

accenture

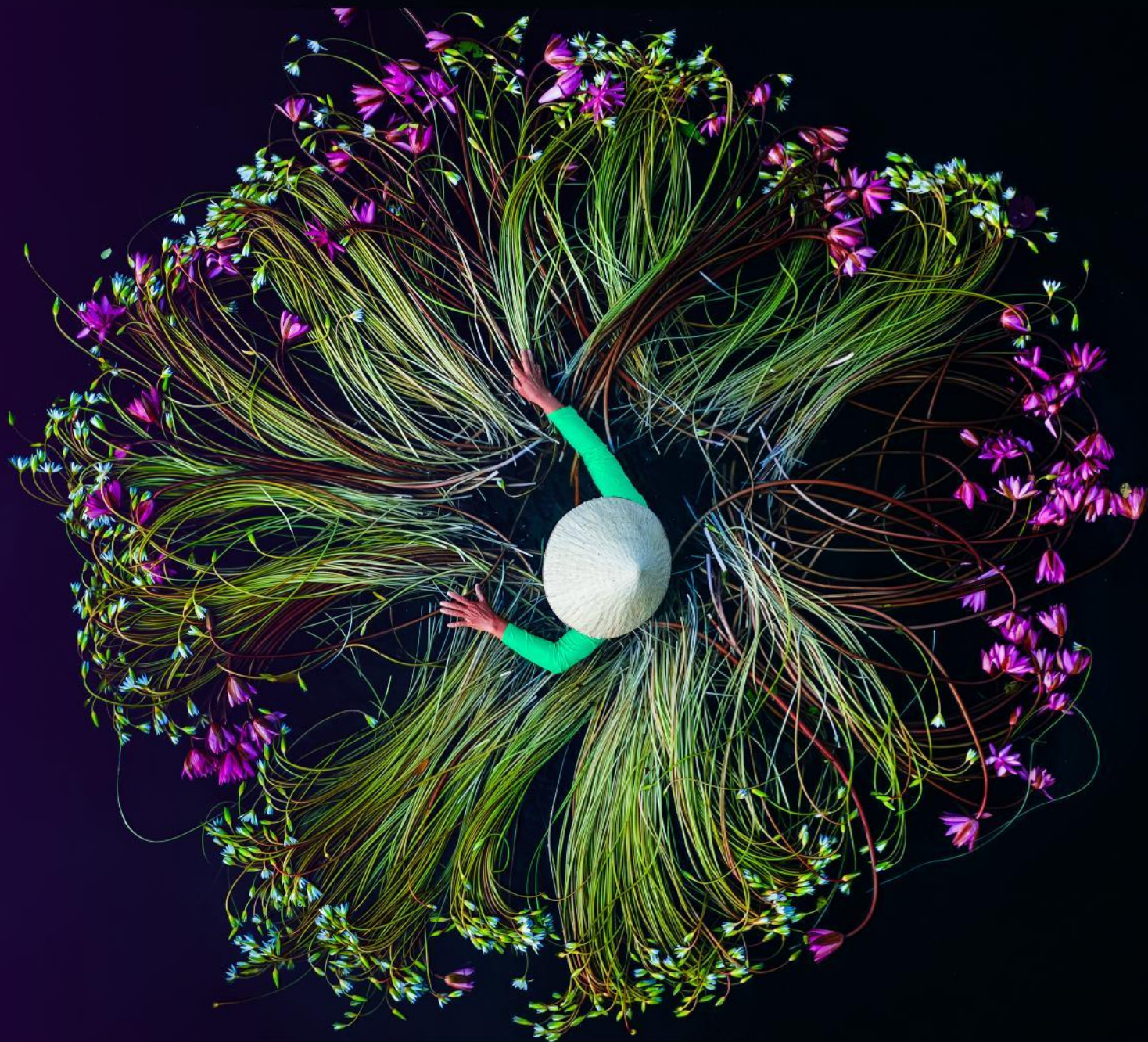
WWD

FASHION
MAKES
CHANGE.

Scaling Sustainability Solutions in Fashion

The *new* business as usual

2024 playbook



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Foreword

It's time to come together.

Amid all of the divisions and turmoil surrounding us – including political tensions, wars, economic disparity and potential disruptions from the rise of artificial intelligence (AI) – the imperative for greater cooperation within businesses to push the sustainability agenda forward has never been greater.

The good news is that even as the backlash grows against environmental, social and governance (ESG), and companies scale back their public pronouncements of advancements, the efforts and investments continue to grow.

The fact is there is little choice, both from a regulatory standpoint but, more importantly, from an existential planetary one.

The 2030 timeframe set by some European Union and U.S. regulations is literally around the corner in business planning terms, while Planet Earth grows warmer and warmer by the day, causing droughts, floods, snowstorms and hurricanes globally, making it impossible to effectively plan several years ahead.

One could become depressed by it all – or recognize the need for brands and companies to move faster

than ever to implement practices that have been talked about at forums and conferences for the last several years, while developing new ones that might further accelerate efforts.

The first place to start is to recognize that business needs to be sustainable, and that sustainability is good business. It is proven that companies that operate sustainably operate at a higher performance level than those that don't.

That should lead to the other realization: That for it to succeed and blossom, sustainability must be a priority across all aspects of every organization. It isn't the sole responsibility of the "ESG department" or sustainability teams. Every employee has to buy in.

So, this 2024 Scaling Sustainability Solutions in Fashion playbook looks at how to activate that, examining each step along the value chain to define their respective role, and how each can help not only the sustainability efforts to advance, but the business to grow.

Calling for a "reinvention" of business isn't going to succeed unless there is a roadmap of how to get there across existing functions at brands and retailers,

allowing them to reimagine their operations in regard to both the business and sustainability impacts.

This report takes an in depth look at nine "nodes" – from financial and business planning to raw materials, sourcing, design and product development, packaging, merchandising, inventory management, logistics, and marketing and communications – to detail how these can work together to improve profits and sustainability efforts.

None of it will be easy – but change rarely is – and the pressure to do it quickly is only growing. Still, there are more tools to help than ever and, within organizations, greater eagerness on the part of employees to do their part as part of a team.

The time to act is now.

And we can all do it together.

James Fallon

Editorial Director, Women's Wear Daily

Introduction



You can't use an
old map to explore
a new world

– Albert Einstein

A white arrow pointing to the right, with a black outline and a white fill, containing the text "This is the new map".

This is the new map

The *new* business as usual

Business vs. Sustainability

The stage is set for the match of the century. Place your bets. Which is going to win? The answer is both. It isn't a battle at all — they're joining forces and becoming the dream team.

People often view business and sustainability at odds with one another — an irritating nuisance that gets in the other's way, hindering progress on either side.

But the reality is that the two are symbiotically intertwined and **increasingly reliant on each other**. Business is good for sustainability. Sustainability is good for business.

Stakeholders demand that businesses build resilience and find new paths toward efficiency, productivity and profit — the very elements that sustainability is providing through new data sets, preferred raw materials that manage both price and supply volatility, and supply chains that are evolving into more elastic, **harder to break supplier networks**.

It's the new, highly effective tool in the business toolbox, with innovations reaching and **transforming every node** of fashion's global ecosystem. And without business as a vessel, sustainability remains isolated — made up of patchworks of initiatives lacking the interconnection.

Business is sustainability's scaling agent, embedding better practices that create a **new business as usual**, making sure we're doing the right thing by Mother Nature and communities around the world, while we protect our industry's future.

Right now, there is some shyness around the term ESG (environmental, social and governance), so it's especially critical to ground ourselves in research.

What is consistent in quantitative examinations of the relationship between a company's ESG performance and returns is **higher performance, plain and simple**. An eight-year Kroll study showed that "globally, sustainability leaders earned an average annual return of 12.9%, compared to an average 8.6% annual return earned by laggard companies." That's roughly a 50% premium in performance by top-rated ESG companies.¹

That said, the business case for sustainability isn't tied tightly enough to classic retail key performance indicators (KPIs) and corporate efforts are out of sync with existential planetary timelines. Businesses are facing **mounting pressures to de-risk** and build resilience, while climate disasters, geopolitical turmoil, regulatory challenges and consumer activism are all intensifying.

As Accenture's **Our Human Moment** study² points out, we're often not speaking the language of consumers.

So, hello Business — meet Sustainability

And hello Sustainability — meet Business. Perhaps you had doubts about your compatibility at first. But guess what? You are about to become best friends.

Let's get re-introduced by recognizing sustainability leaders are like conductors of an orchestra — guiding the expression and tempo of the music, yet not the musicians themselves. That role lies in the hands of the business. The final expression hinges on the musicians taking cues from the conductor, while leveraging their own experience and understanding of their instruments to produce a symphony of sound.

Similarly, who knows better than the finance team, designers, sourcing and supply chain leaders, etc., how to best play their respective roles and achieve the corporate KPIs?

Imagine if they were equipped with a new data set and a common language, allowing them to **seamlessly incorporate sustainability practices**. If silos are left behind, and operations and sustainability are woven into one, the magnitude of lasting progress that could be unleashed will change the industry — and the world.

¹ [ESG and Global Investor Returns Study. Kroll. \(n.d.\).](#)

² [Our Human Moment.](#)

Executive summary

A different viewpoint

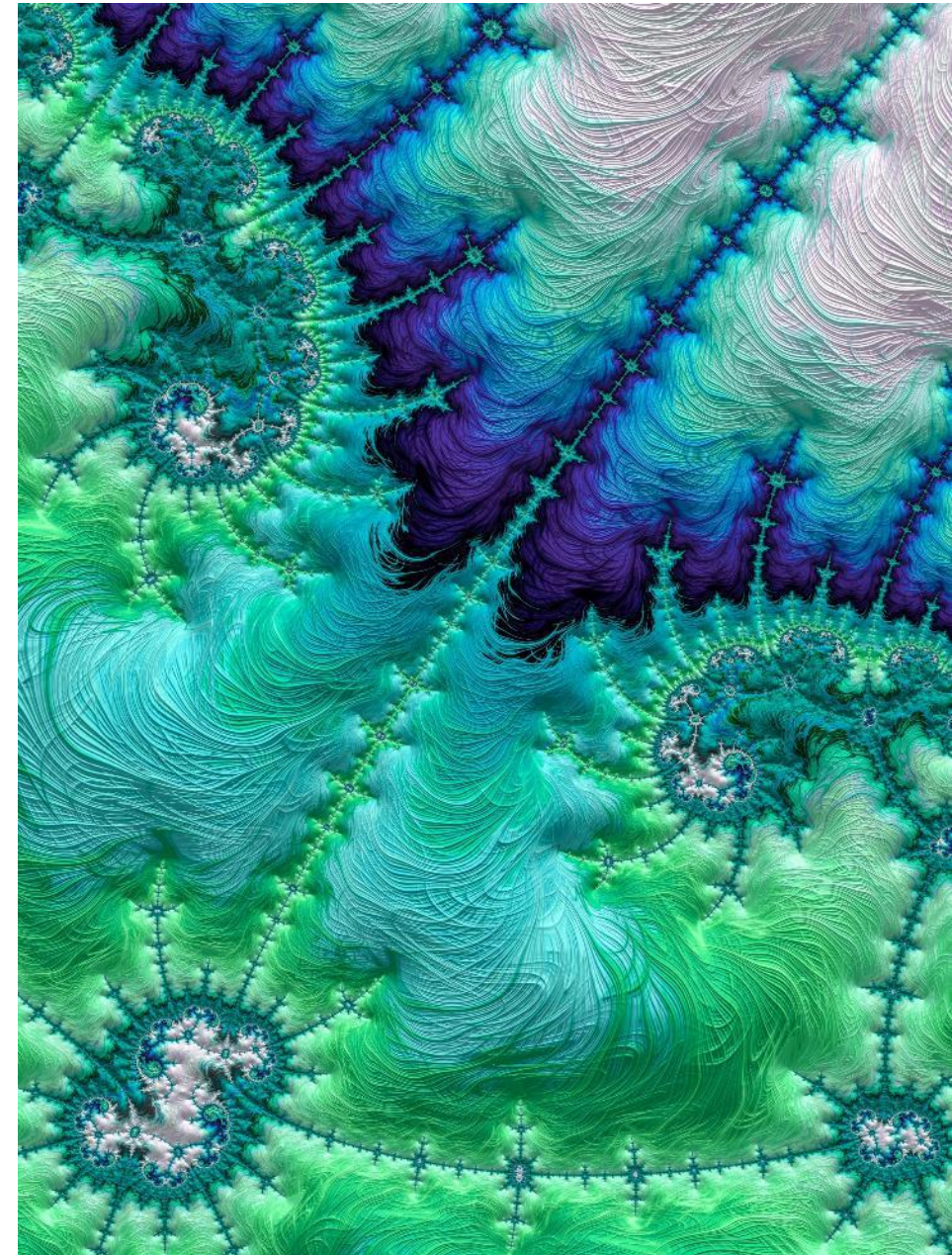
This 2024 playbook **flips the sustainability narrative on its head**. Rather than leading with traditional climate and social impacts — we're shifting the focus and reimagining nine functional industry nodes, embedding sustainability everywhere to catalyze business profitability, social responsibility and environmental resilience.

