

JUNE 2024

THE FASHION PACT

AN UPDATE ON PROGRESS

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ABOUT THIS REPORT

The Fashion Pact is committed to public reporting and transparency as part of its mission to contribute to a net-zero and nature-positive fashion industry.

Our members report annually against our shared targets. We work in partnership with Textile Exchange to incorporate our reporting in its Materials Benchmark, ensuring alignment with existing industry efforts.

Two out of every three members have either committed to or have in place Science-Based Targets. We know however, that more is needed and we are developing new approaches to strengthen reporting and accountability to be introduced later this year. As we reach the end of the current reporting cycle, we will review our targets to ensure they best reflect the changing landscape.

Data presented in this overview is based on self-declaration by 48 reporting Fashion Pact Members (including subsidiaries of parent companies) for their 2022 activities in the Textile Exchange 2023 Materials Benchmark.

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FOREWORD

“We shouldn’t pretend we have all the answers [...] Let’s use this progress report as a moment to steel our resolve, and strengthen our determination to build on what has been achieved so far.”

This year, July 25th is Earth Overshoot Day – that’s the day we use up more resources than the planet can replenish. After that date, each day, we are literally stealing from future generations. Our linear and extractive model – of “take, make, waste” – is simply not designed for a world population of 8 billion people or more.

Every industry is affected, creating enormous negative externalities that increasingly show up, including in a company’s own bottom line. After all, there is no business on a dead planet. The cost of not addressing these issues is bigger than

the cost of action, and the more forward-thinking companies can see this presents not only risk, but an enormous business opportunity. They are the businesses positioning themselves for a greener, more inclusive and more resilient future.

The changes needed are of such magnitude that no one can do it alone. To transform industries and markets we need courageous, collective action. This is why we set up The Fashion Pact. The industry has a huge opportunity to address its carbon emissions, plastic pollution, the unsustainable sourcing of materials, and the social standards all too often lacking across its value chain. No one fashion company can successfully attack these issues but, by acting together, far-reaching change is possible.



We shouldn’t pretend we have all the answers. The worst instincts of the sector are deeply embedded, and they are symptomatic of a broken economic system, in which it has become clear we cannot have infinite growth on a finite planet. At least, not in the way we currently define growth.

Let’s use this progress report as a moment to steel our resolve, and strengthen our determination to build on what has been achieved so far. It shows a conviction that, as an industry, fashion can contribute to creating a more inclusive, equitable and sustainable world. It’s this vision that unites and excites us.

It is a real stride forward to have one third of the global fashion industry, led by CEOs and representing the full value chain, participating in an industry coalition unlike any other. Segments which have long stayed in their own lanes are working together on issues from sustainable sourcing to protecting biodiversity, because they know that their collaboration is essential to scale and accelerate the solutions the industry, and our world, desperately need. Together they can drive tipping points, and help make fashion a Net Positive industry. Rather than being 'less bad' Net Positive companies and sectors actively make our world better by embracing business models which repair, restore, and regenerate.

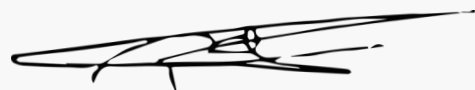
We should be encouraged by the successes so far, from our work to support farmers' transition to sustainable practices, to pioneering agreements that will boost access to renewable energy for all, and increasingly working to restore biodiversity. But we should all be impatient, too. The power of these achievements is in pushing us to higher ambitions, and emboldening us to go faster and do more. The world needs it. Citizens demand it, and none more so than the young.

I want to take this opportunity to thank the members. They have launched into new and uncomfortable territory:

partnership in highly fragmented and competitive industries is no easy thing. It requires trust, it demands foresight, and above all, courageous leadership. Fortunately, the companies embracing collaboration, and building more responsible and regenerative business models, are already being rewarded. They are unlocking innovation. They are building trust and loyalty among their employees and customers, as well as their suppliers, and with policymakers, too. They are sharing risk with their peers, and collectively opening up thrilling new markets. They are lowering costs and driving efficiencies. Indeed, the opportunities are endless if we can keep driving forward, towards our shared vision of fashion as a force for good.

