

FASHION INDUSTRY CHARTER FOR CLIMATE ACTION

PROGRESS REPORT 2023

Global Climate Action
United Nations Climate Change



FASHION INDUSTRY CHARTER FOR CLIMATE ACTION

PROGRESS REPORT 2023

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FASHION INDUSTRY CHARTER FOR CLIMATE ACTION: FOREWORD



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The fashion industry has chosen the path of collaboration on climate, through the Fashion Industry Charter for Climate Action. Members of the Fashion Industry Charter for Climate Action have recognized that their ambitious commitments need to be underpinned by working together and by transparent reporting, which are core commitments under the Charter. This report demonstrates that during the three years of reporting there has been some progress but continuing and extending the reporting coverage must remain a high priority for the Fashion Charter if it's to ultimately achieve its goals and drive climate action. Good examples in the industry exist with companies making good on their Charter commitments and demonstrating action. It will be crucial to work collaboratively to share lessons learned from those who are pioneering efforts and paving the way for the rest of the industry to follow suit.

Going forward it is essential for the industry as a whole to strategically

align actions both among companies and supply chains but also within the supporting eco-system, to lay the groundwork now for what is needed to happen in the industry this year, by 2025 and what 2030 necessitates: cutting emissions across the board and transforming the sector towards a renewable and net-zero future aligning with the resilient 1.5°C pathways.

Yet, just as no one government, organization or person can drive the climate process alone, no single business can drive sectoral change either. Transition to net-zero economy is not going to be easy and will need unprecedented levels of collaboration both within and outside the industry. To accelerate the transition, governments need to deliver clear and ambitious policy frameworks. For this to happen, fashion corporate leaders must step into the arena of public discussion and political debate, and – together with stakeholders across all areas of society – clearly and confidently make the case for policy ambition.

Fashion Industry Charter for Climate Action - Background

The Fashion Industry Charter for Climate Action is an industry-led initiative convened by UN Climate Change to drive the fashion sector to net-zero greenhouse gas emissions no later than 2050. The Charter renewed its commitments at COP 26 in November 2021, and new goals have been set out for Charter signatories. The renewed commitments adopted by vast majority of signatories, form a decarbonization plan aligned with Paris Agreement ambitions to limit the global temperature rise to 1.5°C above pre-industrial levels. Signatories, who were instrumental in developing Charter commitments, recognize that the fashion industry as a whole needs to take an active part in realizing these goals.

Central call in the Charter is for signatories to set Science Based Targets or halve emissions by 2030, with a pledge to achieve net-zero

emissions no later than 2050. This is an update on the previous target of 30 per cent aggregate greenhouse gas emission reductions on scope 1, 2 and 3 by 2030. This goal has been informing the work of Charter signatories until The update came at a crucial moment for climate action following the Intergovernmental Panel on Climate Change (IPCC) report, which referred to a “code red for humanity”.

The process of updating the commitments was carried out by the UN Climate Change secretariat, with detailed consultation and inputs from all signatories.

Updated Charter commitments have been refreshed against a background of evolving industry commitment and ambition levels for the private sector on climate change. While the Fashion Industry Charter for Climate Action’s renewed ambitions to keep warming in line with a 1.5°C future are ambitious, they are in step with broader industry initiative targets for emissions reductions.



Fashion sector can utilize its unique leadership position with by acting as an example for other industries. As with any other industries, the emissions footprint of fashion is significant. By committing to the Charter, Fashion Industry actors have also committed to working collaboratively to define what the “best of action” looks like, align the industry around the Charter goals and to collaboratively address challenges. While progress has been made more of the industry needs to come on board, to create a level playing field, share resource and knowledge and accelerate collectively

industry transition. While individual action will continue, with the full commitment of the Charter's signatory base we have a unique opportunity to collaborate on issues that no brand, supplier or retailer can achieve on its own. The direction of travel is clear: it is imperative to decarbonize our economy as soon as possible in support of the broader Sustainable Development Goals. This requires herculean effort by everyone, and UN Climate Change remains committed to help the fashion industry in this journey.

CONOR BARRY
MANAGER, ENGAGEMENT
UN CLIMATE CHANGE

Governance

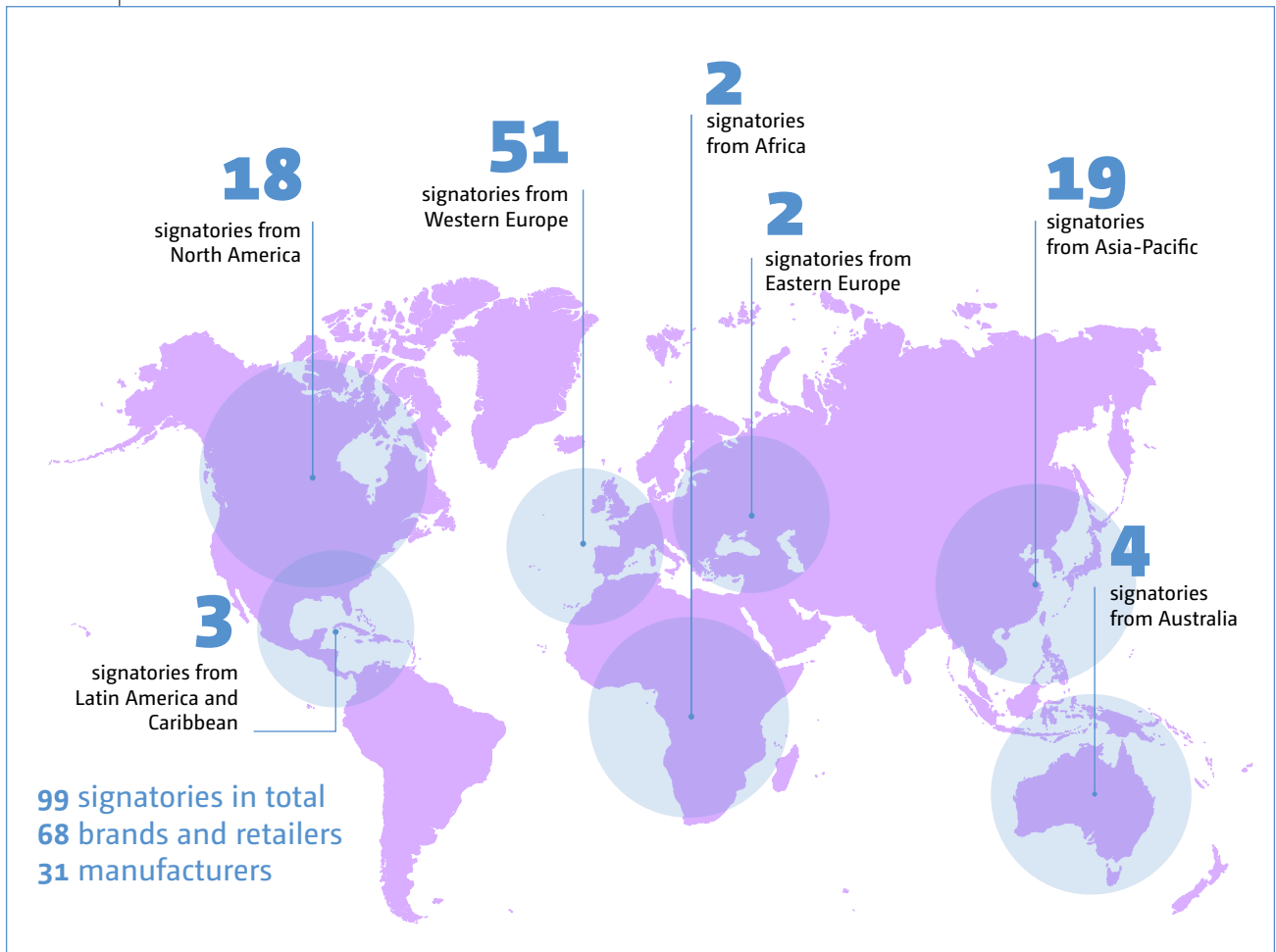
The governance of the Charter was created specifically to ensure both credible, transparent delivery of shared goals and inclusive decision making and industry participation. A set of working groups have been established to draw from the wide Charter signatory base, and each working group has responsibility for delivery of an identified segment of the Charter goals. The Steering Committee is made up of the co-chairs of the working groups and is accountable for the outcomes of Charter activities and organizational functioning. Decisions are approved by task teams working on the topic, followed by the relevant working group, followed by the Steering Committee, and major decisions are also shared with the whole charter through all-signatory calls.

During 2022, Fashion Charter signatories have, through working groups, continued sharing best practice through conversations, webinars and collaborative work on specific projects such as: guidance to align with 1.5°C; guidance on measuring Scope 3 category of

purchased goods and services; gap analysis for man-made cellulosic fibers and animal fibers, conducted discussions on preferred materials and roadmap template on verification mechanisms for raw materials. The groups have also continued engagement on policy advocacy opportunities, conducted workshops on collaborative action, delivered trainings and webinars for members and supply chains in collaboration with [USAID](#) and [German Development Agency \(GIZ\)](#), and initiated a coal phase out pilot project in collaboration with GIZ. The Charter members also engaged with UNEP on developing the Sustainable Fashion Communication Playbook: A guide to aligning fashion communication to the 1.5°C climate target and wider sustainability goals.

Accountability

The Charter shares its annual progress through an event at COP each year, as well as through external reports and updates. Charter signatory companies report their GHG emission baselines, targets, progress and working group commitments through the CDP supplier programme on annual basis. Members are requested to



report publicly, with the exception of companies who report for the first time and can report privately.

Fashion Charter in Numbers

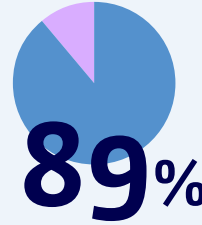
As of February 22, 2023, 99 companies including brands, suppliers and retailers have committed to the goals of the Fashion Industry Charter for Climate Action. In the last three years, 31 signatories have lost accreditation with the Charter due to failure to report or have made the decision to leave the Charter and engage more actively with other industry coalitions. The majority of Fashion Charter companies come from Western Europe, followed by

Asia Pacific and North America, Latin America and the Caribbean, Australia and Africa. The target choices submitted by companies to the UN Climate Change reflect the majority of these companies opting for the Science Based Targets.⁴⁰ supporting organizations have joined the Fashion Charter to ensure alignment of efforts and support implementation of the principles of the Charter.

EXECUTIVE SUMMARY: KEY FINDINGS

CDP DATA SHOWS

→ Fashion Charter signatories have demonstrated year-on-year performance improvements on all six key performance categories. On average, signatories perform higher on common climate change disclosure KPIs than the industry average (see table: Apparel sector & signatories). However, the data also shows that the climate emergency continues to necessitate faster acceleration of actions and scaled collaboration.



→ 89% of signatories complied with the Fashion Charter’s basic reporting requirement and disclosed climate-related information via CDP. In 2022, nearly twice as many signatories submitted their response publicly when compared to 2020.



10

→ 10 signatories made it onto CDP’s A List in 2022, demonstrating leadership in environmental transparency and best practices in climate change management.

→ 45% of the active signatories in 2022 are compliant with setting public climate targets needed to keep global warming below 1.5°C. 17% more are committed to setting a 1.5°C target with the Science Based Target Initiative.

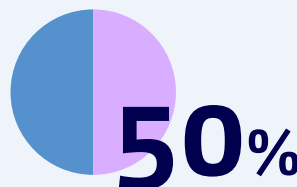
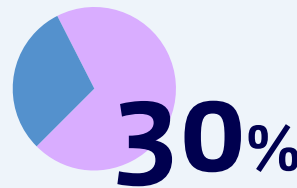


→ Disclosing signatories have demonstrated improved carbon accounting practices. 99% of disclosing signatories calculate and report their operational emissions (Scope 1 and Scope 2 emissions). Only 50% of signatories report third-party verified Scope 1 & Scope 2 emissions.



99%

→ Over the past years, the aggregate performance of signatories on disclosing their Scope 3 Category 1 emissions has grown by about 20%. In 2022, 32 signatories reported achieving reductions in their Scope 3 emissions with 13 and 6 achieving at least 30% and 50% respectively. There are two areas where there is opportunity for improvement: the first is that only 20 signatories have verified their Scope 3 emissions and of those, only 7 have achieved reductions of at least 30%. The latter applies to those signatories who have approved science-based targets. While many of these signatories have reported some reduction in Scope 3 emissions, a smaller proportion has achieved larger reductions of at least 30% or 50%. These signatories demonstrate actionable ambition with ample opportunity for increased emissions reduction.

