerful opportunity to share best practices and develop joint solutions on our common challenges regarding climate, biodiversity, and oceans.”



Jean-Christophe Garbino
FashionCube

Our Ambition

Towards these ambitions, we've structured our coalition upon the following principles:

1. Engaged CEO Leadership

Our conviction is that top-level leadership is needed in order to make change within companies and across the industry. CEO support of sustainability sends a powerful message: resetting priorities and marshalling resources within a company; and raising standards and expectations with an industry.

However, dedicated forums are needed to provide space for business executives to openly and productively share progress, ask questions, and discuss ideas. Accordingly, The Fashion Pact has established a CEO-led Steering Committee for this active dialogue. Leaders from the following companies have volunteered and stepped forward: Bestseller, Burberry, CHANEL, Etam Group, Farfetch, FashionCube, Moncler, NOABRANDS, PVH Corp., Ralph Lauren, Salvatore Ferragamo, and Tendam, with François-Henri Pinault from Kering and Paul Polman the Co-founder of IMAGINE as Co-Chairs of the Steering Committee. In the past year, these executives have consistently participated in regular virtual meetings, driving more than twenty collective decisions for The Fashion Pact.

2. Actions Beyond Existing Initiatives

Because of existing progress in sustainability in recent years, The Fashion Pact focuses on actions that go beyond existing industry measures. We avoid replication or 'recreating the wheel,' choosing to build on the work of peers and fill in gaps that we see. By endorsing existing initiatives such as the United Nations Fashion Industry Charter for Climate Action and building on guidelines such as the Ellen MacArthur Foundation's work on plastics, we can leverage our clout as 30% of the industry to deliver additional impact. And by working with the best technical experts from across the globe, we can make new contributions to sustainability in fashion – which can also chart a path forward for all consumer goods manufacturing.

The Fashion Pact's Operating Committee plays a key role here, as the CSO-driven implementation body within the coalition. This committee implements the priorities set by the Steering Committee, establishes working groups, and supports outreach to external partners and experts. Made up of representatives from Burberry, Calzedonia Group, Capri Holdings Ltd, CHANEL, DCM Jennyfer, Decathlon, ERALDA, Ermenegildo Zegna, Etam Group, Farfetch, Fung Group, GAP Inc., H&M Group, Hermès, Inditex, Kering, Moncler, NIKE, Inc., NOABRANDS, PVH Corp., Ralph Lauren, Ruyi, and Tendam, this committee's participants are volunteers actively shaping the work of the entire coalition.

Our Governance Structure



Our Ambition

3. The Power of the Collective

Collaborative action is at the heart of everything The Fashion Pact does. The signatories drive our coalition forward – voluntary participants from across the industry, working with external experts to share innovations and best practices, to create improvements across all of our businesses. Critically, we represent diverse profiles and business models, from leading fashion players to small and medium brands to visual merchandising suppliers. We're pleased to have retailers and marketplaces involved – such as El Corte Inglés, Farfetch, Groupe Galeries Lafayette, MATCHESFASHION, Monoprix, Nordstrom, and Selfridges – and suppliers like ERALDA and Fung Group participating as well.

As a collective, we catalyse improvement. Some analysis has categorised the industry into a 40% that needs to lay a stronger foundation for sustainability, and the other 60% that should focus on scaling impacts.⁹ We address this divide, by establishing mechanisms for larger brands to scale improvements pioneered by smaller innovators, and ways for less-resourced companies to incorporate learnings from those who have been working in this area longer. The coalition's dedicated Task Force staff enables this ongoing exchange between signatories, by hosting convenings within the coalition and with external advisors. We believe this approach to knowledge sharing and collective coordination can be a model for all consumer goods industries – first driving change within a coalition, and eventually across the rest of the industry.



Our Principles



It is time for our industry to strive for systemic change. Through collective action, we have the opportunity to achieve our ambitions for a sustainable future.”



Anders Holch Povlsen
Bestseller

Our Ambition

The Fashion Pact has been structured around one common agenda, and the commitment to act together across three pillars: climate, biodiversity, and oceans. Inspired in part by numbers 13, 14, and 15 of the U.N.'s Sustainable Development Goals, we consider these pillars to be harmonic in focus – each an area of significant environmental urgency, which our industry is well-positioned to address.

Each pillar is also at a different stage of maturity in terms of fashion's existing response. For instance, climate has been a pressing environmental concern in the fashion industry for the better part of the last decade, with many fashion brands already taking action to offset their carbon emissions. Meanwhile, the connection between ocean health and plastics has rapidly grown in prominence over just the last few years, in terms of both consumer and corporate conscientiousness. Lastly, biodiversity is the most nascent area of focus; indeed, fashion is positioned to be a frontrunner in terms of coordinated corporate action and science-based target setting across all consumer goods industries for this pillar. While our scope may expand in the future, we are dedicated to making initial progress within these three pillars.

In addition to the experience and insights of each signatory, The Fashion Pact is leveraging external technical experts to deliver the most innovative, knowledge-based, and strategic solutions to help coalition members achieve their targets. Currently, we are working with 2050 and SYSTEMIQ on climate; Conservation International on biodiversity; and (RE)SET for oceans. 2050 was founded by CEO Laila Petrie to encourage a rapid transition to a sustainable future through research, innovation, and expert support. Laila is Joint Chair of the UNFCCC Fashion Industry Charter for Climate Action, and 2050 works with some of the world's leading organisations – such as Google, Sustainable Apparel Coalition, Textile Exchange, U.N. Environment Programme, and WWF. SYSTEMIQ is a B Corp created in 2016 to drive achievement of the Paris Agreement, by

transforming markets and business models across three systems: land use, materials, and energy. SYSTEMIQ builds coalitions, advises pioneers, mobilises financing, and invests in high-impact ventures with the potential to unlock economic opportunities that benefit business, society and the environment. Conservation International was founded in 1987, and now works globally to safeguard the forests, oceans, rivers, lakes, and wetlands that provide food and water for people and wildlife, sustain economies, and help secure a stable climate. Conservation International consists of an impressive team of internal experts, and also draws support from the Center for Sustainable Lands & Waters, Moore Science Center, and field programmes. A grant from the Global Environment Facility awarded to The Fashion Pact and Conservation International will be instrumental in helping bring world-class scientific expertise to the fingertips of Fashion Pact members. (RE)SET helps companies to accelerate their environmental transition and to turn sustainability into a predictable driver of growth. Their expertise lies in multiple sectors such as retail, publishing,

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The Fashion Pact inspires us to leverage existing and new initiatives. Our intent is to avoid replicating or recreating what already exists, and to instead focus on bringing meaningful innovations to a new level.”



Livio Libralesso
GEOX

Our Ambition

furniture, packaging, and the design of new public policies. Most recently they have premiered a flexible salad packaging made out of paper. (RE)SET will provide our signatories with innovative alternatives to problematic and unnecessary plastic.

In addition to these technical delivery partners, The Fashion Pact has worked closely with Boston Consulting Group, who has led the development of a pragmatic yet meaningful reporting framework. In collaboration with our signatories and industry experts, BCG has identified priority areas to report on impact, and synthesised key performance indicators to track collective progress and inform external communication. For this initial progress report, BCG collected and analysed quantitative and qualitative data points to fill our first set of KPIs and established baselines as a reference point for years to come. By also collecting coalition feedback and documenting signatories' needs, BCG has helped to inform our overall roadmap for the years to come. To inform this work, we have drawn upon data and expertise available through the Sustainable Apparel Coalition and Textile Exchange. The Fashion Pact will be continuously looking for ways to evolve our portfolio of expertise, ensuring our signatories have access to the sophisticated insights needed to solve challenges relevant to the climate, biodiversity and ocean pillars.

Across The Fashion Pact's activities, measurability will be key, in order to document progress and shortfalls. Despite the unusual year of 2020, the vast majority of signatories have participated in internal surveys and data sharing within the coalition, to aid the development of this report. While acknowledging that each company is at a different stage in their sustainability journey and each measure their performance at different levels of detail, we have aggregated data for the best possible snapshot of our progress as a collective, across the 2019 to 2020 reporting period. We know that transparency is essential for holding ourselves accountable to our commitments. Accordingly, we expect this report will be the first of additional updates to come.



In an ever-changing world, companies can simply adapt to changes or choose to be a positive force in driving them. Our responsibility is to leverage our past to build a better present and future.”



Ermenegildo Zegna
Ermenegildo Zegna



“

Today, the fashion industry has the opportunity to lead a shift towards a more sustainable future. We can set an example for how companies can work together and take action on the crucial issues of climate change, biodiversity and protecting the world’s oceans. Collaboration is vital if we are to develop a truly sustainable industry, and to do so as quickly and effectively as possible.”



François-Henri Pinault
Kering

Climate

Combating climate change and reducing greenhouse gas emissions is a major focus for The Fashion Pact.

If global warming is to be limited to a 1.5°C increase, the United Nations states that global carbon emissions must be reduced by 45% from 2010 levels by 2030.