Can the industry do it? Bluntly, it must. The alternative is not one we can afford to entertain. Technology, regulation, and consumer attitudes are all pushing in the right direction, which means success or failure will be decided, ultimately, by one thing: us. The deciding factor will be human willpower, and by our willingness to lead with courage.

As I have often said, "it's better to make the dust than eat the dust". Onward we go.



Paul Polman,
Business leader,
Co-Chair and Co-Founder
of The Fashion Pact

AT A GLANCE

WHO WE ARE

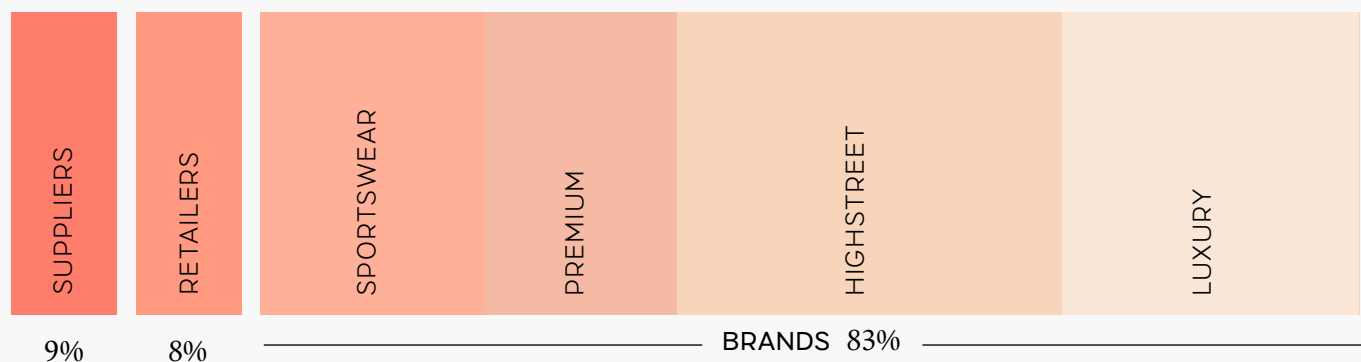
The Fashion Pact is a non-profit organisation forging a nature-positive, net-zero future for fashion. We are the industry's largest CEO-led sustainability initiative.

We chart a pathway for the industry and create collective solutions powered by CEO leadership.

Our vision – a united fashion industry pioneering new approaches to contribute to a **nature-positive, net-zero future.**