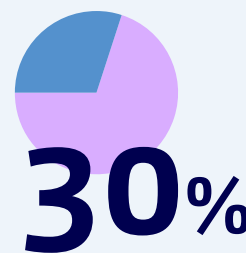


→ Signatories are increasingly calculating and reporting their Scope 3 emissions. CDP estimates that a company’s Scope 3 emissions, in particular Category 1 – Purchased Goods and Services, are on average over 11x higher than a company’s Scope 1 & 2 emissions combined. Tackling Scope 3 emissions is critical for mitigating GHG emissions in the fashion sector.

→ From 2020 to 2022, there has been a noticeable increase from 18% to 42% of signatories who reported they have set a measurable 100% renewable energy target for their operations by 2030. Data is missing for about 50% of signatories. 14 signatories are part of RE100, pledging to transition to 100% renewable electricity throughout entire operations by 2050.



→ The number of signatories reporting their energy consumption has doubled over the past three years. 30% are not yet providing this information in the most recent disclosure cycle.



→ The total aggregate renewable energy sourced from renewables is 15% for responding signatories in 2022. The number of signatories disclosing total consumption sourced from renewable energy has nearly doubled from 2021 to 2022 and marks an 88% increase in transparency since the first reporting year (2020).



→ Driving Scope 3 emissions reductions is a key lever in all 1.5°C targets set by signatories. The data provided by signatories shows a 20% increase in overall supplier engagement. In 2022, 80% of the signatories indicated they engage their supply chains on climate-related issues.



→ Signatories are increasingly disclosing that they engage with their value chain partners on climate issues by collecting primary information, incentivization, and driving innovation and collaboration with suppliers. In the 2022 reporting cycle, 24 out of the 93 reporting companies indicated that they included climate-related requirements into their supplier contracts.

→ Over the past three years, a growing number of signatories have engaged with the public policy sector on driving positive environmental change. In 2022, 26% of signatories reported engaging with policymakers on climate-related issues and influencing policy, law, or regulation.



Information collection, engagement and incentivization, driving innovation and collaboration with suppliers

TABLE 1: Apparel sector & signatories

Apparel sector statistics	Apparel sector %	Signatories%
Disclosing	77%	89%
Approved SBT	10%	40%
Reporting total renewable energy consumed	39%	76%
Verified Scope 2 emissions	16%	54%
Reporting operational emissions	73%	99%
Engages suppliers	50%	90%



CDP appreciates the signatories' leadership in an industry where the stakes couldn't be higher. Massive production volumes, resulting in millions of garments purchased each year, leave behind a staggering trail of Scope 3 emissions. CDP estimated in 2020 that the upstream emissions of apparel are 25 times that of their own operations. This puts the signatories of the Fashion Charter in a unique position to drive change where it matters most. CDP climate disclosures shed light on how suppliers are measuring and taking action to reduce emissions. CDP encourages all signatories to align to a 1.5 future and publicly report plans and progress towards achieving it, while also addressing their interconnected water security and deforestation impacts in their mitigation efforts.

SONYA BHONSLE
GLOBAL HEAD OF VALUE CHAINS
& REGIONAL DIRECTOR CORPORATIONS,
CDP UK & WORLDWIDE

**CDP KEY PERFORMANCE
INDICATORS FOR
FASHION CHARTER
SIGNATORIES**



You can't manage what you don't measure.

The metrics defined in the [Fashion Industry Charter for Climate Action](#) enable the measurement, direction, and cascade of climate action. Disclosing progress towards the objectives set forth in the Fashion Charter is crucial for leading the industry on a transparent path to net zero. This progress report presents a first assessment of the fashion industry's climate performance over the past three reporting cycles, covering compliance with the Fashion Charter requirements, disclosure quality, alignment with best practices in climate change management, and the importance of cascading action through supply chain and policy engagement.

CDP key performance indicators (KPIs) 2020 - 2023

Several data points collected through the CDP Climate Change questionnaire generate mission-critical insights for the Fashion Charter, enabling the industry to make informed decisions and track progress towards their climate commitments. Table 1 in the appendix outlines how core elements of the Fashion Charter relate to CDP reporting and key actions in environmental management.

The six key categories (see Table 1 in the appendix) include questions from the CDP Climate Change questionnaire and highlight disclosure KPIs that play a significant role in advancing the mission of the *Fashion Charter*, which is “to drive the fashion industry to net-zero Greenhouse Gas emissions no later than 2050 in line with keeping global warming below 1.5 degrees [Celsius]”.

BOX 1: On CDP Reporting

CDP is a not-for-profit charity that runs the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts.

The **UNFCCC** requests climate change data from **Fashion Charter** signatories through CDP's [Supply Chain program](#).

The corporate Climate Change questionnaire includes 15 key sections on climate change management and an additional module on supply chain data which is currently optional for signatories.

C H A P T E R 2

**2020 – 2022
CDP DISCLOSURE
INSIGHTS**

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I. BASIC REQUIREMENT: CDP PARTICIPATION & GHG EMISSIONS REPORTING

Over the past three years, the Fashion Industry Charter for Climate Action requested more than 100 signatories to respond to CDP’s Climate Change questionnaire administered through CDP Supply Chain. Each year, signatories who meet the annual scoring deadline are evaluated and assessed based on demonstrated transparency through disclosure, awareness of climate-related risks, environmental management, and environmental leadership reflecting best practice in climate strategy and actions for climate change mitigation.

Participation

Compared to an initial response rate of 73% in 2020, 89% of companies were compliant with the Charter in the last reporting cycle (2022), therefore meeting the requirement to respond to the UNFCCC’s CDP request. The 16% increase is a sign of growing transparency among the Fashion Charter industry group.

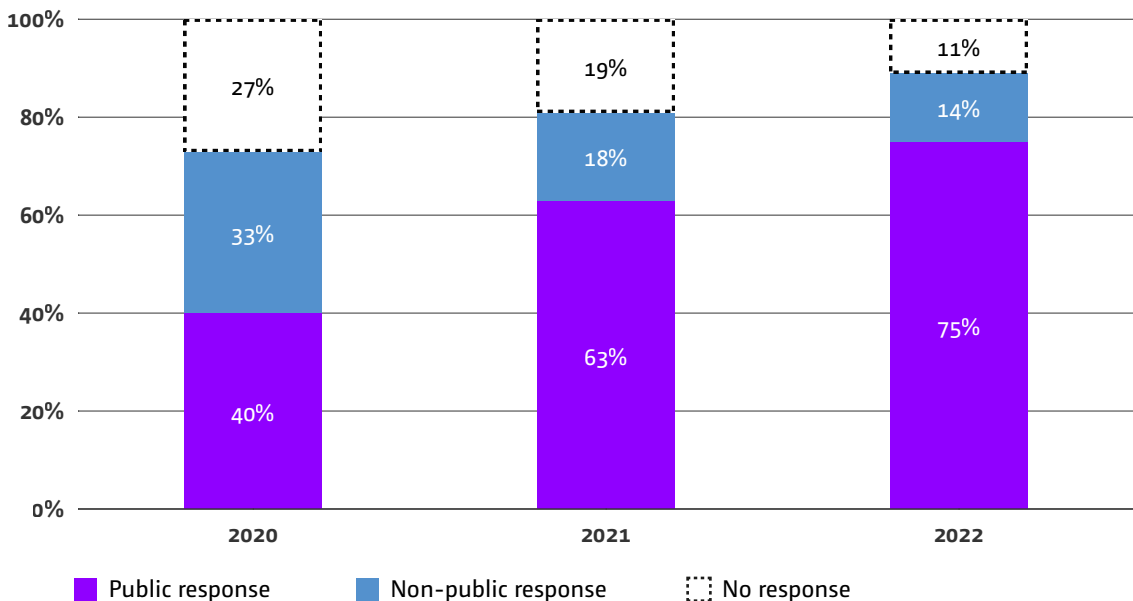
99%

of the signatories who disclose their climate impact to CDP calculated and reported their operational emissions in 2022.

(Note: By signing the charter, signatories commit to disclose climate-related data to CDP. Failure to do so will lead to removal from the Charter).

To reduce uncertainty due to data gaps, it is critical that all previous non-responders and new signatories disclose to CDP in the upcoming 2023 disclosure cycle. Note that signatories are expected to submit a **public** response to CDP.

GRAPH 1 Fashion Charter signatories complying with basic reporting requirement through the years





Measurement and reporting are important for improving the company and support the decisions of its stakeholders. First, data is required to advance Sustainability, as we can not manage which is not being measured. Second, stakeholders such as investors and customers need support in making business decisions that align with sustainability, whether to invest in a company or have business relationship with it. As we make our impact and approach to mitigation and value creation visible, we can attract long-term partners who believe in our company's approach and journey. With this support only, we can make further progress since sustainability needs investment and orchestrating change in organizations and value chains.


Lenzing measures its scope-1, direct emissions, and collects its scope-2, in-direct emissions, from either independent authoritative sources or energy supplier data. Scope 3 is a challenging area because it covers in-direct emissions from both relevant upstream and downstream value chain steps. Here, we use independent third party database values and some supplier data. This is an area where every company needs to improve with primary data. Thus, we continuously engage with our most relevant suppliers to support their emissions reduction ambitions and get up-to-date information.

DR. KRISHNA MANDA
VICE PRESIDENT CORPORATE SUSTAINABILITY
LENZING GROUP

CDP congratulates the 2022 CDP A listers. These signatories have achieved the highest scores among signatories reporting to CDP in the 2022 disclosure cycle. The 330+ companies who made it onto the A list are leading the way in environmental transparency and performance on best practices in climate change management.

Disclosing signatories have demonstrated improved carbon accounting practices. 99% of disclosing signatories calculate and report their operational emissions (Scope 1 and Scope 2 emissions). Signatories may use the location-based or the market-based method to calculate their Scope 2 emissions.

(Note: CDP recommends performing and reporting both calculations).



A CDP score provides a snapshot of a company's disclosure and environmental performance. Bold environmental action must begin with an accurate, transparent assessment of environmental impact and progress, which CDP scoring makes possible. The scores show organizations and their stakeholders where they are on the road towards operating in line with a 1.5-degree, deforestation-free and water-secure future. By disclosing over consecutive years, they can understand the trajectory of their environmental journey. Learn more about CDP scores [here](#).

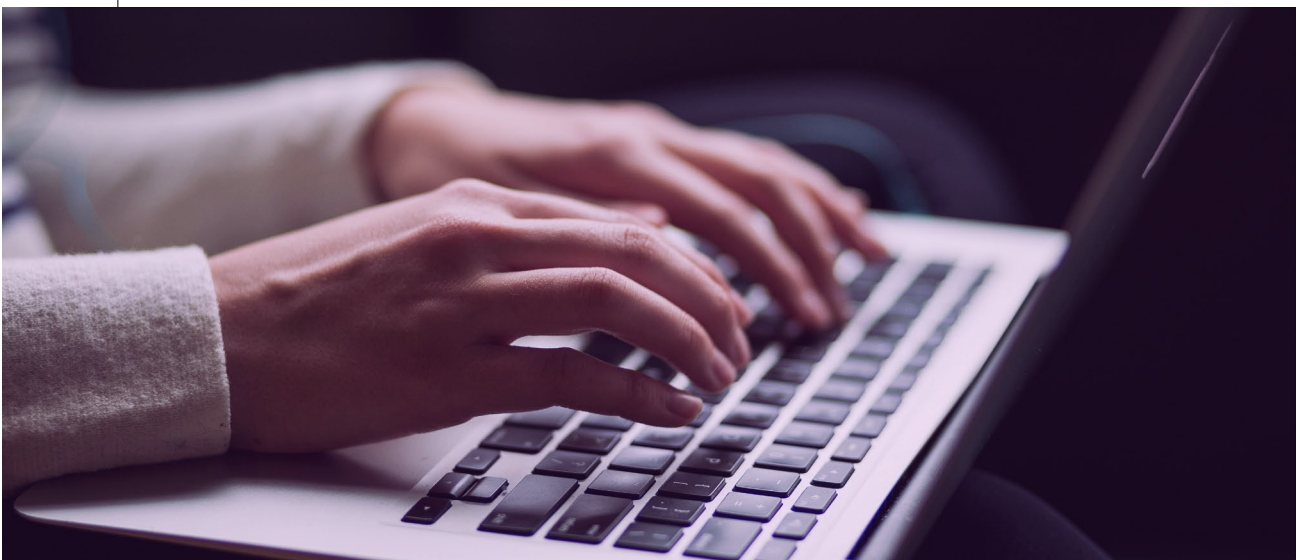
To improve data reliability and quality of emissions data, it is considered best practice to seek independent third-party verification of one's emissions inventory. Over 50% of signatories are providing the UNFCCC with verified Scope 1 + 2 emissions data. While the disclosure of operational emissions is a key pillar of a company's sustainability journey, it is critical for the apparel sector to calculate, report, and act on their Scope 3 emissions.

