

BoF



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fashion community.

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Introducing The
BoF Sustainability
Index, tracking
fashion's progress
towards urgent
environmental
and social
transformation.

The Sustainability Gap

How Fashion Measures Up



01. TRANSPARENCY

The fashion industry is systemically opaque.

p.12



02. EMISSIONS

The fashion industry is one of the most potent polluters on the planet.

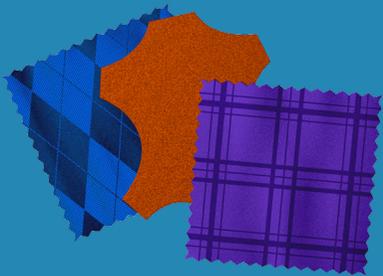
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03. WATER & CHEMICALS

The fashion industry is thirsty and dirty.

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04. MATERIALS

The fashion industry relies on an extractive business model.

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05. WORKERS' RIGHTS

The fashion industry runs on systemic inequality and social injustice.

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06. WASTE

The fashion industry feeds a culture of wasteful overconsumption.

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How Fashion Measures Up

Fashion's biggest companies are talking about environmental and social responsibility more than ever before. *The BoF Sustainability Index* tracks whether the industry is really making the progress required to avoid catastrophic climate change and reach broader social imperatives.

The global economy has 10 years to avoid catastrophic climate change and an urgent duty to improve the welfare of the workers who make it tick.

Fashion has a prominent role to play in solving these dual challenges, both because of its global scale and its cultural influence. While fashion brands have stepped up their commitments to operate more responsibly, measuring progress in a comparable, standardised way is a monumental task.

Like-for-like comparisons between companies are distorted by varying degrees of disclosure. Opaque working practices and fuzzy definitions of what constitutes “good” progress complicate matters further, creating a woolly picture of where the industry is at and what steps are required for it to clean up its act.

The BoF Sustainability Index aims to create a transparent and trusted benchmark to track clearly defined, measurable progress towards achieving sustainability goals in the fashion industry.

This inaugural report applies a proprietary methodology to measure the progress of the five largest public companies by annual revenue in 2019 in three distinct fashion industry verticals – luxury, high street and sportswear. The Index incorporates over 5,000 data points, examining each company using 338 metrics across six categories to measure performance against 16 ambitious environmental and social targets set by *The Business of Fashion* in consultation with a Sustainability Council of respected global experts.

The Index is intended to reflect a framework for the transformational change required to align fashion's business practices with global climate and sustainable development goals over the next decade and beyond.

The average overall score of the companies assessed within the Index was just 36 out of a possible 100. The findings show signs of positive engagement, but the fashion industry's rhetoric on sustainability is often far ahead of companies' actions. Information on target-setting is much more readily available than data to measure performance or concrete plans for strategic investments to meet these goals.

Even among the industry's largest and most highly resourced companies, public disclosures indicate there are substantial disparities in progress, with a handful playing catch-up or just beginning to engage with the six key issues at hand: transparency, emissions, water and chemicals, materials, workers' rights and waste.

The aim of the Index is not to celebrate or chastise any company, but to take stock of the progress that has been made, leverage data to objectively identify shortcomings and lay out a clear framework for future advancements. The industry's largest companies are intended to act as a rough proxy for overall progress.

The Index reveals clear pain points where urgent action is needed, as well as exciting opportunities for meaningful transformation.

This report is the first in a series of analyses based on the underlying data from *The BoF Sustainability Index* in the lead-up to the United Nations Climate Change Conference to be held in Glasgow, UK from November 1-12, 2021.

Visit businessoffashion.com for regular updates on the following key findings:

Discourse Outpaces Action: Companies need to move past target-setting to demonstrate tangible progress. (*Contained in this report. See [The Sustainability Gap](#).*)

The Trust Deficit: Fashion needs to fix its misinformation problem with transparent supply chains and quality data.

The Finance Gap: Companies are not matching bold ambitions with details of how they plan to pay for them.

The Growth Conundrum: Achieving commitments to reduce the industry's footprint requires companies to disentangle growth from impact.

Collaboration with Clout: Impactful and inclusive industry-wide efforts are needed to drive swift progress beyond the current baseline.

A New Social Contract: Fashion must finally get to grips with systemic inequalities in its supply chain.

Pushing Boundaries: Pockets of innovation are emerging in areas like circularity and regenerative agriculture, creating fresh opportunities for positive change.

BoF *Professional* members are invited to join us for the *BoF Professional Summit: Closing Fashion's Sustainability Gap* on April 14, 2021 from 2pm to 6pm (GMT).

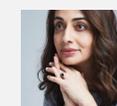
This report provides an overview of our findings, analysing the performance of 15 of fashion's largest companies based on public information available on or prior to December 31, 2020.

[Click here](#) to request access to the underlying data for each company generated by our research, amounting to more than 5,000 data points in total across the 338 metrics contained in the Index.

The Sustainability Council



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Shamistha Selvaratnam
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Gender Lead, World Benchmarking Alliance

The Methodology in Brief

What: An appraisal of how the largest public fashion companies measure up against goals to establish more environmentally and socially responsible business practices over the next decade.

How: The companies were benchmarked against ambitious targets established by BoF and its Sustainability Council. Each of the targets contain a series of binary metrics (equating to 338 in total) that were scored “yes” or “no” based on information that was publicly available on or prior to December 31, 2020. In total, the Index considers more than 5,000 data points.

Who: The largest 15 public fashion companies by annual revenue in 2019 across luxury, high street and sportswear.

Why: To take stock of progress through like-for-like comparisons, leveraging the data to objectively identify shortcomings and lay out a clear framework for future advancements. See [The Methodology](#) for more information.

The BoF Sustainability Index



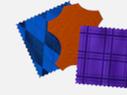
TRANSPARENCY
Trace supply chains and disclose impact.



EMISSIONS
Reduce polluting greenhouse gas emissions.



WATER & CHEMICALS
Reduce water use and eliminate harmful pollution.



MATERIALS
Shift to regenerative and circular materials.

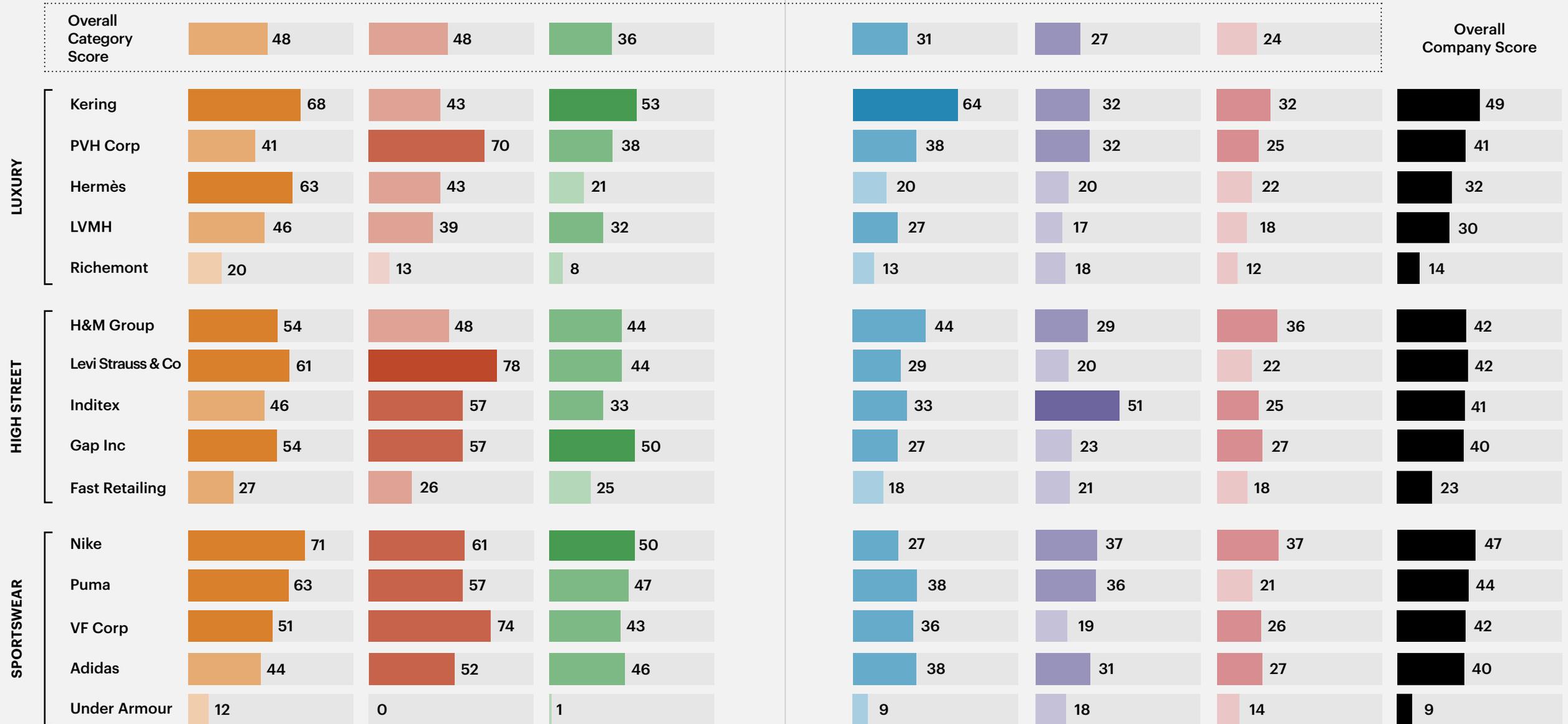


WORKERS' RIGHTS
Protect human rights and equitable working conditions.



WASTE
Minimise waste and establish circular business models.

To measure fashion's progress towards more environmentally and socially responsible business models, BoF examined how 15 of the industry's largest companies are performing across six categories.



Scores are calculated as percentages, with the totals representing the mean average for each company and category. The companies are ordered by overall performance within their verticals. The categories are listed in order of overall performance.

Source: BoF analysis of companies' public disclosures available on or prior to December 31, 2020. Company selection reflects the top five companies by annual revenue in 2019 in three verticals. Annual revenue data provided by McKinsey & Company.

The Sustainability Gap

Fashion is falling short of ambitions to operate in a more environmentally and socially responsible manner. Pockets of innovation and progress mask significant outstanding challenges that must be resolved over the next decade.

by Sarah Kent

Key Insights

- *The BoF Sustainability Index* tracks fashion's progress towards ambitious sustainability targets for the coming decade. It examines public disclosures to rigorously benchmark performance and enable like-for-like comparisons at 15 of fashion's largest companies.
- The Index found actions lag stated ambitions, even among the industry's largest and most highly resourced businesses. The average score was just 36 out of a possible 100, with significant disparities in engagement and progress. Measuring performance was complicated by patchy and inconsistent reporting that reflects a wider accountability problem.
- Companies demonstrated most progress in analysing and understanding their impact and in setting targets to address greenhouse gas emissions. Waste and workers' rights were the weakest categories. Kering and Nike emerged as frontrunners, while Richemont and Under Armour lagged their peers.

The word "sustainability" is, quite literally, on fashion executives' lips more than ever before.

In the last five years, references to sustainability in the annual reports of 15 of the world's largest fashion companies have more than doubled, according to BoF's analysis (see Exhibit 1).

The surge in sustainability rhetoric is the result of a multitude of forces. For a new generation of consumers, whose lives have been shaped by recent political, social and environmental upheaval, marketers have learned that values-based messaging is an increasingly powerful tool in a fashion brand's arsenal. A third of US Millennial and Gen-Z consumers say they'll spend more on products that are less harmful to the environment.¹ In Europe, two thirds indicate they would stop or significantly reduce their spend with brands that mistreat employees or suppliers.²

But the pressure isn't just coming from consumers. Companies are grappling with these forces internally, as employees increasingly demand corporate culture and business practices reflect progressive values.