Due to its long supply chains and energy intensive production, the fashion industry has the capability to make meaningful contributions towards this goal. By improving our processes, materials decisions, and energy sources, we can significantly reduce our share of existing global carbon emissions, and bend the curve on GHGs towards the targets of the Paris Climate Agreement. Doing so will require major transformations of fashion's manufacturing practices.



The Fashion Charter on Climate Action and Science Based Targets are the most important frameworks we have for a meaningful reduction of greenhouse gas emissions. By building upon these initiatives, The Fashion Pact takes the collaborative spirit further, and ensures credible impact and action.”



Bjørn Gulden
PUMA SE

To this end, The Fashion Pact has made a commitment towards implementation of Science Based Targets for Climate, to achieve net-zero carbon impact by 2050, across all of its signatories. Within most companies, significant individual action is already underway – over the last reporting period, we report that Fashion Pact signatories have reduced ~350,000 - 450,000 tons of GHG emissions (CO₂ equivalent) across Scope 1 and Scope 2.¹⁰ Though parts of this reporting period pre-date the launch of the coalition, we take pride in this aggregated trajectory. But given complex supply chains and shared sourcing within our industry, tackling climate as independent entities is extremely challenging and slow. Since the majority of emissions lie within the materials and processing stages related to Scope 3, we believe that our greatest possible impact will come from combining efforts to improve standards, reduce emissions, and increase supply of lower impact materials.

Within the pillar of climate, The Fashion Pact commits to the following three areas of action:

- **Action 1: Implementing the principles of the U.N. Fashion Charter**

Established in 2018, the United Nations Fashion Industry Charter for Climate Action is the most detailed framework for the fashion industry's decarbonisation and GHG emission reductions. Based on the Paris Agreement and furthering the broader Agenda 2030 for Sustainable Development, the 16 principles in the U.N. Fashion Industry Charter for Climate will help us deliver on our overall pillar commitment to implement Science Based Targets (SBTs) on Climate, and drive corporate actions that are consistent with a 1.5-degree pathway through a 'just transition' to achieve net-zero by 2050.

- **Action 2: Transition 25% of key materials to lower climate impact sources by 2025**

In order to support climate adaptation and resilience through sustainable sourcing of raw materials, we

commit that 25% of our key raw materials will have a lower impact on climate by 2025. Availability and adoption of lower impact alternatives range widely across materials – but by aggregating our demand, we have the opportunity to tremendously influence global supply.

- **Action 3: Implement 50% renewable energy by 2025 and 100% by 2030 across own operations**

We pledge to implement 50% renewable energy across our own operations by 2025, and 100% across our own operations by 2030. Additionally, we will encourage implementation of renewables in all high impact manufacturing processes along the entire supply chain. Accomplishing these goals will require extraordinary cooperation and partnership across all players in fashion – but will make a significant impact in our industry's carbon footprint.

Across all three of these actions, signatories are expected to identify GHG emission reductions opportunities within relevant elements of their business (including operational, supply chain, and sourcing decisions) and to include climate-related criteria and tradeoffs in all business decision-making processes. To identify strategic areas for collective efforts, we have partnered with SYSTEMIQ and 2050, who are bringing together the best technical expertise in the industry to inform business decisions and provide assistance in accurate reporting and target-setting.

SYSTEMIQ and 2050 have taken into account criteria such as GHG emissions reduction data (synthesised by SYSTEMIQ), feasibility of implementation, degree of potential duplication or collaboration with existing industry activities, strength of The Fashion Pact's collective market power, and co-benefits for biodiversity and oceans. Strong strategic options identified for intervention include renewable energy, fibre feedstock changes, innovation in material production, and circular and dematerialised business models. Based on these identified priorities, 2050 will now take forward the work to develop detailed plans for delivery, including potential partnerships with external technical organisations.

Action 1: Implementing the principles of the U.N. Fashion Industry Charter for Climate Action

Across our three pillars, climate action is the most established within the fashion industry. The topic has been on collective agendas the longest, and our signatories report the most readily available existing data. It is for this reason – combined with our principle of building on existing frameworks whenever possible – that we have chosen to enable our members to implement the existing U.N. Fashion Industry Charter for Climate Action.

Across 16 principles, the Charter details specific commitments and investments needed to meet the goals of the Paris Agreement in limiting global temperature rise: from committing to 30% aggregate GHG emission reductions in Scope 1, 2 and 3 by 2030;¹¹ to committing to not installing new coal-fired boilers or other sources of coal-fired power by 2025; to supporting low-carbon transport and logistics; to engaging and educating consumers to increase awareness about emissions caused in the use and end-of-life phases of fashion products. The U.N. Fashion Charter also offers collaborative working groups that support in the delivery of its goals, efforts we are proud to join rather than recreate. As of October 2020, around 40% of coalition members have signed up for the Fashion Industry Charter



As the fashion industry, we rely on resilient communities and ecosystems around us. That's why, at the H&M Group, we set out the goal to become climate positive by 2040. This is nothing we can achieve alone though. That's why I think it is fantastic that The Fashion Pact has now brought together a wide range of brands with the goal to together create a net-zero emission fashion industry that helps keep global warming below the 1.5° threshold.”



Helena Helmersson
H&M Group

for Climate Action.¹² Of those not yet signed up, around 40% plan on joining within 2020 or the next 12 months at the latest, and we're supporting the remaining signatories on that process going forward.

A major principle of the U.N. Fashion Charter is the implementation of the Science Based Targets for Climate. Developed through collaboration between CDP, the United Nations Global Compact, World Resources Institute, and the WWF,¹³ the Science Based Targets Initiative champions science-based target setting as a means to transition

to a low-carbon economy. Setting SBTs requires use of a rigorous process and validation of all targets by the Science Based Targets Initiative – ensuring that they are the definitive standard in line with the Paris goals. Only one year after the founding of The Fashion Pact, more than 40% of our membership is developing or implementing SBTs for climate, consistent with a 1.5° pathway. Within our coalition, we are working with the support of delivery partner 2050 to gather external technical experts and resources to support and enable the remaining signatories to set appropriate SBTs for their business.

One of the 16 principles of the U.N. Fashion Charter is to “quantify, track and publicly report GHG emissions, consistent with standards and best practices of measurement and transparency.”¹⁴ We agree that public reporting is a powerful mechanism to increase accountability and hold companies to their stated sustainability ambitions. We’re proud that around 3/4 of total members already publicly report on their emissions in some form, such as a sustainability report or area of their website. However, only a minority are utilising a leading reporting scheme such as CDP, a requirement within the U.N. Fashion Charter commitment.¹⁵

Going forward, a strong focus will be in supporting all companies to report through the already available and recognised reporting schemes to increase transparency within the industry. This is consistent with our core principle of building on existing programmes, and ensuring no duplication of efforts, dual reporting, or confusion of roles within The Fashion Pact’s work on climate.



Action 2: Transition 25% of key materials to lower climate impact sources by 2025

The Fashion Pact is dedicated to climate adaptation and resilience through sustainable sourcing of all raw materials. As mentioned previously, there is widespread acknowledgement that raw material production is a considerable contributor to the fashion industry's collective emissions, particularly when non-renewable energy sources are relied upon.¹⁶

Measurement and assessment are the first steps towards changing this. A majority of signatories report that, prior to joining The Fashion Pact, they were already assessing the impact of their raw materials choices. Beyond that, we are pleased that 2/3 of those that were not yet assessing have begun to assess materials impact since joining in the last year. And for all members, participation in the coalition can serve as a catalyst and expedite progress in terms of both sophistication and rigor – so that not only is each company assessing impact, but that as many as possible are leveraging recommended assessments and leading methodologies. Supporting work from our delivery partner 2050 will help ensure that the best available support and resources are shared with the coalition.

In order to measurably improve the impact of our materials choices, members of The Fashion Pact are starting with a focus on their key materials, defined as those that make up 80% of each specific company's materials portfolio. By 2025, members of The Fashion Pact pledge to transition at least 25% of their key materials to lower impact versions, which may include organic, regenerative, or sustainable alternatives. However, it's worth noting how supply influences the relative ease or complexity of meeting this goal. For some materials, lower impact alternatives are readily available, but may constitute a smaller percentage of a

brand's overall portfolio and materials usage. For others, materials that meet the most rigorous industry standards are not produced in great enough volume to currently meet our targets. The Fashion Pact is committed to using its collective heft to aggregate demand and encourage ample volume of suitable materials, in order to meet our sustainability goals.

In this year's report, we focus on sharing data on those materials which represent a majority across all of our signatories – specifically cotton, polyester, man-made cellulose, and leather. However, our goal remains enabling members to increase the

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The entire fashion industry has a responsibility to reduce its impact on the planet, and the choice of materials is a key area of focus. There is an increasing demand to introduce sustainable alternatives — which is an essential step — and The Fashion Pact will play a vital role in making this shift happen on a global scale.”



Pier Paolo Righi
Karl Lagerfeld

uptake of lower impact alternatives for all material types, including those not specifically listed here. Following our principle of building upon existing definitions, we are leveraging guidance from leading industry classification schemes, such as recommendations from the Textile Exchange on preferred fibres and each company's assessment data from the Sustainable Apparel Coalition's Higg Material Sustainability Index.¹⁷ We will continue to coordinate across the industry to align on sustainable standards.