CDP estimates that a company's Scope 3 emissions, in particular *Category 1 – Purchased Goods and Services*, are on average over 11x higher than a company's Scope 1 & 2 emissions combined. Over the past years, the aggregate performance of signatories on disclosing their Scope 3 Category 1 emissions has grown by about 20%. In 2022, 77% of the disclosing signatories provided their Scope 3 estimates via CDP.



The luxury industry has a responsibility to take a leading role in the fight against climate change. Kering's recent recognition once again on the CDP A List on Climate Change is a testament to our commitment to sustainability. As we work towards reducing our impact, we are exploring new ways to tackle climate change, such as through regenerative agriculture, innovating financing mechanisms, circular approaches and biodiversity protection. These focus areas will not only help us achieve our goals, but also drive positive change across the industry. By openly and honestly sharing the impact of our actions on a regular basis, we show our commitment to sustainability and our leadership in the luxury industry. Through verified disclosure, we take responsibility for our role in shaping the future and demonstrate our determination to create a world that is not just sustainable, but thriving.

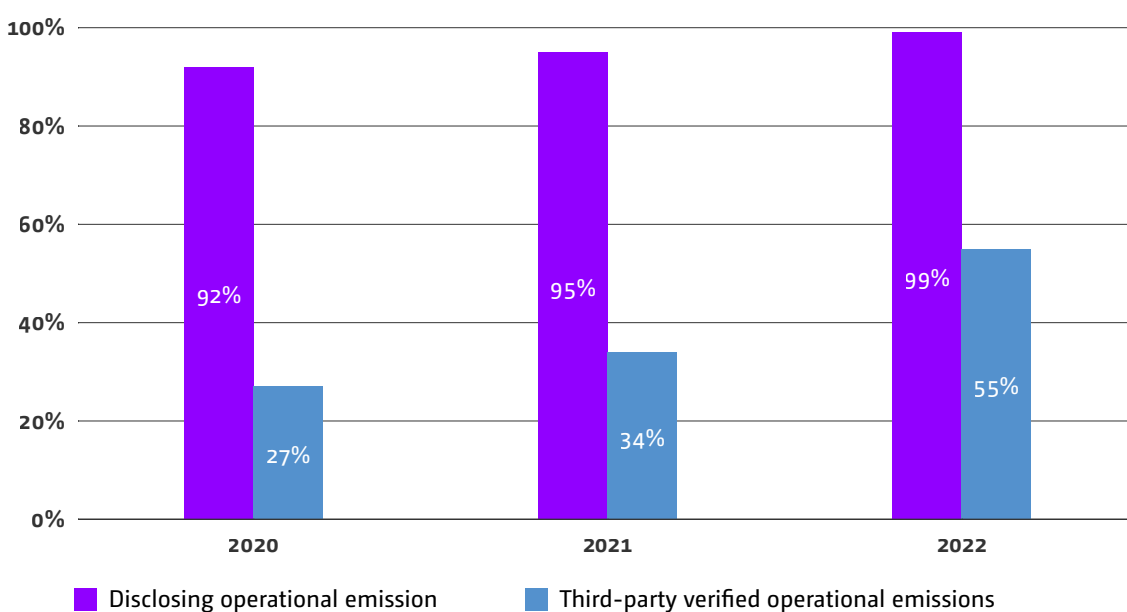
MARIE-CLAIRE DAVEU
CHIEF SUSTAINABILITY AND INSTITUTIONAL
AFFAIRS OFFICER, KERING



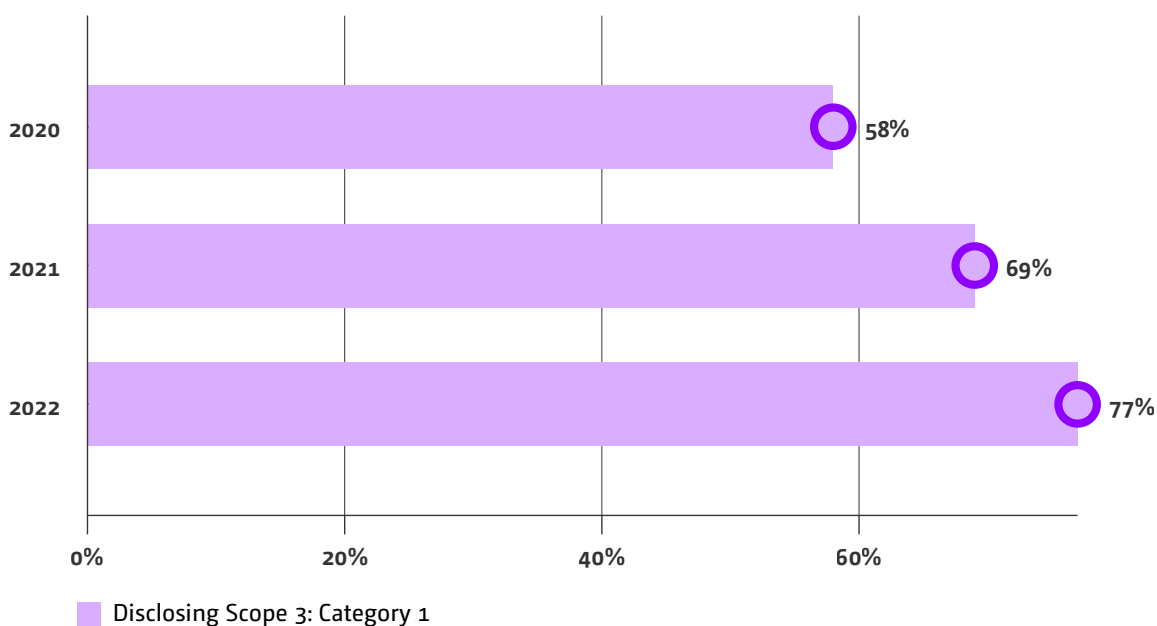
10 Signatories made it onto the 2022 CDP A list:

Burberry Group	PUMA SE
Inditex	Tendam Global Fashion Retail
LVMH	Lenzing AG
Fast Retailing Co., Ltd.	Superdry
Kering	VF Corporation

GRAPH 2 Disclosing signatories providing operational emissions and verified data



GRAPH 3 Signatories are increasingly disclosing Scope 3: Category 1 emissions



Disclosed reductions of Scope 1 & Scope 2 (operational) emissions

Progress is difficult but not impossible. In 2022, 27 signatories reported a > 30% reduction of their base year Scope 1 & Scope 2 emissions while 18 signatories reported a > 50% reduction. To reduce uncertainty and provide increased credibility, 20 companies of those who reported a 30% reduction, and 13 of those who reported a 50% reduction, provided third-party verification of their operational emissions inventories. For the purpose of accurately tracking emissions trajectories, CDP considers third-party verification best practice in environmental reporting.

(Note: the companies reporting emissions reductions may have used different baseline years).

When applying a more ambitious lens and considering the criteria “baseline no earlier than 2019” and “verified Scope 1 & Scope 2 emissions only”, a select number of signatories are leading the way, with 6 having achieved a 30% reduction and 3 having achieved a 50% Scope 1 & 2 emissions reduction to date. These top performers show that progress at the most ambitious level is possible, and - most importantly - achievable.

TABLE 2: Reported operational emissions reductions in the 2022 disclosure cycle

	Achieved any Scope 1 & Scope 2 emissions reduction in %	Achieved >= 30% Scope 1 & Scope 2 emissions reduction from base year	Achieved >= 50% Scope 1 & Scope 2 emissions reduction from base year
Total Scope 1 and Scope 2 emissions reductions	51	27	18
Verified Scope 1 and Scope 2 emissions	38	20	13
Base year no earlier than 2019	18	8	4
Verified Scope 1&2 with base year 2019 or later	14	6	3
SBT (science-based target) approved	33	18	12
Target year <=2030 and base year >=2019	18	8	4



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Disclosed reductions of Scope 3 Category 1 (Purchased Goods and Services) emissions

Important context for Scope 3 vs. Scope 1 & 2 emissions is that Scope 3 is considerably more difficult to both measure and manage. This is due to the inherently complex nature of value chains and the varying degrees of influence that companies may or may not have over them. In 2022, 32 signatories reported achieving reductions in their Scope 3 emissions with 13 and 6 achieving at least 30% and 50%, respectively.

There are two areas where there is opportunity for improvement: the first is that only 20 signatories have verified their Scope 3 emissions and of those, only 7 have achieved reductions of at least 30%. The latter applies to those signatories who have approved science-based targets. While many of these signatories have reported some reduction in Scope 3 emissions, a smaller proportion has achieved larger reductions of at least 30% or 50%. These signatories demonstrate actionable ambition with ample opportunity for increased emissions reduction.

TABLE 3: Reported supply chain emissions reductions in the 2022 disclosure cycle

	Achieved any Scope 3 emissions reduction in %	Achieved $\geq 30\%$ Scope 3 emissions reduction from base year	Achieved $\geq 50\%$ Scope 3 emissions reduction from base year
Total Scope 3 emissions reductions	32	13	6
Verified Scope 3 emissions	20	7	4
Base year no earlier than 2019	13	10	6
Verified Scope 3 with base year of 2019 or later	9	6	4
SBT (science-based target) approved	20	6	2
Target year ≤ 2030 and base year ≥ 2019	12	9	5

TABLE 4: 3-year analysis of emissions reductions

GHG emissions direction	2020	2021	2022
Emissions decreased	60%	85%	60%
First year disclosing	20%	0%	0%
Emissions increased	18%	13%	38%
No change	2%	2%	2%

A three-year analysis of 55 signatories who provided consistent disclosures with GHG emissions data through CDP since the first Fashion Charter reporting cycle in 2020, has shown that year-on-year emissions have

been subject to fluctuations, which can be influenced by recent external shocks such as the Covid-19 pandemic, economic recession, changes in a company's growth and revenue, and many other factors.

(Note: The data used for this analysis is self-reported to CDP and partly not third-party verified).

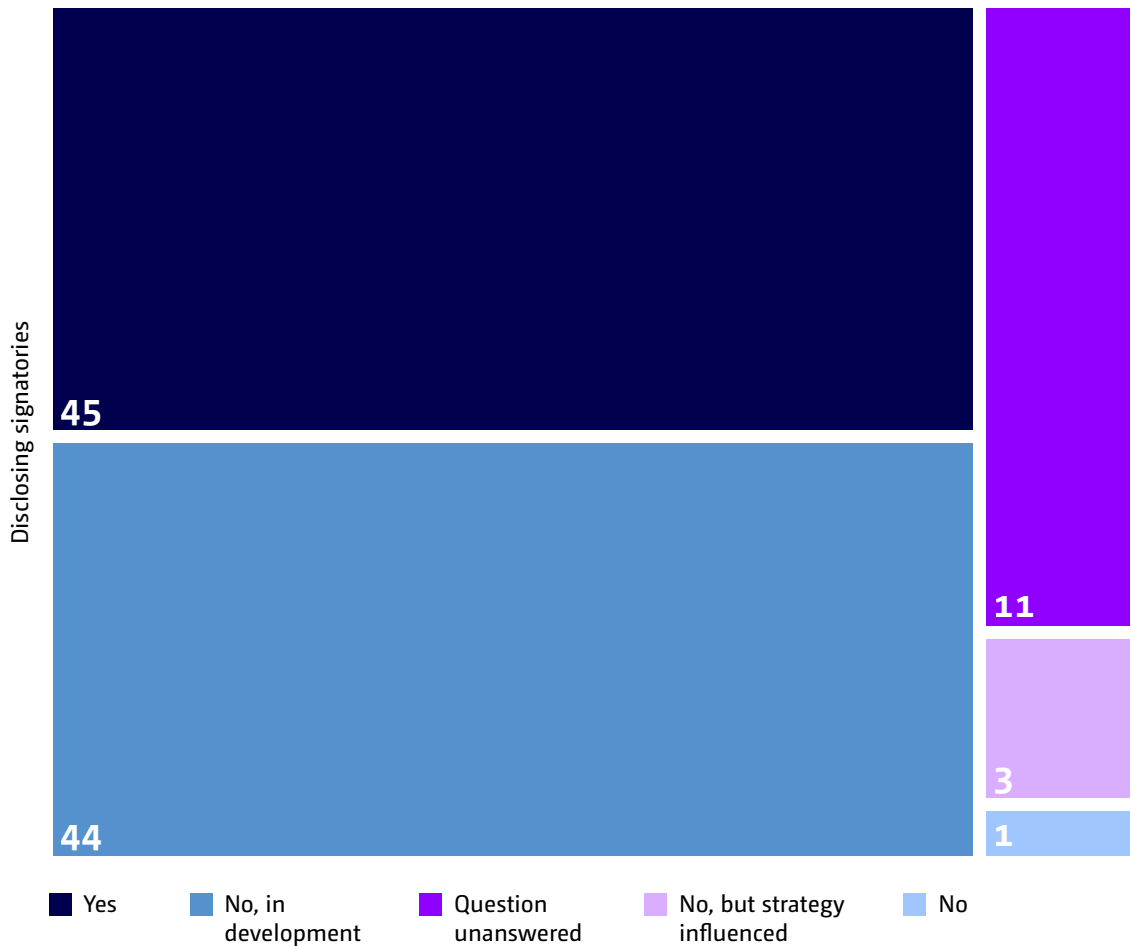
While year-on-year fluctuations are expected, the accumulative long-term data provided by signatories will play a critical role in understanding and evaluating climate trends in the industry, as well as the success of the Fashion Industry Charter for Climate Action. Leading up to 2030, emissions must be reduced drastically across the fashion sector.