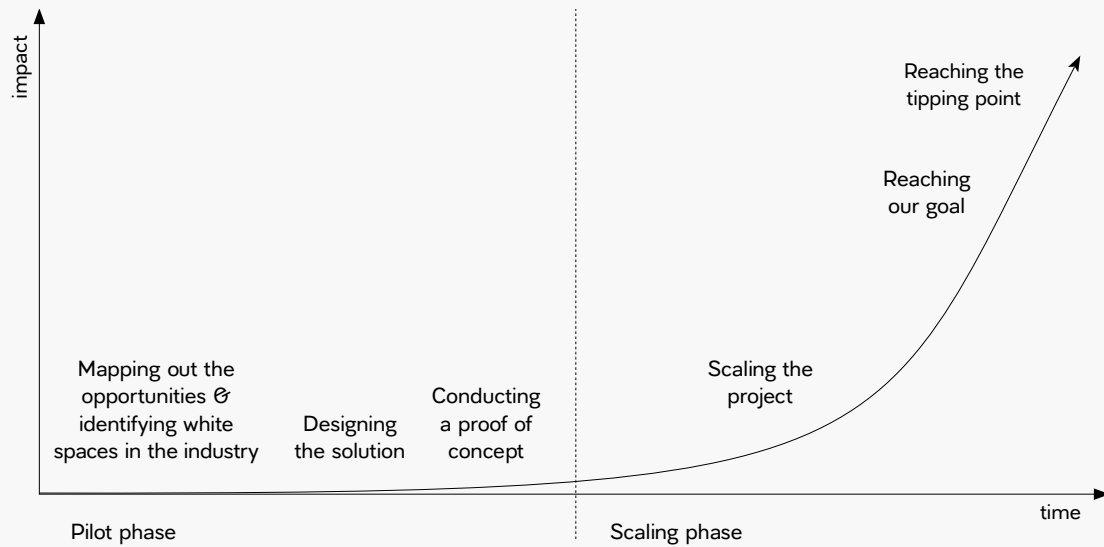


ACROSS THE VALUE CHAIN

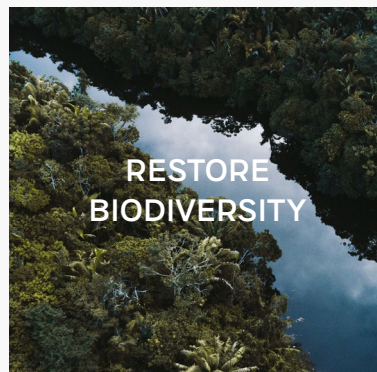
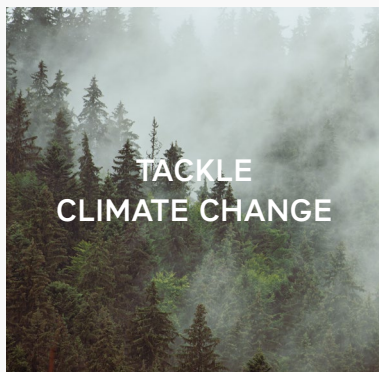


Based on 2022 data

METHODOLOGY



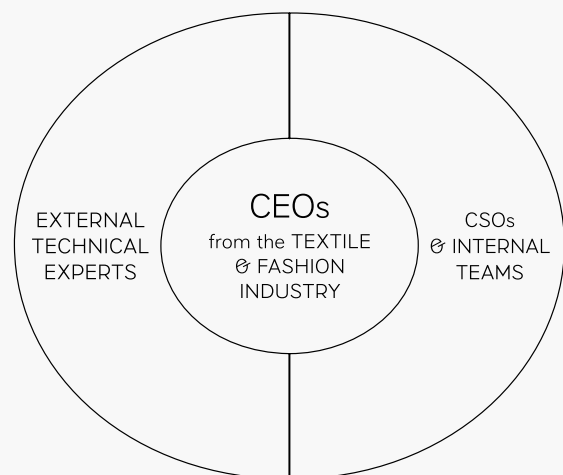
GLOBAL GOALS



GOVERNANCE

The Fashion Pact is governed by a Steering Committee composed of 15 elected CEOs, who set the strategic vision and drive collective action. Each decision made by the Steering Committee is informed by the 24 Chief Sustainability Officers who make up the Operations Committee.

These experts make strategic and practical proposals, implement the chosen actions and guide working groups.



OUR JOURNEY

“We have taken important steps on our journey towards a net-zero and nature-positive fashion industry, but urgency and ambition demand we now go further and faster. Our commitment to collective action and bold CEO leadership is more important than ever as we work to overcome the barriers to progress.”

Eva von Alvensleben, Executive Director & Secretary General

2019

INCEPTION

Fashion Pact launched by French President Emmanuel Macron at G7 in Biarritz.

2020

STRUCTURE, STRATEGY, AND FIRST STEPS

Industry-wide “Taking Stock” analysis undertaken, identifying key emissions reductions areas for fashion, as well as where The Fashion Pact could have most impact; Energy transition, Feedstock production, Alternative materials, Circular business models and dematerialisation.



François-Henri Pinault and Emmanuel Macron
August 2019 in Paris - Jean-François/Modds for Kering

2021

BUILDING UNDERSTANDING, CAPACITY, AND SOLUTIONS

CVPPA (Collective Virtual Power Purchase Agreement) exploration launches with research and design of pilot renewable energy project.

Materials mapping completed and validated by external materials expert group.

Global Environment Facility (GEF) project on Biodiversity begins, with capacity building webinars including notably 'Nature of Fashion' delivered by partner Conservation International.

Publication of Oceans Industry Mapping analysis.

2022

PROOF OF CONCEPT AND PILOTS

Project Unlock designed and partners, participants, and funding secured.

12 participants onboarded to CVPPA project.

Transforming the Fashion Sector with Nature project launched with GEF.

Release of sustainable supply pathways for gold, cashmere, leather, and wildlife-friendly sourcing.

Exploring collective action to address negative impacts of wet processing.