According to current reporting, the coalition has made the most

significant progress towards our goal within cotton, of which 36-44% is reported to be lower impact, according to our coalition's working definition. Breaking this down further, we see that 30-35% meets the Better Cotton Initiative standard; a remaining 6-9% is certified as Fair Trade, organic, or verified recycled – a notable figure given that only around 1% of global cotton production meets this criteria.¹⁸

Other individual materials achieving a high share of lower impact alternatives include leather and man-made cellulosics, at 15-30% and 20-25% lower impact respectively. Cumulatively across all key materials,



In the two last years, recycled and regenerated nylon, wool, and silk have been selected to be increasingly used in our collections, building on our founder's passion for innovative materials and relentless experimentation. We are thrilled to share our vision and environmental goals with industry leaders and to take collective action on such crucial changes."



Micaela Le Divelec Lemmi
Salvatore Ferragamo

Materials Considered as Lower Impact¹

Cotton:

Better Cotton Initiative, Fair Trade Certified, organic and recycled cotton

Synthetics:

Biobased and recycled polyester; recycled nylon

Animal-based fibres:

Leather working group, organic, recycled regenerative and chrome free leather; responsible/ZQ-certified, recycled and regenerative wool; recycled down

Man Made cellulosics (MMC) and other natural fibres:

FSC/PEFC certified, closed-loop (e.g. REFIBRA) and recycled MMC as well as Lyocell; jute as well as organic and recycled linen and hemp

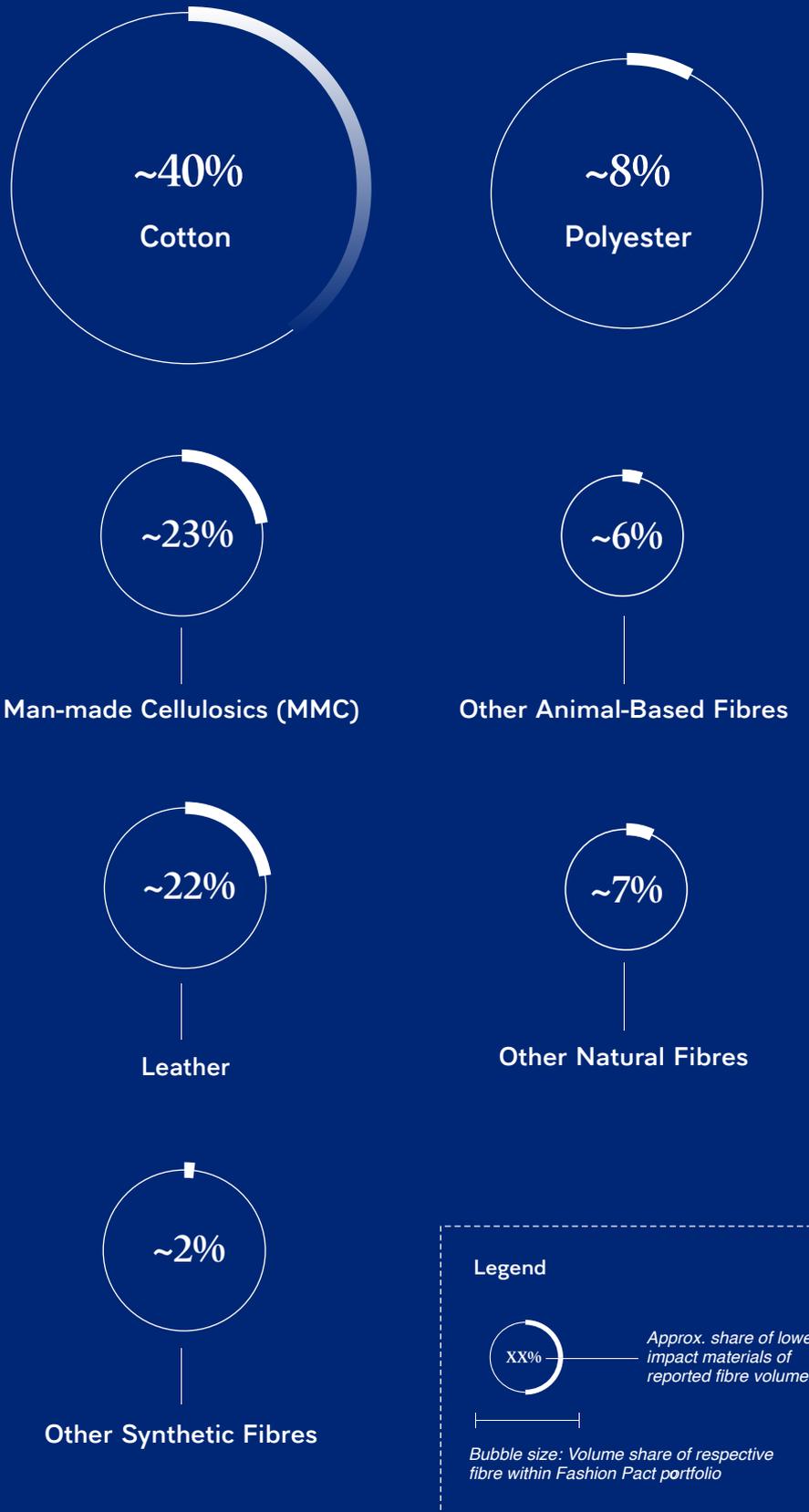
¹Based on Textile Exchange's 'preferred fibres' and Higg MSI assessment

Climate: Action 2

The Fashion Pact as a whole is achieving an 8-12% average share of lower climate impact materials, when not including BCI.¹⁹ As mentioned, we will devote collective efforts to scaling uptake and availability of more materials that are verified low-carbon impact.

In the last year, signatories have undertaken numerous innovative initiatives related to the adoption of low-carbon materials – piloting new approaches as well as scaling established practices, to make immediate impact whenever possible. In order to guarantee quality and traceability, **Carrefour** has set up its own supply chain for Indian organic cotton, through a partnership that also ensures farmers receive a higher rate in relation to the price of conventional cotton. Many exciting innovations are underway with nylon. **Prada S.p.A.** is investing in a pioneering project: an entire collection of accessories, ready-to-wear, and shoes named Prada Re-Nylon, made of regenerated nylon and developed by recycling textile fibre waste as well as plastic waste collected from oceans and landfills. Meanwhile, **Salvatore Ferragamo** is employing different recycled nylon threads developed from both pre-consumer and post-consumer materials, including remnants from the spinning process. **Moncler** too is employing recycled nylon, with a nylon derived from fishing nets recovered from the oceans.

Progress Towards Achieving Our Target of 25% Lower Impact Materials for Key Raw Materials of The Fashion Pact



Graph shows average of lower and upper ranges for share of lower impact materials for respective materials: Total Cotton: 36-44%, Lower impact cotton: 6-9%, Better Cotton Initiative: 30-35% lower impact, Polyester: 6-10%, MMC: 20-25%, Leather: 15-30%, other synthetic fibres: 1-3%, other animal-based fibres: 5-7%, other natural fibres: 5-9%.

Note: Based on material uptake volumes of the Fashion Pact within reporting period 2019 to 2020.



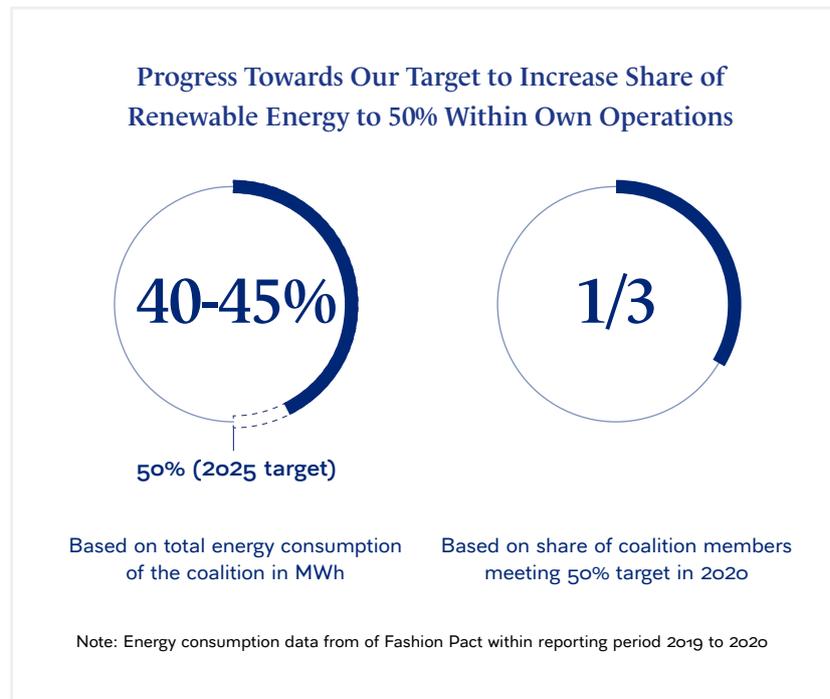
Moncler is committed to extending the use of sustainable nylon up to 50% in its products by 2025. **Bally** is launching the Echo collection of multifunctional bags and accessories that repolymerise 100% recycled fibres into quality textiles, which are produced entirely from pre-consumer yarns and manufacturing scraps.