Transition plans aligned to a 1.5 Degree world

A specific commitment under the Fashion Charter refers to transition

plans which need to be submitted to the secretariat by September 2023. The Working Group on Decarbonization has discussed a template for these plans building on some of the existing guidance from CDP, We Mean Business and others. Currently the template is undergoing testing by a few companies, outcomes of which will be used to provide further guidance to signatories. According to CDP reports, work of signatories on transition plans is already underway with 45 signatories having integrated climate change into their business strategies based on a transition plan aligned to a 1.5 degree world.

GRAPH 4 Transition plans aligned to a 1.5 °C world



II. EMISSIONS REDUCTIONS: GHG TARGETS

Near-term 1.5°C targets

It should be noted that until COP24 in Katowice, when signatories launched updated commitment, Charter signatories had an overarching goal of 30 percent aggregate emissions reduction across scopes which was aligned with the well below 2 degrees goal. This report however, compares action against the upgraded Charter. The indications are that the alignment with 1.5 degree is growing and Charter members are increasingly aligning with the required level of ambition. In this context, CDP data shows that currently only 45% of the active signatories in 2022 are compliant with setting public climate targets needed to keep global warming below 1.5°C.

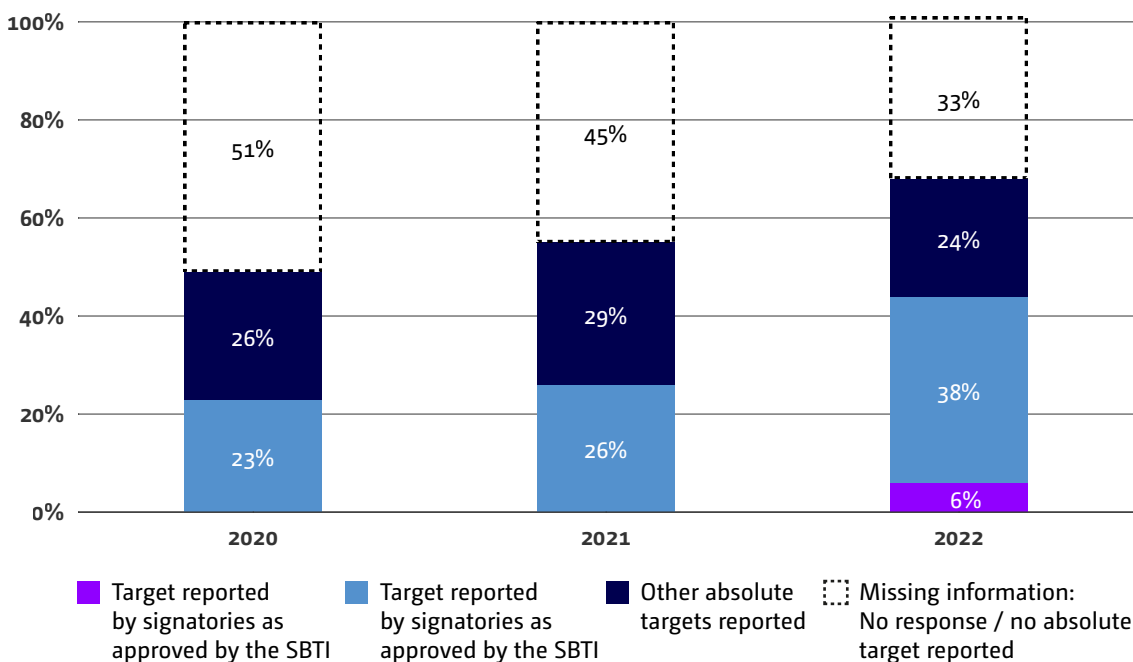
(Note: Signatories who failed to report to CDP may have targets in place that are not included in this assessment).

While about a quarter of the signatories reported other absolute greenhouse gas emissions reductions targets to CDP, these targets did not meet all the necessary requirements to be considered in line with the Charter commitments:

- Base year: no earlier than 2019
- Target year: 2030
- % Reduction from base year: 50%
- Scopes: 1, 2, 3

Note: A third of the signatories who committed to the Fashion Charter failed to report to CDP. It is assumed that these organizations have not set public climate targets in line with Option 1 or Option 2 as laid out in the Charter. Those signatories who have set an absolute Scope 3 reduction goal (given that they meet the requirements of the Charter) are strongly advised to seek third-party verification of their target to increase public target credibility.

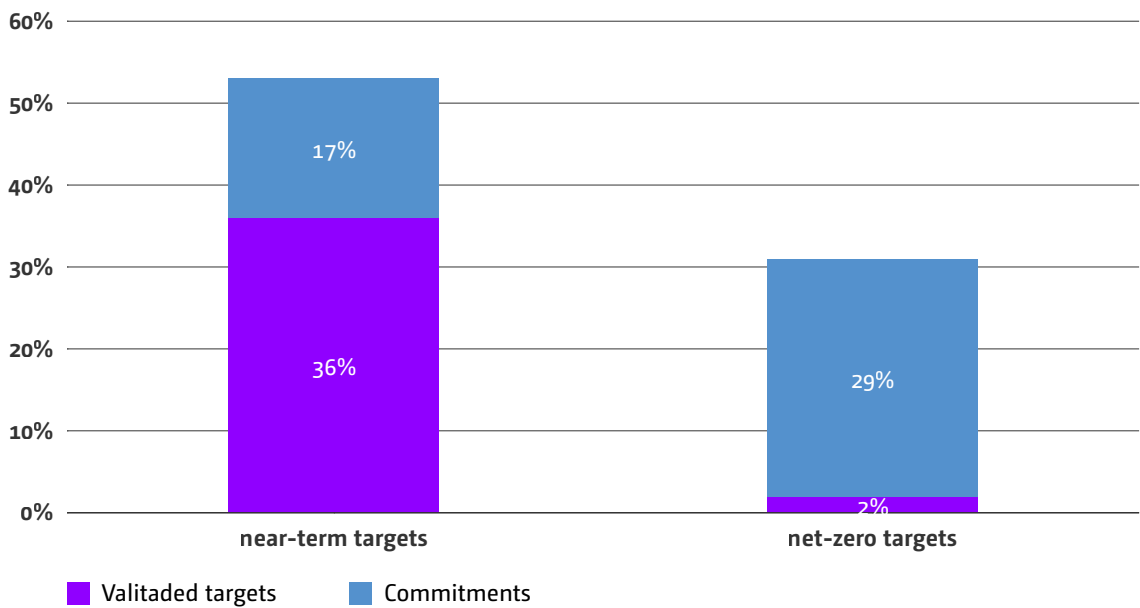
GRAPH 5 Fashion Charter aligned self-reported targets





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GRAPH 6 SBTi validation: Current state of disclosing signatories setting SBTi targets (12.2022)



SBTi validation, commitments, and net zero targets

When validating reported data against the Science Based Target Initiative (SBTi), CDP found evidence that 36% of the signatories have approved science-based 1.5°C targets with the SBTi (2% less than what was

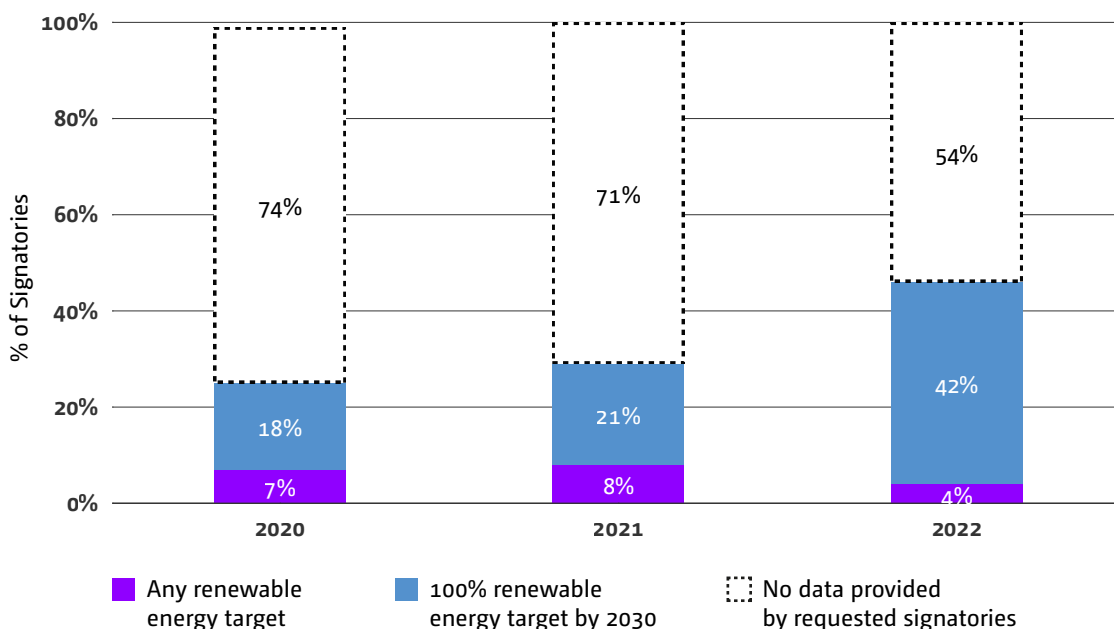
reported). In addition, 18 additional signatories (17%) have committed to setting a science-based target with the SBTi in the near future. A small group of ambitious leaders have also set a validated net-zero target in addition to their SBT. 30 more signatories have committed to set a net-zero target with the SBTi.

III. GREEN TRANSITION: RENEWABLE ENERGY TARGETS

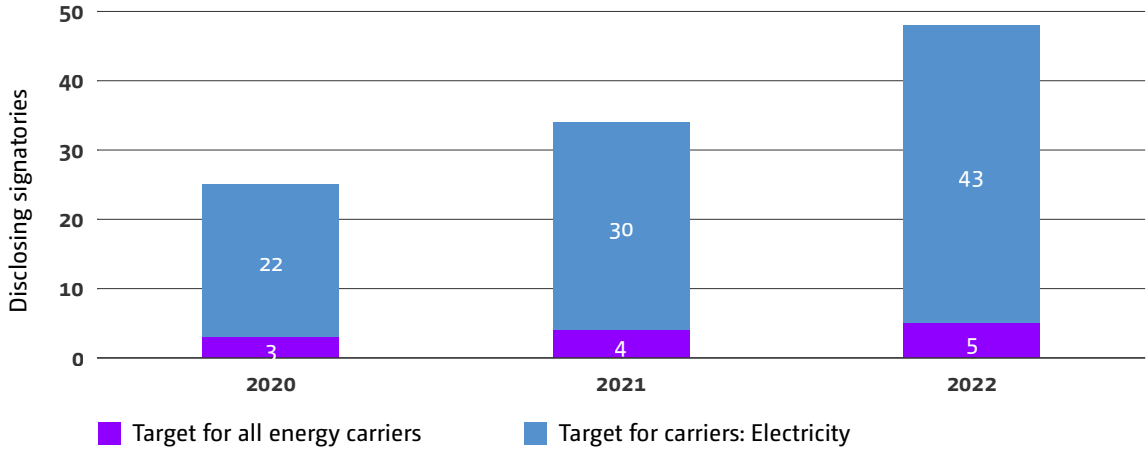
From 2020 to 2022, there has been a noticeable increase from 18% to 42% of signatories who reported to have set a measurable **100% renewable energy target** for their operations by 2030. Out of 104 signatories who committed to securing 100% electricity from renewable sources for operated and owned operational emissions by 2030, only about 50% provided data to CDP on their renewable energy targets. Currently, 14 signatories are part of RE100, which is the leading global initiative for organizations who pledged to transition their operations to 100% renewable electricity.

Only few signatories have added targets covering all energy carriers at this time, but signatories have successfully doubled their renewable electricity targets. Renewable electricity consumption is a key driver for climate action and recognized as a priority in the Charter. Ultimately, renewable energy must be sourced in all areas of a company’s business operations to achieve net zero emissions by 2050. Signatories are encouraged to expand their target into other critical energy carriers in the future. More importantly, seven years out from the target date, all signatories are now called upon to set and report 100% renewable electricity targets.