Optimizing each function is the first step. To do so, we need **cross-functional teams that understand each other's language and KPIs**.

By building these collaborative feedback loops, we find illuminating data and inefficiencies trapped between nodes (both internally and with external supply partners). When we're in it together, we all learn — and rise.

Fashion is global and powerful. No matter where within the business you sit, you have an outsized opportunity — and responsibility — to drive positive change.

What can you do differently? **It's up to you. Here are some ideas...**



Reimagining nine nodes for ecosystem transformation



Role of C-Suite: CEOs, Finance, IT, Risk and Sustainability in enabling change

Supplier engagement is critical to drive industry-wide transformation

C-suite: Leading with purpose

Here is how the C-suite can lead — “walking the walk” to build business resilience and navigate the delicate balancing act between longer-term social and environmental goals, and more immediate priorities.



Chief Executive Officer

Your control zone includes...

- Strategic direction and oversight
- Stakeholder communication and engagement
- Corporate culture
- Risk management

To create an enabling environment, what if you...?

- **Transformative operations:** Transform your end-to-end operating model by effectively integrating climate and social impact data into business operations and objectives to drive resilience, embed purpose and chase the waste out of your business
- **Revenue:** Control brand image and drive new revenue by reframing the number of times you sell the same item, triggering disruptive change via resale and circular business models
- **Accountability:** In the face of legal requirements and investor pressure, foster accountability and urgency to de-risk your business and progress climate and social / compliance goals
- **Clear communications:** Provide leadership with clear communications that prioritize the intersection of profitability and sustainability with a regular sharing of progress internally and externally, including dialogue with the Board of Directors



Chief Financial Officer

Your control zone includes...

- Financial planning
- Financial risk management
- Investor relations

To create an enabling environment, what if you...?

- **Bonuses:** Tie public-facing, and increasingly regulated, sustainability KPIs to performance metrics to inform executive compensation — ensuring compliance, maximizing waste reduction and increasing resilience
- **ESG integration:** Integrate ESG considerations into overarching financial and business planning processes, including budgeting, to better align ESG with the core business — connecting with business unit leads on their proposed programmatic solutions, resource needs, technology requirements and associated ROI
- **Green finance mechanisms:** Employ sustainable finance mechanisms, such as green bonds, sustainability linked loans and internal carbon pricing to improve cost of capital and strengthen internal commitment to the agenda

C-suite: Leading with purpose



Chief Technology Officer

- Technology innovation
- Technology alignment
- Technology infrastructure and enablement



Chief Supply Chain Officer

- Supply chain and cost optimization
- Supplier relationship management
- Product management



Chief Sustainability Officer

- Sustainability strategy operationalization
- Compliance and risk management
- Sustainability reporting and disclosure

Your control zone includes...

To create an enabling environment, what if you...?

- **Artificial Intelligence (AI) / Machine Learning (ML):** Incorporate emerging technologies and enhanced features (e.g., Gen AI, real-time data visibility, etc.) into systems and tools to better enable teams and inform business decisions
- **Multi-party data:** Develop multi-party data systems to facilitate data sharing among retailers, brands and suppliers that both quantifies and informs collaborative action to unlock financial, operational and ESG efficiencies
- **Technology investment:** Prioritize investments for systems and tools that add environmental and social factors into the data consideration set to drive improved planning, inventory management, supply chain etc. — and ensure that ESG data passes audit rigor for limited and reasonable assurance, as increasingly required by regulations

- **Supplier engagement:** Partner with suppliers to identify priorities and co-benefit opportunities that improve production and planning practices, particularly those that yield cost, operational efficiencies, and climate and social benefits
- **Technology:** Use supply chain technology solutions to identify less carbon-intensive supply chain practices by integrating climate considerations into all business decisions as an added facet
- **Supplier scorecards:** Enable initiatives that strengthen the entire value chain by ensuring compliance to education and living wage programs
- **Traceability and circularity:** Enable product traceability, circular business logistics, and joint supply chain decarbonization by investing in related innovations and technologies

- **Watch your language:** Reframe sustainability goals and initiatives into a business lens to more effectively collaborate with cross-functional teams
- **Business case:** Quantify a clear value case for sustainability investments and initiatives, including anticipated remediation required to meet regulations
- **Team sport:** Deploy practical training programs to upskill key cross-functional teams to build their sustainability muscle
- **Regulations and penalties:** Develop a regulatory landscape with key considerations that include what needs to be disclosed, data points from across the enterprise and fees / penalties for non-compliance

How to navigate the playbook

Each value chain node is laid out to include:

01 Overview of control zones

An overview of the control zones and impact levers that outline key business KPIs and correlating areas of sustainability impact opportunity — allowing the business unit lead to learn about sustainability, and sustainability to learn about the business unit.

Control zones and impact levers
Financial & Business Planning

Control Zones for Sustainability Consideration

- Business Priorities:** What areas of the business should be prioritized to meet our short- and long-term strategy and goals?
- Financial Strategy:** What is the required investment distribution to meet our business priorities over a longer time horizon?
- Budget Allocations:** What is the day-to-day budget distribution that enables our teams to deliver our strategy and priorities?

Business Goal

Determine the financial portfolio mix (including M&A, operating budget allocation, capital investments, etc.) required to meet the company's short- and long-term strategy and goals (e.g., growth targets), while aligned to corporate positioning and financial health.

Key Business KPIs

- Net sales and net sales growth
- Customer lifetime value
- Market share
- Channel sales %
- Gross margin
- Gross margin ROI
- Cost of goods sold
- Net profit/ margin
- EBITDA
- Inventory turnover ratio
- % of reporting deadlines met
- Forecast accuracy

ESG Impact Areas Finance & Business Planning Team Can Influence

Carbon and Net-Zero, Materials, Regenerative Agriculture and Biodiversity, Water and Circularity, Circularity, Waste and Reducing Emissions, Plastics and Packaging, Traceability and Transparency, Consumer Engagement and Labeling, Worker and Human Rights, Empowerment, Education and Digital Ways, Justice, Equity, Inclusion and Diversity (JEDI)

Given their function and the strategic financial direction of the overarching business, from inventory management and marketing to resource allocation and operational costs, it has the potential to influence all sustainability impact areas.

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02 Two big ideas

Two big ideas that are specific, thought-starter examples that you can partner on across function and sustainability to move the needle on traditional business KPIs and sustainability impacts.

Big ideas
Financial & Business Planning

Financial & Business Planning Actions

- Identify and define potential innovation areas based on market pressures including regulatory and compliance, consumer demand, and other macro trends
- Determine total addressable market (primary market research with relevant market data including consumers and strategic brand/retailer/supplier partners to define overall size of the prize)
- Calculate required R&D time & cost to define barrier to entry and measure effort to bring innovations to market. Ensure adequate levels of contingency funding
- Compile an portfolio based through a pre-defined prioritization methodology to generate a portfolio of quick-wins and strategic long-term bets that match your company's risk tolerance
- Develop, evaluate and launch pilot projects using a cross-functional investment methodology to rapidly prove concepts to high-value areas

Business Benefits

- New market development
- Increased product innovation
- Increased ecosystem strength

Business KPIs

- Net sales and net sales growth
- Market share

Sustainability Actions

- Conduct strategic session with key executive leaders, including financial and sustainability partners, to determine potential target areas for innovation based on social and environmental strategy
- Ensure sales data and potential partners have been shared with product teams

Sustainability Impacts

- Given that this function sets the strategic financial direction of the overarching business, from inventory management and marketing to resource allocation and operational costs, it has the potential to influence all sustainability areas

Capture Sustainability Value Pools

There are no shortage of growing value pools in the sustainability space.

Today's challenge is identifying which value pool you are going to chase and financing the appropriate resource and processes available to the required business goals.

Due to the start-up nature of these value pools, companies should have a portfolio approach of both short- and long-term investment bets to enable portfolio of value pools, rapidly re-allocating resources as sustainability opportunities while keeping the organization to a resilient marketplace position.

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03 Ask your sustainability team

An “Ask your sustainability team” guide that highlights potential ecosystem partners, regulatory considerations and starter prompts to explore more innovative and disruptive opportunities.

Ask your sustainability team
Financial & Business Planning

Where can we collaborate if we want to innovate and push boundaries?

Let's talk about...

- Building well-defined value cases for investing in sustainability initiatives
- Seeking new benchmarks to track both financial and ESG savings (and benefits)
- Leveraging sustainability as a "trojan horse" to initiate conversations around ecosystem investment, collaboration, and co-learning for mutual benefit
- Using financial and risk tools (e.g., margin alteration curves/ risk projections) to quantify transition costs and risks to business

What regulations should I be aware of?

- IFRS Sustainability Disclosure Standards (ISSB)
- Corporate Sustainability Reporting Directive (CSRD)
- Corporate Sustainability by Due Diligence Directive (CSDDD)
- EU Taxonomy Regulation
- SEC Climate Disclosure Rule
- Taskforce on Climate-related Financial Disclosure (TCFD)
- California Climate Act (SB 253, SB 257)
- Chemical Sector Model for Net-Zero (CSM) Proposed Chemical Sector Disclosure

Who are the potential key collaborators?

- All - Fashion Climate Fund
- UNGC - CFO Coalition
- Ethical Trading Initiative
- TOPD
- Deloitte
- Global Reporting Initiative (GRI)
- IFRS SABB Standards

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01

Financial & Business Planning

It starts here — and yes, the buck stops here too.

What it is now

Developing the strategic financial runway to inform profitability, resource allocation and potential investments for sustained growth.

Forecasting a top-down plan for long-range and annual plans, segmented by geographies, channels, etc., to share with merchandising and planning partners who reconcile with their bottom-up plans.

What it's becoming

Prioritizing and deciding where investment flows — and creating the structure that incentivizes and informs how teams behave.

Having quality data, processes and systems in place to inform decisions from end-to-end.

Responding to regulations, reporting, remediating, de-risking the business and building resilience are part of the conversation right from the get-go of every season and every year. As they say, money makes the world go round.

Let's rotate in a healthier direction.





Control zones and impact levers

Financial & Business Planning

Control Zones for Sustainability Consideration

- **Business priorities:** What areas of the business should be prioritized to meet our short- and long-term strategy and goals?
- **Financial strategy:** What is the required investment distribution to meet our business priorities over a longer time horizon?
- **Budget allocation:** What is the day-to-day budget distribution that enables our teams to deliver our strategy and priorities?

Business Goal

Determine the financial portfolio mix (including M&A, operating budget allocation, capital investments, etc.) required to meet the company's short- and long-term strategy and goals (e.g., growth targets), while protecting competitive positioning and financial health.

Key Business KPIs

- Net sales and net sales growth
- Customer lifetime value
- Market share
- Channel sales %
- Gross margin
- Gross margin ROI
- Cost of goods sold
- Net profit margin
- EBITDA
- Inventory turnover ratio
- % of reporting deadlines met
- Forecast accuracy

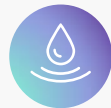
ESG impact areas that Finance & Business Planning teams can influence



Carbon and Net Zero



Materials, Regenerative Agriculture and Biodiversity



Water and Chemicals



Circularity, Waste and Redefining Growth



Plastics and Packaging



Traceability and Transparency



Consumer Engagement and Labeling



Worker and Human Rights



Empowerment, Education and Digital Wages



Justice, Equity, Inclusion and Diversity (JEDI)

Given that this function sets the strategic financial direction of the overarching business, from inventory management and marketing to resource allocation and operational costs, it has the potential to influence all sustainability impact areas.



Big ideas

Financial &
Business Planning

Capture Sustainability Value Pools

There are no shortage of growing value pools in the sustainability space.

Today's challenge is deciding which value pool you are going to chase and ensuring the appropriate resources and processes are available to the required teams to pursue it.

Due to the start-up nature of these value pools, companies should take a portfolio approach of both short- and long-term investment bets to enable venture capital scale payoffs, rapidly accelerating business and sustainability development while moving the organization to a resilient marketplace position.

Financial & Business Planning Actions

- Identify and define potential innovation areas based on market pressures including regulatory and compliance, consumer demand, and other macro trends
- Generate total addressable market (TAM) via primary market research with relevant stakeholders including consumers and strategic brand, retailer and supplier partners to define overall 'size of the prize'
- Valuate required research and development (R&D) time and cost to define barriers to entry and the effort required to bring innovations to market. Ensure adequate levels of contingency funding
- Compile and prioritize portfolio 'bets' through a pre-defined prioritization methodology to generate a portfolio of quick wins and strategic long-term bets that match your company's risk tolerance
- Execute, evaluate and iterate on innovation areas using a standardized assessment methodology to rapidly pivot resources to high-value areas

Business Benefits

- New market development
- Increased product innovation
- Increased ecosystem strength

Business KPIs

- Net sales and net sales growth
- Market share

Sustainability Actions

- Conduct strategy sessions with key executive leaders, including financial and business planners, to determine potential target areas for innovation based on social and environmental strategy
- Ensure sales data and potential partners have been agreed with product teams

Sustainability Benefits

- Given that this function sets the strategic financial direction of the overarching business, from inventory management and marketing to resource allocation and operational costs, it has the potential to influence all sustainability areas



Big ideas

Financial &
Business Planning

Optimize your Technology Portfolio

As increasing levels of data become available, a strong technology footprint further becomes a business imperative.