Promising work is happening outside of fibres as well. Visual merchandising member **NOABRANDS** offers mannequins produced using biodegradable raw materials, as well as 100% recyclable mannequins that can be circled back into future production. Through their Bnatural line, **Bonaveri** offers innovative mannequin products made with 72% bio-based materials, 100% natural ingredient paint, and guaranteed biodegradability – which, in aggregate, will introduce as little fossil CO₂ emissions as possible into the environment. And **ALDO Group** is exploring a thermoplastic elastomer made with algae to use in dress shoes. Based on Fashion Pact member surveys, there is tremendous interest in receiving shared technical support towards the adoption of these sorts of 'climate smart' raw materials across different products and uses. While most of these examples are very much in early pilot phases, these efforts are at the heart of what we seek to achieve: open cooperation across different companies, in order to build demand for sustainable materials and scale innovations into practical sourcing decisions.

Action 3: Implement 50% renewable energy by 2025 and 100% by 2030 across own operations

Lastly within our climate pillar, we are making an initial commitment to implement 50% renewable energy across own operations by 2025 and 100% by 2030. Based on recently reported data, we're proud to share that as a collective we are very close to reaching our 2025 target, with a figure of 40-45% renewable energy in our own operations, based on total consumption. While we're encouraged by the fact that 2025 targets are within reach for the collective, much of the progress is driven by the largest players in the space, with just under a 1/3 of all members already having achieved this 50% target. To reach 100% renewable energy in own operations across all signatories, it will be essential for members to collaborate, exchange lessons, and work in tandem to drive adoption of renewable energy in operations among the smaller players as well.

Additionally, we also pledge to incentivise implementation of renewables in all high impact manufacturing processes along the entire supply chain, usually accounted for under Scope 3. Scope 3 emissions are an established area of concern within fashion. According to a 2015 study, producing a single pair of jeans emits as much greenhouse gases as driving a car for more than 80 miles – with dyeing and finishing processes within textile mills a



large contributor to that total.²⁰ But historically, it's been a challenge for even the largest players to make progress on Scope 3, where they lack sufficient leverage and buying power to shift energy grid systems towards renewable energy in producer countries. However, recent efforts offer promising new ways to uncover data around emissions deeper in the value chain – such as the CDP supply chain programme and the Sustainable Apparel Coalition's Higg Facility Environmental Module.

Currently a third of members have or are establishing programmes to incentivise uptake of renewable energy within their Scope 3 operations. Identifying effective programmes and areas of coordinated action will thus be an

enormous opportunity for The Fashion Pact, where we can collectively serve as a catalyst for systemic change, including improved infrastructure and consistent manufacturing expectations.

We're encouraged by the deep partnerships demonstrated by fashion brands working within their respective value chains to promote the use of renewable energy. For example, **NIKE, Inc.** has launched a comprehensive on-site rooftop Solar PV Program, focused on maximising coverage of solar photovoltaics at participating factories. An initial phase was launched last year in Vietnam, with phase 2 currently in-progress. NIKE, Inc. is providing guidance in development of the RFP, assistance in the bidding process with developers, and additional technical assistance as well.

In parallel to adoption of renewable energy sources, brands continue their work on energy efficiency. **PVH Corp.** has worked with the Apparel Impact Institute to scale environmental mill improvement programmes, which help to improve energy efficiency at wet processing facilities and ultimately reduce Scope 3 emissions. Early progress indicates a 10% reduction in carbon dioxide can be achieved by participating mills. Similarly, **adidas** has begun an 'Energy and Water Efficiency Project,' wherein suppliers have implemented more than 60 distinct improvements to drive annual reductions in energy consumption, GHG emissions, and water usage. By the end of 2020, adidas anticipates these suppliers will reduce their overall energy consumption, water use, and waste volume by 20% compared to their performance in 2014. To drive sustainability in fashion's retail store operations, **NOABRANDS** operates a unique global manufacturing infrastructure with locally-produced mannequins and store fittings made in fully-owned low impact facilities in different parts of the world – reducing energy usage related to transit. These efforts are ideal examples of programmes where shared resources and documentation could enable accelerated adoption by other companies, facilities, and value chain partners.



The Fashion Pact's target to achieve 100% renewable energy by 2030 is a bold ambition and an exceptional spur to the industry's fight against climate change. When so many brands speak with one voice and jointly work towards one goal, it is an unquestionable sign that change is not only necessary, but also possible. Moncler already uses clean energy in Italy and its factories, and we aim to reach 100% worldwide by 2023."



Remo Ruffini
Moncler

Lastly, signatories are also using their voice and market power to advocate broadly for renewable energy solutions. According to internal surveys, members of The Fashion Pact see the coalition as particularly helpful in developing collective solutions for renewable energy in production or consumption markets.²¹ Signatories participate in related initiatives outside of the coalition as well – such as RE100, a global initiative bringing together influential businesses committed to 100% renewable electricity. RE100 members receive support from the Climate Group and CDP, in order to better engage with policy makers, advocate for renewable favorable policies, and collaborate with utilities to design new renewable electricity products. These efforts reflect key principles of our coalition: aligning around shared goals, speaking with a unified voice, and creating change that no single company could make on its own.



I see a world where material science and technology transform the way we create and consume, and these carbon positive innovations are all on the brink of commercialisation. No brand can scale solutions entirely on their own, which is why The Fashion Pact is such an exciting opportunity for true collaboration.”



Veronica Chou
Everybody & Everyone





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Farfetch is built on a community of fashion creators, curators and consumers — we're on a mission to empower these communities to choose, act and think positively. The Fashion Pact unites and mobilises companies across different market segments and parts of the value chain, bringing us together to drive long-term sustainable solutions. We must all work together with these communities to solve the challenges our industry faces.”



José Neves
Farfetch

Biodiversity

Biodiversity is a special area of focus for The Fashion Pact, given how uniquely dependent fashion is on natural ecosystems and their services for its materials and operations. Additionally, recent reports on decreasing biodiversity underscore its importance for both business and society more broadly.

According to U.N. research, the species extinction rates are accelerating and the decline of biodiversity is unprecedented – with one million species currently threatened with extinction.²² The World Wildlife Foundation's 2020 'Living Planet Report' shows an average 68% decrease in population sizes of mammals, birds, amphibians, reptiles and fish between 1970 and 2016. And 75% of the Earth's ice-free land surface has been significantly altered, contributing to disturbed ecosystems and reduced biodiversity.²³ Given that half of global GDP (\$44 trillion) is moderately or highly dependent on nature,²⁴ this loss of biodiversity threatens operations, poses significant investor risk, and creates regulatory concerns for many businesses.²⁵ These trends are especially acute for businesses like fashion which rely on nature-based resources – from cotton and wool from agricultural systems, to noble fibres such as cashmere and vicuna from natural ecosystems.

However, biodiversity is still emergent as an issue within the fashion industry, in many ways where climate as an industry priority was several years ago. This is rapidly changing, as a growing number of fashion companies have begun to focus on this critical issue. Among signatories that have prioritised biodiversity, the majority have started with mapping impacts and dependencies, then moved to setting specific commitments, and then worked to incorporate restorative and regenerative approaches across their supply chains. The interconnectedness of climate and nature also emphasises how essential it is to tackle these topics hand-in-hand.

Biodiversity

In this context, The Fashion Pact signatories are collectively taking action to elevate, scale, and deepen our industry's commitment to biodiversity. We are supporting the development of Science Based Targets for Nature and committing to the implementation of these targets, which are new industry-leading efforts within fashion. Concretely, we commit to the protection of key species as well as the protection and restoration of important natural ecosystems.

We're organising our work under these two umbrella actions:

- **Action 1: Develop individual biodiversity blueprints by the end of 2020**

As a collective, The Fashion Pact is encouraging all signatories to first develop an approach to biodiversity that is tailored for their business. This foundational step will enable effective action by designing a science-based strategy that outlines where, why, and what companies need to do to achieve desired biodiversity outcomes. The Fashion Pact is putting a strong initial emphasis on developing the capabilities of each signatory company. Along with international experts, the coalition will provide knowledge and guidance for companies to understand the impact of their sourcing and supply chain decisions, and to begin to define priority interventions.

- **Action 2: Support zero deforestation and sustainable forest management by 2025**

Given that forests are home to 80% of the world's terrestrial biodiversity, deforestation and sustainable forest management are also areas of immediate attention. Fashion has an influential role to play here: agriculture is one of the drivers of forest loss, and fashion is a major buyer of forest-based fibres such as viscose.²⁶ Within this biodiversity pillar, we will place a strong and immediate emphasis on collective action to avoid loss and degradation of critical forests, and to support sustainable forest management by 2025.

Of course, these two focal actions are only the start. But we believe that this programme of action will lay an essential foundation for efforts over the next years. As the company-specific biodiversity strategies and SBTs for Nature are developed, we will spearhead a new and effective approach for the fashion sector, to deliver positive outcomes for biodiversity. Indeed, we hope that through our approach we will also catalyse action and change across other sectors.