GRAPH 7 Renewable energy targets in line with the Charter ambition



GRAPH 8 Renewable target scope



IV. RENEWABLE ENERGY: CONSUMPTION AND SOURCING

The disclosure of energy consumption data is critical to assess signatories’ transition to 100% renewable electricity in operated and owned operations (Scope 2 emissions). While the number of signatories reporting their energy consumption has doubled over the past three years (from 40 to 75), about 30% of companies are not yet providing this vital information. This creates risk for other signatories as they cannot fully assess their industry’s maturity level and readiness to transition to 100% clean energy by 2030. The aggregate performance for the sector (represented by 93 disclosing

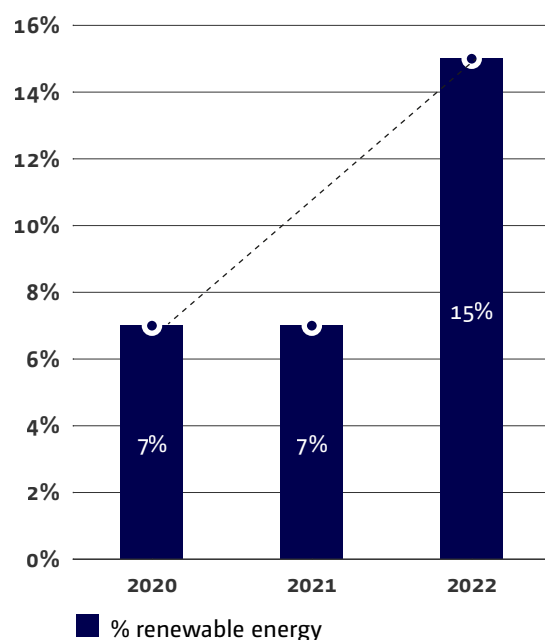
signatories in 2022) on disclosure of total consumption sourced from renewable energy has nearly doubled from 2021 to 2022 and marks an **88% increase** in transparency since the first reporting year (2020). However, 15% aggregate renewable energy is far lower than what is needed to keep global warming below 1.5°C. At the current rate, signatories would have to achieve a yearly aggregate increase of +12% to achieve 100% renewable by 2030 in their operations. This will be a significant challenge that requires scaled collaboration and divestment from fossil fuels across all participants.

72% of the signatories disclose their renewable energy consumption levels via CDP. 28% are not providing the level of transparency needed to fully assess progress made against the Charter.

15% reported total energy consumed from renewables in the 2022 reporting year. Collectively, Charter signatories must achieve an 85% increase in the next seven years to transition to 100% renewables by 2030.

6.3% was the aggregate % share of coal of to the 50 disclosing signatories that reported their energy consumption by fuel type to CDP.

GRAPH 9 Total energy signatories consumed from renewables in % [aggregate for disclosing signatories]



GRAPH 10 Increase in signatories reporting their renewable energy consumption

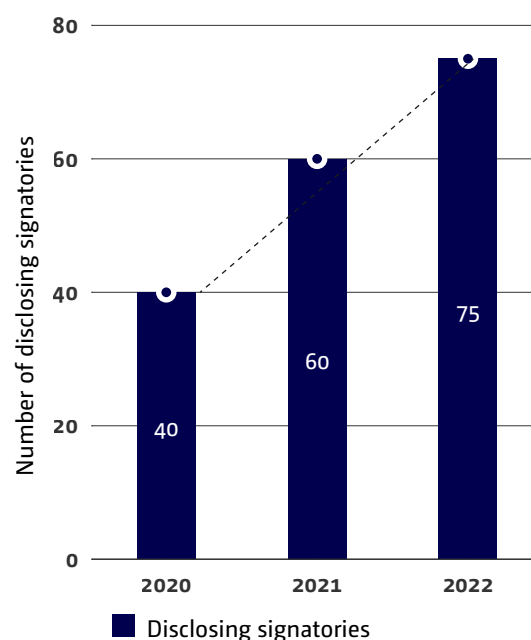


TABLE 5: Renewable sources consumed and purchased

	2021	2021	2022
Median % total energy consumed from renewable sources in owned operations	21%	33%	35%
Median % total purchased electricity consumed from renewable sources	33%	40%	35%

At the organization level, the median energy consumed from renewable sources in owned operations rose from 21% in 2020 to 35% in 2022.

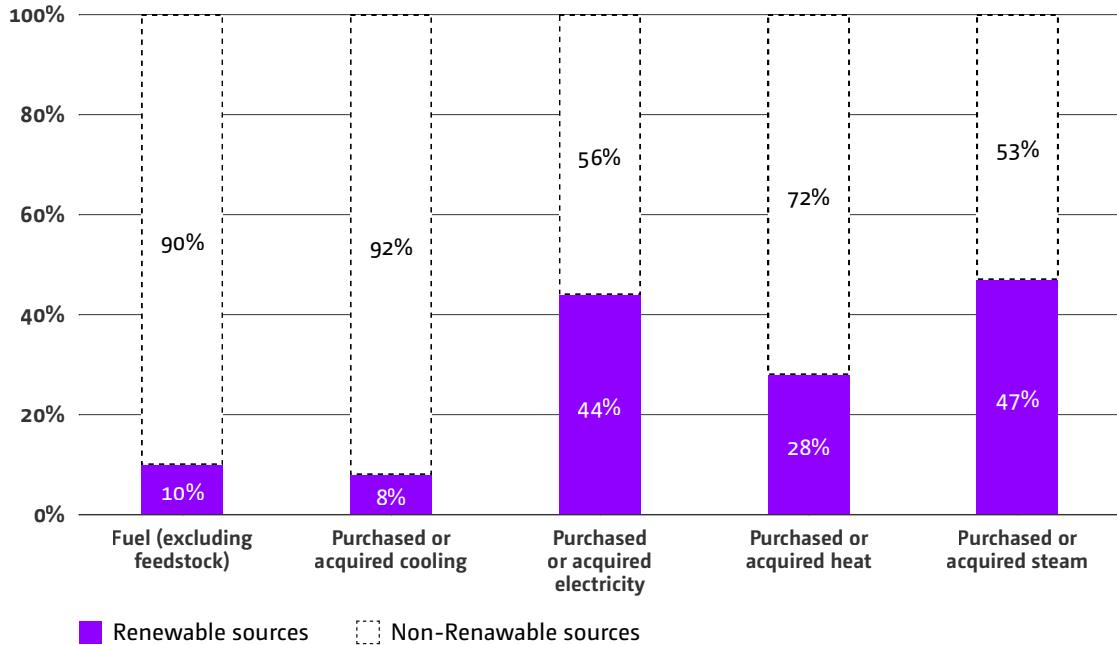
(Note: Since the reported data is highly skewed the median value is considered for performance evaluation to better control for outliers. The average purchased electricity consumed from renewable sources in 2022 was 45%).

While a select number of signatories are significantly close to achieving their 100% renewable electricity target in owned operations targets, it is important to work with those still falling behind. Only increased collaboration, knowledge sharing, and

increased accountability can ensure that the fashion industry fulfils their commitment to advance the net zero transition. 14 signatories are part of RE100, which is the leading global initiative for organizations who pledged to transition to 100% renewable electricity throughout entire operations by 2050.

While electricity is a key lever, it is important to simultaneously ramp up clean energy in other energy carriers such as fuel, cooling, heat, and steam. Purchased or acquired cooling currently has the lowest percentage of renewable energy among the disclosing signatories (2022 reporting cycle).

GRAPH 11 Percentage of disclosing signatories' energy consumption from renewable vs non-renewable sources



V. SUPPLY CHAIN & PUBLIC POLICY ENGAGEMENT

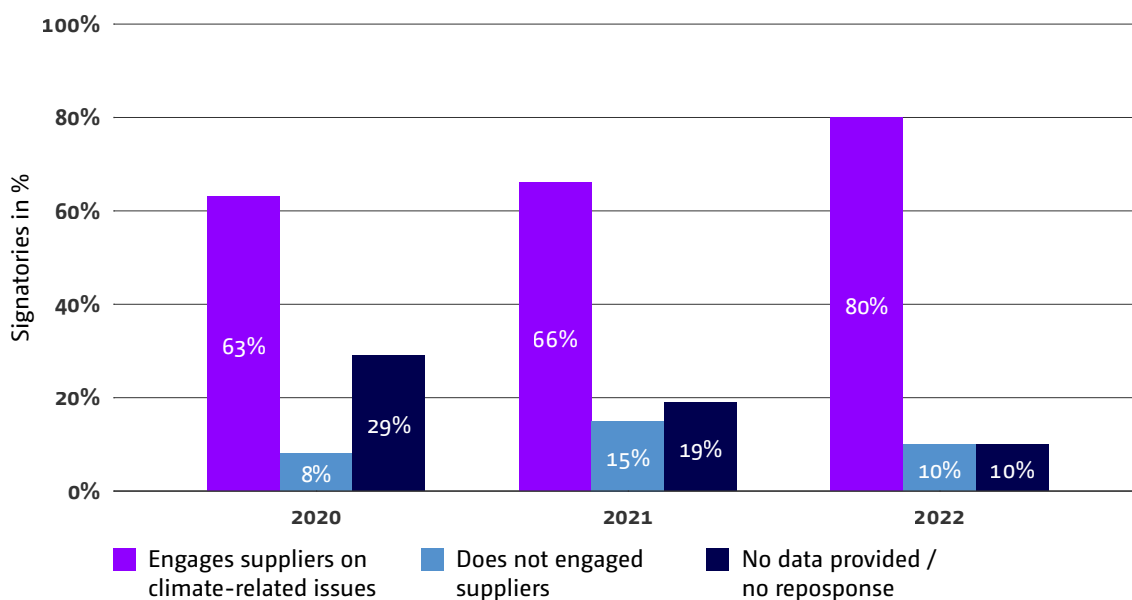
Supplier engagement

The global pandemic has shown that resilience in supply chains and sustainable business models are more vital than ever. Today's sustainability leaders know that their climate risk and impact don't end at their office doors. This holds especially true for the fashion sector. As the bulk of a company's emissions lie in its supply chain, it is critical to engage suppliers on climate-related issues and emissions reductions. Signatories should ensure that their suppliers align their ambition with the Paris agreement and require value chain partners to set 1.5°C climate targets. Driving Scope 3 emissions reductions is a key element of all 1.5°C targets set by signatories and therefore mission-critical for the Charter. Tackling Scope 3 is the biggest opportunity to

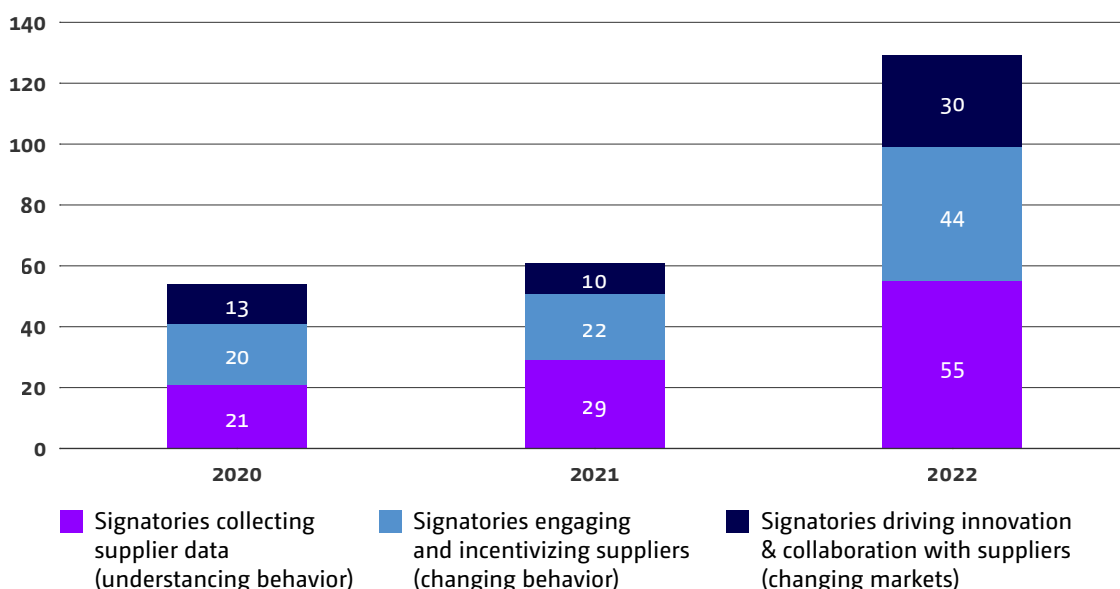
tackle climate change. The data provided by signatories over the year shows a 20% increase in overall supplier engagement. In 2020, only 10% of the disclosing signatories reported they were not yet engaging their supply chains on climate-related issues, while another 10% did not submit any data on supplier engagement (or to CDP altogether). CDP commends the fashion industry's efforts to cascade climate action through their supply chains. Reducing Scope 3 emissions necessitates three key steps.