Investors and regulators are also casting more scrutiny on the industry in response to financial, environmental and political risks.

Sustainable investing, once considered a niche reserved for charitable or faith-based foundations, has gone mainstream, fuelling a boom in environmental, social and governance, or ESG, funds. The total assets in sustainable funds hit a record high of almost \$1.7 trillion at the end of 2020, according to data provider Morningstar (see Exhibit 3).³ Prominent fashion brands have caught the green finance bug too, with a growing number of companies issuing debt linked to sustainability targets.⁴

This rise in ethical investing and green financing has been accompanied by calls for greater accountability and more corporate disclosure of social practices and climate-related risks.

Meanwhile, governments are under pressure to bring in policies, incentives and regulations that will help them meet global goals to limit climate change. Many have indicated they will bake these considerations into "green" recovery plans post-pandemic. One of Joe Biden's first acts after being sworn in as US President in January 2021 was to recommit the country to the Paris climate agreement, the international accord intended to avert catastrophic climate change that the US exited under Donald Trump.

Fashion companies are responding to these and other motivations for change with high-profile sustainability commitments and marketing messages focused on eco-collections and social justice. But do their actions live up to their words?

Answering this question requires untangling a bewildering maze of information. With no standardised language or regulated reporting frameworks, deciphering what companies are actually doing is extremely challenging. Information is not always made publicly available and even when there is some measure of transparency, its accuracy is difficult to judge.⁵

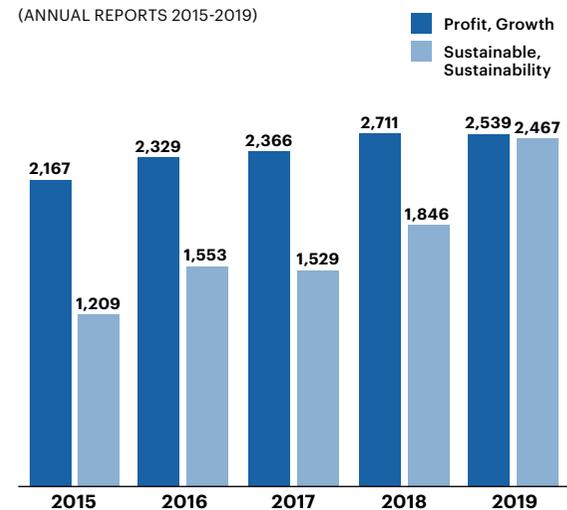
Greenwashing, a term used to describe environmental marketing that runs counter to brands' business practices, has also entered the vernacular. Beyond the fashion industry, the rise of misinformation and disinformation that has accompanied the last decade's social media boom is stoking mistrust among consumers. High-profile missteps by brands laying claim to exaggerated or dubious sustainability credentials has only added to the problem.

Exhibit 1: Sustainability Speak

References to sustainability in the annual reports of the companies featured in the Index have doubled in just five years and now feature as frequently as key financial terms.

NUMBER OF TIMES THE WORDS ARE MENTIONED IN THE FULL-YEAR REPORTS OF THE 15 COMPANIES ASSESSED BY THE INDEX

(ANNUAL REPORTS 2015-2019)



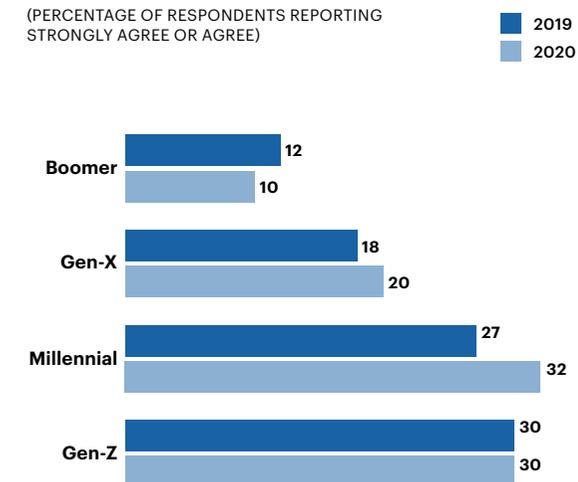
SOURCE: BoF ANALYSIS, COMPANIES' ANNUAL REPORTS
2018 excludes VF Corp owing to a change in reporting periods.

Exhibit 2: Increasingly Conscious Consumers

Younger generations place more emphasis on sustainability and have retained this view through the pandemic.

US CONSUMERS WHO SAY THEY WILL PAY MORE FOR PRODUCTS THAT HAVE THE LEAST NEGATIVE IMPACT ON THE ENVIRONMENT

(PERCENTAGE OF RESPONDENTS REPORTING STRONGLY AGREE OR AGREE)



SOURCE: MCKINSEY & COMPANY, NEW AGE OF THE CONSUMER SURVEY 2019 AND JULY 2020

Despite decades of work, fashion's convoluted and opaque supply chains are still frequently at the centre of labour rights scandals, with high-profile incidents over the last year drawing attention to the subject.

When the Covid-19 pandemic first hit in early 2020, many brands refused to pay for finished goods, with disastrous repercussions for garment workers in manufacturing hubs like Bangladesh and Cambodia.⁶ As orders returned, some brands have demanded their suppliers lower prices, increasing pressure on those working in apparel factories.⁷ Scrutiny is increasing further down the supply chain as well. The US has blacklisted all imports of cotton from China's Xinjiang region in response to allegations of a state-backed campaign of *forced labour*.⁸ The move affects roughly a fifth of global cotton supply.

“Instead of more unverified claims or vague commitments to sustainability in the fashion industry, what is urgently needed now is real action.”

Meanwhile, the fashion industry continues to belch emissions and toxic chemicals, while sucking up water and generating mounting volumes of waste. And while fashion is still grappling with the economic and humanitarian fallout from the pandemic, it must also address the looming risk of an impending climate crisis.

With scientists warning that urgent action is required over the next decade to avoid catastrophic climate change, companies — and the industry at large — need to undertake rapid systemic change.

Instead of more unverified claims or vague commitments to sustainability, what is urgently needed now is real action. And in order to understand headway and establish accountability, the industry needs a transparent and tangible means to track its state of progress.

The BoF Sustainability Index is designed to measure actions, enable like-for-like comparisons and identify areas where more work is needed. The inaugural 2021 edition of the Index will serve as a baseline to assess the industry's performance in the years ahead.

Setting a Baseline

The Index is based on a series of ambitious targets that stretch over the course of the current decade and focus on six key categories: transparency, emissions, water and chemicals, materials, workers' rights and waste. They are intended to push the boundaries of how the fashion industry operates and lay out a framework for the changes required to meet environmental and social development goals by 2030.

BoF established these targets in consultation with a *Sustainability Council* of external experts and then benchmarked a group of the industry's largest players against them, using information that was publicly available before the end of 2020.

Because our assessment relies on public disclosures, we focused on listed companies, selecting the five largest by annual revenue generated in 2019 across three distinct verticals: luxury, high street and sportswear.

Developing the methodology and conducting the research was a months-long process that was at once illuminating and challenging. It revealed pockets of innovation and change, but was hampered by patchy reporting, poor data and a wormhole of complexity. The companies' disclosures and approaches varied. Often, they relied on third-party certifications. Large volumes of information can mask limited action.

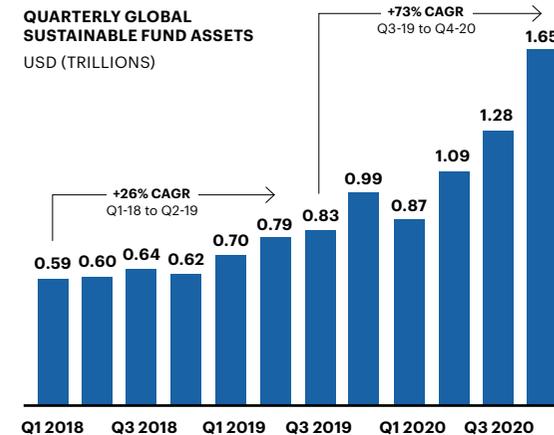
There are limitations to our methodology as well and the companies examined did not wholly agree with our approach. Public disclosures are an imperfect barometer of performance, particularly given their inconsistency. Our methodology is binary in nature, applying a granular series of yes-no questions to assess companies' performance. That enabled objectivity, but also created a rigid framework that did not always fully capture companies' efforts.

Moreover, the methodology is designed to measure progress towards aspirational goals, rather than simply take a snapshot of current practices. Where companies' public disclosures did not meet all of our criteria, it does not necessarily mean they are not taking action.

We have endeavoured to take a holistic approach to sustainability, incorporating social impact into our

Exhibit 3: Sustainable Investing

The total assets in sustainable funds hit a record high at the end of 2020.



SOURCE: MORNINGSTAR

analysis of environmental performance. However, our approach was framed by the limits of public disclosure and corporate discourse. One area we are actively looking to address more thoroughly in the future is racial justice, diversity and inclusion.

We intend to continuously evolve and improve upon our approach in the years to come, soliciting and incorporating feedback into future iterations. A fuller explanation of our methodology can be [found here](#).

Leaders and Laggards

The companies assessed in this year's Index represent fashion's largest, publicly traded brands. But even these well-resourced giants are only at the early stages of the massive overhaul required to meet the ambitious targets set by BoF and the Sustainability Council.

The average score across all categories and companies was 36 out of a possible 100, with substantial disparities in engagement and progress across the 15 companies and six categories we examined.

According to our analysis, Kering and Nike outperformed their peers, while Under Armour and Richemont were the weakest performers overall.

Neither of the latter two companies scored more than 25 out of a possible 100 in any of the categories we examined.

To be sure, the topics we tackle in the Index are vast and complex, and in many cases will require new business models and technology, as well as greater collaboration across companies and industries. Nonetheless, our findings cast an unflattering light on the last decade's efforts at self-regulation.

Collectively, the 15 companies demonstrated the strongest performance in transparency — an area where advocacy efforts and reports like Fashion Revolution's Fashion Transparency Index have helped drive substantial progress — and emissions, where focus across industries on corporate target-setting and disclosure has established a well-developed framework.⁹

Meanwhile, workers' rights and waste proved to be the areas of weakest performance based on BoF's assessment. This reflects a higher requirement for companies to demonstrate they are rising above the status quo on labour issues (few could), and still nascent efforts to establish [circular business models](#).

The 15 companies examined in the Index were each provided with a full account of their individual performance and an overview of the report's conclusions. Several, including Richemont and Under Armour, declined to comment. Others, including Adidas, PVH Corp, Nike, Inditex, Gap Inc and Levi Strauss & Co pointed to a mix of long-standing commitments, progress already made and efforts to intensify focus on the issues at hand. Some also acknowledged the challenges raised in this report, as well as emerging opportunities to resolve and address them.

There are already positive signs of increased engagement in 2021, with companies setting fresh goals and experimenting with new business models. The impact of these efforts will be assessed in the next installment of *The BoF Sustainability Index*.

In the following pages BoF outlines its findings so far, examining each of the six Index categories in the order of overall performance to break down how fashion's largest players are measuring up.

01. TRANSPARENCY

The Challenge: The fashion industry is systemically opaque.



Targets:

- a. **Traceability** — By 2022: Achieve full supply chain traceability and disclose suppliers.
- b. **Disclosure** — By 2022: Analyse and disclose data on environmental and social impact.