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Our world is precious and its resources finite. As an industry that sources many of our raw materials from nature, it is our responsibility to take collective action to protect and restore biodiversity so that we can maintain a healthy, productive ecosystem and so both current and future generations can create, inspire and dream.”



Patrice Louvet
Ralph Lauren

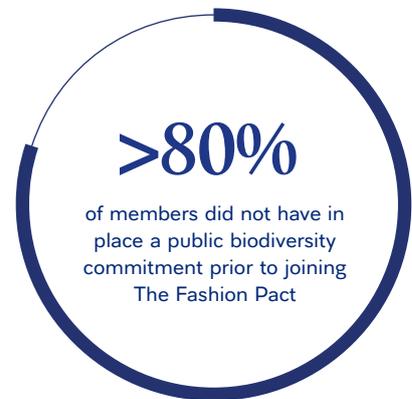
Action 1: Develop individual biodiversity blueprints by 2020

Given the infancy of this topic within our industry, The Fashion Pact has a powerful opportunity to pioneer approaches that transform fashion's impact on biodiversity. With a relatively level playing field in terms of familiarity and prior action amongst signatories, we also have the opportunity to develop a collective, consistent, and shared approach – one that can be implemented by players of all sizes and types. Our initial focus will be on providing members of The Fashion Pact with access to leading experts and scientists, who can aid them in designing a robust and practical approach to designing a biodiversity strategy that encompasses outlines for effective actions and science-based targets. The development of these strategies will be a thoughtful and strategic process. As an initial critical first step, we will agree on the outline of the strategies – the what and how – that companies will commit to over the longer term. Work on this outline, or 'blueprint,' has already begun and will be completed by end of 2020.

The work on the biodiversity approach and structure of the 'blueprint' has been underway for several months through a collaboration between The Fashion Pact and Conservation International. This has resulted in three main outcomes to date; firstly, a defined

and detailed plan of action for the next two years for both individual and collective action; secondly, the building of partnerships with key global experts and institutions to support the technical work; thirdly, the scouting for support for the scientific analyses and approaches that will help shape our biodiversity outcomes. Over the next two years the plan is that the collaboration and partnership with Conservation International and other biodiversity and environmental expertise will lead to the following tangible outcomes:

- Undertaking initial risk and impact assessments to show how supply chains both impact and depend on biodiversity and natural ecosystems.
- Supporting the development of Science Based Targets for Nature, and testing these within the sector – so that each company can determine its own plan of action to reduce impact, while also creating opportunities to restore and regenerate natural systems.
- Integrating these priorities as core to company business strategies, models, and policies.
- Engaging in ongoing initiatives that deliver positive outcomes for biodiversity through sustainable sourcing including, but not restricted to, improved sourcing opportunities for beef leather, cashmere, and artisanally-mined gold.



- Collaborating to identify future programmes and funding support for collective action over the next 5+ years.

Through this programme of work, we anticipate accelerated action within this pillar over the next two years. Prior to joining The Fashion Pact, 80% of signatories did not have in place a public biodiversity commitment – and, only a year later, all signatories are now committed to developing blueprints, with a majority of signatories seeing the coalition as an essential enabler of this process.

As a first step in the process outlined above, around 30% of members report to have mapped their supply chains. Additionally, about 20% of signatories have already conducted a risk assessment for biodiversity impacts and dependencies, in regards to key materials. In parallel, 25% have set prioritised actions to avoid and reduce impact, suggesting immediate efforts to minimise

Role of The Fashion Pact in Accelerating Coalition Member's Efforts on Biodiversity



Note: Based on share of coalition members affirming statements on role of The Fashion Pact in a survey in August, 2020

negative impact while full risk assessments are underway. By the end of 2020, each signatory is expected to deliver a blueprint commitment to develop a company-specific biodiversity strategy that will include alignment with the current interim guidance on Science Based Targets for Nature by the end of 2021. The commitment to the blueprint is an agreement to participate in supply chain mapping, risk assessments, and deep dive analysis on priority supply chains. This engagement from the signatories, combined with additional input from experts over the next several months, will inform the creation of a holistic biodiversity strategy by the end of 2021. The strategy will encompass targets and actions,

and will adhere to a framework for measuring and reporting progress. We anticipate that, while the biodiversity strategies will share common elements, each member's strategy will be appropriate to their business model, supply chains, and their own priorities as revealed by risk assessments and analyses. Additionally, these strategies will showcase a combination of new business approaches, supply chain best practices, and support of third-party biodiversity conservation programmes. **Kering**, through its biodiversity strategy released in 2020, provides an example. As part of its biodiversity strategy, the luxury group committed to generating a net positive impact on biodiversity by 2025 including regenerating one million hectares of farms and

rangelands throughout its supply chain, and supporting the protection of an additional one million hectares of irreplaceable habitat through independent conservation programmes.

While holistic biodiversity strategies are largely new to fashion, many companies have been active in adjacent areas, such as wildlife awareness and water management. Around half of all signatories are already employing a wildlife-friendly approach towards materials and support programmes that protect or restore biodiversity,²⁷ for instance **Stella McCartney's** wildlife-focused assessment of its supply chains in Peru and New Zealand. And when building a new 3000m² store at St-Malo, **Decathlon** measured biodiversity

before and after construction. Because of measures they put in place, they in fact increased biodiversity on the site of this store. We're excited to seed such efforts across the entire coalition, and contextualise these programmes within a comprehensive biodiversity strategy for added effectiveness and impact.

Key to success in our collective journey on biodiversity is the sharing of knowledge, scientific approaches, and best practices. In 2020, The Fashion Pact has established itself as a major forum in this regard. In the last year, with expert partner Conservation International, we designed and launched the "Nature of Fashion" webinar series with the goal of inspiring and educating around the topic of biodiversity in the fashion sector. This series included topics such as supply chain mapping, methodologies for risk and impact assessment, Science Based Targets for Nature, and creating biodiversity strategies. The series included an impressive range of international experts from conservation science and practice, and it confirmed that many stakeholders view the fashion sector as significant for driving positive change for nature. Notably, many of the institutions and experts featured in the first four webinars will continue as key expert collaborators with The Fashion Pact, to give input and guide working within the biodiversity pillar.

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Having signed The Fashion Pact, CHANEL is hugely supportive of collective action on biodiversity, climate, and ocean health. Among other things, The Fashion Pact offers an opportunity for the fashion sector as a whole to better understand its impacts and dependencies on nature and biodiversity. The sector also needs to find new ways to partner with others to protect those natural ecosystems upon which we all depend, while working to help their regeneration.”



Bruno Pavlovsky
CHANEL

As a result of this series, more than 20% report having started to internally prepare for setting SBTs for Nature – and further 25% of companies launched or increased their direct engagement with the Science Based Targets Network. Additionally, 10% are currently working in close collaboration with the SBTN on developing their target methodology itself. The knowledge platform will continue to develop in 2021, through further webinar series featuring analytical tools for assessing biodiversity risk developed

by Conservation International, and expert input from the Tropical Forest Alliance, the leading public private partnership focused on addressing commodity driven deforestation hosted at the World Economic Forum. Additionally, The Fashion Pact is collaborating with Textile Exchange to ensure coherence on reporting and benchmarking across the sector on biodiversity engagement.



Lastly, as a note on staffing and resources needed for success, currently 12% of signatories have full-time staff dedicated to biodiversity – though 40% of all signatories have staff with biodiversity in their purview, among other responsibilities. However, the collective has a role to play in providing expertise to all. In aggregate, the coalition has the equivalent of 41 full-time employees focused on biodiversity issues, with expertise able to be leveraged across the coalition. And we're encouraged by the fact that at least 30% of those without FTEs have made specific plans to hire dedicated staff as part of their Fashion Pact engagement.

These resources are positioned to strengthen The Fashion Pact's overall capabilities, providing expertise to both small and large companies alike. Particularly within this pillar, we believe shared expertise will aid each member of the coalition in developing and delivering on their biodiversity blueprint.

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Many companies have made meaningful changes on their own – but it will really take the full value chain working together to deliver the sustainable transformation we need.”



William Fung
Fung Group

Action 2: Support zero deforestation and sustainable forest management by 2025

Through the development and implementation of the biodiversity strategies of its members, we will also focus on action around avoiding the loss and degradation of critical forests – through changes to our supply chains and sourcing, as well as through supporting and promoting best-in-class sustainable forestry. Biodiversity and ecosystem stability depend on health and protected forests – but deforestation continues at distressing rates. Between just 1980 and 2000, 100 million hectares of tropical forest were cut down for agricultural purposes, predominantly to build cattle ranches in Latin America and palm oil plantations in South East Asia to meet surging global demand.²⁸ Although not the only industrial user of forest products, fashion does play a role here since both the production of cellulose fibres and raising of cattle for leather export require that vast swathes of forest are cleared.²⁹ ³⁰ Each year, more than 150 million trees are logged so that pulp can be transitioned into cellulosic fabric such as rayon, viscose, modal, and lyocell.³¹

To take action, Fashion Pact signatories are committing to zero deforestation and the protection and sustainable management of natural forests by 2025, as part of our larger commitment to reduce our industry's



~50%

of members report that joining Fashion Pact has inspired their organisation to start thinking of actions or commitments to prevent deforestation

impact on all ecosystems and biodiversity. Existing efforts in this area include alternative materials usage, new supply chain methods, and public-private conservation partnerships. For example, **Burberry** is developing a programme at the farm level to improve carbon capture in soils, improve watershed and soil health, reduce dryland salinity and promote biodiverse habitats. **Inditex** has already established that any artificial fibres used in their garments will not come from protected forests. **Calzedonia Group** is working with Treedom to replenish forests, with a total of 40,600 trees planted. Through its Springfield brand, **Tendam** has launched an initiative to reforest an area in Spain deforested because of fire; the plantation system is carried out with drones which autonomously determine where and how to launch seeds. And **Kering** is working in French Guiana with conservation partners Solicaz and Forest Finance to reforest a former alluvial gold mining site. With goals of 100% restoration (beyond the regulatory

minimum of 30%), it is the first full reforestation programme of a mining site in the Amazon.