- 1. Understanding supplier behavior by collecting supplier data**
- 2. Changing supplier behavior by engaging and incentivizing climate action**
- 3. Changing markets through the means of innovation and collaboration**

GRAPH 12 Signatories engaging their supply chains on climate change



GRAPH 13 Actions to understand and reduce signatories' upstream Scope 3 footprint



Signatories are increasingly reporting on all three engagement methods. In the 2022 reporting cycle, **24 out of the 93 reporting companies indicated that they included climate-related requirements into their supplier contracts.** Building environment into core elements of a company's

business processes is key to ensure good intentions translate into action. The table below lists recommended activities for supplier engagement, many of which were reported by the reporting signatories in the 2022 disclosure cycle.

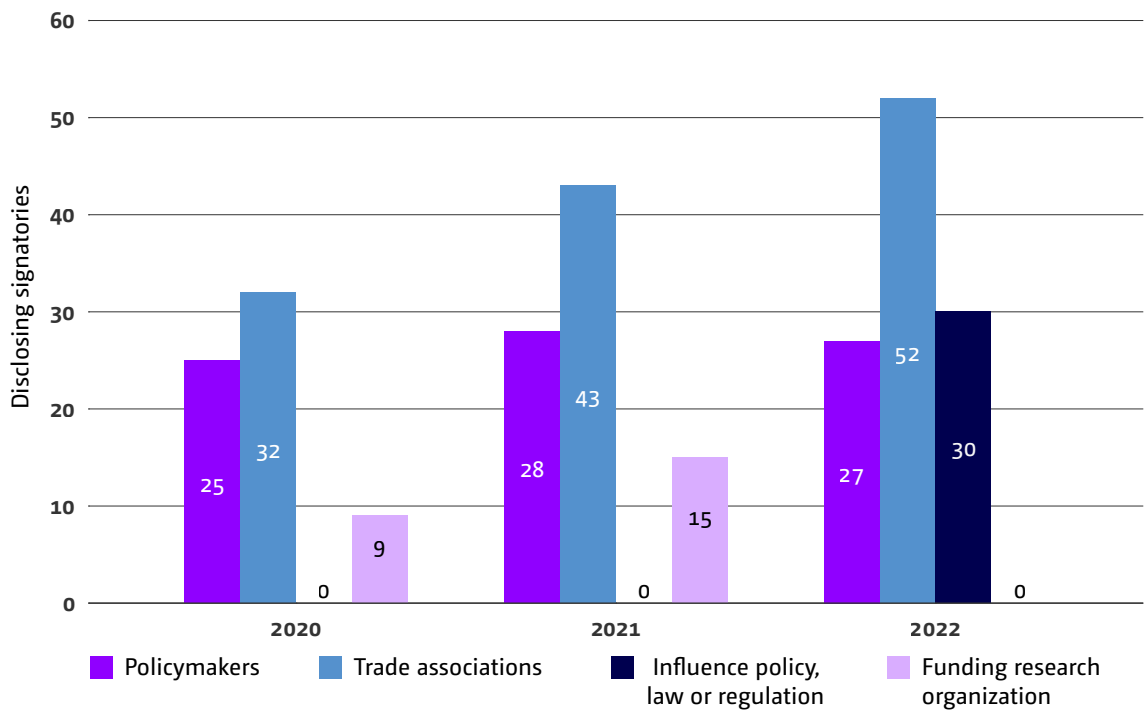
Policy engagement

Over the past three years, a growing number of signatories have engaged with the public policy sector on driving positive environmental change. In 2022, about a third of all signatories reported they engaged on influencing policy, law, or regulation.

The most noticeable growth in policy engagement is seen in the rise of 20 additional signatories reporting increased engagement efforts with trade associations from 2020 – 2022. In 2022, for the first time, none of the signatories reported any funding in research organizations. While the overall increase in policy engagement is a

positive development, the lack of overall engagement of the industry representatives with policymakers and regulators remains a key gap in the achievement of the commitments made in the Fashion Charter. Corporate advocacy for net-zero emissions policies, that align with collectively developed Fashion Charter policy recommendations, involves calling on governments and policymakers to develop ambitious strategies that chart a clear path to achieving interim 2030 targets and net-zero emissions by 2050 at the very latest. To achieve this goal, more signatories must come together and lead on bridging their own corporate sustainability efforts with engaging public policy tools.

GRAPH 14 Signatories' policy engagement



26%

of Fashion Charter signatories report engaging **policymakers** on climate-related issues.

29%

of Fashion Charter signatories report they influence **policy, law, or regulation**.

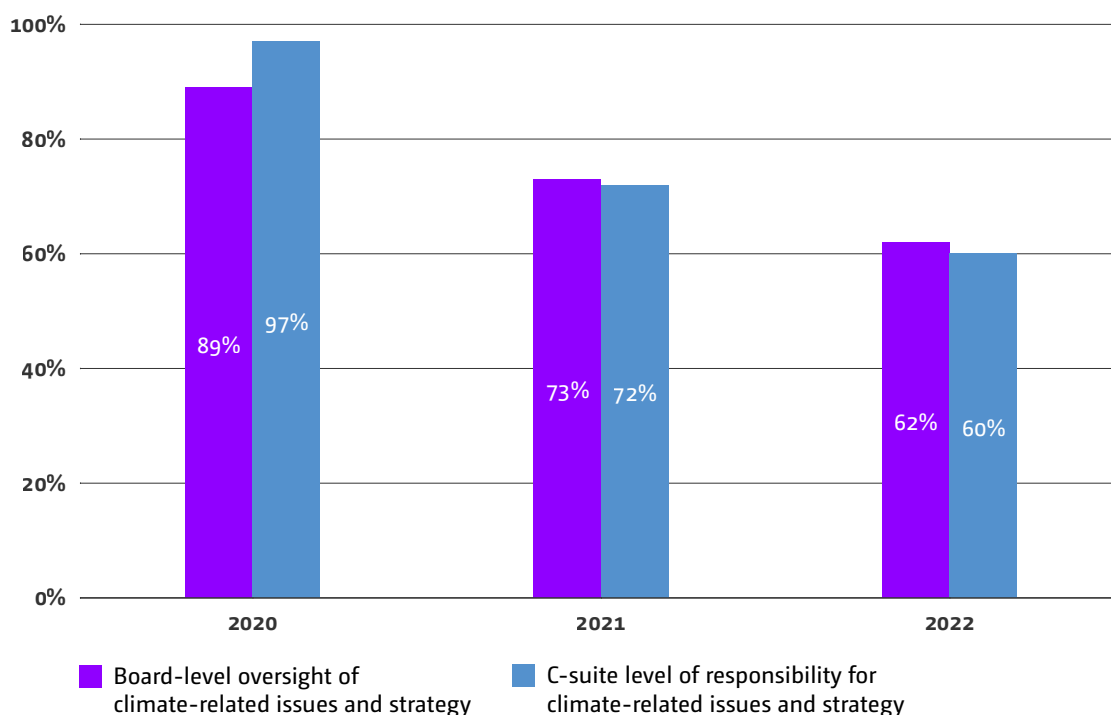
50%

of Fashion Charter signatories engage with **trade associations** on climate-related issues.

BOX 2: On climate transition plans

Climate transition plans are time-bound action plans that clearly outline how an organization will pivot its existing assets, operations, and entire business model towards a trajectory that aligns with the latest and most ambitious climate science recommendations. i.e., halving GHG emissions by 2030 and reaching net-zero by 2050 at the latest, thereby limiting global warming to 1.5°C. Learn more about transition plans [here](#).

GRAPH 15 Signatories reporting practice in climate-related governance



VI. CLIMATE GOVERNANCE

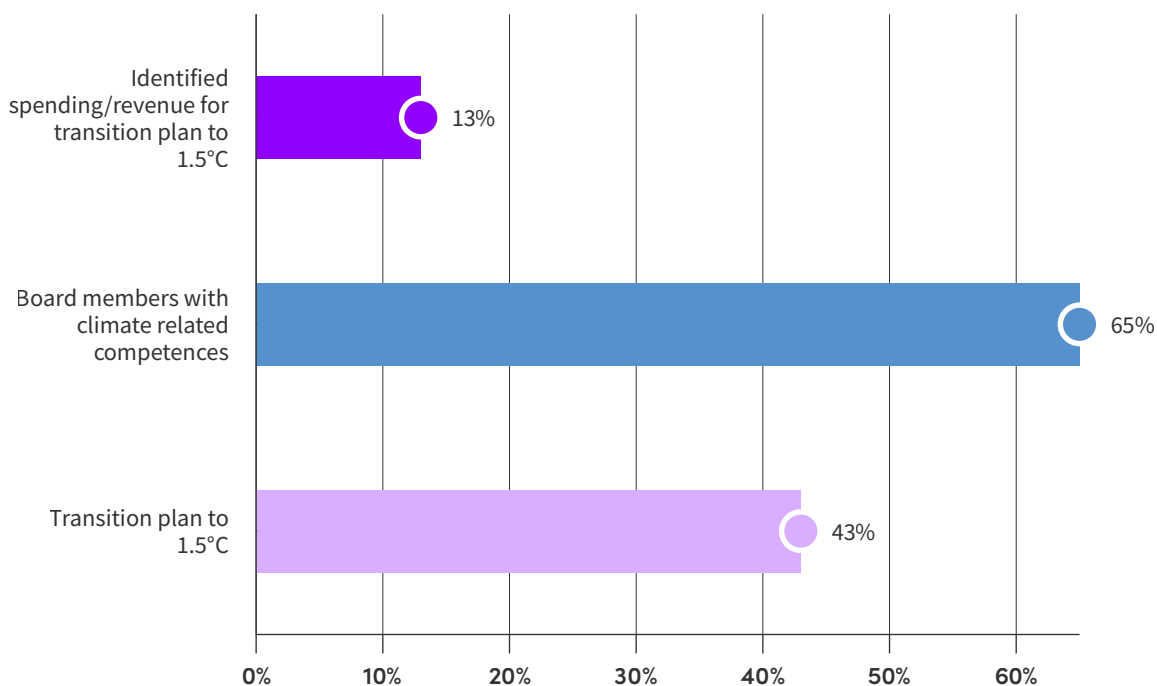
To implement a company policy climate advocacy plan for net zero emissions, and to align Fashion Charter policy recommendations with corporate practices, it is critical to have full buy-in from the decision-making governing bodies in an organization. CDP data shows that, over the past three years, there has been an increase of almost 30% in signatories reporting board-level oversight of climate-related issues. Almost 100% of the signatories reporting data to CDP in 2022 indicated that their organizations have achieved C-suite level of responsibility for climate-related issues. A remaining gap is seen in signatories reporting that out of the 89% of board members overseeing climate issues, only 65% had climate related competencies. CDP considers comprehensive transition planning for a 1.5°C future best practice and had therefore introduced a new question on transition planning in the 2022 disclosure cycle. 43% of the disclosing signatories have implemented a climate transition plan towards a net-zero future. In CDP's most recent research on the state of transition

planning, the apparel sector still displayed relatively low disclosure rates when considering all 24 key indicators that are considered vital for assessing credible transition plans. For more information on transition planning, see CDP's [technical note on climate transition plans](#).

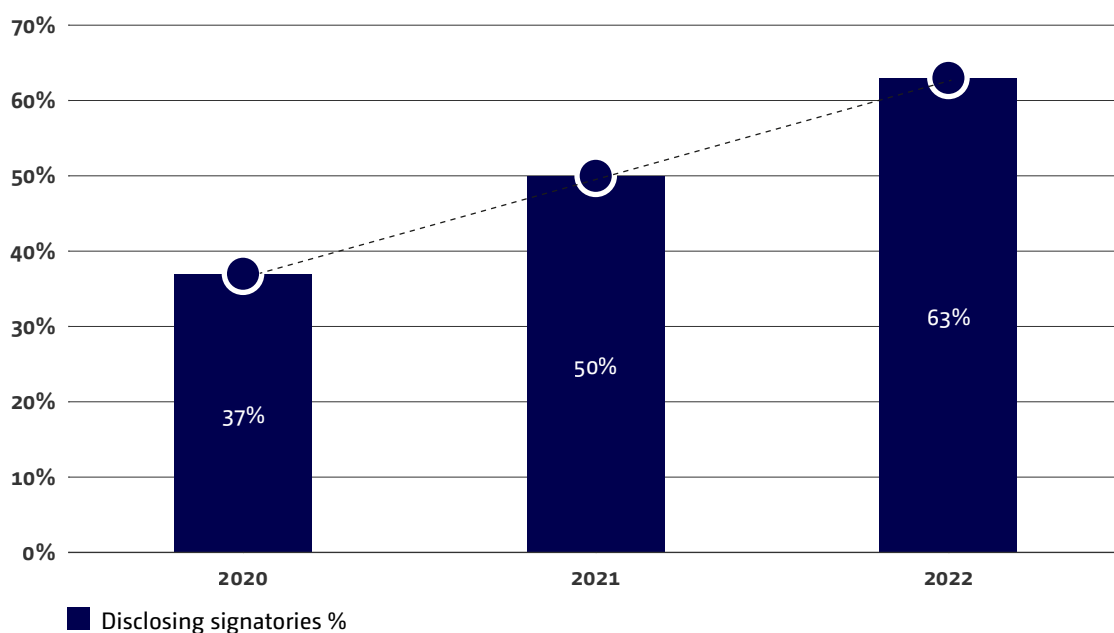
There are multiple potential mechanisms to build accountability for climate change management responsibilities into a company's strategy. It is highly recommended to introduce incentivization for the management of climate-related issues into the core business practices of an organization. Ideally, these incentives contain a monetary equation. More signatories are implementing such incentives in their organizations, with 63% of signatories reporting they are incentivizing management-level employees on solving climate-related issues. The remaining 27% did not report or currently don't incentivize employees to act on climate-related issues, which is considered a gap in a company's approach to effective climate governance.