Ensuring your technology portfolio (and associated investments) supports your business strategy and priorities enables maximized value capture and optimal resource utilization.

Financial & Business Planning Actions

- Align on business goals, strategy and priorities to assess the underlying capabilities required to deliver business targets (e.g., drive growth, improve costs, etc.)
- Conduct a technology portfolio mapping to assess current technology utilization, spend per technology and associated capability / function (e.g., HR, sourcing, design, etc.)
- Assess current technology fitness with business needs to identify where technology may not meet business requirements
- Complete a Build vs. Buy analysis to assess which technologies will provide a differentiated capability and should be built / customized in-house (e.g., bespoke value chain solutions)
- Create a technology portfolio strategy to 'right-size' technology spend and allocate resources to technology that enables sustainable, differentiated growth and competitive positioning

Business Benefits

- Greater return on investment
- Optimized resource productivity

Business KPIs

- Gross margin
- Gross margin ROI
- % of reporting deadlines met

Sustainability Actions

- Support functional leaders with understanding long-term sustainability goals and underlying functional requirements, and integrate considerations into larger technology consideration set (e.g., disclosure requirements, remediation requirements, etc.)

Sustainability Benefits

- Given that this function sets the strategic financial direction of the overarching business, from inventory management and marketing to resource allocation and operational costs, it has the potential to influence all sustainability areas



Ask your sustainability team

Financial & Business Planning

Building Resiliency – Above & Beyond

Where can we collaborate if we want to innovate and push boundaries?

Let's talk about...

- Building well-defined value cases for investing in sustainability initiatives
- Establishing clear benchmarks to track both financial and ESG savings (and benefits)
- Leveraging sustainability as a “trojan horse” to initiate conversations around ecosystem investment, collaboration and data sharing for mutual benefit
- Using financial and risk tools (e.g., margin abatement curves / risk projections) to quantify transition costs and risks to business

Regulatory Landscape

What regulations should I be aware of?

- IFRS Sustainability Disclosure Standards
- Corporate Sustainability Reporting Directive (CSRD)
- Corporate Sustainability Due Diligence Directive (CSDDD)
- EU Taxonomy Regulation
- SEC Climate Disclosure Rule
- Taskforce on Climate-Related Financial Disclosure (TCFD)
- California Climate Bills (SB 253, SB 261)
- Canadian Securities Administrators (CSA) Proposed Climate-Related Disclosure

Related Organizations

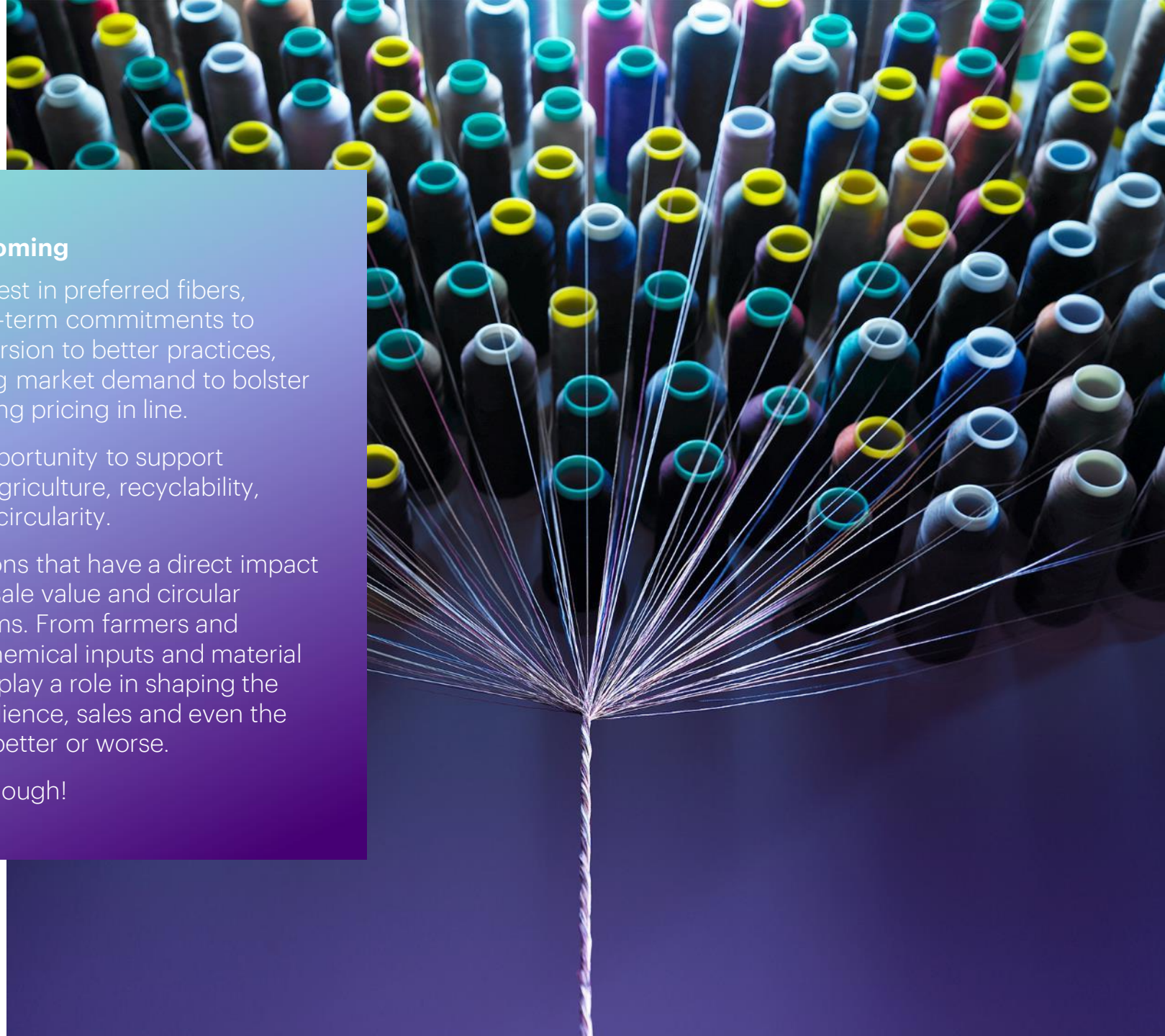
Who are the potential key collaborators?

- Apparel Impact Institute (Aii) – Fashion Climate Fund
- UN Global Compact – CFO Coalition
- Ethical Trading Initiative
- TCFD
- Ceres
- Global Reporting Initiative (GRI)
- IFRS SASB Standards

“Leaders have to always be listening to their constituents, whether it's investors, their customers, employees — and we really see ESG as something that helps to create stronger, more competitive companies that are just better positioned to generate longer term value for our investors.”

Jennifer Morgan

Global Head, Portfolio Operations
Blackstone



02

Raw Materials

The very beginning — nature provides.

What it is now

After alignment with Finance & Business Planning, optimizing for cost without compromising quality and speed.

Identifying, purchasing and planning raw materials. Ensuring quality assurance procedures and specifications are shared and met so that sourcing and design teams can do their jobs.

What it's becoming

Signaling interest in preferred fibers, making longer-term commitments to support conversion to better practices, and stimulating market demand to bolster supply and bring pricing in line.

Seizing the opportunity to support regenerative agriculture, recyclability, durability and circularity.

Making decisions that have a direct impact on product resale value and circular revenue streams. From farmers and ranchers, to chemical inputs and material innovators, all play a role in shaping the business's resilience, sales and even the climate — for better or worse.

No pressure though!



Control zones and impact levers

Raw Materials

Control Zones for Sustainability Consideration

- **Raw material identification:** What materials and fabrics are needed for each product?
- **N-tier visibility:** Where are raw materials sourced from?
- **Supporting best practices:** Are preferred materials and providers that promote social and environmental goals being prioritized?
- **Capacity planning:** How much material needs to be bought? When do orders need to be placed?

Business Goal

Ensure coordination with key cross-functional partners, including sourcing, and design and product development to source the necessary raw materials from the “right” suppliers, in the right quantities, at the right time.

Key Business KPIs

- Cost of raw materials as % of product cost
- Material availability rate
- Average unit cost
- Forecast accuracy
- Schedule slippage

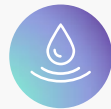
ESG impact areas that Raw Materials teams can influence



Carbon and Net Zero



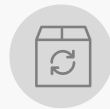
Materials, Regenerative Agriculture and Biodiversity



Water and Chemicals



Circularity, Waste and Redefining Growth



Plastics and Packaging



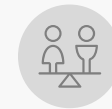
Traceability and Transparency



Consumer Engagement and Labeling



Worker and Human Rights



Empowerment, Education and Digital Wages



Justice, Equity, Inclusion and Diversity (JEDI)

Raw material tracing enables supply chain transparency, and subsequently verified product labeling. Additionally, opting for raw materials that are regenerative, recycled, less carbon and water-intensive, and considering safer chemicals management practices contributes to your company’s Scope 3 (value chain) emissions reduction, preferred fibers / materials, chemicals, and wastewater-related targets.

Taking Advanced Positions

In the face of ever-increasing supply chain disruptions and impacts to supply surety, raw materials teams should feel empowered to take strategic, advanced stances on proactively securing certain raw materials (e.g., cotton) and supporting regenerative agriculture partners, based on calculated risk associated with anticipated price increase, future demand, supply shortages and/or geopolitical influences.

Raw Materials Actions

- Map materials by weight and cost to understand overarching spread and core material insights
- Complete a market analysis based on industry trends, geopolitical trends and other potential factors that may influence the price or supply availability of raw materials
- Calculate associated risks of inaccurate predictions (e.g., storage costs, excess inventory, etc.) to inform advanced position decisions
- Align on which raw materials to take advanced positions on and correlating details (e.g., what materials, how much, etc.)
- Coordinate with raw materials suppliers to negotiate terms on advanced positions
- Drive demand and support regenerative farming partners by pulling preferred materials into your assortment

Business Benefits

- Lowered business risk
- Cost savings
- Increased raw material security
- Increased competitive advantage in the face of supply disruptions

Business KPIs

- Cost of raw materials as % of product cost
- Material availability rate
- Average unit cost
- Schedule slippage

Sustainability Actions

- Coordinate with raw materials team on preferred sustainable materials guidelines and selection process
- Co-conduct material map with raw materials team
- Share insights into geopolitical and sustainability-related risks for key raw materials to inform advanced positioning decision(s)
- Promote recyclability, durability, regenerative practices

Sustainability Benefits

- Reduced greenhouse gas (GHG) emissions from transportation (e.g., from chasing raw materials)
- Improved soil health, air quality and biodiversity metrics
- Opportunity for increased sourcing of less carbon-intensive materials

Standardization of Materials

Standardizing materials — especially for core raw materials that are bought heavily into across product lines — is an effective method to build collaboration and engagement with key supply partners, not only to simplify and reduce complexities, but also to reap benefits associated with cost savings, waste reduction and improved consistency.

Raw Materials Actions

- Map materials by weight and cost to understand overarching spread and core material insights
- Assess where standardization of materials is possible — this may include understanding where materials can be substituted to enable standardization
- Consider whether preferred sustainable materials that are less carbon-intensive, regenerative, and/or recycled can be introduced in this standardization process
- Collaborate with design and product development teams to validate standardization decisions, particularly where notable substitutions are required
- Quantify cost-benefit analysis of tradeoffs and standardization
- Coordinate with raw materials suppliers to negotiate terms and activate shift to preferred materials

Business Benefits

- Simplified production
- Cost savings with economies of scale
- Increased negotiation leverage
- Lowered inventory costs
- Improved quality control

Business KPIs

- Cost of raw materials as % of product cost
- Material availability rate
- Average unit cost
- Forecast accuracy

Sustainability Actions

- Co-create material map with raw materials team
- Coordinate with raw materials team on preferred sustainable materials guidelines and selection process — including where they can be incorporated into a standardization strategy for scale and cost efficiency to meet public sustainable material targets
- Conduct and share tradeoff quantification for selecting more sustainable raw materials
- Partner with other brands and retailers to drive scale

Sustainability Benefits

- Reduced raw material waste
- Opportunity for increased sourcing of less carbon-intensive materials
- Support of regenerative agricultural practices and multiple sustainability benefits therein
- Facilitating circularity



Ask your sustainability team

Raw Materials

Building Resiliency – Above & Beyond

Where can we collaborate if we want to innovate and push boundaries?

Let's talk about...

- Sourcing more sustainable materials (e.g., less carbon intensive, regenerative fibers, recycled materials, etc.) to stay competitive and appeal to changing consumer demands
- Progressing circularity through innovations in fabric and product design
- Implementing technologies to streamline and automate material traceability

Regulatory Landscape

What regulations should I be aware of?

- EU Ecodesign for Sustainable Products
- EU Green Claims Directive
- EU Digital Product Passport
- Germany's Textile Recycling Act
- US State-Level Extended Producer Responsibility programs (e.g., California, Maine)

Related Organizations

Who are the potential key collaborators?