Making progress towards zero-deforestation will be a collective effort. Prior to joining The Fashion Pact, only one third of signatories had public commitments against deforestation in place. Now, 50% report that joining The Fashion Pact has inspired their company to consider actions or commitments to prevent deforestation – and an additional 25% have increased their actions, ranging from further public commitments to putting in place concrete measures such as increasing the share of verified production. We are also proud that some signatories have already begun working together on an initiative called CanopyStyle Leaders for Forest Conservation. Founded by **H&M Group**, **Inditex**, and **Stella McCartney**, these companies are collaborating to shift the supply chain away from ancient and endangered forests and protect irreplaceable forests.³² Already more than 20% of our signatories have endorsed this effort, as part of their public deforestation commitments.

This focus on forests is critical in its own right, but is also part of our larger commitment to avoid conversion of natural ecosystems. Existing efforts in this area include testing and promotion of alternative, lower impact materials, new supply chain and sourcing approaches,

and public-private conservation partnerships. Looking ahead, we expect to see at least an additional 20% of the signatories implement forest restoration and protection projects over the next two years, joining the around 45% that are already supporting or implementing projects focused on forest restoration and protection.

However, it will be paramount that these brands situate these deforestation actions within a comprehensive strategy to be fully effective – a collective goal to which The Fashion Pact is devoted. We believe our efforts will be particularly impactful when our brands not only support biodiversity and reforestation through their corporate social responsibility programmes, but through a reevaluation of their own operations as well.



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Everyone across the fashion supply chain has a role to play, and NOABRANDS is proud to be the first visual merchandising supplier to sign on to The Fashion Pact. Sustainability and retail store circularity are key to our group’s long-term growth strategy, and cooperation across the industry to accelerate the decarbonisation of fashion’s retail operations is essential to the success of us all.”



Marisa Tendero
NOABRANDS

Oceans

The Fashion Pact is dedicated to mitigating our industry's negative impact on oceans, waterways, and aquatic species.

The ocean is a critical component of planetary health: capturing CO₂, producing oxygen through phytoplankton, and providing seafood-based protein for up to 12% of the world's population. According to a 2015 study by BCG, the Global Change Institute, and the World Wide Fund for Nature, goods and services derived from the world's coastal and marine ecosystems would put the maritime GDP at US \$2.5 trillion – would make the ocean the 7th largest economy in the world.³³ Yet current predictions for future ocean health are sobering: coral reefs possibly no longer in existence by 2050; more plastic in the ocean than fish by the middle of this century; 90% of large fish potentially lost in the coming years.³⁴

Among regulators, industry, and consumers, plastic trash has been identified as particularly detrimental to ocean health. In both its production and end-of-life phase, plastic increases ocean acidification, causing biodiversity decline. Not only is packaging the dominant application of plastic globally (at 26% of total volume), its small size makes it especially prone to leakage into the ocean – at least 8 million tonnes of plastic enter the ocean each year, and plastic packaging comprises more than 62% of all items collected in international coastal clean-up operations.³⁵

And of course, reliance on plastic has consequences outside of just the ocean. Over 90% of plastics production depends on virgin fossil feedstocks – the same amount of global oil consumption as the entire aviation sector. And an overwhelming 72% of plastic packaging is not recovered at all, with materials that could otherwise be brought back into the economy for reuse destined instead for landfills or dumping.³⁶ Consumers are increasingly aware of plastics' impact: 37% of consumers won't buy products in harmful packaging and, among those consumers, plastic has the least favorable associations, with 67% associating plastic packaging with ocean pollution.³⁷

In light of these facts, The Fashion Pact is devoted to reducing its usage of plastic, with an initial focus on problematic or unnecessary plastic packaging. Packaging is only one way through which the fashion industry has a negative impact on oceans – for instance, it's an established concern across the industry that 35% of primary microplastics entering the ocean are released through the washing of textiles.³⁸ However, we are prepared to make the quickest tangible impact on problematic or unnecessary plastics such as polybags,

hangers, consumer packaging, and retail bags, which are central to so many parts of the fashion industry. We believe that we can quickly leverage our scale as a collective to aggregate fragmented efforts and demonstrate speedy progress on plastic – which will then allow us to build momentum for expanded future actions.

We're organising our work under these two umbrella actions:

- **Action 1: Elimination of problematic or unnecessary plastics in B2C packaging by 2025, and B2B by 2030**

By 2025, signatories have committed to completely eliminate the problematic or unnecessary plastic packaging that consumers take home or is delivered to their home (B2C), and by 2030 to eliminate it in transport packaging (B2B). At a high-level, these efforts will focus on removing plastic packaging that is not reusable, recyclable, or compostable.³⁹ The coalition will reassess the scope of these plastics on an ongoing basis, to ensure that alternatives used are sustainable.

- **Action 2: Ensure at least half of all plastic packaging is 100% recycled content, by 2025 for B2C and by 2030 for B2B**

Along with eliminating problematic and unnecessary plastics, the coalition commits that a large share of remaining plastic usage will be made of 100% recycled content. By 2025, half of total B2C plastic packaging volume will be 100% recycled content, and half of total B2B plastic packaging by 2030. Recycled content can be made from post-consumer material generated by households or by commercial, industrial, and institutional facilities in their role as end users. Additionally, our definition includes pre-consumer recycled content with materials diverted from the waste stream during a manufacturing process.

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Eliminating problematic and unnecessary plastic will be key to achieving The Fashion Pact's ocean goals. By setting a target of zero single use plastic by 2025, I'm confident that we and the other signatories can make huge strides towards a cleaner industry.”



Laurent Milchior
Etam Group

Action 1: Elimination of problematic and unnecessary plastics in B2C packaging by 2025, and B2B by 2030

Given increased consumer awareness and the rise of regulations in this area, problematic and unnecessary plastic has already been on the radar for much of the industry. In just the last year, a full 70% of The Fashion Pact signatories have reduced harmful, unnecessary, or single-use plastic packaging in their business operations, with a particular emphasis on B2C packaging. For instance, **Ralph Lauren** now enables consumers to choose a reduced packaging option when ordering online, which



¹ Unnecessary and harmful plastic packaging (incl. single-use)



Representing nearly a third of our industry, The Fashion Pact has the scale and reach required to accelerate action and deliver meaningful impact across the industry at large.”



Jaume Miquel
Tendam

accounted for at least 12% of all orders within the programme’s first year. And **House of Baukjen** was able to implement 100% plastic-free B2C packaging by early 2020, by incorporating alternative packaging that uses sustainable ink and biodegradable and recyclable materials.

Currently, around 50 signatories report concrete actions to eliminate some form of unnecessary plastic from their operations, but progress varies by plastic packaging format. The most substantial progress is documented in single-use plastic retail bags. Across the globe, more than 50 countries have instituted bans or regulations on plastic bags.⁴⁰ Accordingly, 60% of our signatories have already eliminated them from their portfolio (with an additional 15% in-progress or working on substitution).

Meanwhile, plastic hangers, tags, and polybags are still in use among a majority of brands. We are working on standardising reporting methods, in order to better quantify our reduction in absolute volume and to provide additional transparency.

Additionally, The Fashion Pact is committing to phase out problematic and unnecessary B2B plastic packaging by 2030. Despite less prevalence compared to B2C, progress is underway here as well – with efforts to replace plastic packaging with alternative materials, reusable versions, or reduce usage. Companies that are vertically integrated or focus on downstream parts of the value chain are already showing progress in this area; we’re optimistic that other companies within The Fashion Pact can adopt lessons and accelerate their own transition.

Snapshot of Progress to Eliminate Problematic and Unnecessary Plastic Packaging by Format



Legend

Based on share of coalition members in different stages of journey



Note: Snapshot of signatories' current plastic packaging portfolio and stages to eliminate unnecessary and harmful plastics as of August 2020

Across both B2C and B2B packaging formats, polybags remain an important challenge to address, given that 180 billion are produced to store, transport, and protect garments in the fashion industry every year, and less than 15% are collected for recycling.⁴¹ Promising pilot programmes are underway, however. Signatories are currently working with suppliers to scout alternatives and test substitute materials, with the opportunity to share lessons across these pilots and increase adoption in 2021. Further, signatories are building on other existing industry initiatives to decrease the impact of plastic polybags (for example, several signatories are piloting a Circular Polybag with Fashion For Good).