Launch of a R&D project to identify an alternative to plastic polybag and publication of Plastic Packaging Guidelines.

2023 & Beyond

ROLL OUT AND SCALE

Project Unlock pilot initiated in North America and India.

CVPPA energy developer appointed. Final agreement signed. Project enters implementation phase.

Biodiversity Landscape Analysis released.

Raising the ambition for nature primer published.

Fashion Nature Risk Lens tool launched.

Fashion Sector Future Scenarios analysis released.

Launch of Deforestation and Conversion-Free Roadmap workstream with Conservation International.

Supplier sprint on roadblocks to collaboration.

CLIMATE

Mitigating climate change through the implementation of Science-Based Targets for Climate to achieve net-zero by 2050.

TARGETS

- 1 Achieving 100% renewable energy across own operations by 2030.
- 2 Ensuring that 25% of key raw materials are lower climate impact by 2025.

2022 OVERVIEW

CVPPA - Supporting the Renewable Energy Transition

OBJECTIVES

The Collective Virtual Power Purchase Agreement (CVPPA) accelerates renewable electricity adoption by investing in new clean energy infrastructure. It aims to add renewable electricity capacity to the grid in Europe. It is the biggest ever collective power purchase agreement within the fashion industry in terms of number of participants and a unique example of large and small companies working together.

2022 ACTIONS & OUTCOMES

- Capacity building on legal, pricing, derivative accounting, credit support
- Signature of a Memorandum of Understanding confirming the participation of 12 brands
- Strategy developed to deliver 160,000 MWh per year of renewable electricity to the grid in Europe - the equivalent of taking almost 40,000 cars off the road*

PARTNER(S):

Project developed in collaboration with expert sustainability consultancy 2050 and renewable energy advisor Guidehouse.



Unlock Cotton
Photographed by © Scott Hardy

*Source: [US Environmental Protection Agency](#)

Unlock Cotton - Accelerating the Transition to Lower Impact Materials

OBJECTIVES

Unlock creates incentives for cotton farmers to apply lower climate impact and regenerative farming practices. It does this by quantifying on-farm GHG benefits from better practices - as well as quantifying benefits for biodiversity, water, soil, and farmer livelihoods. It provides early additional incentives to farmers to apply improved practices and technologies - ultimately increasing farmer resilience and making more sustainable cotton available in the market; and supporting brands to connect to farmers and make credible Scope 3 claims for cotton.

2022 ACTIONS & OUTCOMES

- Research phase completed
- Partners identified, 25 members engaged
- Programme devised and pilot launched in US and India, with plans to scale globally

PARTNER(S):

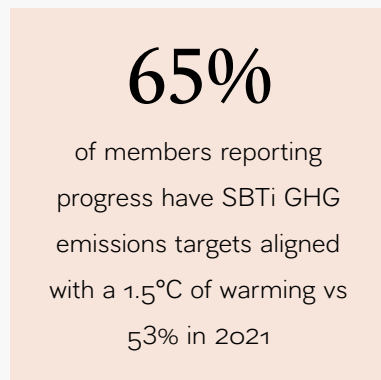
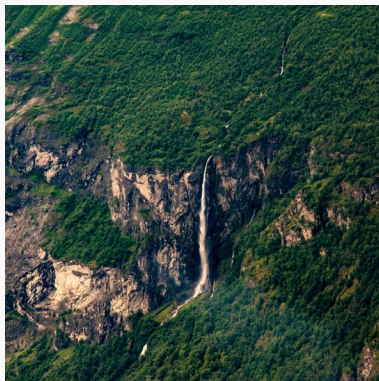
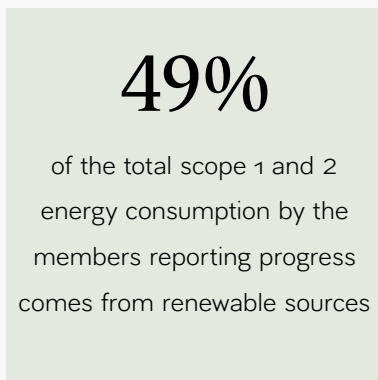
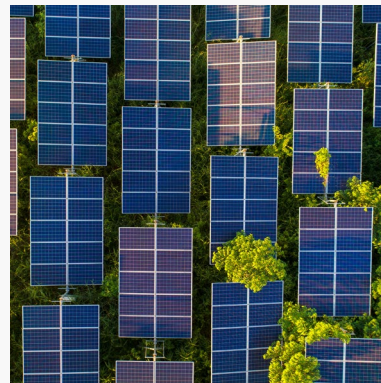
Project developed in collaboration with expert sustainability consultancy 2050 and technical advisors, data partners, and cotton programmes: Indigo Ag, Regrow, Better Cotton, Organic Cotton Accelerator, Staple Cotton Cooperative Association, California Cotton and Climate Coalition-c4, and Carolinas Cotton Grower Cooperative.