- Textile Exchange's Preferred Fiber and Materials Matrix (PFMM)
- Organic Cotton Accelerator (OCA) Farm Program
- US Cotton Trust Protocol
- Cotton made in Africa
- CottonConnect
- Canopy
- Global Organic Textile Standard (GOTS)

"Now is the time to move from great programs — 'islands of good' — to collected, connected actions that can scale proven solutions. As a farmer, I can't invest in and grow more regenerative or organic cotton on a *maybe*. Only clear market signals will drive industry transformation. Think of a relay race, all of us working together for the same goal — teamwork to deliver what is best for our planet and the life we must support for the future!"

La Rhea Pepper

Senior Advisor, Fashion Makes Change
Founder, Textile Exchange

03

Design & Product Development

Aesthetics influence and reflect culture. That's powerful.

What it is now

Understanding consumer trends to create designs. Bringing items to life. Turning sketches and prototypes into samples. Setting technical specifications around construction, color, trim, measurements, fabrics and quality standards.

What it's becoming

Building the puzzle pieces of a sample, item, and collection, while thinking about waste reduction, durability, recyclability of components and resale value.

Utilizing digital twins to reduce sampling. Tapping into Gen AI to understand consumer trends with larger data sets and an easy interface to avoid products that hit the sale rack — or worse.

Wearing something a person loves makes them feel fantastic — especially if it aligns not only with their taste — but also their values.





Control zones and impact levers

Design & Product Development

Control Zones for Sustainability Consideration

- **Functional design:** What does the product look like? What are the expectations of the product to ensure that consumer needs are met (e.g., quality, price, etc.)?
- **Technical design:** What are the specifications required to bring the design to life?
- **Data inputs:** What data is informing product design to reduce fabric waste, consider durability and components, and promote circularity?

Business Goal

Design and create new products that meet consumer expectations and company goals.

Key Business KPIs

- Development cost as % of incremental revenue
- Cost incurred in design as % of R&D costs
- Tooling cost as % of cost of goods sold (COGS)
- % of revenue from new products
- % new product success rate
- % of PLM financial targets met
- % of product lifecycle management financial targets met
- Time to market
- Average unit cost
- Production rate
- Adoption rate
- Cost per new product design
- Sampling cost %
- Time per new design
- Product sales growth

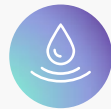
ESG impact areas that Design & Product Development teams can influence



Carbon and Net Zero



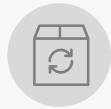
Materials, Regenerative Agriculture and Biodiversity



Water and Chemicals



Circularity, Waste and Redefining Growth



Plastics and Packaging



Traceability and Transparency



Consumer Engagement and Labeling



Worker and Human Rights



Empowerment, Education and Digital Wages



Justice, Equity, Inclusion and Diversity (JEDI)

How a product is designed — and how that vision is brought to life — can affect various ESG factors like decreased GHG emissions from less carbon-intensive materials, less water-intensive materials, and regenerative materials. Furthermore, products' circularity and durability potential are dictated at this Design stage.



Big ideas

Design & Product Development

Virtual Samples

Samples are a critical component in the design and product development process as a test point to ensure that products (fit, drape, feel, etc.) reflect the designer's intent before lines are produced at full scale. Virtual samples are a transformational technology that is gaining traction due to various efficiency, cost and sustainability benefits.

Design & Product Development Actions

- Avoid physical samples whenever possible, particularly in early iterations
- Conduct research and weigh options from virtual sample 3D software based on dimensions such as quality, fit within existing enterprise systems, cost, required training / upskilling, etc.
- Roll out software to pilot in prioritized product categories, with a plan to scale across all categories and replace digital samples, to the fullest extent possible

Business Benefits

- Reduced material use
- Cost savings
- Quicker reaction cycles for design iteration
- Clearer, digital communication with suppliers on product specifications
- Reduced lead time

Business KPIs

- Development cost as % of incremental revenue
- Cost incurred in design as % of R&D costs
- Time to market
- Average unit cost
- Adoption rate
- Sampling cost %
- Time per new design

Sustainability Actions

- Quantify avoided waste, emissions, and cost as a result of transitioning to virtual samples to capture incremental benefits
- Educate the design team on the tradeoffs and potential benefits of virtual design

Sustainability Benefits

- Reduced GHG emissions from transportation
- Reduced waste
- Reduced ESG impacts typical with physical samples (e.g., emissions, water, chemicals, human rights)



Big ideas

Design & Product Development

Design for Circularity

The journey toward circularity starts in the design process with the mindset of shifting to a closed-loop system, where products maintain their utility for as long as possible or are regenerated as a new product.

While it seems intrinsically sustainability-forward, designing for durability, repairability, disassembly and recyclability can drive additional, continued financial streams.

Design & Product Development Actions

- Identify circularity trainings that can be deployed to upskill design and product development teams on how to augment current practices to shift toward enabling a closed-loop system
- Embed product design principles like durability, repairability, disassembly, recyclability and standardization of materials — beginning with pilot product categories
- Collaborate with commercial and sustainability teams to discuss sales opportunities grounded in these new design practices (e.g., standing up a re-commerce channel, designing new lines with recycled materials, etc.)

Business Benefits

- New commercial channel and revenue stream
- Use of recycled inputs for new products that reduce the costs of new items
- Higher quality products
- Improved consumer sentiment

Business KPIs

- Development cost as % of incremental revenue
- Cost incurred in design as % of R&D costs
- % of revenue from new products (including resale and upcycled products)
- % new product success rate
- Average unit cost
- Production rate
- Adoption rate
- Cost per new product design
- Time per new design
- Product sales growth

Sustainability Actions

- Serve as a bridge between sustainability team, ecosystem partners, and design and product development teams to upskill and train designers on sustainable practices
- Identify what circular models are most impactful (for profitability and sustainability) for your business to partner with design and product development teams to actualize
- Involve finance, supply chain and other functional areas as need be

Sustainability Benefits

- Reduced GHG emissions
- Reduced virgin raw material use
- Potential recycled feedstock for new products
- Reduced waste



Ask your sustainability team

Design & Product Development

Building Resiliency – Above & Beyond

Where can we collaborate if we want to innovate and push boundaries?

Let's talk about...

- Investing in efficient and more sustainable design processes
- Deploying the most appropriate and relevant trainings to upskill all designers on sustainable and circular practices
- Conducting a life cycle assessment (LCA) on our core product components to better inform design and product development decisions
- Setting an internal carbon price to guide our teams to make less carbon-intensive decisions

Regulatory Landscape

What regulations should I be aware of?

- EU Ecodesign for Sustainable Products
- EU Green Claims Directive
- EU Digital Product Passport
- Germany's Textile Recycling Act
- US State-Level Extended Producer Responsibility programs (e.g., California, Maine)
- US State-Level Disclosure and Remediation (e.g., California, NY, Washington)

Related Organizations

Who are the potential key collaborators?

- Ellen MacArthur Foundation (EMF)
- Textile Exchange's Preferred Fiber and Materials Matrix (PFMM)
- Fashion Positive
- Fashion for Good
- H&M Global Change Awards

"I'm clear-eyed that we take more from the planet than we restore, but I like to think we're offering a different model for doing business. Apparel companies must take responsibility for the products they make. That includes manufacturing products responsibly while simultaneously designing products to last, encouraging customers to buy only what they need and offering a solution when the product is no longer needed."

Ryan Gellert

Chief Executive Officer
Patagonia

04

Sourcing

Partnering with purpose —
for the win-win.

What it is now

Selecting cost-effective supply partners that deliver quality and efficiency. Tapping into knowledge of market trends and fluctuations.

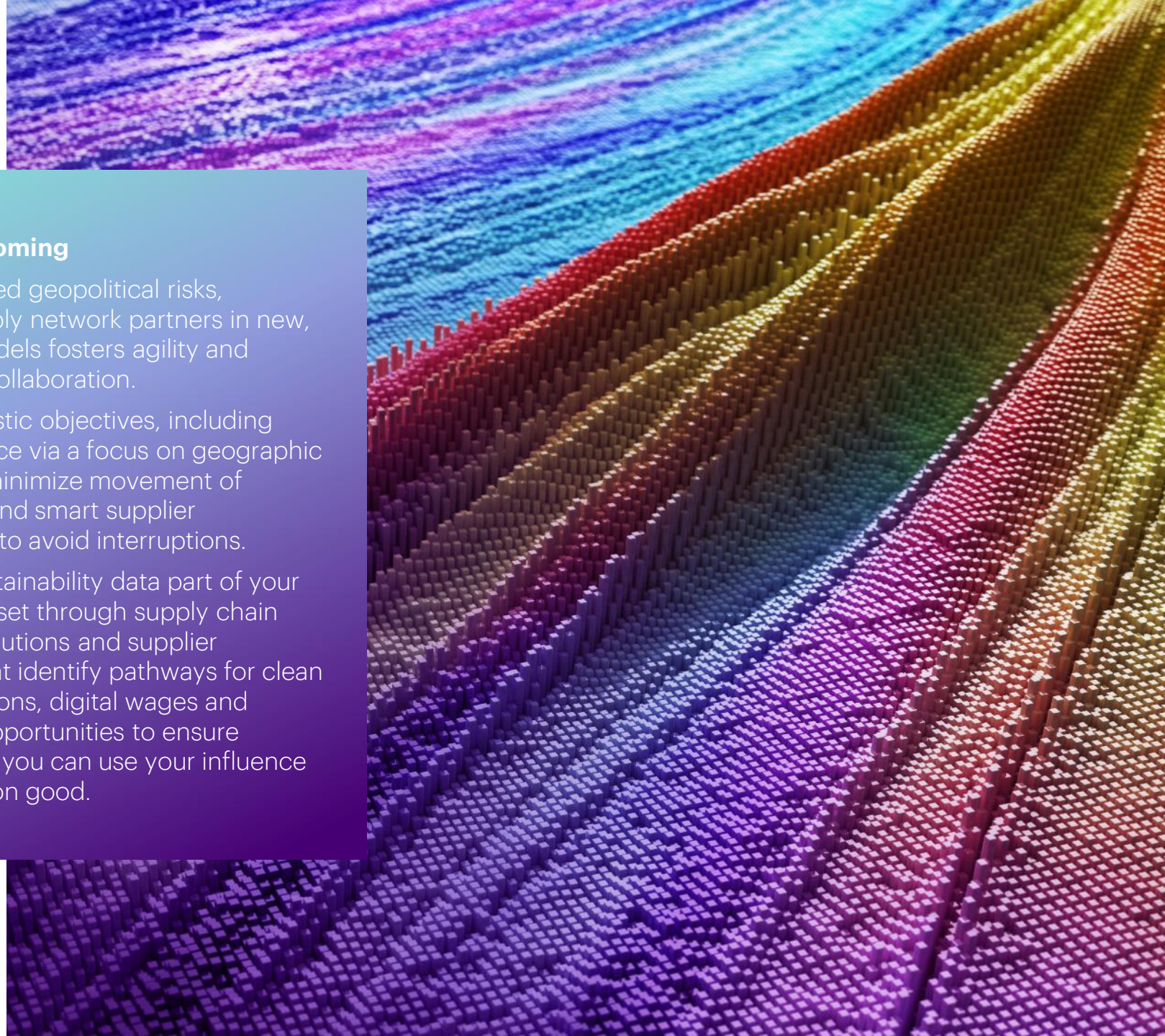
Negotiating competitive prices to deliver finance and business planning targets, while bringing design and product developer visions to life.

What it's becoming

With heightened geopolitical risks, engaging supply network partners in new, co-benefit models fosters agility and constructive collaboration.

Achieving holistic objectives, including quality and price via a focus on geographic clusters that minimize movement of components and smart supplier diversification to avoid interruptions.

By making sustainability data part of your consideration set through supply chain technology solutions and supplier scorecards that identify pathways for clean energy transitions, digital wages and educational opportunities to ensure compliance — you can use your influence for the common good.





Control zones and impact levers

Sourcing

Control Zones for Sustainability Consideration

Supplier identification and selection:

What suppliers are we sourcing from — and what are their practices and standards?

Supplier process mapping:

What supplier processes and capabilities are needed to produce our products? Where are they located? Can we reduce product movements, time and touchpoints by making different choices by geographic region?

Cost negotiation:

How much are production costs? Can we identify efficiencies and do it more cost-effectively without compromising quality?

Supplier partnerships:

What do our supply partners need to be successful in achieving our requirements? Are there co-benefit opportunities that would improve profitability and sustainability goals for both sides?

Business Goal

Source goods — from source to finished goods — from suppliers in the most efficient, cost-effective methods, while upholding quality standards.

Key Business KPIs

- On-time delivery
- Supplier defect rate
- Lead time
- Compliance rate
- Social and environmental audit performance
- Cost savings
- Cost avoidance
- Purchase price variance
- Total cost of ownership
- Sourcing cycle time
- Total spend
- Maverick spend
- Supplier innovation (qualitative)
- Average unit cost

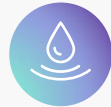
ESG impact areas that Sourcing teams can influence



Carbon and Net Zero



Materials, Regenerative Agriculture and Biodiversity



Water and Chemicals



Circularity, Waste and Redefining Growth



Plastics and Packaging



Traceability and Transparency



Consumer Engagement and Labeling



Worker and Human Rights



Empowerment, Education and Digital Wages



Justice, Equity, Inclusion and Diversity (JEDI)

Diversifying a supplier network with geographical clusters can lead to reduced transportation-related costs and GHG emissions, while prioritizing suppliers who employ more sustainable practices (e.g., regenerative, fair labor, etc.) helps boost positive results for human rights, nature, water, chemicals and circularity. Supplier relationships and traceability are the foundation to enable these enhancements.