Alongside the effort to reach 100% elimination of problematic and unnecessary plastic in B2C and B2B packaging, signatories are also undertaking efforts to reduce the impact of plastic in the interim. Several signatories have improved communication to consumers on proper sorting behaviors, such as end-of-life instructions of items indicated on packaging. Others are reducing polybag thickness and using smaller packaging sizes to reduce total quantities of single-use plastic packaging. Additionally, signatories are experimenting with vegetable ink to increase the end-of-life value of packaging. For instance, **Burberry** has removed plastic lamination from their branded packaging, which is fully recyclable,

FSC certified, and contains at least 40% recycled coffee cups. **Mango** is working on an effort to eliminate single-use plastic in B2B transport bags for garments, by piloting paper bags in several production countries. **Tendam** is eliminating single-use polyethylene bags and replacing master polybags with wax-coated paper, which protects all the garments in each box. And **Auchan** is producing checkout bags made with plastic waste generated in their stores.

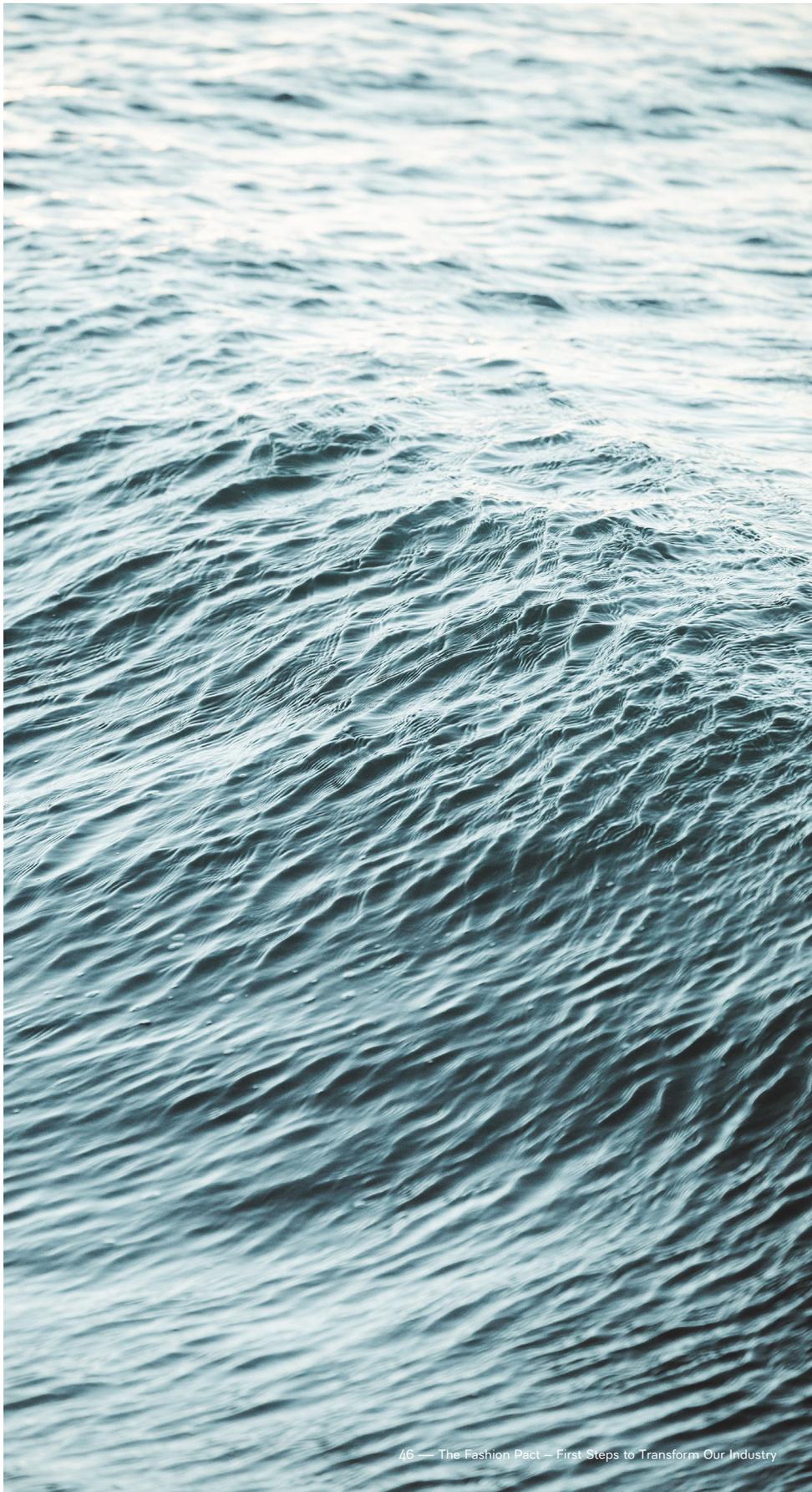
Another area of innovation is plastic hangers, which are used in both B2B and B2C contexts. In 2019, **Zara** began implementing a closed circuit system which uses a single hanger to transport

garments from textile suppliers to retailers to in-store display. And in-line with their circular commitments, discarded hangers are being recycled to generate new materials. Similar programmes are also underway within **H&M Group** and **Kiabi**. Meanwhile, **PVH Corp.**'s The Underwear Group is recapturing ocean-bound plastic, with approximately 500 pounds of ocean-bound plastic being used to produce new hangers. Looking ahead, The Fashion Pact will share lessons and scale individual brand pilots, with an eye towards identifying common suppliers, distribution centers, and partners that can help meet our goals.

In order to accelerate existing progress on plastics, the coalition has launched a technical partnership with (RE)SET. The programme has been organised around two areas:

- Sharing and scaling of existing best practices
- Collectively searching for solutions and alternatives for the greatest challenges yet to be unblocked

To date, (RE)SET has completed a supply chain analysis with signatories, to understand where packaging is located currently, and to identify roadblocks as to why prior elimination efforts have not come to fruition; launched a platform to connect signatories to innovators; and arranged webinars and interactive sessions with leading experts to build and share knowledge across the supply chain. In the coming



months, (RE)SET will begin scouting worldwide innovations regarding the signatories' plastic packaging needs, with a set of concrete solutions to be presented in early 2021 to the full coalition.

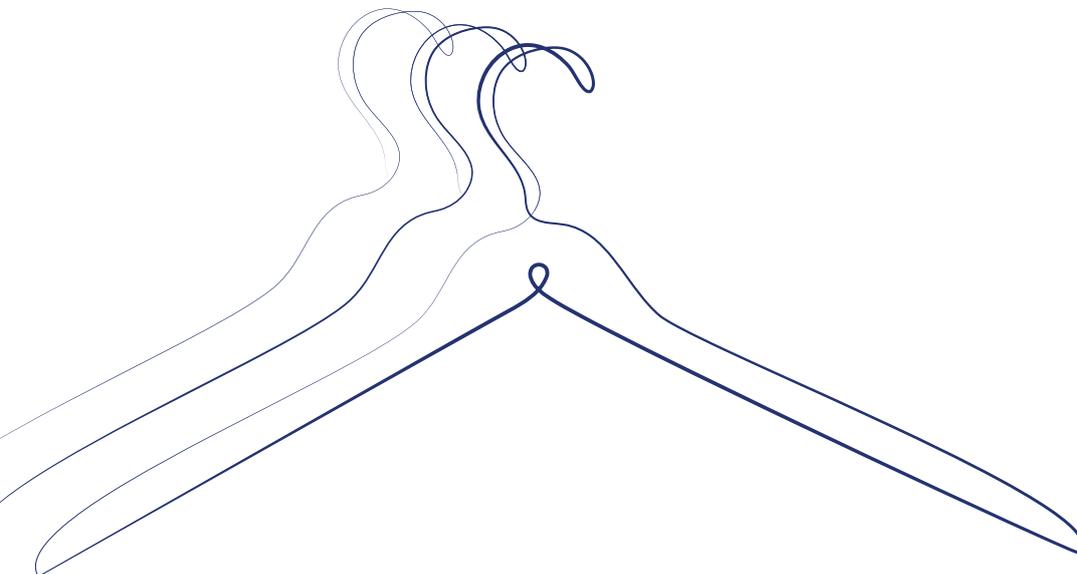
Given the work underway to reduce problematic and unnecessary plastic packaging, we are optimistic that we can sustain progress in this area over the next few years. From hangers to polybags to tags and labels, we have the opportunity to significantly reduce industry reliance on plastic – in ways that are meaningful for both our customers and our business partners.

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The Fashion Pact is the best opportunity for retailers to put their strength and knowledge in common in order to bring concrete actions with a powerful impact for the planet. We all do things according to our possibility and sensibility but The Fashion Pact gathers our industry with the same objective and planning to succeed.”