GRAPH 16 Climate governance and 1.5°C transition planning



GRAPH 17 Signatories reporting implementation of incentives for the management of climate-related issues



CASE STUDIES

adidas

As our production is mainly outsourced, a substantial portion of our environmental impact occurs, at different intensities, throughout the supply chain. Therefore, for adidas and its “own the game” strategy, sourcing is not only about ensuring high product quality and timely delivery, it also means working with our suppliers to ensure they are continuously reducing their environmental footprint in the area of energy use and carbon emissions, water, wastewater, chemicals, and waste.

The strategic suppliers at Tier 1 and Tier 2 level producing most of our products and materials, thus they were chosen to be enrolled in our environmental program, which means we partner closely with them and provide suitable training to achieve their targets and progressively improve their footprint. They are aware of adidas environmental guidelines which firstly created back to 2008 with several updates to the latest version of 2019. Another way we provide support to our global supply chain to meet the evolving sustainability needs is by developing comprehensive policies and guidelines such as the newly added ‘Rooftop Solar Guideline’ and ‘Waste Coprocessing Due Diligence’ for global supply chain adoption. For 2021, adidas has further developed a coal replacement guideline to provide guidance and support on our supply chain’s transition from coal to renewable energy source or other lower emission fuel.

adidas helps its suppliers in scaling the adoption of on-site renewable energy (RE). As part of the Decarbonization Manifesto, we want to ensure that suppliers are part of our low-carbon journey by actively supporting them by engaging experts, providing hands-on training and developing multiple tools and guidelines since 2019. As part of them, the ‘adidas Environmental Good Practice Guide & Toolkit’ covers over 60 efficiency measures and provides good practices for identifying environmental impacts and carbon reduction opportunities within the factory’s operations.

Under the “Rooftop solar Guideline”, adidas funded and provided technical expertise for feasibility studies in key sourcing countries such as Vietnam, Cambodia, China, Indonesia and Myanmar, successfully covering up to 80% of our strategic suppliers. Progress is seen following our 2025 target to keep emissions flat on 2017 levels through increased adoption of renewable energy. After feasibility studies in 2020, we encouraged suppliers in our environmental program to install solar panels and successfully increased solar power in our supply chain to 93 MWp in 2021 (27MWp in 2020).

We have also contractually secured additional capacity and aim at achieving coverage of 50% of the total potential in 2022. As next steps, we will continue to identify and strengthen potential to gradually include more Tier 2 (T2) suppliers in the next years. Eliminating coal-fired boilers at all direct supplier facilities at Tier 1 (T1) + T2 will result in a proportionally high positive environmental impact.

We committed to not install any new coal-fired boilers, heaters, and power generation from 2022 onward, also to phasing out existing on-site coal-fired equipment at all direct suppliers at T1 and T2 level by latest 2025. Enforcement methods are in place in case of non-achievement.

Thus, we support with on-site coal-fired equipment for the phase-out by completing feasibility studies, outlining replacement alternatives, and defining a clear roadmap and developing training for 2022. Success is measured according to the phase out % in the coming years until 2025 - the targets: 50% / 75% / 100% by 2023 / 2024 / 2025. Continuous efforts and progressive targets until 2025 will lead to emission reductions to be reflected in our scope 3 emissions. For that expanding suppliers’ coverage with T2 was launched in 2 phases starting from 2021.

H&M GROUP

As a large majority of our company's total emissions comes from sourcing raw materials, and manufacturing fabric and garments (scope 3), most of our action and impact is outside of our direct operations. This is a complex challenge which we are trying to address through industry collaboration as well as engagement with policy makers.

We continuously support our suppliers with renewable energy projects and initiatives increasing energy efficiency. As an example, in 2022, we have - through our Green Fashion Initiative - financially assisted suppliers to make the necessary investments in technologies and processes to decarbonize their facilities. This includes replacing coal burning boilers with biomass and electric alternatives, solar PV and battery storage, and a wide variety of energy efficiency investments.

As part of our long-term aim to phase out coal from our supply chain, we stopped onboarding any new suppliers with on-site coal boilers from January 2022 while communicating with existing suppliers about the importance of phasing out their existing coal equipment.

While these steps are important for the decarbonization of our supply chain, policy reforms will be absolutely key to industry-wide impact. One reason for this is that many countries lack the adequate legislations to support the generation and the procurement of renewable energy, and without these it will not be possible to meet neither our own ambitions, nor the higher environmental standards that are increasingly required by many legislations globally. Energy markets are very complex, and every country must develop nationally adequate solutions and policy reforms. However, to ensure that the mechanisms developed are attractive to investors, straightforward for suppliers, and internationally credible, a close collaboration with international bodies is crucial. Mechanisms such as

project-specific RE generation through the electricity retailers (sometimes referred to as 'Green tariff mechanisms') and corporate Power Purchase Agreements (PPAs) are key policy deliverables. They will provide the necessary access to renewable electricity needed for corporate off-takers to be able to meet their decarbonisation commitments, while simultaneously boosting the share of renewable electricity in national grids. With these solutions, there can be opportunities for private investors and energy developers to build new renewable energy generation projects and inject the renewable energy they produce into the national energy grid. This would also make it possible for corporate off takers to choose renewable options. PPAs are very important tools to improve the overall renewable content of national grids, while demonstrating to energy markets the clear demand for renewable energy. They are already a well-established feature in some production markets we operate in, such as India, and we hope that with the necessary technical support and advice more countries will introduce similar solutions and ultimately, with the right policies in place, renewable energy will be available to an increasing number of our supply chain partners. Another important policy area in need of support is the continued development of transparent, traceable, and credible energy attribute certificate systems. These policy changes will be needed to ensure that price mechanisms support rather than hinder the development of the renewable energy, and that the industry rapidly moves towards electrification of heat and steam processes.

As reforms of this complexity and magnitude require time, it is essential that we urgently come together as brands, suppliers, international institutions and national governments, to leverage the different roles and responsibilities we have. One thing is clear, we will only succeed if we work together, side by side. The UNFCCC Fashion Charter provides a great framework for this.

CRYSTAL INTERNATIONAL GROUP

Crystal International Group expedited the installation of solar photovoltaic ("PV") panels: A total capacity of 3.4 MW was installed, contributing significantly to the Group's total capacity of 7.8 MW. This means that, along with electricity saving initiatives, the share of solar energy in their electricity consumption tripled,

reducing approximately 5,370 t CO₂e emissions.

They are further rolling out a group-wide solar PV plan and aim at expanding solar PV to all their factories by 2027, as well as studying a range of possibilities of off-site renewables such as energy procurement agreements and energy attribute certificates.

DECATHLON

Decathlon prioritizes the installation of onsite photovoltaic panels, then offsite projects and, finally, complete the process with certificates / guarantees of origin.

Decathlon launched onsite PPA POCs in China (5 stores) and India (4 stores) in 2021 and concluded them in Dec 2022

with Amarenco. In 2022, a tender for the installation of PV on Decathlon owned sites was launched in Europe. This tender includes 10 suppliers applying for 8 countries and 80 sites. The MOU has been signed with EDP for 7 countries and a number of 74 sites, and the application contracts will be progressively signed with a deployment which should take place over 2023 and 2024.

HWASEUNG ENTERPRISE

HWASEUNG Enterprise has signed 4 PPAs of total 12.5 MWp for onsite RTS installation at four facilities in Vietnam in 2022 and two more PPAs of nearly 5 MWp are at finalization stages; one each for Vietnam and Indonesia. It has secured IRECs of 14,922 MWh in 2021 from its own facilities in Vietnam.

The company is simultaneously concentrating on energy efficiency across all operations and carried third party energy assessments of manufacturing operations

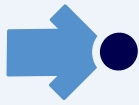
in collaboration with Mekong Sustainable Manufacturing Alliance (MSMA) and investing on implementation of energy conservation initiatives. One manufacturing facility uses coal boiler and it has completed the feasibility study on coal to biomass transition and implementing trials with biomass for phasing out of coal by 2025.

In addition, it has also adopted holistic Life Cycle Assessment (LCA) approach for driving sustainability and identifying opportunities to improve the sustainability performance of its value chain.

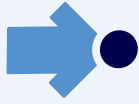
A large, gnarled, dead tree stands in the center of a desert landscape. The ground is cracked and dry, with a pattern of irregular polygons. In the background, there are sand dunes under a sky with scattered clouds. The overall color palette is warm, with shades of orange, brown, and blue.

KEY RECOMMENDATIONS FOR 2023 AND BEYOND

THE FOLLOWING RECOMMENDATIONS



ARE BASED ON THE COMMITMENTS MADE IN THE FASHION CHARTER



REFLECT CDP BEST PRACTICES IN ENVIRONMENTAL DISCLOSURE AND CLIMATE CHANGE MANAGEMENT.

1. All signatories signing the Fashion Charter should comply with the **CDP reporting requirement and disclose their greenhouse gas emissions** (Scope 1, 2, 3) and other climate-related information.¹ Non-compliant signatories should prepare to disclose their climate-related information in the [2023 disclosure cycle](#). Current gap: **25%**
2. To provide all signatories and the UNFCCC with the information needed to better assess the fashion industry's climate risk and progress towards the Charter, it is recommended to seek and report **third-party verified data** on key information (with a focus on verification of Scope 2 greenhouse gas emissions data). Read more about third-party verification and CDP accepted standards [here](#). Current gap: **55%**
3. Signatories who have not yet set the appropriate targets are strongly advised to **set a public science-based 1.5°C target or a 50% absolute reduction target** in line with the Fashion Charter's requirement as soon as possible. The target status (and if applicable, verification status) should be reported via CDP's Climate Change questionnaire. Current gap: **55%**
4. Attend CDP webinars, use free CDP reporting guidance resources, and participate in the annual **CDP – UNFCCC signatory training session** leading up to the 2023 disclosure cycle (dates to be announced).
5. Set a **100% renewable energy** target in line with the Fashion Charter's ambition (target year: 2030) and enhance the signatories' commitment to the clean energy transition. Consider joining the [RE100 initiative](#). Current gap: **54%**
6. Disclose all relevant information on total **energy consumption** as well as the share of renewables through consumption and purchasing decisions via CDP. Additional details on the consumption by fuel type will enable the Fashion Charter signatories to assess their progress towards phasing out coal by 2030. Current gap: **28%**
7. Supply Chain engagement: With most signatories already engaging their key suppliers, there are **unique opportunities for collaboration and joint supplier engagement** initiatives. Signatories are encouraged to collaborate on supplier initiatives and to leverage their joint purchasing power to drive climate action. It is recommended to collect comparable data on supplier performance (see more information [here](#)) and build climate-change performance indicators into supplier contracts. Current gap: **75%**
8. Climate transition plans: Learn more about comprehensive transition plans, set and report a **transition plan** that aligns with the latest and most ambitious climate science recommendations, and disclose on the 24 key indicators for transition planning via CDP. Current gap: **57%**
9. Mutual accountability: Signatories can hold each other **accountable** by increasing disclosure and transparency on key performance indicators and assessing their progress not only at the individual company level but by understanding themselves as part of an industry with the biggest opportunity to drive emissions reductions at scale. Each company is only as strong as the weakest link in their chain.

¹ Each year, a request will be sent from the UNFCCC through the CDP platform to fill out the Climate Change questionnaire. Signatories who are reporting to CDP for the first time are responsible for ensuring that they register the reporting company contact via the CDP registration link circulated by the UNFCCC.