MEMBER PROGRESS IN 2022

Towards Shared Goals

Members have made notable progress on setting Science-Based Targets and evaluating impacts, however further development is needed to increase the uptake of lower impact materials and renewable energy.



Source: Textile Exchange's 2023 Materials Benchmark

BIODIVERSITY

Restoring biodiversity through strategy development aligned with Science-Based Targets for Nature.

TARGETS

- 1 Developing individual biodiversity blueprints, research and capacity building.
- 2 Supporting zero deforestation and sustainable forest management by 2025.

2022 KEY ACTIONS

Transforming the Fashion Sector with Nature

OBJECTIVES

The Transforming the Fashion Sector with Nature project was created with support from the Global Environment Facility, in partnership with Conservation International, to drive understanding within fashion companies of their impacts on nature and support the development of strategies to mitigate them. Furthermore, this two year project was created to catalyse investment in key landscapes and sourcing pathways, and support existing platforms by encouraging industry engagement.

2022 ACTIONS & OUTCOMES

- Integration of The Fashion Pact reporting in Textile Exchange's Biodiversity Benchmark, setting a baseline of where our members are in their biodiversity journey and aligning behind a standardised reporting framework on fashion and biodiversity

- **Biodiversity Strategy Tool Navigator**

A dedicated online platform guiding fashion companies through the stages of developing a biodiversity strategy aligned with the Science Based Targets Network (SBTN), with recommended tools and resources to complete each stage.

In partnership with The Biodiversity Consultancy and UN Environment Programme World Conservation Monitoring Centre (UNEP WCMC)





- **Artisanal and Small-scale Mining (ASM) Gold, Mercury Reduction & Support Program**

Guidance on mercury reduction and relevant initiatives for fashion companies to assist in responsible gold sourcing strategies specific to the sector.

In partnership with The Impact Facility and TDi Sustainability

- **Leather Impact Accelerator**

Supporting cattle farmers to change their production methods and build a supply of deforestation and conversion-free leather. The programme includes incentive payments to cattle producers to avoid deforestation and improve animal welfare outcomes. This included the launch of a learning series for members on the impact of cattle production on deforestation and conversion and the solutions offered by the Leather Impact Accelerator project.

In partnership with Textile Exchange

- **Cashmere Project**

Supporting herders to achieve positive social, animal welfare, and environmental impacts through the production of sustainable cashmere and providing guidance for companies to source more sustainable cashmere. This has included assessing on the ground programs, scoping an impact incentives model, workshops, and one-to-one support.

In partnership with Textile Exchange

- **Deep Dive Analyses**

Member previews on the impacts to nature of **United States Cotton Production Impacts**, **Argentina Cattle Leather Production Impacts**, and **Austria and Indonesia Man-Made Cellulosic Fiber Production Impacts**.

In partnership with Conservation International with contributions from International Union for the Conservation of Nature (IUCN) UNEP WCMC, Natural Capital Coalition

PARTNER(S):

Global Environment Facility and Conservation International.

*In total 11 tools have been developed between 2021 and 2023.

For details see **Nature Positive Actions**

MEMBER PROGRESS IN 2022

Towards Shared Goals

Members are working to solidify their biodiversity strategies to meet our collective nature goals, having taken important steps on key issues such as deforestation.