INDUSTRY PERFORMANCE

(PERCENT)

Overall Category Score **48**

TARGET PERFORMANCE

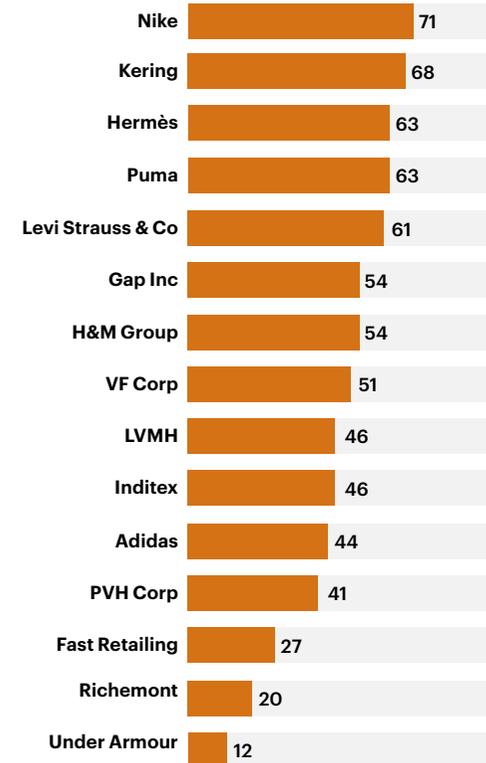
Target Scores

a. Traceability **38**

b. Disclosure **53**

COMPANY PERFORMANCE

Company Category Scores



Fashion's modern, globalised business model is based on complex and convoluted supply chains that are functionally almost impossible to monitor. That enables human rights abuses to go undetected or ignored. It also makes it difficult to establish the extent of the industry's environmental impact or measure the success of efforts to reduce it.

The Index is powered by public disclosures. Transparency is the cornerstone of any effort to drive meaningful change, establish accountability and benchmark progress.

Progress Update

Relatively strong performance reflects advances in measuring and monitoring impact.

- Transparency was one of the strongest-performing categories in the Index, but progress towards this foundational goal remains far too slow.
- As a critical first step required to identify strategic focus areas, track progress and hold companies to account, the deadline to achieve the targets in this category was set for 2022. With less than one year to go, the companies are on average less than halfway there.
- Overall, companies showed most progress in the Index's second transparency target to analyse and publicly disclose environmental and social impact (Target 1b, Disclosure). Two thirds of the companies scored more than 50 out of a possible 100 here, while Kering and Nike, the two overall top performers, both achieved a score of more than 80.

Data is limited, hard to find and often of dubious quality.

- Progress so far was heavily skewed towards risk assessments and high-level analysis.
- Most of fashion's environmental impact takes place externally in the manufacturing supply chain, but many of the companies' disclosures were limited to their own internal operations.

SOURCE: BoF ANALYSIS OF COMPANIES' PUBLIC DISCLOSURES ON OR BEFORE DEC 31, 2020.

01. TRANSPARENCY

- Industry efforts to establish more consistent data and the tools to gather it are gaining traction; two thirds of the companies indicated they use the Sustainable Apparel Coalition's [HIGG Index](#) to monitor environmental performance in their manufacturing supply chain.
- But coverage is patchy, disclosure selective and much of the data that is available is self-reported and unverified.

Efforts to establish transparent supply chains are lagging.

- Transparent supply chains are vital to ensure commitments to ethical business practices are upheld, but progress here was mixed.
- Fewer than half of the companies disclosed a full list of their direct ([tier 1](#)) suppliers, and none provided a complete catalogue deeper in their manufacturing base ([tier 2](#) and beyond).
- Kering, Richemont and Inditex did not publish a supplier list for any of their brands at all, though Kering says it can trace 88 percent of its materials back to at least country level.¹⁰ Inditex pointed to relationships it has with key partners like IndustriALL Global Union, with which it said it shares full details on its supply chain. Kering and Richemont did not provide additional comment.
- VF Corp, on the other hand, has a goal to map the supply chain of 100 key products by the end of this year. It already publishes detailed maps for more than 50 products that provide information down to textile and material suppliers.

The Sustainability Council



Linda E. Greer
USA
Global Fellow,
Institute of Public and
Environmental Affairs

“The transparency analysis reveals what environmental professionals have long feared: most companies are still neither collecting nor disclosing the information they need to reduce their environmental footprint. Moreover, the quality of the data they do manage to collect is widely acknowledged to be unscientific and unreliable – self-reported and seldom verified by third parties.

Until this changes, companies’ commitments to reducing their environmental impact cannot be taken seriously. How do you craft a reduction plan without quantifying a starting point? How do you identify where to target reduction initiatives? How do you track progress, disqualify egregious polluters, curate your supplier base to reward less energy-intensive producers, develop minimum performance standards, or truthfully communicate with your customers or shareholders about your green performance? Public disclosure of this information, which would drive improvements in data quality and create accountability for progress, is still in its infancy but it is a foundational and urgent area for the industry to address.”

Cotton pickers harvest a crop of cotton in a field in Hami, in China's far west Xinjiang region. Getty Images.



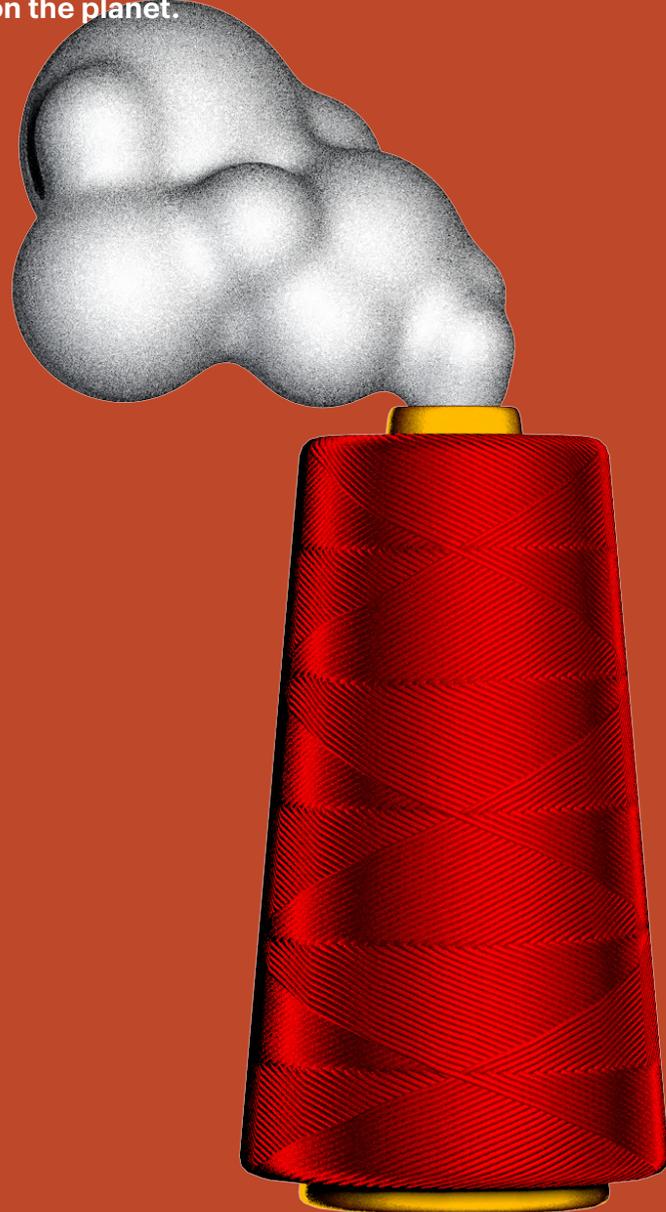
Exhibit 4: Supply Chain Opacity

The complex and opaque tiers of fashion's supply chain make it challenging to trace the origin of products and components.



02. EMISSIONS

The Challenge: The fashion industry is one of the most potent polluters on the planet.



Targets:

- a. Greenhouse Gas Emissions — By 2030: Reduce absolute greenhouse gas emissions by 45 percent.

INDUSTRY PERFORMANCE

(PERCENT)



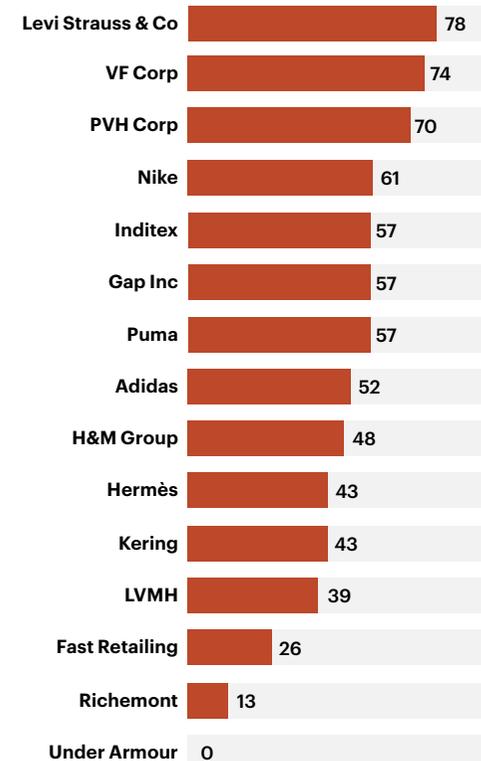
TARGET PERFORMANCE

Target Scores



COMPANY PERFORMANCE

Company Category Scores



Pinning down exactly how substantial fashion's greenhouse gas emissions are is challenging, but estimates range from 4 percent to 10 percent of the global total.^{11,12} Without significant intervention, the industry will not align with global goals to limit global warming to no more than 1.5 degrees Celsius.¹³

Progress Update

A strong framework for change already exists.

- The fashion industry is widely adopting standards for corporate greenhouse gas emissions reporting and target-setting aligned with global goals to limit climate change.
- Richemont, Under Armour and LVMH were the only companies in BoF's assessment that had not yet set targets to reduce their scope 3 emissions, which cover manufacturing impact.
- Nearly half of the companies had set science-based targets that align with the highest ambitions of the Paris Agreement to limit global warming to no more than 1.5 degrees Celsius above pre-industrial levels.

Emissions are not decreasing in line with companies' targets.

- Measuring progress against companies' targets is challenging. Many didn't make the information accessible through their own channels, only providing data on emissions from manufacturing via third parties. Some didn't publish this information at all, or had only just begun to do so.
- Fewer than half the companies had set absolute reduction targets for their scope 3 emissions, illustrating the challenge that still remains to decouple financial growth from environmental impact.

SOURCE: BoF ANALYSIS OF COMPANIES' PUBLIC DISCLOSURES ON OR BEFORE DEC 31, 2020.

02. EMISSIONS

There are signs of deepening ambitions.

- Thirteen of the companies indicated they have committed to fully shift their own operations to run on renewable energy.
- Richemont, LVMH and Under Armour, the three companies currently lacking public targets to reduce scope 3 emissions, have all committed to set reduction targets through the Science Based Targets initiative.

The Sustainability Council



Michael Sadowski
USA
Independent
Sustainability Advisor

“Voluntary commitments will only get us so far, particularly in addressing climate change. Over my career, I have seen great value in companies setting ambitious sustainability targets. Yet while goals such as zero waste, carbon neutrality and closed-loop production can channel a company’s attention and resources, what’s needed is strong, science-based regulation to ensure that the world is reducing emissions at a fast enough pace, and that countries and companies are held accountable.”

Exhibit 5: Measuring Emissions

Greenhouse gas emissions are categorised into three scopes for reporting purposes.

DIRECT EMISSIONS	INDIRECT EMISSIONS
<p>Scope 1</p> <ul style="list-style-type: none"> Facilities Vehicles <p>Scope 2</p> <ul style="list-style-type: none"> Electricity and other types of energy 	<p>Scope 3</p> <p>Upstream</p> <ul style="list-style-type: none"> Travel Operations waste Fuel & activities Transportation Purchased goods & services Capital goods <p>Downstream</p> <ul style="list-style-type: none"> Transportation & distribution Processing of sold products Use of sold products End-of-life treatment of products

SOURCE: CDP. ICONS: GETTY IMAGES



Chimneys emitting smoke in Weihai, Shandong Province, China. Getty images.