**YOUR ROLE AS A
FASHION CHARTER
SIGNATORY**

Signatories of the Fashion Charter commit at the head of organization level to implement the principles of the Fashion Industry Charter for Climate Action. Key is for signatories to take immediate action consistent with delivering the 2030 targets. Since the launch of the Fashion Charter upgraded commitments at COP26, signatories will next work on transition plans that will explain steps taken to achieving net-zero emissions especially in the short to medium term- 2030. These plans are to be submitted to the secretariat towards the end of 2023.



It has been a great pleasure collaborating with the UNFCCC and its signatories over the past few years and watching an emerging group of leading fashion companies closely engage with their suppliers on climate change mitigation. These companies are working side-by-side with their value chain partners on their joint sustainability journeys, be it through education, contractual incentivization or bringing new renewable energy capacity into the grid in markets in which they operate. Now more than ever is the time to leverage the collective action potential of the charter and make collaborative climate mitigation across the wider fashion industry value chain the norm.

LAURA HOHMANN
ASSOCIATE DIRECTOR, SUPPLY CHAIN
CDP NORTH AMERICA

APPENDIX

Where government actions fall short, non-state actors are called on to step up and act on climate change. We only have until 2030 to halve global emissions in order to stand a chance at keeping global warming below 1.5°C. With tipping points potentially being reached beforehand, it is critical to act now. No Scope 3 emissions inventory must be perfect before you can start engaging your supply chain. Fashion Charter signatories have demonstrated through their CDP disclosures that they are leaders operating at the forefront of the industry. Signatories are in a unique position to pave the way for the apparel sector to transform towards a net-zero future. Only increased collaboration can ensure that this will happen at scale and faster than ever before. To enable this transformation, climate hotspots should be mitigated through:

Engaging suppliers

- Educate your suppliers by providing access to training and learning materials.
- Influence your suppliers to drive climate action and emission abatement through incentives.
- Partner with your suppliers to jointly drive innovation and build a broader industry-wide ecosystem.

Enabling your organization

- Ensure sustainability is complementary to other enterprise priorities.
- Embed sustainability into procurement standards and processes.
- Incentivize and train teams on sustainable procurement.

Commitments through the lens of CDP data

I. BASIC REQUIREMENT: PARTICIPATION & GREENHOUSE GAS EMISSIONS REPORTING

A core compliance requirement with the Fashion Charter is to report your greenhouse gas emissions and other climate-related information to the UNFCCC on an annual basis via the CDP disclosure platform. Signatories are recommended to seek third-party verification of their emissions inventories (Scope 1, 2, and 3 emissions).

CDP CC Questionnaire section C6: Emissions data

- › Your organization's gross global Scope 1 and 2 emissions in metric tons CO₂e
- › Any sources (e.g., facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure.
- › Your organization's gross global Scope 3 emissions, with explanations on any exclusions.

CDP CC Questionnaire section C10: Verification

- › Indicate the verification/assurance status that applies to your reported emissions.

II. EMISSIONS REDUCTIONS: GHG TARGETS

Signatories commit to support the ambition of the Paris Agreement in limiting global temperature rise to 1.5°C above pre-industrial levels. To this end, signatories may either set an absolute 50% GHG emissions reduction target across Scope 1, 2, 3 (target year: 2030; base year no earlier than 2019) or set a validated near-term science-based target via SBTi. CDP recommends setting a third-party validated SBT.

CDP CC Questionnaire section C4: Targets and performance

- › Any emissions target that was active in the reporting year with details on progress made against those targets.
- › Details on absolute emissions target (*base year, target year, % reduction, progress...*), Scopes covered (*reminder: absolute targets must cover Scope 1, 2 and 3 emissions*).
- › Your organizations SBT verification status (*not committed, committed to SBTi, validated...*)

III. GREEN TRANSITION: RENEWABLE ENERGY TARGETS

Signatories commit to securing 100% electricity from renewable sources for Scope 2 emissions by 2030.

CDP CC Questionnaire section C4.2: Targets and performance

- › C4.2 Did you have any other climate-related targets that were active in the reporting year?
- › Report on target(s) to increase low-carbon energy consumption and/or target(s) to reduce methane emissions.
- › C4.2a Provide details of your organization's target(s) to increase low-carbon energy consumption (*target coverage, energy carrier(s), activity, energy source, ...*)
- › Include % share of renewable energy target in base year, reporting year, and target year respectively, target status in the reporting year (*new/underway/replaced...*), and actions that contributed most to achieving the target.
- › Indicate if your organization's renewable energy target is part of the RE100 initiative.

IV. RENEWABLE ENERGY: CONSUMPTION AND SOURCING

Signatories commit to securing 100% electricity from renewable sources for Scope 2 emissions by 2030 while pursuing energy efficiencies across their operations and value chains for Scope 1, 2, and 3 emissions and phasing out coal as soon as possible but at the latest by 2030.

CDP CC Questionnaire section C8: Energy

- › Percentage of your organization's total operational spend on energy.
- › Energy-related activities and information on purchasing behaviour (*consumption of purchased or acquired electricity, heat, steam, cooling...*)
- › Energy consumption totals in MWh including information on sourcing and buying decisions regarding renewable energy (include MWh from renewable sources in the reporting year)
- › Demonstrate your organization's progress towards phasing out coal:

C8.2c State how much fuel in MWh your organization has consumed by fuel type. (*Other biomass, other renewable fuels (e.g., hydrogen), coal, oil, gas...*)

V. SUPPLY CHAIN & PUBLIC POLICY ENGAGEMENT

Signatories are expected to engage with their value chains and create engagement incentive mechanisms for all relevant supplier sites to set climate targets (SBTs or absolute 50% reduction targets) and transition to clean energy. Beyond their supply chain, signatories have also committed to engage in climate policy advocacy.

CDP CC Questionnaire section C12: Engagement

Value chain engagement

- › Indicate if and how your organization engages with customers and suppliers on climate-related issues.
- › C12.1 Do you engage with your value chain on climate-related issues?
- › C12.1a Provide details of your climate-related supplier engagement strategy. (*Information collection, engagement & incentivization, innovation & collaboration...*)
- › C12.2 Do your suppliers have to meet climate-related requirements as part of your organization's purchasing process?
- › C12.2a Provide details of the climate-related requirements that suppliers have to meet as part of your organization's purchasing process and the compliance mechanisms in place. Include information on requirements (*climate disclosures, renewable energy purchases, renewable energy targets, ...*) and monitoring/compliance mechanisms (*contracts, scorecards, ratings, verifications, ...*)

Public policy engagement

- › Energy-related activities and information on purchasing behaviour (*consumption of purchased or acquired electricity, heat, steam, cooling...*)
- › C12.3 Does your organization engage in activities that could either directly or indirectly influence policy, law, or regulation that may impact the climate?
- › C12.3a On what policy, law, or regulation that may impact the climate has your organization been engaging directly with policy makers in the reporting year?

VI. CLIMATE GOVERNANCE

Signatories of the Fashion Charter have committed to developing and implementing a company climate policy advocacy plan for net-zero emissions. Engaging in meaningful policy dialogue requires signatories to establish effective climate governance structures that ensure buy-in on net-zero aligned climate change mitigation strategies at various levels within the organization.

CDP CC Questionnaire section C1: Governance

- › Climate-related board oversight (C-suite)
- › Management responsibility
- › Employee incentives

TABLE 1: Fashion Charter & CDP KPIs

Fashion Industry Charter Commitments		CDP reporting elements + key actions
I. BASIC REQUIREMENT: PARTICIPATION & GHG EMISSIONS REPORTING		
“My company commits to...”		Report to CDP. Ensure your company’s disclosure is submitted as ‘public’. To receive a CDP score, you must submit your response by the scoring deadline.
<ul style="list-style-type: none"> “Quantify, track and publicly report our GHG emissions on annual bases via CDP, consistent with standards and best practices of measurement and transparency.” 		<ul style="list-style-type: none"> ☑ Report your organization’s Scope 1, 2 & 3 emissions in <i>C6: Emissions data</i>. ☑ Disclose and explain any inclusions in your Scope 3 emissions. CDP recommendation: Seek third-party verification of your emissions and indicate verification/ assurance in C10: Verification
II. EMISSIONS REDUCTIONS: GHG TARGETS		
<ul style="list-style-type: none"> Option 1 “Setting SBTi approved science-based emissions reduction targets on scope 1, 2 and 3 within 24 months, in line with the latest criteria and recommendations of the SBTi; and commit to achieving net zero emissions no later than 2050.”	<ul style="list-style-type: none"> Option 2 “Setting at least 50 per cent <i>absolute</i> aggregate GHG emission reductions in scope 1, 2 and 3 of the Greenhouse Gas Protocol Corporate Standard, by 2030 against a baseline of no earlier than <u>2019</u> and commit to achieving net zero emissions no later than 2050.”	<ul style="list-style-type: none"> Option 1 (Recommended by CDP) <ul style="list-style-type: none"> ☑ Commit to the Science Based Target Initiative ☑ Report your commitment via the CDP Climate Change questionnaire in <i>C4: Targets and performance</i> ☑ Get your target validated by the SBTi. ☑ Accurately report your approved SBT via the CDP Climate Change questionnaire in <i>C4: Targets and performance</i> <ul style="list-style-type: none"> Option 2 <ul style="list-style-type: none"> ☑ Set a 50% absolute emissions reduction target that meets all Fashion Charter requirements ☑ Report your absolute target via the CDP Climate Change questionnaire in <i>C4: Targets and performance</i> CDP Recommendation: Independent third-party verification of greenhouse gas emissions inventory and absolute climate target).
III. GREEN TRANSITION: RENEWABLE ENERGY TARGETS		
<ul style="list-style-type: none"> “Secure 100% of electricity from renewable sources with minimal other environmental or social impacts, for owned and operated (scope 2) emissions by 2030.” 		<ul style="list-style-type: none"> ☑ Set a 100% renewable energy target covering your operational emissions (Scope 1 + 2) by 2030. CDP recommendations: Consider joining the RE100 initiative. <ul style="list-style-type: none"> ☑ Report your renewable energy target in <i>C4: Targets and performance</i> (“C4.2_Did you have any other climate-related targets that were active in the reporting year?” ...) Include details such as target type and energy carrier(s)
IV. RENEWABLE ENERGY: CONSUMPTION & SOURCING		
<ul style="list-style-type: none"> “Ambitiously pursue energy efficiency across its own operations and value chain, for scope 1, 2 and 3 emissions”; “[...] identifying relevant policy levers to support low carbon technologies and uptake of renewable energy”; “Secure 100% of electricity from renewable sources with minimal other environmental or social impacts, for owned and operated (scope 2) emissions by 2030.” 		CDP recommendation: Wherever possible, signatories should actively source renewable energy in buying processes, increase energy efficiency, invest in renewable energy projects, seek collaboration, and organize with peers to approach regulators and policymakers to advocate for improved market accessibility. <ul style="list-style-type: none"> ☑ Report your energy consumption including energy-related activities and information on MWh sourced from renewables in <i>C8: Energy</i>

Fashion Industry Charter Commitments	CDP reporting elements + key actions
V. SUPPLY CHAIN & PUBLIC POLICY ENGAGEMENT	
<ul style="list-style-type: none"> ▼ “Creating engagement and incentive mechanisms for all relevant supplier sites (Tier 1 and 2 sites for brands and immediate sub-suppliers for producers) to implement approved science based aligned targets by the end of 2025 [...], or to adopt a 50% absolute target by 2030 and net zero by 2050.” ▼ “[...] identifying relevant policy levers to support low carbon technologies and uptake of renewable energy”; ▼ “Phasing out coal from owned and supplier sites (Tier 1 and Tier 2 for brands and immediate sub-suppliers for producers) as soon as possible and latest by 2030 [...] and creating engagement and incentive mechanisms for all relevant suppliers to support phase-out”. 	<ul style="list-style-type: none"> ☑ Report your value chain and public policy engagement activities in <i>C12: Engagement</i>. ☑ Include details on engagement, incentivization, innovation and collaboration. <p>CDP recommendation: Run an engagement campaign to educate suppliers about climate change. Offer financial incentives for suppliers who reduce their operational emissions. Directly work with suppliers on exploring renewable energy sourcing mechanisms and build collaborations. Collect climate and carbon information at least annually from suppliers. Learn more here or contact supplychain.na@cdp.net.</p>
VI. CLIMATE GOVERNANCE	
<ul style="list-style-type: none"> ▼ Commit to developing and implementing a company climate policy advocacy plan for net-zero emissions, aligning with collectively developed Fashion Charter policy [...] and identifying relevant policy levers to support low carbon technologies and uptake of renewable energy”; 	<ul style="list-style-type: none"> ☑ Report climate-related board oversight, management responsibility, and employee incentives in <i>C1: Governance</i>. Organize with other signatories, peers, and competitors, and call on policymakers to establish clean energy friendly market structures.



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Global Climate **Action**
United Nations Climate Change