Source: Textile Exchange's 2023 Materials Benchmark

Case Study: Leather Impact Accelerator

In collaboration with Textile Exchange, the Leather Impact Accelerator offers practical tools to tackle important issues in the leather supply chain. These include:

- **Deforestation/Conversion-Free Protocol (DCF)**
To earn Leather Impact Accelerator approval, farms must adhere to our Deforestation/Conversion-Free (DCF) protocol. This entails third-party verification to ensure farms have not contributed to deforestation or land conversion
- **Impact Incentives**
Impact Incentives empower brands and retailers to financially recognise Leather Impact Accelerator-approved farms. These farms can sell Impact Incentives, while brands can purchase them. This allows progress even as brands continue mapping their supply chains



- **Leather Supply Chain Mapping and Traceability Guidelines**
The goal is traceability throughout the leather supply chain. By developing guidelines, we're weaving transparency into the network. These guidelines cover both farm-level and production-level practices
- **LIA Claims Guide**
Stakeholders can confidently communicate their Leather Impact Accelerator engagement through a straightforward framework for farmers and companies to share their commitments, support, and participation accurately

RESULTS

**345,000
hectares**

engaged (45,000 more than the project goal), 91,000 of which are natural ecosystems either third-party verified as deforestation/conversion-free or enrolled for assessment.

**3,513,131
metric tons**

of CO₂ equivalent estimated mitigation from avoided deforestation, exceeding the initial target of 500,000 metric tons of CO₂e mitigated as a result.

Source: Retrospective Report "Lessons Learned from Transforming The Fashion Sector with Nature"

OCEANS

Protecting oceans and freshwater through solutions that address pollution from upstream textile production and plastic packaging.

TARGETS

- 1 Eliminating problematic and unnecessary plastic in B2C packaging by 2025 and B2B by 2030.
- 2 Ensuring at least half of all plastic packaging is 100% recycled content, by 2025 for B2C and by 2030 for B2B.

2022 KEY ACTIONS

Lower Impact Production and Circular Packaging

OBJECTIVES

Wet processing is a major source of negative ocean impacts, including chemical and microfibre pollution. To enable impactful work in these upstream areas, we set out to find mechanisms for increased collaboration and transparency between brands and suppliers. Plastic packaging was identified as a further challenge, requiring cross-sector collaboration. Our work on plastics focused on eliminating problematic and unnecessary plastics from packaging, starting with a research project to develop a 100% paper polybag alternative to plastics.

2022 ACTIONS & OUTCOMES

- **Oceans & freshwater focused industry mapping** to identify where collective action can drive impact beyond packaging
- Exploration into financing for shared suppliers to enable equipment upgrades, technical assistance

and capacity building to improve wet processing

- Publication of **A Guide to Inform Packaging Choices in the Fashion Industry**

- Collaborative R&D programme to develop paper-based alternatives to plastic polybag launched with engagement from 17 members

- TFP becomes an affiliate signatory of The Microfibre Consortium, acknowledging the need to speed industry-aligned microfibre mitigation activities

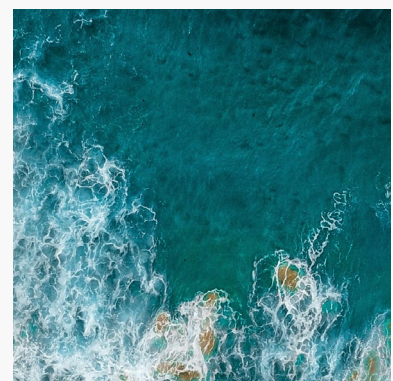
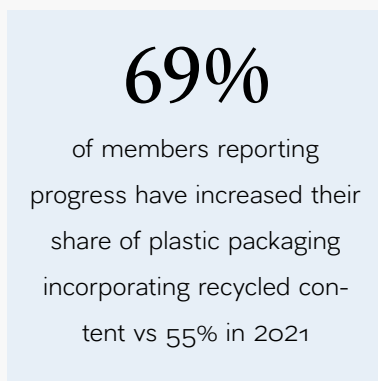
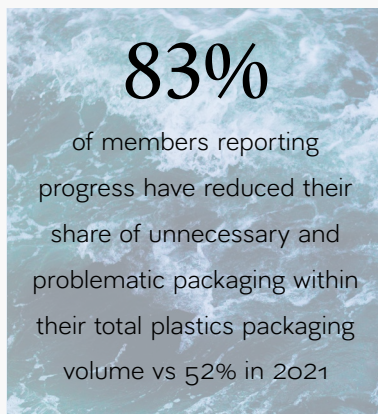
PARTNER(S):

Systemiq

MEMBER PROGRESS IN 2022

Towards Shared Goals

Building on the progress made on eliminating problematic plastic packaging from the supply chain, members can accelerate progress to incorporate more recycled content in their packaging.