03. WATER & CHEMICALS

The Challenge: The fashion industry is thirsty and dirty.



Targets:

- Water Use — By 2030: Reduce water use to naturally replenishable levels.
- Harmful Pollution — By 2030: Eliminate harmful pollution.
- Hazardous Chemicals — By 2030: Eliminate hazardous usage of chemicals.
- Microfibre Pollution — The Baseline: Actively engage in industry efforts to minimise microfibre pollution.

INDUSTRY PERFORMANCE

(PERCENT)

Overall Category Score 36

TARGET PERFORMANCE

Target Scores

a. Water Use 39

b. Harmful Pollution 32

c. Hazardous Chemicals 35

d. Microfibre Pollution 42

COMPANY PERFORMANCE

Company Category Scores

Kering 53

Gap Inc 50

Nike 50

Puma 47

Adidas 46

Levi Strauss & Co 44

H&M Group 44

VF Corp 43

PVH Corp 38

Inditex 33

LVMH 32

Fast Retailing 25

Hermès 21

Richemont 8

Under Armour 1

SOURCE: BoF ANALYSIS OF COMPANIES' PUBLIC DISCLOSURES ON OR BEFORE DEC 31, 2020.

The fashion industry's impact on global water supply stretches from notoriously water- and pesticide-intensive cotton farms to the chemicals required to process materials and dye fabrics, and the microfibres that escape in the wash and reappear in the oceans.

Despite this, fashion is a laggard in disclosing its water risks and how companies are addressing them, according to a report published last year by environmental disclosure system, CDP.¹⁴ This lack of awareness suggests many companies may be underreporting or underestimating their risk exposure, the report found.

Progress Update

Companies' approach to water management is becoming more sophisticated.

- A small but growing group of leading companies indicated they are looking to set context-based targets, (see Exhibit 6) which aim to align water management strategies with local resource constraints.
- Levi Strauss & Co has set a target to reduce water used for manufacturing in areas of high water stress by 50 percent by 2025 compared to a 2018 baseline, making it a stand-out performer on the Index's water-focused target (see Target 3a).¹⁵ Gap Inc and H&M Group explicitly indicated they also plan to set context-based targets.

More momentum is needed to eliminate hazardous chemicals.

- A decade of advocacy has helped establish minimum standards to mitigate the worst chemical pollution in fashion's supply chain; more than two thirds of the companies are members of ZDHC, a 10-year-old industry organisation established for this purpose.
- However, fewer than half of the companies had time-bound, quantitative targets to reduce water use in their manufacturing supply chain, and the same goes for pollution.

03. WATER & CHEMICALS

- Targets to reduce pollution were largely focused on compliance with ZDHC's framework, which critics argue has been slow to evolve. The group's chemical guidelines for manufacturing have been updated once in the last decade and only just expanded to cover leather processing. Until January 2021, companies could self-declare conformity with the group's guidelines. ZDHC did not provide a comment.
- Around a third of the companies provided no data on wastewater pollution and a similar amount disclosed it irregularly, for a limited proportion of the supply chain or in a format that is not comparable.

Microfibre pollution is an emerging area of focus.

- Nearly two thirds of the companies examined for the Index indicated they are taking steps to understand their contribution to the problem.
- Action is limited: only five of the companies indicated how these learnings are affecting design decisions.

The Sustainability Council



Boma Brown-West
USA
Director, Safe and Healthy Products,
Environmental Defense Fund

“The UN Environment Programme's latest global chemicals outlook reports that millions of tonnes of synthetic chemicals enter the global environment annually — many of which are hazardous to humans and the environment. Companies in the global fashion industry have worked for many years, collaboratively and individually, to address fashion's portion of this problem. The reduction commitments and the infrastructure for more effective supply chain oversight mostly exist. But as this report shows, significant reductions in the industry's chemical pollution are not evident. The industry would benefit from holding itself publicly accountable to reducing its chemical pollution by requiring companies to annually publish their chemical footprints, i.e. the quantitative measurement of the chemicals of high concern in products, manufacturing processes, facilities, supply chains and/or packaging. One structured mechanism for doing so is the Chemical Footprint Project, which allows companies to demonstrate to investors and the public the tangible outcomes of their chemicals management programmes.”

Blue coloured dye and chemicals are emptied out of a leather tannery and into a canal that empties into the Buriganga river in Bangladesh. Getty Images.

Exhibit 6: Context-Based Water Targets

What is a context-based water target?

Context-based water targets align companies' water management strategies with the needs of local communities and ecosystems. The ultimate aim is to ensure water use does not exceed natural ecological limits.

Why should companies set them?

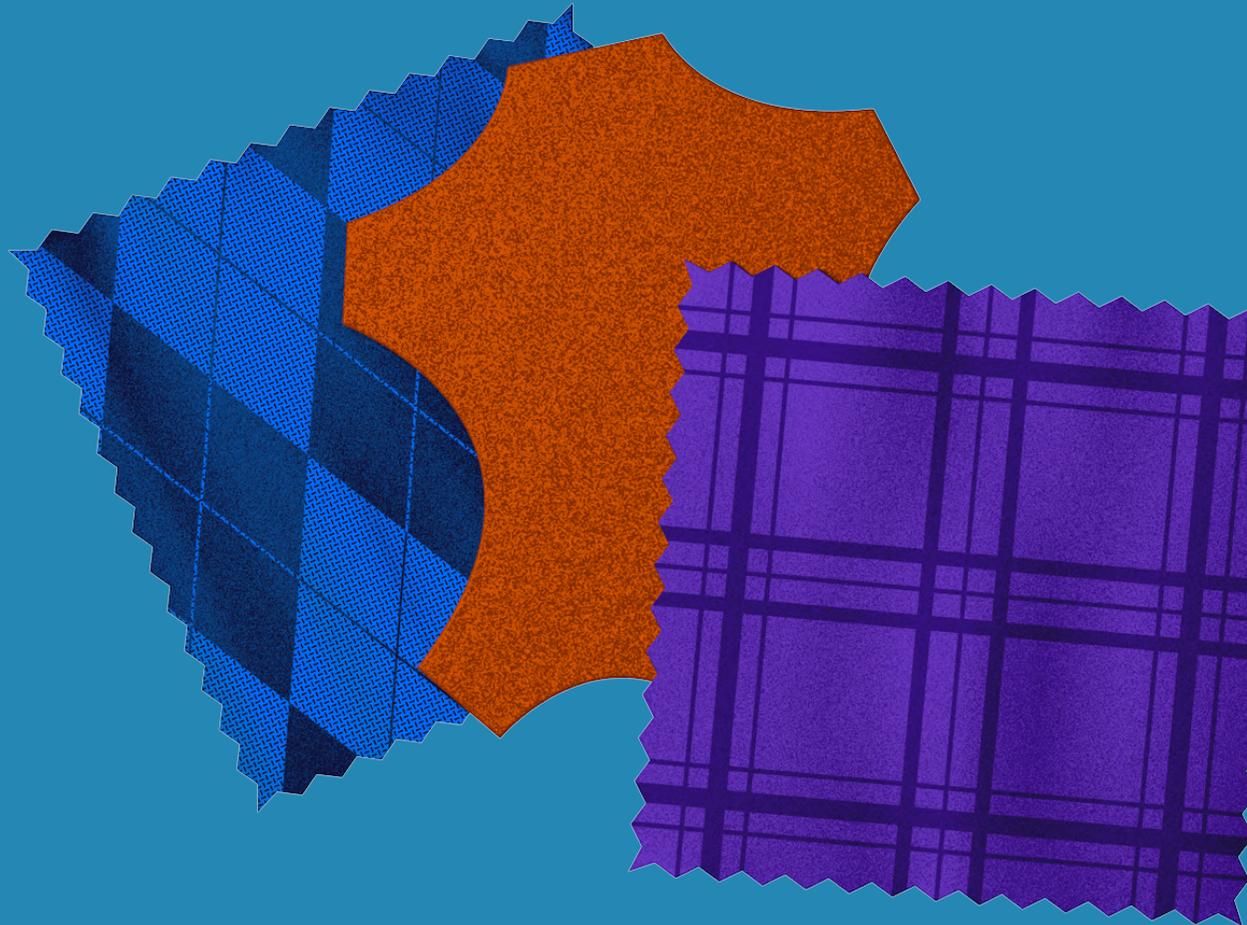
Climate change, industrial pollution and over-extraction are contributing to a growing water crisis. According to WWF, 17 percent of the world's population already lives in regions of high water risk, and that could increase to more than 50 percent by 2050.¹⁶

While this is a global challenge, solving it requires local and collaborative action.

Establishing context-based targets requires a sophisticated understanding of localised risks within the supply chain. Companies need to know where water-intensive manufacturing is taking place, the specific issues causing stress in a given location and the needs of local communities and ecosystems.

04. MATERIALS

The Challenge: The fashion industry relies on an extractive business model.



Targets:

- Preferred Materials** — By 2022: Procure 100 percent of materials from preferred sources.
- Regenerative Agriculture** — By 2030: Procure 100 percent of all natural fibres from regenerative and socially responsible sources.
- Recycled Polyester** — By 2030: Eliminate virgin polyester.

INDUSTRY PERFORMANCE

(PERCENT)

Overall Category Score 31

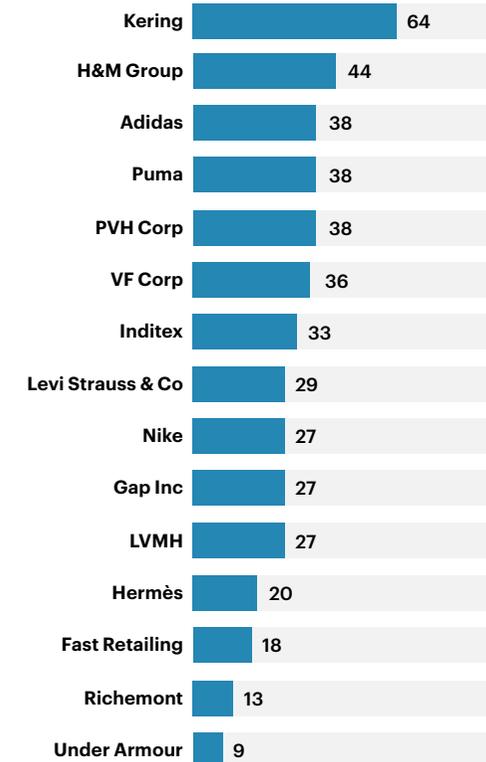
TARGET PERFORMANCE

Target Scores

- Preferred Materials** 59
- Regenerative Agriculture** 23
- Recycled Polyester** 25

COMPANY PERFORMANCE

Company Category Scores



SOURCE: BoF ANALYSIS OF COMPANIES' PUBLIC DISCLOSURES ON OR BEFORE DEC 31, 2020.

Most clothes in the world are made using fossil fuels. Oil-based polyester is the most commonly used fabric in the world, with nearly 60 million tonnes produced in 2019.¹⁷ Fashion's second-favourite fibre is cotton, a product with a complicated environmental footprint whose present links to modern slavery are as problematic as its past.

Shifting the raw material supply chain is both a colossal challenge and immense opportunity. The growing momentum behind more sustainable and regenerative agricultural practices holds out the prospect to not only mitigate fashion's footprint, but perhaps one day enable the industry to have a net positive impact.

Progress Update

Materials certified to have a better environmental and social impact have hit the mainstream.

- All of the companies examined in the Index indicated they are turning to certifications to help them meet targets to procure more sustainable, or preferred, raw materials.
- More than two thirds of the companies had targets to secure key materials from certified sources by 2025. Adidas says it has only sourced cotton that is more sustainable since 2018 and Nike confirmed earlier this month that it hit its target to do so last year.
- This is considered a foundational goal that companies should look to swiftly move beyond. There are significant disparities in the environmental and social requirements certifications apply and they can become a tick-box mechanism, rather than supporting more transformational approaches to material sourcing.¹⁸

Data to quantify the impact of the shift to more sustainable materials is limited.