Big ideas

Sourcing

Supplier Diversification

Due to a rapidly shifting geopolitical landscape, supply chains are faced with unprecedented rates of interruption and change.

Adopting a diversified supplier network strategy to reduce reliance on a centralized source — by geographic location and capabilities — can help keep pace and mitigate risk to business, while improving speed-to-market and sustainability benefits.

Sourcing Actions

- Complete an N-tier mapping assessment to understand where your supplier network spans by location, tier, capability / function, etc.
- Consider technology solutions to track N-tier supply chain with key datapoints to track and enhance supplier performance across cost, quality, efficiency and sustainability dimensions
- Develop a prioritized list of criteria for supplier selection (e.g., location, capability, production capacity, etc.)
- Gather list of potential suppliers to expand to and compare against prioritized criteria to a select new set of suppliers with a correlating transition plan — considering where “supplier clusters” could be established to minimize unnecessary movement of goods, as well as responsible exit strategies for existing suppliers if needed
- Quantify associated margin opportunities to measure financial impact

Business Benefits

- Lowered risk (reputational, business)
- Greater negotiation leverage
- Improved speed to market
- Lower rates of supply disruption

Business KPIs

- On-time delivery
- Supplier lead time
- Cost savings
- Cost avoidance
- Purchase price variance
- Sourcing cycle time
- Supplier innovation
- Total spend
- Maverick spend

Sustainability Actions

- Collaborate with sourcing teams to drive sustainability considerations (e.g., geopolitical risk, human rights, environmental, compliance) into data sets and decisions for supplier network and geolocation strategy

Sustainability Benefits

- Reduced geopolitical risk
- Reduced compliance risk
- Reduced GHG emissions from transportation



Big ideas

Sourcing

Supplier Engagement for Mutual Co-Benefit

A known reality of the fashion industry is that most impacts — financial, environmental, social — sit in the upstream supply chain.

Naturally, adapting to and mitigating these impacts will require a network of collaborative action between brands and retailers and their suppliers.

Sourcing Actions

- Complete a supplier segmentation analysis incorporating dimensions like size, geography, spend, unit volume, length of relationship and sustainability performance
- Select a representative group of suppliers based on segmentation analysis to understand performance, goals, obstacles, data-sharing practices and pain points
- Leverage findings to develop an engagement framework, including a “menu” of opportunities for joint action that drive mutual co-benefits across financial, operational and sustainability value
- Develop a plug-and-play quantification framework to understand magnitude of co-benefits in the short and longer term
- Identify key datapoints and potential platforms for multi-party data sharing to ensure accurate performance management tracking
- Introduce ‘menu’ of co-benefit opportunities into existing periodic engagements with suppliers (e.g., onboarding, production authorization reviews, human rights audits, negotiations, etc.) and encourage suppliers to commit to best-fit opportunities
- Embed into existing supplier scorecard framework to ensure seamless and gradual integration and transparent co-benefit quantification

Business Benefits

- Increased gross margin
- Improved data quality, consistency and traceability
- Lowered risk (reputational, business)
- Optimized supplier network and resiliency
- Decreased supply risk

Business KPIs

- On-time delivery
- Supplier defect rate
- Lead time
- Compliance rate
- Social and environmental audit performance
- Supplier innovation (qualitative)

Sustainability Actions

- Partner with sourcing teams throughout the process — particularly to spotlight how sustainability can be a lever to unlocking operational and financial efficiencies
- Identify ways to fold in sustainability data and metrics into existing supplier engagement and evaluation criteria

Sustainability Benefits

- Given that this initiative is about identifying co-benefits across the supplier base at the intersection of financial, operational and sustainability value, it has the potential to influence all ESG impact areas



Ask your sustainability team

Sourcing

Building Resiliency – Above & Beyond

Where can we collaborate if we want to innovate and push boundaries?

Let's talk about...

- Negotiating investments in our supplier network with more favorable terms today and via longer-term contracts
- Implementing digital payments in supplier facilities, as they are faster and more secure than cash and lead to reduced cost, reduced risks and improved development benefits, particularly to women workers
- Tapping into cross-industry partnerships and peer partners for joint-financing mechanisms to incentivize suppliers' sustainability progress
- Monitoring and evaluating the systems in place to ensure we are enabling ethical sourcing practices — and securing a living wage is paid in all factories

Regulatory Landscape

What regulations should I be aware of?

- EU Corporate Sustainability Due Diligence Directive (CSDDD)
- EU Ecodesign for Sustainable Products
- EU Green Claims Directive
- EU Digital Product Passport
- Germany's Textile Recycling Act
- US State-Level Extended Producer Responsibility programs (e.g., California, Maine)
- New York Fashion Act
- FABRIC Act

Related Organizations

Who are the potential key collaborators?

- Textile Exchange
- Apparel Impact Institute (Aii)
- Re-imagining Industry to Support Equality (RISE)
- Cascale
- Supplier Leadership on Climate Transition (SLOCT)
- Global Fashion Agenda
- Open Supply Hub
- Better Than Cash Alliance
- Business for Social Responsibility
- ACT on Living Wage
- Fair Labor Association
- Zero Discharge of Hazardous Chemicals (ZDHC)

“The future of fashion relies on shared responsibility and the evolution of co-benefit models between brands, retailers and manufacturers. Scaling Solutions points the way toward a prioritized collaborative agenda.”

Andrew Lo

Chief Executive Officer
Crystal International Group

05

Packaging

Sometimes less truly is more.
Onto a better way.

What it is now

Designing and developing technical specifications for functional and aesthetic product packaging that protects, and supports brand image and storytelling.

Considering the costs, materials and shipping requirements in the supply network and to consumers.

What it's becoming

As responsibility for trash shifts from municipalities to companies, there are expectations to avoid, reduce, reuse and recycle.

No, we don't have a perfect 'eco-friendly' alternative to plastic yet, but rethinking polybags, packaging components, hangers, boxes, tags and labels is expected as each one comes with a cost and GHG impact — as well as regulatory compliance and penalty fines for inaction.

Use data to understand how much merchandise needs to be ready for the store vs. e-commerce, and adjust accordingly.

Here's to elimination and innovation!





Control zones and impact levers

Packaging

Control Zones for Sustainability Consideration

- **Functional design:** What does the packaging look like?
- **Technical design:** What are the specifications required to bring the packaging design to life?

Business Goal

Develop primary and secondary packaging to move products safely through the value chain, while providing functional and pleasing visual merchandising for distribution channels.

Key Business KPIs

- Development cost as % of incremental revenue
- Cost incurred in design as % of research & development costs
- Packaging waste
- Average unit (packaging) cost
- Packaging quality defect rate
- Packaging durability
- Time to market
- Production rate
- Adoption rate
- Cost per product for packaging
- Time per new design

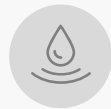
ESG impact areas that Packaging teams can influence



Carbon and Net Zero



Materials, Regenerative Agriculture and Biodiversity



Water and Chemicals



Circularity, Waste and Redefining Growth



Plastics and Packaging



Traceability and Transparency



Consumer Engagement and Labeling



Worker and Human Rights



Empowerment, Education and Digital Wages



Justice, Equity, Inclusion and Diversity (JEDI)

More sustainable packaging that incorporates recycled, alternative, and/or recyclable materials — or is produced using less materials — reduces GHG emissions, waste and overall plastics and packaging impacts.



Big ideas

Packaging

Minimize Packaging

Designing packaging to be fit-for-product is not only a way to reduce packaging inputs, waste and costs, but also to innovate for visual merchandising and shipping.

For example, re-imagining packaging for a sixpack of underwear to be sleeker allows for more products to fit in a single shipment and subsequently on a single display in stores.

Packaging Actions

- Audit current packaging practices and portfolio — including material types, quantities, features, costs, etc. — and benchmark alternative options
- Define requirements on functionality, performance and consumer experience that are non-negotiable in discovery process for alternatives
- Conduct assessment to right size packaging, including alternative materials and minimizing unnecessary components, supplemented by a cost-benefit analysis to identify most viable opportunities
- Pilot with prioritized product category with vision to augment and scale widely

Business Benefits

- Increased sales
- Reduced transportation and handling costs in warehouses and in stores
- Improved consumer experience

Business KPIs

- Development cost as % of incremental revenue
- Cost incurred in design as % of R&D costs
- Packaging waste
- Average unit (packaging) cost
- Packaging quality defect rate
- Packaging durability
- Production rate
- Adoption rate
- Cost per new product design
- Time per new design

Sustainability Actions

- Research and recommend alternative sustainable packaging materials — participating in industry pilots to find scalable innovations
- Quantify progress toward sustainable packaging goals, including associated long-term financial efficiencies
- Offer reduced packaging options to customers

Sustainability Benefits

- Reduced GHG emissions from transportation due to lighter weights
- Reduced packaging waste
- Increased use of innovative low impact materials
- Consumer education and engagement on sustainability attributes and benefits leading to long-term behavioral changes



Big ideas

Packaging

Adjust Packaging by Distribution Channel

Customizing packaging specifications and requirements to their ultimate channel of distribution (e.g., retail stores, e-commerce, direct-to-consumer, wholesale, etc.) is a streamlined and scalable way to tackle packaging waste, while minimizing handling and transportation costs.

Packaging Actions

- Map current packaging practices by channel and by product category, especially as specified in vendor guidelines
- Tailor packaging specifications and requirements by channel based on material selection, dimensions and components (e.g., hangers, flat-packed) to reduce the need for excess packaging and the need for re-packaging at distribution centers
- Update packaging and vendor guidelines to reflect updates
- Pilot with prioritized product category and/or suppliers to augment and scale widely

Business Benefits

- Cost savings
- Reduced transportation and handling costs in warehouses and in stores
- Improved speed-to-market

Business KPIs

- Development cost as % of incremental revenue
- Cost incurred in design as % of R&D costs
- Packaging waste
- Average unit (packaging) cost
- Packaging quality defect rate
- Packaging durability
- Time to market
- Production rate
- Adoption rate
- Cost per new product design
- Time per new design

Sustainability Actions

- Research and recommend alternative sustainable packaging materials — participating in industry pilots to find scalable innovations
- Make recommendations on packaging guidelines to encourage sustainable practices
- Quantify progress toward sustainable packaging goals, including associated long-term financial efficiencies

Sustainability Benefits

- Reduced raw material use
- Reduced GHG emissions from transportation
- Reduced packaging waste



Ask your sustainability team

Packaging

Building Resiliency – Above & Beyond

Where can we collaborate if we want to innovate and push boundaries?

Let's talk about...

- Exploring the innovations for plastic polybag alternatives — or other alternative packaging innovations that can help us minimize our waste footprint. Get involved and participate
- Scaling reusable totes and other packaging in our warehouse-to-store distribution routes (rather than corrugated)
- Clarifying what our consumers care about most when it comes to packaging and how we can make those attributes more sustainable

Regulatory Landscape

What regulations should I be aware of?

- EU Packaging and Packaging Waste Directive
- Germany Green Dot Program
- US State-Level and Municipal-Level Extended Producer Responsibility programs (e.g., California, Maine) and Plastic Packaging Bans
- Fair Packaging and Label Act

Related Organizations

Who are the potential key collaborators?

- Ellen MacArthur Foundation's New Plastics Economy Global Commitment
- The Fashion Pact
- Sustainable Packaging Coalition

"The shift from voluntary to regulatory disclosure is one of the most dramatic shifts in my 25-year sustainability career. The magnitude of cross-functional partnership, change management and data required should not be underestimated."

Michael Kobori

Chief Sustainability Officer
Starbucks

06 Merchandising

The center of gravity.
It all revolves around you.

What it is now

Building product assortments that reflect trends and resonate with consumers — in the right quantities, at the right price, distributed to the right channels to maximize sales.

Collaborating with partners across sourcing, design, visual merchandising, packaging, planning and marketing to ensure the best product strategy.