Thomas Beaumanoir
Groupe Beaumanoir SA



Action 2: Ensure at least half of all plastic packaging is 100% recycled content, by 2025 for B2C and by 2030 for B2B

However, our signatories agree that eliminating problematic and unnecessary plastic is not enough. In addition to the above actions, the coalition is also targeting the adoption of 100% recycled content for at least half of all of their plastic packaging volume. Globally, 95% of plastic material value is lost to the economy after a short first use (estimated to be \$80-120 billion USD annually). And among the plastic that is collected for recycling, a majority is recycled into lower-value applications that are not recyclable again.⁴²

To address these trends, the coalition is committing that half of all plastics used in packaging will be 100% recycled content, which translates to the elimination of both virgin and blended plastic content. We're targeting 2025 for B2C packaging, and by 2030 for B2B packaging. Use of recycled plastic has multiple environmental benefits: resource efficiency and carbon savings; reducing demand for virgin fossil-based plastics; and supporting the move towards a circular economy.⁴³

Driven by their participation in The Fashion Pact, a third of the coalition has formally added 100% recycled

plastic content to their internal sustainability plans. Although several had efforts underway to replace virgin plastic with recycled content, few companies had plans in place to reach 100%. According to research from Fashion for Good, several fashion companies have tried to integrate 100% recycled content into plastic packaging in the past, but lack of appropriate supply hindered wide adoption, so that these earlier plans were scaled back or paused.⁴⁴ Some challenging hurdles in the use of 100% recycled plastic content include preservation of packaging transparency, particular odors associated with this form of plastic, and difficulties in ensuring the features required to protect the garment throughout the supply chain. Differences in European versus North American recycling infrastructure were also a determining factor.⁴⁵

The Fashion Pact is devoted to learning from these prior efforts, and addressing these hurdles through our collective industry heft. With the use of lower footprint biobased plastic, recycled plastic at scale is becoming more technically feasible.⁴⁶ We're optimistic that we can increase demand for suitable 100% recycled materials, and signatories are pursuing many ways of incorporating it into their operations. **Karl Lagerfeld**, **Moncler**, and **Everybody@Everyone** have recently moved all polybags to 100% recycled content. **Burberry** has implemented swing tickets using

3 Steps Signatories Have Taken to Increase Recycled Content Since Joining The Fashion Pact

- 1 In the internal process of designing packaging guidelines
- 2 Sharing developed guidelines with key packaging suppliers
- 3 Requiring certification on recycled content from packaging suppliers

Steps selected based on share of coalition members providing input on how to increase recycled content within reporting period 2019 to 2020

100% recycled content, along with reusable transit hangers made of 100% recycled plastic. **PUMA SE** is in the process of transitioning all of its plastic hangers to 100% recycled content, following on their 2020 efforts to move B2C plastic bags to 80% recycled content. **Moncler** has also switched all of their plastic hangers to 98% recycled content. With such a high volume player as **adidas** setting company goals to transition to 100% recycled polybags by 2021, The Fashion Pact is increasing demand for 100% recycled plastic solutions at a scale that can have major impact for the industry. We will continue to advocate for suitable 100% recycled

plastic solutions, and provide ways for both larger companies and smaller brands to take advantage of our aggregated market demand.

We're also leveraging the power of the collective to originate a new industry standard around recycled plastic packaging. In doing so, it's crucial that brands work collaboratively with suppliers, to strengthen relations that were put to a test because of the pandemic.⁴⁷ About half of signatories are creating new supplier guidelines and/or requiring certification on recycled content from B2B vendors. We also look forward to engaging with the recycling industry to understand needs and best practices, and collectively scale the availability of recycled content globally and making solutions cost-effective.

Given prior industry challenges in adopting 100% recycled content, we are optimistic that our unparalleled industry clout and diverse representation can create the leverage necessary to encourage systemic transformation. We're committed to speeding up the adoption of recycled plastic packaging, in addition to supporting feasible alternatives as well.



At adidas, we are fully invested in our fight to end plastic waste. Since 2015, we have achieved 15 million pairs of shoes made from recycled plastic and are on track to meeting our target of 100% recycled polyester in our products by 2024. We look forward to striving further in innovation as we collaborate across the industry, combining high-performance standards with sustainable materials.”



Kasper Rorsted
adidas



“

Creativity and innovation are critical to the fashion industry’s evolution towards a more equitable, secure and sustainable future. Through collaboration and bold thinking, The Fashion Pact provides a tremendous opportunity for brands to share lessons, ingenuity and best practices to create real change.”



Sonia Syngal
GAP Inc.

Looking Ahead

We are proud of what the coalition has accomplished in our first year. But even as this report has been assembled, we have watched massive wildfires burn along the western coast of the United States, scorching temperatures affect communities in the Middle East, and monsoon floods put nearly a third of Bangladesh underwater.

There is so much at stake and so much we need to do.

Looking ahead, our priority is delivering on the strategic actions outlined in this report. Within each pillar, we are partnering with leading experts across fields – from research, to science and conservation, to strategy and reporting. In climate, we will build on the work to date with SYSTEMIQ and 2050, to identify and recommend concrete projects across renewable energy, lower impact alternative materials, and circularity infrastructures. We are also working to educate coalition members and provide them with resources for meeting their own internal targets, in a way that supports the ambitions of the entire collective. Within biodiversity, Conservation International along with leading industry partners are equipping brands with the expertise required to develop effective biodiversity strategies. It's important that signatories use their already existing sustainability strategies and resources, particularly as it relates to sustainable forest management and renewable agriculture. In the area of oceans, (RE)SET is gathering the top innovators in the alternative plastic space, to identify long-term solutions for our signatories to help protect the health of our oceans. We are confident that providing such access and expertise will have a powerful influence on our ability to deliver as a collective.

Bringing in outside expertise is essential, but our success also depends on the contributions of our many signatories. As a collective, we rely on each participating company to provide insights, set an example, and take concrete action. Individual signatories have already volunteered to take the lead in scaling particular initiatives for the entire coalition.

Looking Ahead

Others have agreed to share lessons and provide further transparency into their sustainability operations, in order to pave the way for others. Each brand is at a different stage of their sustainability journey, and we're devoted to providing the sort of assistance that helps each move forward. This is representative of the collaborative nature of our coalition — and proof of how, by working together, transformation can be implemented on a massive scale across the industry.

In order to track and share progress within the coalition, we are in the process of developing a digital dashboard for our primary metrics. This dashboard will be used to aggregate and display progress in terms of what we've done and where we're headed, according to a series of pragmatic, meaningful, and measurable KPIs (determined along with our technical delivery partners and BCG). Tangible and measurable actions are essential to the success of The Fashion Pact, and this digital dashboard will play a central role in charting our progress.

Lastly — but certainly not least — we invite our peers and partners across the industry to join us. As we increase representation across sectors, markets, and parts of the global supply chain, our impact will multiply. We also hope to inspire other consumer goods industries, and seek ways that we can set an example for them as well.

Fashion has always been about what's new. Bold voices, new expressions, radical rethinking, original ideas. By combining that dynamic spirit with collective commitment and leading expertise, we can accelerate change on behalf of the industry across climate, biodiversity, and oceans.

Now is the moment for fashion to commence a new era of sustainability.

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The Fashion Pact proves that courageous CEOs, acting as one to transform entire industries, can deliver us into a future of harmonious coexistence between nature and business. To those not already on board: it is within your power to hasten our progress. All you have to do is join us.”



Paul Polman
IMAGINE

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Our mission at House of Baukjen is to put people and the planet at the heart of everything that we do, driving lasting positive change in the fashion industry with sustainable practices and an ethical supply chain. We joined The Fashion Pact so that we can tackle issues across our entire industry together, to lead and to be inspired."



Geoff Van Sonsbeeck
House of Baukjen



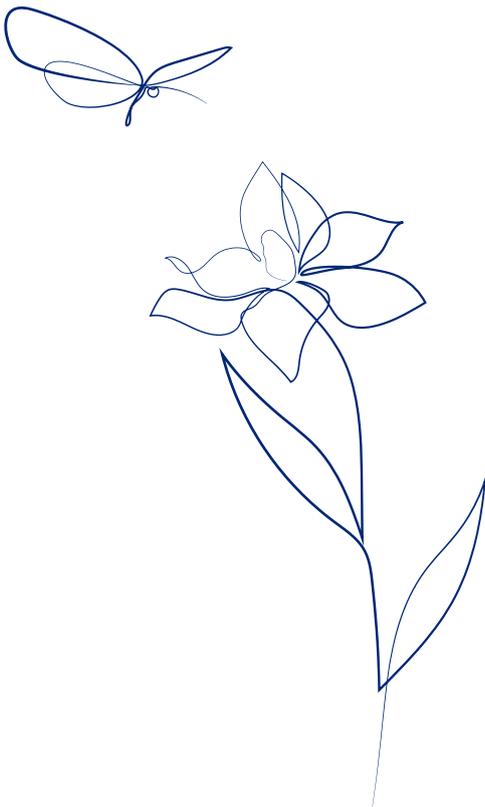
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The Fashion Pact would like to thank all of our members and the teams within each signatory company for their unprecedented collaborative efforts and leadership in working together.

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We would also like to thank the conveners for their support in transforming and improving our beautiful industry, including the Apparel Impact Institute, Ellen MacArthur Foundation, Fair Fashion for Good, the Sustainable Apparel Coalition, Textile Exchange, the UNFCCC, and ZHDC.

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