- Companies are almost wholly relying on certifications to back up claims of reduced impact.

04. MATERIALS

- Quantitative data that demonstrates how changed sourcing practices have improved environmental and social outcomes was lacking.

Raw material supply chains remain a dangerous blind spot.

- Most of the companies examined had very limited visibility over where their raw materials come from. This is an issue in the news — not for the first time — because of allegations of serious human rights violations deep in the supply chain.
- Only a handful of companies met the stringent criteria laid out in the Index to demonstrate they are actively monitoring human rights at the raw material level ([tier 4](#)). This required companies to indicate they have visibility over their raw material suppliers or provide detailed information of country-level risks and how they are being addressed.
- Many companies rely on high-level due diligence and [multi-stakeholder initiatives](#) to mitigate risks at the raw material level. These initiatives have attracted mounting criticism for failing to prevent serious abuses in the past¹⁹ and the Index calls for more ambitious efforts to transform the supply chain.

Eliminating virgin polyester will be a long and difficult task.

- While almost all companies have released collections containing recycled polyester, only four had a time-bound target to fully replace the fibre with recycled alternatives.
- Adidas is the most ambitious, with a target to only use recycled polyester from 2024. More than 60 percent of the polyester in its products will come from recycled plastic waste this year, it said. Inditex has committed to only use more sustainable polyester by 2025, while both PVH Corp and H&M Group have set 2030 targets.
- In general, companies indicated volumes of recycled polyester are growing, but in many cases its proportion in the material mix was not disclosed or remains low.

- More investment is needed to develop and scale the technology that would enable this to become a mainstream solution.

Regenerative agriculture is attracting growing attention.

- Agricultural practices that protect and restore soil health and [biodiversity](#) are attracting mounting interest from fashion companies.
- Kering, PVH Corp and VF Corp have set goals to source some materials from regenerative sources.
- Kering and VF Corp were the only companies to indicate they are already engaged in pilot projects focused on regenerative agriculture.
- Initiatives are still in very early stages and will require a concerted effort from the industry to drive impactful change. Organic cotton still has a market share of less than 1 percent, despite years of focus.²⁰

The Sustainability Council



Daniela Ibarra-Howell
USA
CEO and Co-Founder,
Savory Institute

“A transition away from fashion’s current extractive business model would be transformative. But scaling the industry’s access to regeneratively farmed materials and establishing regenerative systems requires investment and commitment. Greater education is required to ensure executives and employees understand the impact of their sourcing choices and are empowered to make better decisions for the planet. Investment is needed to build the capacity of both land stewards (so the risk of shifting ways of working is shared by all stakeholders) and distributed processing infrastructure. Outcome-based data, rather than practice-based commitments, must support any claims of land regeneration. Finally, it will require a transition from obscure and transactional supply chains to transparent and relational value networks.”

A worker presents a final product made from used nylon fishnets. Getty Images.



05. WORKERS' RIGHTS

The Challenge: The fashion industry runs on systemic inequality and social injustice.



Targets:

- Corporate Strategy — The Baseline:** Protecting human rights is embedded in corporate strategy.
- Purchasing Practices— By 2022:** Fully align purchasing practices with commitments to ethical working conditions.
- Living Wages — By 2025:** Ensure workers receive a living wage.

INDUSTRY PERFORMANCE

(PERCENT)

Overall Category Score **27**

TARGET PERFORMANCE

Target Scores

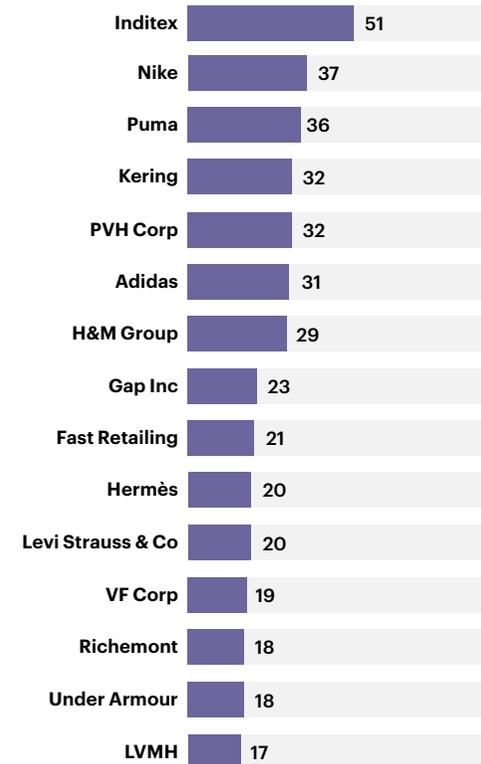
a. Corporate Strategy **36**

b. Purchasing Practices **19**

c. Living Wages **17**

COMPANY PERFORMANCE

Company Category Scores



The rise of today's fast-moving, mass market and globalised fashion system has created convoluted and unequal supply chains, plagued by labour abuses that range from poor wages and excessive overtime to fatally unsafe conditions, [child labour](#) and modern slavery.

Decades of effort to manage the problems through private inspections and certifications have created a multi-billion-dollar audit industry, but no solution.²¹ High-profile scandals in recent years highlight how endemic these problems remain.

Progress Update

Workers' rights is among the worst-performing categories in the Index.

- All the brands examined in the Index have well-established corporate policies to uphold labour rights, but after years of focus, this is considered a baseline.
- The first target in this category was designed with a high bar to reflect the fact that labour abuses remain systemic and require urgent attention deep in the supply chain (Target 5a, Corporate Strategy).
- Eight of the companies indicated their efforts to monitor labour rights extend across the second tier of their supply chain, but only a fifth disclosed information on the outcomes of audits at this level, with varying degrees of regularity and granularity.

Companies are not improving on frameworks that have failed garment workers for years.

- The two forward-looking targets on [purchasing practices](#) (Target 5b) and [living wages](#) (Target 5c) were the worst-performing in the entire Index.
- Companies largely continue to rely on voluntary initiatives and private auditing firms, notwithstanding criticism that this approach has historically acted as a self-regulated corporate fig leaf and failed to bring about real change.²²

SOURCE: BoF ANALYSIS OF COMPANIES' PUBLIC DISCLOSURES ON OR BEFORE DEC 31, 2020.

05. WORKERS' RIGHTS

- Information on how effectively companies are engaging local communities and labour organisations is hard to decipher, even though this is seen as crucial to address the criticism raised against the current system.²³
- Though more than half of the companies indicated a commitment to responsible purchasing practices as defined in the Index, information to demonstrate how these are being implemented was much more limited.

Commitments to living wages are limited and are not backed by concrete action.

- Only Inditex, PVH Corp and H&M Group indicated a public commitment to ensure workers receive a living wage that covers the basic needs of a worker and their family. More companies addressed this issue if a wider definition is applied.
- Only a fifth of the companies provided details of how they plan to secure living wages for workers in their supply chain. PVH Corp, Inditex and H&M Group all engaged through [ACT On Living Wages](#), a five-year-old multi-stakeholder initiative focused on securing industry-wide [collective bargaining agreements](#) on wage levels in major manufacturing countries.
- None of the companies provided information about the proportion of workers in their supply chain already receiving a living wage.

The Sustainability Council



Anannya Bhattacharjee
India
International
Coordinator, Asia Floor
Wage Alliance

“When it comes to workers’ rights, we have been stuck with the current state of play for more than 10 years and the discourse is still way ahead of the action. The system remains opaque and, crucially, doesn’t include the voices of workers and their representatives. This means it’s incredibly difficult to adequately remediate issues. No matter how many committees are set up in factories, they are just not working. Going forward, there has to be a system of collaboration and binding agreements with workers’ organisations. Commitments to a living wage are meaningless if buying prices do not cover the cost of living wages.”



National Garment Workers Federation activists hold a rally in Dhaka, Bangladesh. Getty Images.

Exhibit 7: An Imperfect Score

Performance on labour rights is notoriously hard to measure. As with anything that relates to human experience, data can only capture part of the story. Meanwhile, companies’ public disclosures are limited, unregulated and often point back to a system of multi-stakeholder initiatives that has attracted mounting criticism.²⁴ To reflect this, the Index was weighted towards transparency on the outcomes of companies’ policies and processes.

Inditex substantially outperformed its peers because it indicated it monitors labour issues down to the second tier of its supply chain and disclosed information on its findings. The company also indicated comparatively high engagement with issues relating to living wages and purchasing practises and, relative to most of its peers, showed a robust relationship with organised labour within its own operations.

Notwithstanding its comparatively strong performance, some of Inditex’s manufacturers featured in a recent report by the Business and Human Rights Resource Centre (BHRR) on union-busting over the course of the pandemic.²⁵ It was also named in an influential report by the Australian Strategic Policy Institute (ASPI) that alleged factories manufacturing for the company in China used forced Uighur labour.²⁶

Inditex said it had found no evidence of any commercial relationships in Xinjiang, China or with the factories named in ASPI’s report. The company also pointed to its long-standing relationship with IndustriALL Global Union as an effective tool to support organised labour that it said had helped lead to resolutions of the cases raised in BHRR’s report.

Cases like this point to the urgent need for greater transparency and open and inclusive dialogue throughout the industry.

06. WASTE

The Challenge: The fashion industry feeds a culture of wasteful overconsumption.



Targets:

- Waste to Landfill, Plastic Packaging — By 2022: Eliminate waste to landfill and virgin and single-use plastic packaging.
- Waste-Free Production — By 2022: Establish waste-free production.
- Circular Business Models — By 2025: Establish a circular business model.

INDUSTRY PERFORMANCE

(PERCENT)

Overall Category Score 24

TARGET PERFORMANCE

Target Scores

- Waste to Landfill, Plastic Packaging 23
- Waste-Free Production 19
- Circular Business Models 28

COMPANY PERFORMANCE

Company Category Scores

Nike	37
H&M Group	36
Kering	32
Adidas	27
Gap Inc	27
VF Corp	26
PVH Corp	25
Inditex	25
Hermès	22
Levi Strauss & Co	22
Puma	21
Fast Retailing	18
LVMH	18
Under Armour	14
Richemont	12

Every year, roughly 40 million tonnes of textile waste is sent to landfill or incinerated, according to the Ellen MacArthur Foundation.²⁷ The rise of affordable fast fashion means consumers now buy more clothes, but use them for less time than ever before. But this isn't just a fast fashion problem. Even before Covid-19, over-production was so prolific that just 60 percent of garments were sold at full price.²⁸ The excess inventory that piled up during pandemic-induced lockdowns is a recent and visible reminder of the sector's excess.

Publicly, this is an area that has received significant attention. Circularity has become a popular buzzword, with brands pointing to a utopian future where old products can be recycled into new ones in a virtuous waste-free loop that detaches the industry from an extractive, linear business model and enables guilt-free growth. But it is not easy to walk the talk when it comes to circularity.

Progress Update

Waste is the worst-performing category in the Index.

- While disclosure for all categories was universally patchy, waste is an area where information was particularly lacking, with no clear standard for reporting or target-setting.
- Almost all the companies had broad goals to reduce waste and plastic use, but information on progress towards these goals was inconsistent, making it very difficult to measure.
- Adidas, Nike and Puma were the only companies to provide data on waste beyond their own operations. Information on plastic in packaging was largely anecdotal and only a fifth of the companies provided information on how they were tackling this from a B2B perspective.
- Inventory management, which has proved a drag on companies' financial performance during the pandemic, got little airtime. Just over half of the

SOURCE: BoF ANALYSIS OF COMPANIES' PUBLIC DISCLOSURES ON OR BEFORE DEC 31, 2020.