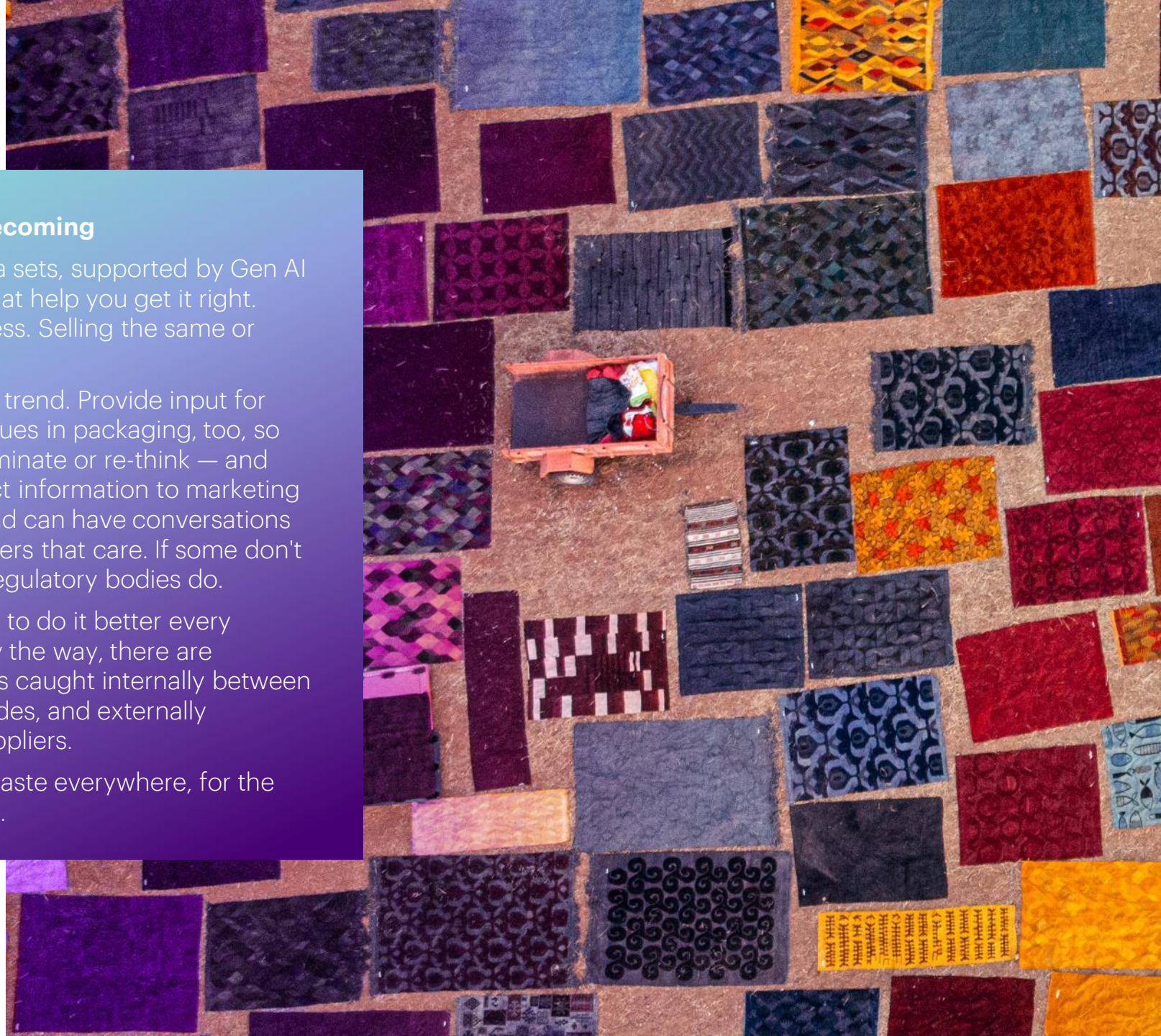
What it's becoming

Massive data sets, supported by Gen AI interfaces that help you get it right. Producing less. Selling the same or more.

On time. On trend. Provide input for your colleagues in packaging, too, so they can eliminate or re-think — and relay product information to marketing so your brand can have conversations with customers that care. If some don't — well, EU regulatory bodies do.

On the hook to do it better every time. And by the way, there are inefficiencies caught internally between business nodes, and externally between suppliers.

Chase the waste everywhere, for the benefit of all.





Control zones and impact levers

Merchandising

Control Zones for Sustainability Consideration

- **Product:** What products (in which categories, colorways, designs, etc.) do we want to sell?
- **Price:** How do we want to price each product? Do we want variances by region or distribution channel?
- **Promotion:** What promotions should be run on products and when?

Business Goal

Ensure the right products are bought at the right quantities and merchandised in the right places to maximize sales.

Key Business KPIs

- Sales and margin growth
- Sell-through rate
- E2E lead time
- Open to buy % of stock-keeping units (SKUs) on discount
- Markup
- Internal product ranking
- Markdown penetration
- Price elasticity
- Units per transaction
- Average rate of sales
- Sales conversion
- Return % of sales
- Return rate
- Gross margin
- Gross margin ROI (GMROI)

ESG impact areas that Merchandising teams can influence



Carbon and Net Zero



Materials, Regenerative Agriculture and Biodiversity



Water and Chemicals



Circularity, Waste and Redefining Growth



Plastics and Packaging



Traceability and Transparency



Consumer Engagement and Labeling



Worker and Human Rights



Empowerment, Education and Digital Wages



Justice, Equity, Inclusion and Diversity (JEDI)

Decisions around assortment planning – what, when, where – have the potential to affect GHG emissions, raw material inputs, circular design and ultimately how the product is labeled and presented to consumers.



Big ideas

Merchandising

Gen AI Integration to Inform Buys

Data-informed insights on consumer preferences, industry and peer trends, and pricing strategies have always been cornerstones to key merchandising decisions.

The newest player in an ever-evolving technology landscape is Gen AI, which is already proving to be a uniquely powerful tool to bring accuracy, efficiency and even sustainability into the decision-making process for merchants.

Merchandising Actions

- Discuss pilot integration opportunities with technology and IT teams, bringing key stakeholders, like sourcing, design, planning and sustainability, to the table to ensure a robust, fit-for-purpose solution based on data compatibility, model training and integration
- Co-develop a blueprint for a minimum-viable product based on a prioritized list of where Gen AI-powered insights would bolster business and sustainability benefits (e.g., improved insights into consumer preferences based on past trends and future demand, trend forecasting analysis, improved production quantities; product consolidation if there are similar SKUs, visual and e-commerce merchandising improvements, pricing and promotion strategies, etc.)
- Partner with technology and IT teams throughout scaled integration, providing continuous feedback loops

Business Benefits

- Improved alignment to consumer preference
- Real-time data analysis and insights
- Increased sales
- Reduced markdowns

Business KPIs

- Sales and margin growth
- Sell-through rate
- Open to buy
- % of SKUs on discount
- Markup
- Markdown penetration
- Price elasticity
- Units per transaction
- Average rate of sales
- Sales conversion
- Return % of sales
- Return rate
- Gross margin
- Gross margin ROI (GMROI)

Sustainability Actions

- Quantify correlating sustainability benefits (e.g., excess inventory waste, GHG emissions) associated with Gen AI-powered merchandising decisions
- Inform the integration of key sustainability product attributes as a dataset consideration to ensure merchandising assortment and decisions are appealing to consumers' sustainability preferences

Sustainability Benefits

- Reduced material use
- Reduced GHG emissions, water and chemical use due to the avoidance of over-production
- Reduced excess inventory waste



Big ideas

Merchandising

New Category Development

Apart from tried-and-true replenishment products with minimal changes season over season, merchants have a keen sense and strategic superpower to invest in and develop new trend-driven product categories or sub-categories — constantly keeping up with changing consumer preferences and industry trends.

With shoppers, particularly younger ones, increasingly reaching for more sustainable options, the market for more sustainable products is ripe.

These thoughtful, calculated and deliberate leaps to integrate sustainability into new products can be a competitive edge.

Merchandising Actions

- Conduct a comprehensive market assessment to analyze consumer demand, market size, growth opportunity, alignment with existing product portfolio and broader brand image, existing leverageable innovations and competitive landscape to identify most viable new category opportunities
- Contextualize and prioritize key opportunities based on associated feasibility, risk, affordability, investments required, sustainability impact and financial returns
- Collaborate with key cross-functional partners and stakeholders, both back-end (finance, raw materials, design & product development, and sustainability) and front-end (marketing and consumer insights) on prioritized opportunities
- Identify key external partners, like manufacturers and innovators, that can support the development, scale and success of identified opportunities
- Develop an evaluation framework to track success (e.g., profitability, new consumer acquisition, etc.)
- Pilot with most viable opportunities, adjust, iterate and scale

Business Benefits

- Increased revenue and market share
- New customer segments captured
- Positioned as market leader with potential first-mover advantage

Business KPIs

- Sales and margin growth
- Open to buy
- % of SKUs on discount
- Markup
- Internal product ranking
- Price elasticity
- Units per transaction
- Average rate of sales
- Sales conversion
- Gross margin
- Gross margin ROI

Sustainability Actions

- Provide expert-lens on integration of sustainable materials and innovations, and serve as the bridge to potential ecosystem partners
- Quantify correlating sustainability benefits and progress toward sustainable materials goals
- Identify further opportunities for integration of sustainable materials and practices (e.g., circularity) in existing product lines and future new product categories

Sustainability Benefits

- Increased adoption and integration of sustainable materials
- Consumer education and engagement on sustainability attributes and benefits leading to long-term behavioral changes
- Tool for delivering publicly facing targets
- Potential category or remediation efforts in the face of regulatory requirements



Ask your sustainability team

Merchandising

Building Resiliency – Above & Beyond

Where can we collaborate if we want to innovate and push boundaries?

Let's talk about...

- Developing the roadmap necessary to explore new channel opportunities for re-commerce
- Leveraging the latest best (and most profitable) practices for managing excess inventory through more sustainable paths
- Managing returns more effectively and sustainably, given the growing issues around returns management

Regulatory Landscape

What regulations should I be aware of?

- IFRS Sustainability Disclosure Standards
- Corporate Sustainability Reporting Directive (CSRD)
- Corporate Sustainability Due Diligence Directive (CSDDD)
- EU Ecodesign for Sustainable Products
- EU Green Claims Directive
- EU Digital Product Passport
- SEC Climate Disclosure Rule
- US State-Level Extended Producer Responsibility programs (e.g., California, Maine)
- New York Fashion Act

Related Organizations

Who are the potential key collaborators?

- Ellen MacArthur Foundation (EMF)
- Textile Exchange
- Cradle to Cradle
- Retail Industry Leaders Association (RILA)
- American Apparel & Footwear Association (AAFA)
- UNFCCC Fashion Industry Charter for Climate Action

"Our sustainability objectives cannot be realized by just one team. It takes integration with almost all facets of our company."

Richard Dickson

Chief Executive Officer
Gap Inc.

07

Planning, Channel & Inventory Management

Data to the rescue — test, learn, produce and locate product.

What it is now

Managing pre-season and in-season planning — including demand forecasting, supply planning, and allocation for replenishment and fashion buys.

Ensuring inventory levels are balanced and optimized to maximize sales. Collaborating with partners across sourcing and merchandising to ensure products are properly bought into.

What it's becoming

Pre-season analytics allow for better demand forecasting and more accurate open to buy allocation planning.

Using a test-and-learn approach provides lessons and valuable data to understand what will likely sell or not — and unpacking the reasons why — prior to placing bulk orders.

Partnering with suppliers to reduce end-to-end lead times— by identifying dynamic planning solutions to offshore, near-shore and onshore as sell-through seasons unfold and re-orders become needed — fosters agility and excess inventory reduction.

Data-driven decision-making to the rescue.



Control zones and impact levers

Planning, Channel & Inventory Management

Control Zones for Sustainability Consideration

- **Demand planning:** How much of each product do we think we can sell based on the assortment plan?
- **Supply planning:** How do we ensure we have enough products to meet the demand plan?
- **Allocation:** Where do we want to distribute our products, by geography and channel?

Business Goal

Establish a sales, inventory and allocation strategy based on shorter-term and long-range sales targets.

Key Business KPIs

- Sales and margin growth
- Sell-through rate
- E2E lead time
- Open to buy % of SKUs on discount markup
- Internal product ranking
- Markdown penetration
- Inventory holding costs
- Inventory turnover ratio
- Inventory written off %
- Units per transaction
- Average rate of sales
- Sales conversion
- Demand forecast accuracy
- Reorder point
- Safety stock %
- Fill rates
- Weeks of supply
- Beginning of period and end of period stock levels
- Return % of sales
- Return rate
- Gross margin
- Gross margin ROI (GMROI)
- Inventory to sales ratio
- Calendar adherence

ESG impact areas that Planning, Channel & Inventory Management teams can influence



Carbon and Net Zero



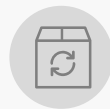
Materials, Regenerative Agriculture and Biodiversity



Water and Chemicals



Circularity, Waste and Redefining Growth



Plastics and Packaging



Traceability and Transparency



Consumer Engagement and Labeling



Worker and Human Rights



Empowerment, Education and Digital Wages



Justice, Equity, Inclusion and Diversity (JEDI)

Accurate planning and forecasting, supplemented by practices like calendar adherence, has often unseen, upstream ESG impacts. For example, chasing goods not only requires last minute air shipments and increased GHG emissions, but also requires suppliers to free up production and workforce capacity, which may strain environmental and human rights best practices.



Big ideas

Planning, Channel & Inventory Management

Dynamic Planning & Allocation

The days where inventory plans and allocation strategies are solidified quarters in advance are quickly becoming a thing of the past for the fashion industry.

With endless real-time data and continuous feedback across factories, warehouses, distribution channels and consumer sales at our fingertips, it only makes sense to combine these insights to flexibly make and move inventory closer to “real-time” in efficient networks that match consumer demand.