Source: Textile Exchange's 2023 Materials Benchmark

CONCLUSION

By Eva von Alvensleben, Executive Director
& Secretary General of The Fashion Pact



Eva von Alvensleben

The catwalks, the collections, the magazine covers – we know that aesthetics matter in our industry – but as we all know, it is what happens in the workshop that really matters and producing this report has been an opportunity for us to look closely at our own workshop.

In 2019, when we embarked on this initiative, we aimed to not only transform fashion, but to set a precedent for collaborative action and I believe we have started to do that. Naturally, as the largest CEO-led group in fashion working on the twin crises of nature loss and climate change, we face constant pressure to go further and faster. We must continue to embrace that pressure and use it to drive us on.

The first steps of a journey are often the hardest. Establishing the areas in which we could collectively deliver the most impact was a critical first step, and not an easy one. As this report shows however, we have not only made our destination clear, we are shaping and executing the steps needed to reach it. In many cases these are steps that have never been taken before and sometimes we may falter, but we must keep moving forwards, learning and improving, but not stopping.

Under the Global Environment Facility-funded project “Transforming the Fashion Sector with Nature,” in collaboration with Conservation International, we have equipped fashion companies with science-based tools and resources.

Notably, our Biodiversity Strategy Tool Navigator serves as an interactive guide for brands, facilitating the development of strategies aligned with the Science-Based Target Network. This encompasses traceability, risk assessment, target setting, implementation plans, and transparent reporting.

The creation of a biodiversity benchmark has empowered brands to gauge their current standing, establish baselines, and track progress systematically. Our deep-dive analysis on high-impact commodities contributes not only to scientific advancements in metrics but also provide invaluable insights for companies striving to set Science-Based Targets for the preservation of nature.

Initiatives such as the Collective Virtual Power Purchase Agreement (CVPPA) demonstrate our commitment to accelerating the adoption of renewable energy across our operations and supply chain, as well as our ability to undertake complex collaborations and increase knowledge within and beyond our network.

Simultaneously, we've endeavoured to support farmers in transitioning to sustainable production methods, working to incentivise the adoption of

low climate impact and regenerative farming practices, and led collective action on leather production in Latin America.

As we celebrate these achievements, we remain committed to the spirit of testing and learning. For example, our exploration into paper-based alternatives to plastic polybags exemplifies our

commitment to innovation and continuous improvement.

As the intensity of the climate and nature crisis increases, now is the time

for us to build quickly upon the foundations laid in our first three years. Pilot successes must be scaled to create industry-level impact – with a focus on reducing emissions in the supply chain where the biggest impacts for brands are.

Collaboration and innovation are messy bedfellows and progress is imperfect. Together, however, we have shown that with commitment and courage, we can achieve the progress needed to create a net-zero and nature-positive fashion industry. The road ahead is challenging, but with the same determination that brought us to this point, I am confident we will shape a fashion industry that is fit for the future.

“Together, however, we have shown that with commitment and courage, we can achieve the progress needed to create a net-zero and nature-positive fashion industry”



Unlock Cotton
Photographed by © Scott Hardy

ACKNOWLEDGEMENTS

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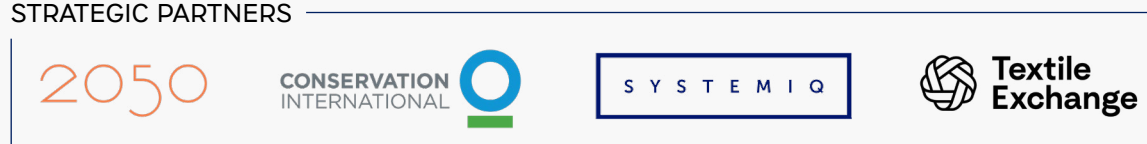
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