06. WASTE

companies provide data on inventory levels on a quarterly basis, but only four disclosed any information about how excess volumes are managed.

Companies are talking more about circularity than they are embracing it.

- Substantial investment and innovation are required before the industry can come close to achieving its circular ambitions.
- But uptake of solutions that are available today was limited too: just six of the companies already offered some form of resale during the Index assessment period. Only VF Corp and H&M Group indicated they actively offer rental.
- Two thirds of the companies indicated they offer some form of take-back scheme for old clothes, but information on the volume they collect or what happens to those garments was limited.
- Just over a third of companies said they were already designing some products to be recyclable, a critical step to help reduce the pile-up of old clothes in landfills.

There is an urgent need, and significant opportunity, for transformation.

- There are signs of mounting interest in new business models, even among luxury players who historically have been wary of the rise of resale; Kering acquired a 5 percent stake in re-commerce platform Vestiaire Collective in March, while LVMH has also indicated it is eyeing opportunities presented by the second-hand market.^{29 30}
- More than half the companies indicated they are actively engaged in efforts to develop solutions for post-consumer waste like textile-to-textile recycling technologies, some of which are now reaching industrial scale.³¹

The Sustainability Council



Edwin Keh
China
CEO, The Hong Kong
Research Institute of
Textiles and Apparel

“There is a general belief out there that the textile, apparel and fashion industries are not doing enough for the health of our environment. We are seen to be part of the problem. Yet we know there are lots of innovations, ideas and solutions ready to deploy, at scale, to make our industry greener, cleaner and more sustainable. To get the ball rolling, we need to change the ways we grow, process and colour the materials we use, and overhaul the way we manufacture, transport and warehouse the products we sell. We need to minimise waste and stop thinking of old products as disposable. And we need more effective ways to talk about this with our customers.

Courage, wisdom and a sense of urgency are needed in this hour.

Environmental sustainability is bigger than any one brand, supplier or retailer. We all have to work together. This is not only our shared challenge, it is also the unifying purpose for our industry.”

Textile waste piles up in landfill. Shutterstock.



CONCLUSIONS

This report is the first in a series of analyses based on *The BoF Sustainability Index*, which BoF will publish in the lead-up to the United Nations Climate Change Conference to be held in Glasgow, UK from November 1–12, 2021.

Discourse Outpaces Action

Companies need to move past target-setting to demonstrate tangible progress.

With less than 10 years left to deliver on global climate and sustainable development goals, time is running out and simply stating an ambition to change is no longer good enough. Some of the most high-profile opportunities, like establishing more circular business models, show only gradual uptake, while data to measure tangible progress in areas like emissions and water use remain limited.

The Trust Deficit

The fashion industry needs to fix its misinformation problem by creating truly transparent supply chains and publishing quality data.

Many of fashion's biggest companies still don't know or don't disclose where their products come from, and the further down the supply chain you go, the more opaque things become. That enables exploitation and human rights abuses and creates difficulties measuring the industry's environmental impact. More and better information is needed to enable strategic decisions that drive change.

The Finance Gap

Companies are not matching their bold ambitions with details of how they plan to pay for them.

Billions of dollars will be needed to drive innovation over the coming decade, but companies are not matching sustainability commitments with details of capital expenditure or investment plans as they typically would with corporate transformation strategies. Many of the most impactful changes will

occur at the manufacturing level. A more equitable partnership is needed between brands and their suppliers to share the cost of transitioning the industry to a more sustainable model.

The Growth Conundrum

Achieving bold ambitions to reduce the industry's footprint requires companies to disentangle growth from impact.

Navigating a transition that satisfies investors' demand for financial growth while mitigating fashion's environmental and social impact is one of the industry's most intractable challenges. Many companies are still hedging environmental goals against expansion with intensity-based targets. To shift the balance, new technologies and business models are needed. Ultimately, it may require regulation to create a level playing field and incentivise change. Care is also needed to achieve a just transition that protects and supports workers as supply chains shift to mitigate environmental impact.

Collaboration With Clout

Impactful and inclusive industry-wide efforts are needed to drive swift progress beyond the current baseline.

Over the last decade, industry groups have turned a focus on fashion's major sustainability challenges, galvanising collaboration in a sector renowned for competitive secrecy. But progress has been slow and there is no time to spend another 10 years simply bringing companies together to agree minimum standards. Fashion's leaders need to continue to push for more ambitious frameworks that can drive swift

common action and enable clearer accountability, while ensuring such efforts include representatives from across the full value chain.

A New Social Contract

Fashion must finally get to grips with systemic inequalities in its supply chain.

The crisis caused by the pandemic has added mounting urgency to calls to ensure labour rights are upheld in fashion's supply chain. That means ensuring purchasing practices support safe and equitable working conditions and living wages, providing space for workers' voices to be heard and engaging with governments to enact more robust labour regulation.

Pushing Boundaries

Pockets of innovation are emerging in areas like circularity and regenerative agriculture, creating fresh opportunities for positive change.

Fashion is embracing the concept of positive impact, with companies ratcheting up focus on circularity and regenerative agriculture, practices that protect and restore soil health and biodiversity, for raw materials like cotton. But this area remains nascent and work is needed to engage and incentivise all stakeholders and ensure this emerging topic results in action rather than simply a new set of buzzwords.

Visit businessoffashion.com to follow this series of regular analyses from *The BoF Sustainability Index*.

The Methodology

The BoF Sustainability Index is powered by a proprietary, quantitative and qualitative methodology that is designed to rigorously benchmark the sustainability policies and practices of 15 of the largest companies by revenue in the global fashion industry.

The methodology is based on publicly available information. BoF created the Index with input from a newly formed [Sustainability Council](#), a committee of 12 respected global experts in sustainability, who engaged in a pro bono consultation process to review, refine and validate the assessment approach. Our goal in creating a bespoke methodology was twofold:

First, we wanted to establish a framework to objectively measure the policies and practices of the largest fashion industry players over time and – crucially – compare their progress against one another using the same yardstick.

Second, we wanted to understand how the industry’s commitments and actions measured up against global environmental and sustainable development goals for the next decade.

The Categories

The Index uses 338 different metrics to assess companies’ progress towards 16 time-bound targets within six categories: transparency, emissions, water and chemicals, materials, workers’ rights and waste.

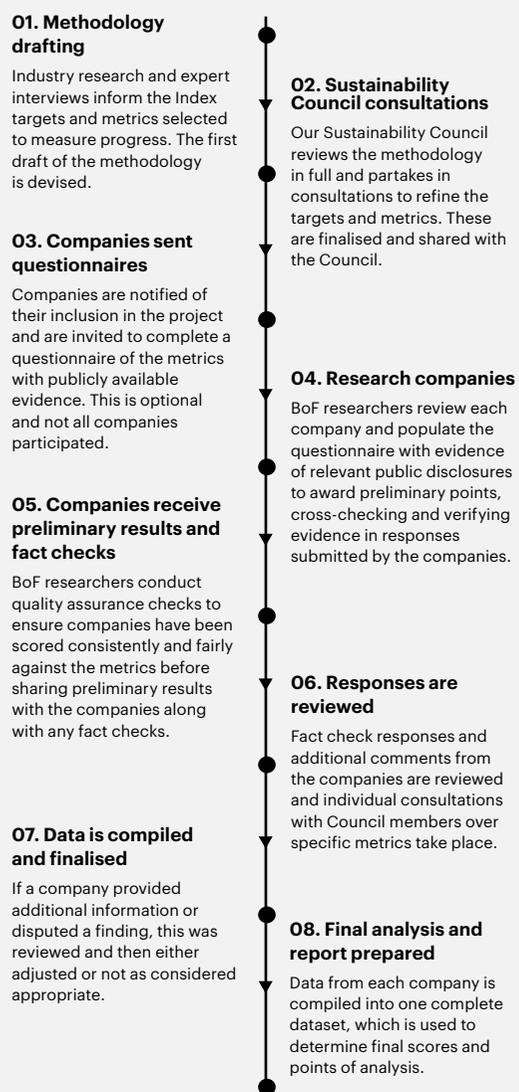
Each category is made up of between one and four targets. These are designed to push boundaries and reflect the transformational change required to align the industry with global climate goals and social imperatives over the next 10 years.

Targets and Metrics

To quantifiably and objectively measure performance, we broke down each target within the six categories into a series of metrics.

Exhibit 8: The Research Process

The research took place over a number of months. It included consultation with BoF’s Sustainability Council of external experts and transparent engagement with the companies assessed.



Each metric constitutes a question with a binary “yes” or “no” answer. Together, they are intended to represent a comprehensive pathway to achieve each target.

The questions are initially basic, requiring companies to simply indicate they have an ambition to address the issue in focus, but become progressively more granular to cover implementation of best-in-class policies and practices.

We designed the methodology in this way to reflect shades of progress in companies’ scores. In some more mature areas, like workers’ rights, we did not measure the most basic level of engagement in order to ensure the bar for performance was set at a sufficiently progressive level.

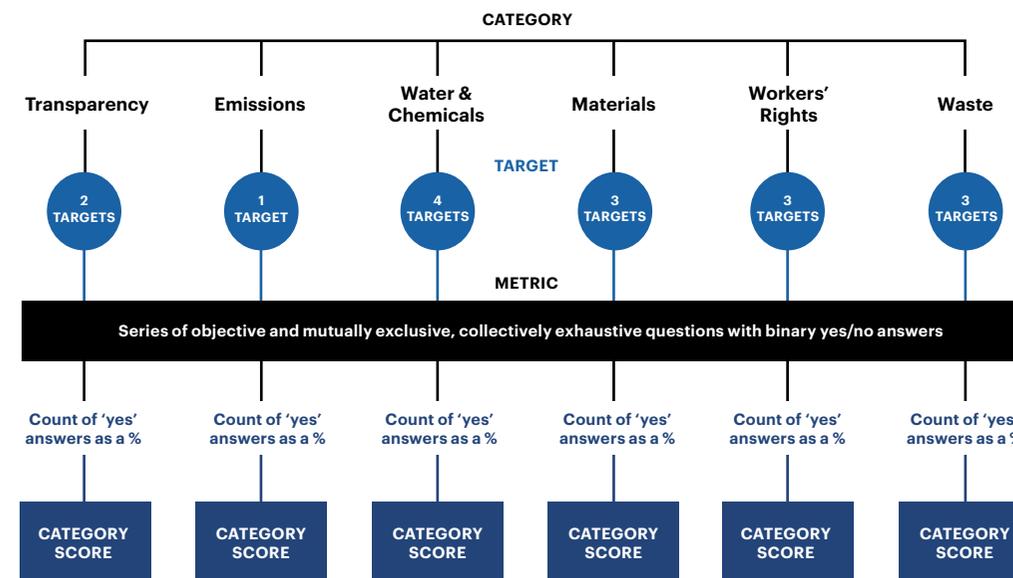
We hope this framework will provide a helpful tool to companies looking to establish sustainability strategies. To view the complete set of metrics and guidance about how each is assessed, please [click here](#).

Data Inputs

For the first iteration of the Index, we conducted assessments of the 15 largest public fashion companies by annual revenue in 2019 across three verticals – the largest five companies in luxury, the largest five in high street and the largest five in sportswear. We focused on listed companies because our assessment relies on public disclosures and addressed multiple verticals in order to examine a cross-section of the industry.

Exhibit 9: The Methodology Design

BoF’s proprietary methodology assesses progress towards ambitious targets within six core categories. Each target is distilled into a series of binary metrics.



Overall Company Score: The mean average of the company’s six category scores.

Overall Category Score: The mean average of the 15 companies’ scores for the category.

Company Category Score: Proportion of “yes” answers awarded to the company for all metrics in the category, calculated as a percentage.

Target Score: The mean average of the fifteen companies scores’ within an individual target.

For further information on the individual metrics, [please click here](#).