Planning, Channel & Inventory Management Actions

- Complete pre-season inventory plans and allocation strategies, as usual, leveraging historical sales data, seasonal trends and promotion strategies, while ensuring flexibility of a certain percentage (or all) of inventory qualifies for dynamic planning (e.g., standardized products across distribution channels to enable seamless cross-channel movement of inventory)
- Partner with sourcing and merchandising teams to identify and negotiate flexibility terms with suppliers for key replenishment products — so that for each periodic replenishment order placed, there’s a built-in percentage of flexibility to place a larger or smaller order based on current sales trends
- Partner with technology and IT to identify and integrate best-fit technology solutions that create real-time sales and inventory data to enable dynamic decision-making
- Partner with logistics, warehousing and fulfillment teams to ensure capabilities that enable dynamic allocation and movement of product are integrated and scaled
- Monitor real-time sales and inventory levels across channels and anticipate promotion and marketing strategies to re-allocate inventory

Business Benefits

- Increased sell-through rates and sales due to improved product availability
- Improved responsiveness to consumer needs
- Increased product agility
- Improved stock levels
- Reduced inventory costs

Business KPIs

- Sales and margin growth
- Sell-through rate
- % of SKUs on discount
- Markup
- Markdown penetration
- Inventory holding costs
- Inventory turnover ratio
- Inventory written off %
- Demand forecast accuracy
- Reorder point
- Safety stock %
- Fill rates
- Weeks of supply
- Gross margin
- Gross margin ROI (GMROI)
- Inventory to sales ratio

Sustainability Actions

- Partner with planning and inventory management teams to quantify avoided excess inventory waste as a result of dynamic planning and allocation practices

Sustainability Benefits

- Reduction in raw and finished material use
- Reduced inventory disposition and waste
- GHG reductions via fuel and transportation savings



Big ideas

Planning, Channel & Inventory Management

Off-Season Planning

Highly seasonal product categories, such as swim and outerwear, often require materials and manufacturing practices unique to those products. What this means is that factories that are specialized (e.g., manufacturing puffer jackets) are inundated with purchase orders at certain times of the year in preparation for seasonal sales, potentially putting strain on factory workers.

Meanwhile, the factory may sit empty or need to adjust floor-space, workforce training and skills, and equipment to support production of other goods during those down-times.

The practice of “off-season planning,” whereby seasonal orders are placed in advance and spread out more evenly throughout the calendar year, can help balance this.

Planning, Channel & Inventory Management Actions

- Identify key seasonal replenishment items and additional fashion products to subscribe to “off-season planning” practices, in coordination and alignment with sourcing, design & product development, and merchandising teams
- Complete pre-season inventory plans for selected products a season in advance, compared to the normal planning cycle for early production

Business Benefits

- Improved spread of workload for seasonal planning teams
- Increased product agility
- Alleviated pressure on specialized supplier factories
- Strengthened supplier relationships

Business KPIs

- Sales and margin growth
- Sell-through rate
- E2E lead time
- Open to buy
- Inventory holding costs
- Demand forecast accuracy
- Reorder point
- Safety stock %
- Fill rates
- Weeks of supply
- Gross margin
- Gross margin ROI (GMROI)
- Inventory to sales ratio
- Calendar adherence

Sustainability Actions

- Utilize lead time to identify more sustainable materials
- Quantify the social benefits of improved continual production, rather than a more seasonal approach

Sustainability Benefits

- Reduced human rights risk in supplier factories due to periods of time with imbalanced order capacity and associated risk of unauthorized subcontracting and informal work
- Opportunity to resource sustainable materials that require longer lead times



Ask your sustainability team

Planning, Channel & Inventory Management

Building Resiliency – Above & Beyond

Where can we collaborate if we want to innovate and push boundaries?

Let's talk about...

- Implementing practices to ensure that we minimize environmental and social impacts to our suppliers, and the metrics we can use to track progress
- Establishing collaborative guidelines and educational programs on the best planning, channel and inventory management practices — and identifying the key cross-functional partners (including suppliers) required to develop them

Regulatory Landscape

What regulations should I be aware of?

- IFRS Sustainability Disclosure Standards
- Corporate Sustainability Reporting Directive (CSRD)
- Corporate Sustainability Due Diligence Directive (CSDDD)
- SEC Climate Disclosure Rule

Related Organizations

Who are the potential key collaborators?

- Better Buying
- FABRIC Incubator
- UNFCCC Fashion Industry Charter for Climate Action
- American Apparel & Footwear Association (AAFA)
- Retail Industry Leaders Association (RILA)

"Being intentional with every part of our supply chain, from products to packaging to strategic partnerships, enables us to provide the best value and experience possible to our customers."

Kazumi Yanai

Chairman
Uniqlo USA and Theory

An aerial photograph showing a winding asphalt road that curves through a dense forest. To the left of the road, a river flows through the landscape. The scene is captured from a high angle, looking down at the road and the surrounding greenery.

08

Logistics, Warehousing & Fulfillment

Think more — move less.

What it is now

Transporting owned products through the value chain, including inbound transportation, warehouse/distribution center management, order processing, omnichannel distribution and reverse logistics.

What it's becoming

Imagine a future in which transportation and warehouse management systems seamlessly integrate sustainability metrics, becoming an essential factor in business decisions.

This vision is becoming a reality. Taking a multi-modal approach to optimize routes and truck/container loads for maximum efficiency and minimal emissions/costs is now table stakes.

The strategic positioning of merchandise for effective customer delivery is a critical competency.

As circularity and resale take hold, managing single items, reverse logistics and resale become a huge responsibility.

Getting this right moves the world.



Control zones and impact levers

Logistics, Warehousing & Fulfillment

Control Zones for Sustainability Consideration

- **Route and fleet optimization:** How are we moving product through the value chain?
- **Warehousing network strategy:** Where are our warehouses and distribution centers? Are they optimized for quick distribution?
- **Warehouse optimization:** How efficiently are warehouses running, including workforce management and movement of goods?

Business Goal

Optimize transportation, storage, handling and distribution of products to reduce costs and guarantee timely delivery.

Key Business KPIs

- On-time delivery rate
- % vehicle utilization rate
- % of orders changed
- Average lead time
- Fleet costs as a % of sales
- Average time to serve
- Labor and handling costs
- Failed deliveries
- Picking accuracy
- Pick-to-ship cycle time
- Days on hand

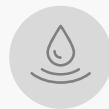
ESG impact areas that Logistics, Warehousing & Fulfillment teams can influence



Carbon and Net Zero



Materials, Regenerative Agriculture and Biodiversity



Water and Chemicals



Circularity, Waste and Redefining Growth



Plastics and Packaging



Traceability and Transparency



Consumer Engagement and Labeling



Worker and Human Rights



Empowerment, Education and Digital Wages



Justice, Equity, Inclusion and Diversity (JEDI)

An efficiently run Logistics, Warehousing & Fulfillment network can directly reduce GHG emissions through minimizing transportation miles and operational and packaging waste on-site, all while empowering workforce safety, empowerment and equity.



Big ideas

Logistics, Warehousing & Fulfillment

Route Optimization & Multi-Modal

With complex suppliers and vast distribution networks in an industry where speed to market is critical to maximize sales opportunities, identifying the most efficient routes and modes of transportation to move inventory and complete deliveries feels like a quick win with sizable business and sustainability benefits.

Logistics, Warehousing & Fulfillment Actions

- Understand current route planning practices, modes of transportation used and associated datapoints (e.g., estimated loading / unloading times, truckload rates, deadheading rates, etc.)
- Define criteria for “optimized” routes (e.g., minimizing distance traveled, number of vehicles needed, etc.) and exceptions to the rule (e.g., urgency of delivery, etc.)
- Identify best-fit route optimization tools that meet desired capabilities (e.g., vehicle specifications, real-time data, compatibility with existing tools, driver app notifications for updated routes, etc.)
- Leverage tool to calculate and implement most efficient routes and modes of transportation
- Track and monitor optimization performance to refine future routes and correlating optimization strategies

Business Benefits

- Decreased transportation and driver costs
- Decreased fuel costs
- Improved on-time arrivals and faster delivery times

Business KPIs

- On-time delivery rate
- % vehicle utilization rate
- Average lead time
- Fleet costs as a % of sales
- Average time to serve
- Labor and handling costs
- Failed deliveries

Sustainability Actions

- Partner with logistics teams to ensure “optimization” definition includes sustainability considerations, such as opting for less carbon-intensive modes of transportation
- Quantify resulting GHG emissions reduction and avoidance from optimization strategies

Sustainability Benefits

- Reduced GHG emissions from transportation



Big ideas

Logistics, Warehousing & Fulfillment

Cross Docking at Warehouses

With countless shipments and trucks filing through warehouses and distribution centers from various suppliers, any opportunities for streamlining and efficiencies are always welcome.

Cross-docking minimizes the need for storage by enabling the direct transfer between inbound and outbound shipments.

Logistics, Warehousing & Fulfillment Actions

- Identify partners that want to opt into a cross-docking program, as it requires timely and well-coordinated deliveries for inbound and outbound shipments
- Identify warehouses and distribution centers that have the appropriate space for designated cross-docking zones for receiving, sorting and shipping, and design and implement necessary modifications
- Partner with technology and IT to identify (or augment existing) warehouse management system (WMS) to manage inbound and outbound shipments with desired capabilities, such as real-time inventory tracking
- Ensure that the workforce in select warehouses is appropriately trained and upskilled on cross-docking processes including receiving, inspecting, sorting, consolidating and loading outbound shipments
- Leverage WMS to continuously monitor efficiency and accuracy metrics

Business Benefits

- Decreased handling costs
- Decreased storage costs
- Improved speed to market

Business KPIs

- % vehicle utilization rate
- Average lead time
- Average time to serve
- Labor and handling costs
- Failed deliveries
- Picking accuracy
- Pick-to-ship cycle time
- Days on hand

Sustainability Actions

- Partner with warehousing and fulfillment teams to proactively incorporate sustainability attributes into warehouse and transportation management systems to enable automated and integrated sustainability insights and measurement

Sustainability Benefits

- Reduced GHG emissions from transportation
- Reduced packaging waste from consolidation



Ask your sustainability team

Logistics, Warehousing & Fulfillment

Building Resiliency – Above & Beyond

Where can we collaborate if we want to innovate and push boundaries?

Let's talk about...

- Exploring technologies or software to seamlessly integrate sustainability into our consideration set for decisions related to logistics, warehousing and fulfillment
- Exploring opportunities to use RFID in warehouses to allow real-time tracking of inventory as it flows in and out
- Electrifying our fleet and the potential financial and GHG impacts it will have on our business

Regulatory Landscape

What regulations should I be aware of?

If you own your facilities or fleet (in part or whole), then:

- IFRS Sustainability Disclosure Standards
- Corporate Sustainability Reporting Directive (CSRD)
- SEC Climate Disclosure Rule
- Taskforce on Climate-Related Financial Disclosure (TCFD)
- California Climate Bills (SB 253, SB 261)
- Canadian Securities Administrators (CSA) Proposed Climate-Related Disclosure

Related Organizations

Who are the potential key collaborators?

- Work with your internal logistics, third-party logistics, and fulfillment partners (e.g., UPS, FedEx) to identify tailored opportunities
- Smart Freight Center, Clean Cargo Working Group (CCWG)
- Global Logistics Emissions Council (GLEC)
- UN Global Green Freight Action Plan, UNEP

09

Marketing & Communications

Let's talk. Consumers want in — going viral for good.

What it is now

Curating the company's image in alignment with what resonates most with target consumers. Influencing consumer behavior to build loyalty and drive sales.

What it's becoming

Curating brand-aligned messaging that gets it right every time, in every channel, for everybody, regardless of the issue. It's a tall order.

Building a comprehensive strategy that promotes the value of all products, whether new or in resale. Working with the sourcing teams to get product information for labeling and storytelling to drive loyalty, engagement and conversion.

As Gen AI becomes the newest influencer on the block that gives fashion advice, and one that doesn't permit SEO, now what?

Marketing is the voice of the brand. Providing information that lets people shop according to their priorities and values, will keep them close.

After all, good relationships are built on trust.



Control zones and impact levers

Marketing & Communications

Control Zones for Sustainability Consideration

- **Market positioning:** What do we want to be known for? Who do we want to appeal to?
- **Consumer engagement:** How do we show up to our consumers, both new and existing? How do we curate experiences for them?
- **Communication strategy:** How are we communicating authentically and meaningfully with our consumers?

Business Goal

Resonate with consumers to build brand loyalty — and ultimately, maximize sales.

Key Business KPIs

- Net sales and net sales growth
- Customer lifetime value
- Market share
- Average keyword rank
- Clickthrough rate
- Conversion rate
- Engagement rate
- Return on ad spend
- Customer acquisition cost
- Marketing campaign ROI
- Repeat customer rate
- Channel sales %
- Marketing agency cost as % of sales

ESG impact areas that Marketing & Communications teams can influence



Carbon and Net Zero



Materials, Regenerative Agriculture and Biodiversity



Water and Chemicals



Circularity, Waste and Redefining Growth



Plastics and Packaging



Traceability and Transparency



Consumer Engagement and Labeling



Worker and Human Rights



Empowerment, Education and Digital Wages



Justice, Equity, Inclusion and Diversity (JEDI)

Given that this function encompasses marketing and communications for an overarching business, it has the potential to influence all sustainability impact areas — particularly around consumer engagement and labeling.