The companies' scores were determined by examining freely accessible public disclosures made available on or prior to December 31, 2020.

We began research in November 2020, providing the 15 companies in focus with the full methodology and an opportunity to provide their own responses based on publicly available evidence. This was reviewed against our research. Our findings were also fact-checked with each of the companies in question. If they provided additional information or disputed a finding, this was reviewed and then either adjusted or not wherever considered appropriate.

Scoring

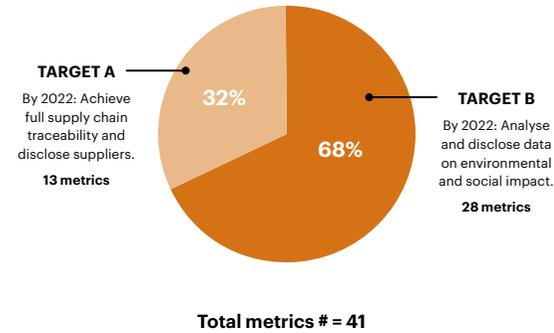
Companies receive a point whenever they provide sufficient public evidence to generate a "yes" answer to a given metric, as determined by [scoring guidelines](#) set by BoF. Their final score in each category represents the percentage of metrics for which they scored a point. A lack of sufficient evidence or no disclosure generated a "no" score by default for the respective metric.

To ensure each of the categories made a balanced contribution to the overall scores, they are weighted equally, though the number of targets and metrics within each category vary. For example, the water & chemicals category comprises four different targets. Similarly, the target relating to microfibre pollution contains just a handful of metrics, while more mature topics like eliminating hazardous chemicals contain significantly more. The timeframe to fulfil each target also varies. The pie charts shown here illustrate how each category is broken down.

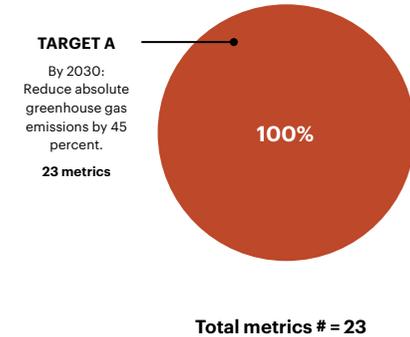
All averages outlined in the Index are mean averages and percentages are rounded up or down to the nearest whole percentage point. In *The BoF Sustainability Index* companies are grouped by vertical (luxury, high street and sportswear) and ordered by their overall company score.

The scores are not intended to endorse or denounce any particular company, but instead to uncover trends, identify areas in which more progress is needed and, we hope, to incentivise major brands to push forward their sustainability practices and policies.

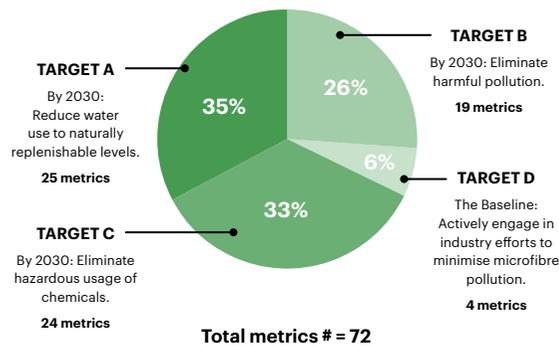
TRANSPARENCY CATEGORY SCORE BREAKDOWN



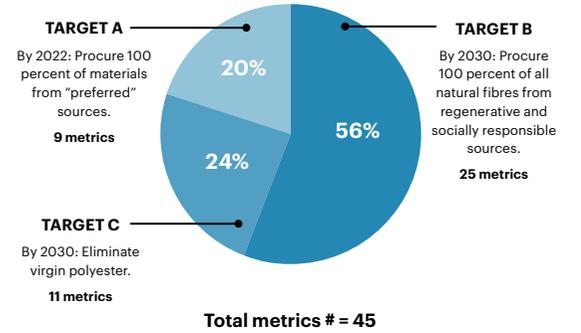
EMISSIONS CATEGORY SCORE BREAKDOWN



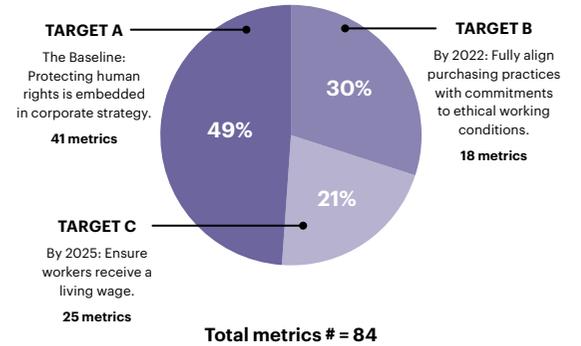
WATER & CHEMICALS CATEGORY SCORE BREAKDOWN



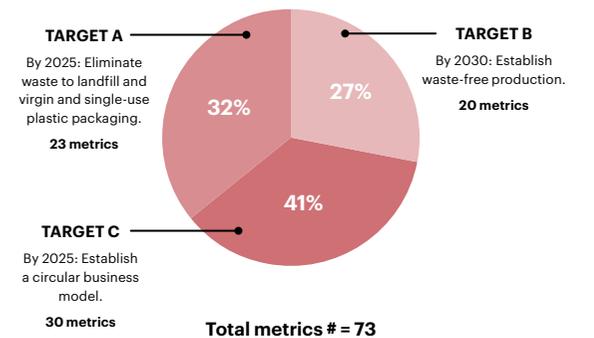
MATERIALS CATEGORY SCORE BREAKDOWN



WORKERS' RIGHTS CATEGORY SCORE BREAKDOWN



WASTE CATEGORY SCORE BREAKDOWN



Limitations

There are limitations to our approach, and we intend to continue to improve upon our methodology for future iterations.

Our assessment is a reflection of companies' public disclosures. Though transparency is foundational to sustainability, these are inconsistent and do not always comprehensively cover actions underway. Equally, the assessment is designed to measure progress towards ambitious goals, rather than simply taking a snapshot of current actions. A missed point may not mean a company is taking no action on a topic.

Our methodology is binary. This is intended to create an objective and comparable framework for assessment, but it also creates rigidity.

In order to ensure *The BoF Sustainability Index* is additive, we intend to work to align our methodology with existing disclosure tools and standards going forward.

We have endeavoured to take a holistic approach to sustainability, incorporating social impact into our analysis of environmental performance. However, our approach was framed by the limits of public disclosure and corporate discourse. One area we are actively looking to address more thoroughly in the future is racial justice, diversity and inclusion.

This is the first edition of the Index and we intend to update the methodology, targets, metrics and assessment criteria to build upon this initial framework. We welcome commentary. Any suggestions can be shared with the BoF team by emailing support@businessoffashion.com.

The Index is built on over 5,000 data points gathered across the 15 companies included in this year's edition. To request access to the full underlying data, [click here](#).

THE SUSTAINABILITY COUNCIL



NAZMA AKTER
Bangladesh
Founder and Executive Director, Awaj Foundation

Nazma has worked in the textile industry from the age of 11. She is involved in numerous unions, federations and committees for the improvement of workers' rights, especially women, and the harmonious development of the Bangladeshi garment and leather industry. She is the Founder, General Secretary and Executive Director of [Awaj Foundation](#), which has provided services to more than 740,000 workers. She is also the Founder and President of [Sommilito Garments Sramik Federation](#), which represents 65 garment-sector trade unions.



BOMA BROWN-WEST
USA
Director, Safe and Healthy Products, Environmental Defense Fund

Boma leads [EDF's](#) efforts to eliminate toxic chemicals from consumer products. She works closely with major retailers and consumer brands, advocating for smart chemical policies, ambitious corporate sustainability programmes and increased value chain transparency. She launched [EDF reports The Five Pillars for Safer Chemicals Leadership and The Roadmap to Sustainable E-Commerce](#). Boma has over 15 years' experience in product sustainability and degrees in mechanical engineering and technology policy from Yale University and MIT respectively.



AYESHA BARENBLAT
USA
Founder & CEO, Remake

With over a decade of leadership promoting social justice and sustainability within fashion, Ayesha is a social entrepreneur with a passion for building sustainable supply chains. She founded [Remake](#) to ignite a conscious consumer movement through advocacy campaigns, transparency ratings and citizen education focused on making fashion a force for good. Prior to [Remake](#), she led brand engagement at [Better Work](#), a World Bank and International Labour Organization partnership to ensure safe and decent working conditions within garment factories.



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Business Unusual Lead, China Water Risk

Dawn leads [think tank CWR's work](#) to help corporates navigate increasingly disruptive and material water and climate risks, as well as transitional risks in the supply chain arising from new regulations in China. Dawn helped build [CWR's](#) reach and engages extensively with the global fashion industry, delivering on-ground workshops in China, as well as keynotes and strategic input at European company headquarters. Dawn previously worked in a global investment bank assessing geopolitical risk, crisis management and business resilience.



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International Coordinator, Asia Floor Wage Alliance

Anannya is the International Coordinator of [Asia Floor Wage Alliance](#), an Asia-led international alliance of trade unions and labour rights activists that campaigns to address poverty wages, gender discrimination and freedom of association for garment workers in Asia. She is President of [Garment and Allied Workers Union](#) in North India. She is one of the few female trade union leaders in India and has helped build grassroots labour-related collaboration between organisations in North America, Europe and Asia.



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Global Fellow, Institute of Public and Environmental Affairs

Linda is a specialist in industrial chemical pollution, currently working as a Global Fellow with the [Institute of Public and Environmental Affairs](#), the leading environmental NGO in China. A PhD toxicologist by training, Linda has worked extensively to improve US environmental law and policy as well as on voluntary corporate sustainability initiatives. She created [Clean by Design](#), a green supply chain initiative to reduce the impact of the apparel sector with money-saving efficiencies.



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CEO and Co-Founder, Savory Institute

Daniela is the co-founder and CEO of the [Savory Institute](#), an international non-profit facilitating the large-scale regeneration of the world's grasslands through [Holistic Management](#). She has led the design and implementation of [Savory Institute's](#) revolutionary [global impact strategy](#) to tackle food and water security, and address climate change, including the [Land to Market Program](#), the first verified regenerative sourcing solution for food and fashion brands. [SI's](#) network has successfully regenerated over 13 million hectares of land worldwide. She is a co-founder of [Grasslands LLC](#), a for-profit company that manages extensive livestock operations.



LAILA PETRIE
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CEO, 2050

Laila is the CEO of [2050](#), an independent consultancy working to support a rapid transition to a sustainable future at some of the world's largest organisations through research, innovation and strategic planning. Laila previously held roles with [WWF](#) and [Marks & Spencer](#), including [WWF Global Lead](#) on cotton and textiles. She is the Joint Chair of the [United Nations Framework Convention on Climate Change Fashion Industry Charter for Climate Action](#), and works with a range of brand, NGO and governmental clients on fashion and sustainability.



EDWIN KEH
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CEO, The Hong Kong Research Institute of Textiles and Apparel

Edwin is the CEO of [The Hong Kong Research Institute of Textiles and Apparel](#). He teaches supply chain operations at the [Wharton School, University of Pennsylvania](#) and [The Hong Kong University of Science and Technology](#). Edwin was formerly the SVP COO of [Walmart Global Procurement](#). Prior to [Walmart](#), he managed a consulting group that worked with companies, nonprofits and charities on supply chain, manufacturing and product design. He has also held executive positions at several US consumer goods and retail companies.



MICHAEL SADOWSKI
USA
Independent Sustainability Advisor

Michael works across the apparel and footwear industry to advance circularity and climate solutions. Previously, he led strategy and external partnerships on [Nike's Sustainable Business & Innovation team](#), and also led the company's work on circularity. Prior to [Nike](#), Michael was a Vice President at [SustainAbility, Inc.](#) where he advised clients across sectors and helped develop multi-stakeholder collaborations including the [Zero Discharge of Hazardous Chemicals platform](#) and the [Closed Loop Fund](#).



FIONA LANG
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Partner, SynTao Sustainability Consultancy

As a partner at [SynTao Sustainability Consultancy](#), Fiona is responsible for providing strategic sustainability advice to various stakeholders, including government organisations, industrial associations, enterprises, academies and NGOs. Sustainable consumption is one of Fiona's key topics of focus. She developed the [Sustainable Guide to Chinese Retailers](#) and has been conducting research on sustainable consumption in China for five years. She also helps enterprises promote sustainable product innovation, operations, marketing and recycling. Before [SynTao](#), Fiona was CSR Director of [Walmart China](#).



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The Netherlands
Gender Lead, World Benchmarking Alliance

Shamistha leads the Gender Benchmark at the [World Benchmarking Alliance](#), an organisation established to rank and measure 2,000 of the world's most influential companies on their contributions to the [UN Sustainable Development Goals](#). Shamistha's work on the Gender Benchmark engages a range of stakeholders with an initiative that incentivises business to drive gender equality and women's empowerment throughout their value chain. She previously worked as a corporate lawyer advising companies on international and domestic business and human rights standards.

GLOSSARY

1.5 Degree Pathway

A course of action that would limit global warming to 1.5 degrees Celsius above pre-industrial levels, significantly reducing the risks and impact of climate change.

Absolute Emissions Target

A target that aims to reduce a company's emissions relative to a historic baseline. (See also Intensity-Based Emissions Target).

ACT on Living Wages

A multi-stakeholder initiative focused on securing industry-wide collective bargaining agreements on wage levels in major apparel manufacturing countries.

Better Cotton Initiative (BCI)

A non-profit multi-stakeholder organisation focused on making cotton cultivation more sustainable. Licensed BCI farmers must meet the core requirements of the Better Cotton Principles and Criteria, including minimising the harmful effects of pesticides, protecting soil health, biodiversity and water security and committing to decent work principles.

Biodiversity

The variety of life on the planet in all its forms, including all plants, animals, bacteria, fungi, etc.

Carbon Neutrality

Balancing the level of carbon emissions caused by humans with an equal level of carbon removal.

Carbon Offsetting

An action or activity that compensates for carbon dioxide emissions in the atmosphere. This may be through purchased credits or direct action like planting trees.

Collective Bargaining Agreement (CBA)

A labour contract between an employee union and the employer that regulates the terms and conditions of employees at work.

CDP

A not-for-profit organisation that runs a well-established system for environmental disclosure.

Child Labour

"Work that deprives children (any person under 18) of their childhood, their potential and their dignity, and that is harmful to their physical and/or mental development," according to the International Labour Organization. "It refers to work that is mentally, or morally dangerous or harmful to children, and/or interferes with their schooling by depriving them of the opportunity to attend school; obliging them to leave school prematurely; requiring them to attempt to combine school attendance with excessively long and heavy work."

Circular Business Models

Business models aimed at minimising waste and the efficient use of resources through steps like reuse and recycling. Some examples include resale and rental.

Circularity

An economic system aimed at eliminating waste and promoting the continual use of resources, encouraging regenerative inputs, reuse and recycling.

Context-Based Water Targets

Targets informed by the social, economic and environmental conditions of regional water basins. They are designed to align companies' water management strategies with locally sustainable thresholds and public policy goals.

Environmental Profit & Loss Account (EP&L)

A non-financial accounting system that places a financial value on companies' environmental footprint.

Environmental, Social and Governance (ESG) Investing

An investment strategy that screens potential investments based on environmental, social and corporate governance criteria, as well as financial performance.

Extractive Business Model

A linear business model that depletes resources to generate new products that are sold for a profit and disposed of as waste.

Fashion Pact

An industry coalition committed to a series of core targets intended to address global warming, restore biodiversity and protect the oceans.

Forced Labour

Work that is performed involuntarily and under the menace of any penalty. It refers to situations in which persons are coerced to work through the use of violence or intimidation, or by more subtle means such as manipulated debt, retention of identity papers or threats of denunciation to immigration authorities, according to the International Labour Organization.

Global Organic Textile Standard (GOTS)

A certification that accredits organic textiles were processed and manufactured in an environmentally and socially responsible manner.

Global Warming

The estimated increase in global temperatures above pre-industrial levels that, if not halted, is expected to result in dangerous climate change.

Greenhouse Gas Emissions

Emissions of gases that trap heat in the atmosphere, contributing to the greenhouse effect. They include carbon dioxide, methane, nitrous oxide and CFCs.

Greenwashing

Marketing that suggests a company or its products are environmentally friendly in a way that is misleading, exaggerated or not reflected in overall business practices.

Hazardous Chemicals

Hazardous chemicals are not just those that have been regulated or restricted, but any chemical with intrinsically hazardous properties.

HIGG Index

A set of tools developed by the Sustainable Apparel Coalition (SAC) to enable brands, retailers and manufacturers to assess the environmental and social impact of their operations, products and materials.

International Labour Organization (ILO)

A UN agency that brings together governments, employers and workers to set labour standards, develop policies and devise programmes that promote decent work.

Intensity-Based Emissions Target

A target that aims to reduce a company's emissions relative to some sort of economic output, such as economic growth. (See also Absolute Emissions Target).

Life-Cycle Assessment (LCA)

A methodology to assess the environmental impacts associated with all stages of a product's life, from raw material extraction through to materials processing.

Living Wage

There are multiple definitions of a living wage, but the principle is to ensure a worker's income is sufficient to provide a decent standard of living for an individual and their family. A living wage will cover essential needs like food, water and clothing for a worker and their family based on a regular working week that does not include overtime.

Microfibres

Very fine synthetic fibres that are a subset of microplastics (very small pieces of plastic, typically less than 5mm in length that pollute the environment). Their environmental harm is caused by their slow degradation, which occurs over hundreds — if not thousands — of years.

Multi-Stakeholder Initiatives (MSIs)

Collaborations between businesses, civil society and other stakeholders that seek to address issues of mutual concern, including human rights and sustainability.

Net Positive Impact

A way of doing business which puts back more into society, the environment and the global economy than it takes out.

Organic Agriculture

A production system that does not use synthetic fertilisers or pesticides and seeks to sustain the health of soils, ecosystems and people.

The Paris Agreement

A legally binding international treaty on climate change that came into force in 2016 with the goal to limit global warming to well below 2 degrees, and preferably below 1.5 degrees Celsius, compared to pre-industrial levels.

Post-Consumer Waste

Waste material generated by households, corporations or industrial facilities in their role as end-users of a product.

Pre-Consumer Waste

Material discarded before it was ready for consumer use, like textile scraps.

Preferred Materials

A term used by non-profit standard-setting group Textile Exchange to describe a material that is ecologically and/or socially progressive compared to alternatives.

Purchasing Practices

The way brands and retailers interact and do business with the manufacturers that supply their products. They encompass planning and forecasting, sourcing, design and development and costing and payment terms. They can directly impact workers by affecting the ability of suppliers to pay wages and benefits and manage a sustainable workflow. Poor purchasing practices can lead to excessive overtime, unauthorised subcontracting and precarious working conditions.

Regenerative Agriculture

Farming principles and practices that seek to reverse environmental damage and restore soil health in order to enhance biodiversity and enable carbon drawdown.

Renewable Energy

Energy that is collected from natural resources that can be replenished on a human timescale, such as sunlight, wind, rain, tides, waves and geothermal heat.

Science-Based Targets

Measurable, actionable and time-bound goals based on the best available science that align a company's operations with global climate goals.

Scope 1 Emissions

Direct emissions from a company's owned or controlled operations.

Scope 2 Emissions

Indirect emissions generated by electricity or heat purchased by a company.

Scope 3 Emissions

Indirect emissions that occur in the company's supply chain or during consumer use.

Sustainable Apparel Coalition (SAC)

An industry-wide alliance of apparel and footwear brands, retailers, manufacturers, non-governmental organisations, academics and government organisations which aims to reduce the environmental and social impacts of apparel, footwear and textile products.

Sustainable Development Goals (SDGs)

A series of 17 interlinked global goals designed to offer a blueprint for sustainability. They were set by the United Nations General Assembly in 2015 and are intended to be achieved by 2030.

Textile Exchange

A non-profit organisation focused on accelerating climate action in the textile industry through standards and research that encourage the uptake of fibres that are produced in a more environmentally and socially responsible manner.

Tier 1 (Supply Chain)

Production facilities where finished products are made. These are sometimes referred to as cut and sew facilities.

Tier 2 (Supply Chain)

Material production facilities where materials are manufactured. Fabric is made from yarn and dyed. These are sometimes referred to as dye houses and/or fabric mills.

Tier 3 (Supply Chain)

Material processing facilities which process raw materials into yarn and other intermediate materials. This includes processing of natural and synthetic materials into yarn.

Tier 4 (Supply Chain)

Raw material farming and extraction.

UN Fashion Industry Charter for Climate Action

A series of principles laid out in 2018 aimed at achieving net-zero greenhouse gas emissions for the fashion industry by 2050. Among other things, signatories commit to reduce aggregate emissions across the industry by 30 percent by 2030.

Wastewater

Water and water-carried solids that have been used or impacted by production processes, including industrial, sanitary and storm water discharges.

Water Risk

The possibility that an area or entity will experience a water-related challenge, such as water scarcity, water stress, drought, flooding, water depletion or aridity.

Water Stress

Occurs when the demand for water exceeds the amount available or when poor quality restricts its use.

Wet Processing

Manufacturing processes that use water to apply chemicals or finishes. They include dyeing, printing and finishing.

World Resources Institute (WRI)

A non-profit global research organisation focused on the sustainable management of natural resources.

WWF

An international conservation organisation focused on conserving biodiversity, ensuring sustainable use of natural resources and reducing pollution and wasteful consumption.

ZDHC

A multi-stakeholder initiative focused on sustainable chemical management within the textile, apparel and footwear supply chain.

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The Sustainability Council was selected for its expertise on environmental and social issues that directly relate to the fashion industry. As such, some members have affiliations with companies featured in the Index. Their role was to advise and help formulate the targets and metrics that make up *The BoF Sustainability Index* methodology. They did not participate in scoring any of the companies. The assessment of companies has been carried out solely according to *The BoF Sustainability Index* methodology and by the BoF team.

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BoF acknowledges that we are at the beginning of our own sustainability journey. We have committed to auditing our operations in 2021 to better understand our impact on the environment and identify a plan to reduce our footprint. We will share those results and commitments as they are identified.

ABOUT THE BUSINESS OF FASHION

Born amidst a fashion industry being radically reshaped by technology, globalisation and an economic crisis, BoF has become the catalyst of a collective conversation amongst fashion professionals from across the world. Because to grapple with great change, the industry first needs to come together as a community.

The Business of Fashion is recognised around the world for its authoritative, analytical point of view on the \$2.5 trillion global fashion industry. Our mission is clear: build fashion's global membership community to open, inform and connect the industry.

Serving members in more than 125 countries, BoF combines independent, agenda-setting journalism with practical business advice, online learning, career-building tools and immersive events and experiences, powering positive change in fashion and the wider world.

This pioneering approach has made BoF the leading source of intelligence for the industry, and one of its most respected and influential voices, simply because you won't find BoF's original reporting and analysis anywhere else.

Today, our talented team of reporters, editors, analysts, engineers, designers, marketers and brand strategists span the globe. Together, we create world-class content, services and experiences including BoF *Professional* (exclusive insight, analysis and opinion), BoF *Careers* (connecting the best talent with the best job opportunities), BoF *Education* (fashion's platform for online learning), VOICES (BoF's annual gathering for big thinkers), the BoF 500 (an index of the people shaping the global fashion industry) and #BoFLIVE (a global weekly digital event series).

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