Big ideas

Marketing & Communications

Product Labels as a Communication Tool

Consumers want to shop for products that align with their values, which include social responsibility and environmental sustainability impacts of the product.

But it's not easy for the average consumer to navigate the landscape of sustainability claims. Accurate and easy-to-understand product labels based on traceable claims are a key marketing and communication tool.

Marketing & Communications Actions

- Identify additional information to include on product labels (e.g., sustainable practices) based on messaging that resonates most with consumers and aligns with brand image, aside from care instructions and legally required information
- Ensure that any additional information included is based on verified and traceable claims – coordinating with IT and sustainability teams for streamlined visibility
- Incorporate this additional information into relevant product labels

Business Benefits

- Increased transparency and brand trust
- Increased consumer engagement and education

Business KPIs

- Net sales and net sales growth
- Customer lifetime value
- Average keyword rank
- Conversion rate
- Engagement rate

Sustainability Actions

- Integrate sustainable product claims (e.g. includes recycled materials, OEKO-TEX Certified, etc.) and ensure that product claims are accurate, verified and legally compliant
- Integrate sustainable care practices (e.g., wash cold, line dry, recyclability, etc.) into product labels

Sustainability Benefits

- Increased adoption of sustainable shopping behavior, driving additional commitment of merchandising and design teams to provide broader sustainable selections and product categories



Big ideas

Marketing & Communications

Loyalty Programming

Building brand trust and a loyal consumer base is a key goal for many brands and retailers.

Apart from providing quality products that meet consumer needs and desires, loyalty programs, where consumers earn points and rewards, are a proven marketing tool to attract and retain consumers by incentivizing repeat purchases and deepening relationships.

Marketing & Communications Actions

- Identify “white-spaces” that can be filled to elevate loyalty programming for target consumers — for example, are consumers asking for benefits that are not currently offered (e.g., free shipping, discounts, customized experiences, gamification, etc.)
- Adjust program structure to integrate identified opportunities
- Leverage consumer data collected through the loyalty program (e.g., preferences, purchase history, etc.) to not only curate more personalized outreach and experiences, but also share back with merchandising and design & product development teams to inform future product development adapted to consumer buying behaviors

Business Benefits

- Increased consumer engagement and retention
- Increased consumer data
- Improved brand advocacy

Business KPIs

- Net sales and net sales growth
- Customer lifetime value
- Market share
- Average keyword rank
- Conversion rate
- Engagement rate
- Return on ad spend
- Customer acquisition cost
- Repeat customer rate
- Channel sales %

Sustainability Actions

- Partner with marketing and loyalty program team to incentivize conscious consumerism (e.g., additional points / rewards when purchasing a sustainable product, special programs during Earth month, etc.)

Sustainability Benefits

- Increased adoption of sustainable shopping behavior reduces multiple negative impacts and supports a shift toward revenue generation aligned to environmental and social targets



Ask your sustainability team

Marketing & Communications

Building Resiliency – Above & Beyond

Where can we collaborate if we want to innovate and push boundaries?

Let's talk about...

- Isolating consumer data around sustainable buying behaviors for deeper analysis, so we can better cater to and reward those buying behaviors
- Ensuring that sustainable buying behaviors are simultaneously integrated into consumer engagement profiles
- Tapping into personalization and circularity to provide more unique, sustainable shopping experiences
- Innovating the latest, most effective ways to promote sustainable products

Regulatory Landscape

What regulations should I be aware of?

- EU Green Claims Directive
- EU Digital Product Passport
- US Federal Trade Commission (FTC) Green Guides
- US & Canada Fair Packaging and Labeling Acts

Related Organizations

Who are the potential key collaborators?

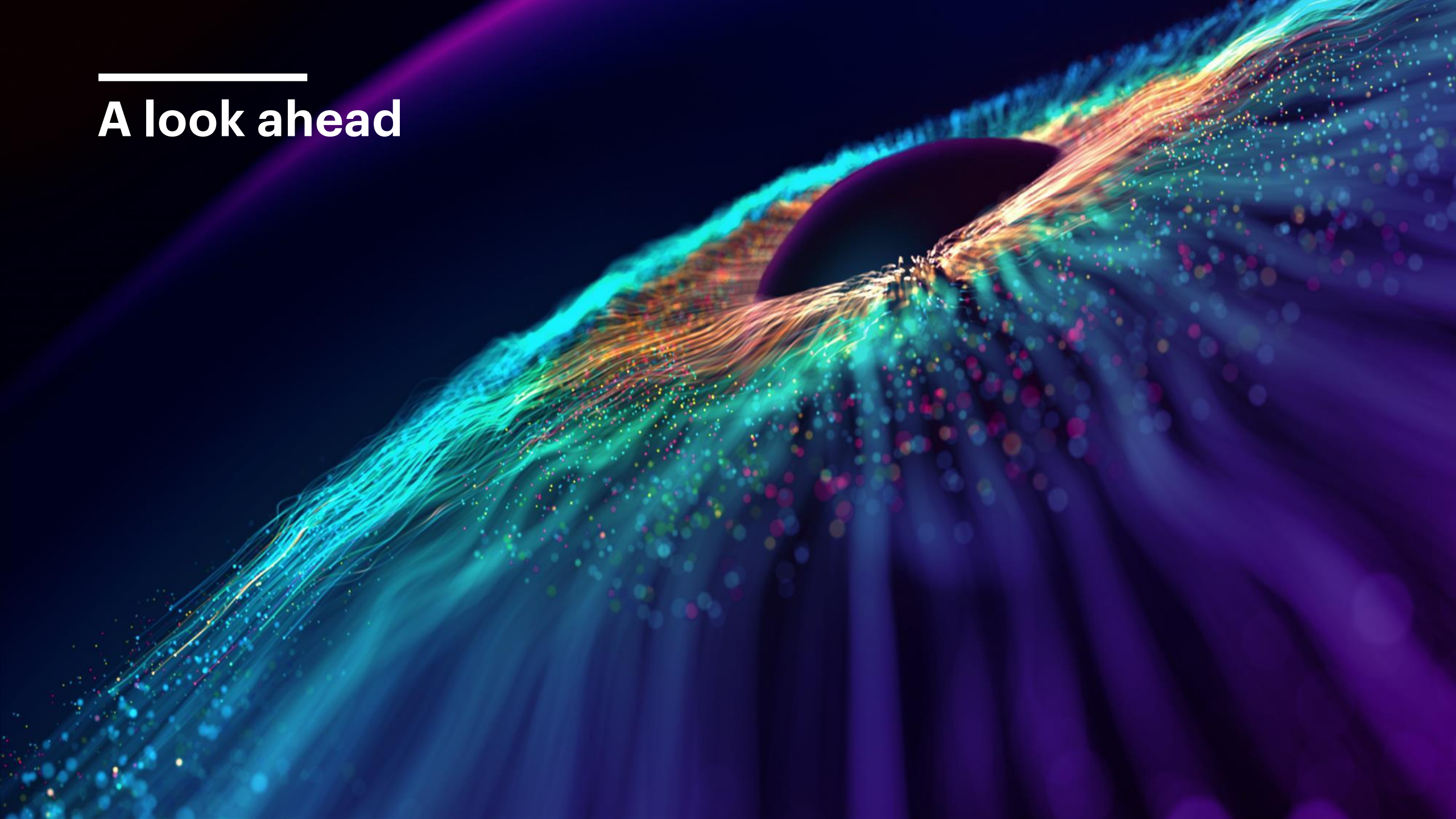
- Fashion Makes Change
- Textile Exchange
- Fair Wear
- Global Organic Textile Standards (GOTS)

"Customers care about shopping in line with their values. At Neiman Marcus Group, we work diligently with our brand partners to curate products that are made with certified sustainable materials, responsibly manufactured and give back to local communities, as part of our Fashioned For Change and Conscious Curation Edits."

Geoffroy van Raemdonck

Chief Executive Officer
Neiman Marcus Group

A look ahead



A look ahead

The industry is clearly at an inflection point, and that's mostly good news.

Because despite the challenges in this moment – climate stress, geopolitical instability, supply disruption, changing consumer behaviors – we also have innovation, invention and new tools to leverage, along with a clarity of purpose on the journey to a more resilient, responsible business.

This playbook addresses the strategies that brands and retailers can implement to integrate sustainability solutions into business processes and operations.

We are also beginning to understand how to optimize the in-between spaces — the opportunities and inefficiencies between the functional nodes that lead to discoveries of impact reduction and productivity, sustainability gains, and enhanced profit.

As we look ahead, we see the next natural interlock with this playbook. Meeting us halfway is the other side of the value chain — our manufacturing partners.

Supply network engagement will be a fundamental element in building a different and better future for fashion and its related industries.

Technology interchanges and shared data sets will become the catalysts for new trading relationships that power healthier organizations — meeting the needs of today without compromising the ability of future generations to meet theirs.

And that is what sustainability, resilience and responsible retail is all about.

And what the world needs.

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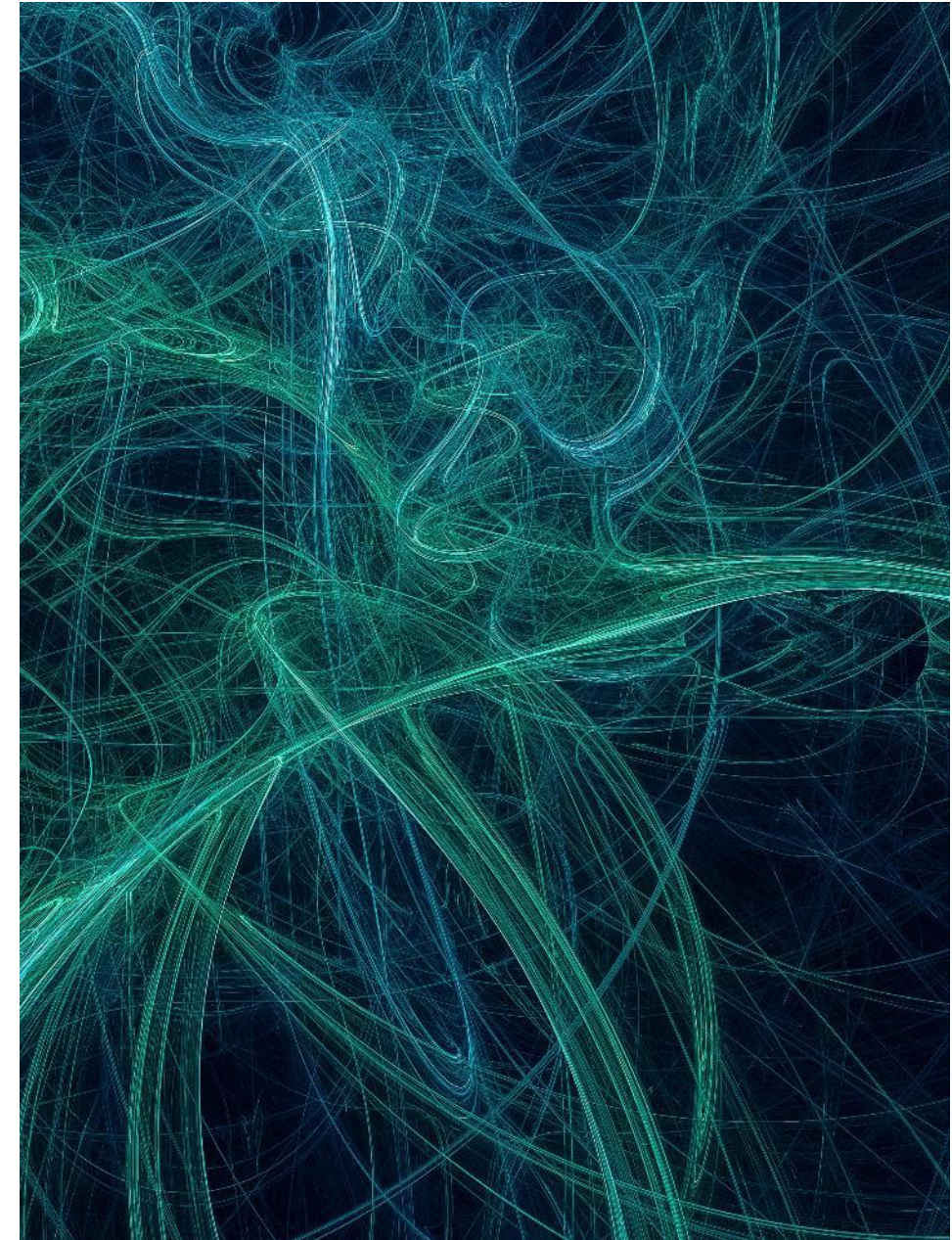
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About Fashion Makes Change

Fashion Makes Change @ Rockefeller Philanthropy Advisors is an industry-wide initiative spanning companies and consumers around the globe. Both an action-oriented research center for sustainable business – convening 50+ CEOs and 275 brands since 2014 – and a bridge to consumer activations, FMC's three pillars of Convening, Research, and Engagement enable the full continuum of fashion's stakeholders to work together, driving shifts in organizational procedure, industry process, and consumer behavior.