

strategy&

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Sustaining values

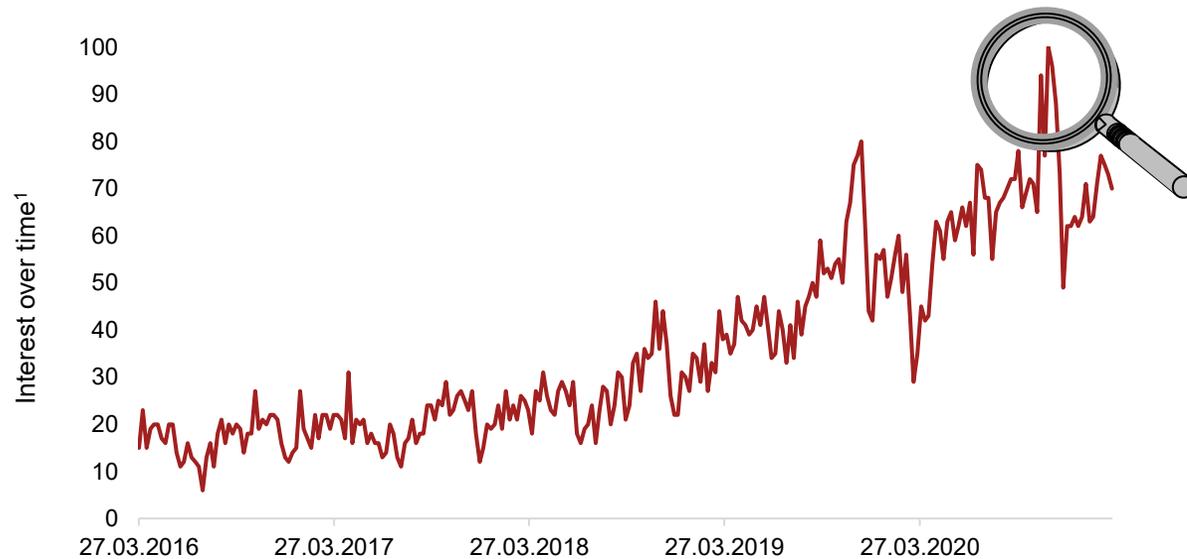
Driving the sustainability agenda in Fashion

2021

Social consciousness for sustainability topics is growing among consumers and increasingly guiding their purchasing decisions

Relevance of sustainability

Sustainability has become a **popular search term** in the context of (online) shopping...



...and plays a very **influential role** for consumers making **purchasing decisions**.

41% of consumers **favor items with less packaging**

45% of consumers **avoid the use of plastic** whenever possible

34% of consumers actively look for **environmentally-friendly products**

We see six questions that need to be addressed in order to jump-start the sustainability agenda in the fashion industry

Key sustainability questions in fashion

1



STRATEGY

Do you have a sustainability agenda in place that is integrated into your core corporate strategy?

2



CIRCULARITY

Have you adopted circular economy strategies to make your business model more sustainable?

3



SUPPLY CHAIN

Do you have a comprehensive framework in place to enhance supply chain transparency?

4



MATERIALS

Can you follow your product trail to its source to verify supplier claims of sustainable raw materials?

5



ETHICS

Are you taking sufficient action to ensure that your products are responsibly and ethically sourced?

6



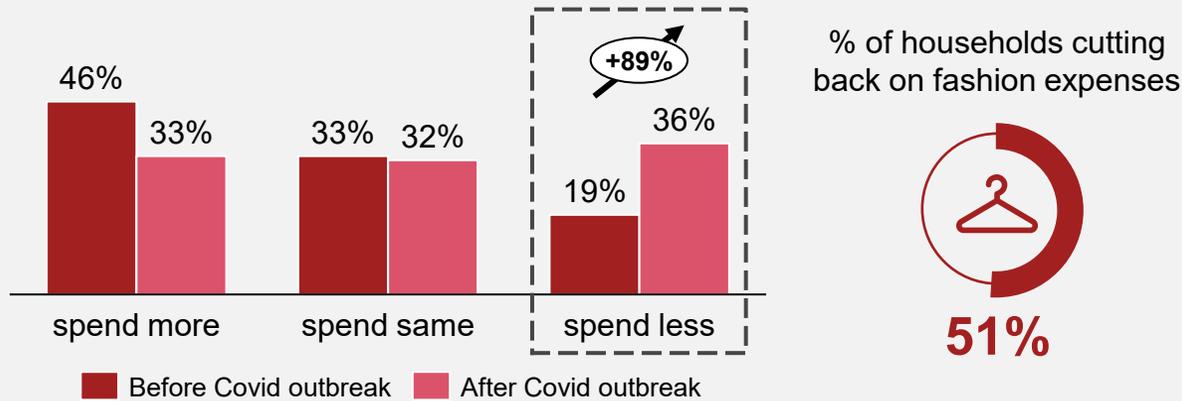
REPORTING

Do you measure sustainability indicators and report on your performance in a transparent way?

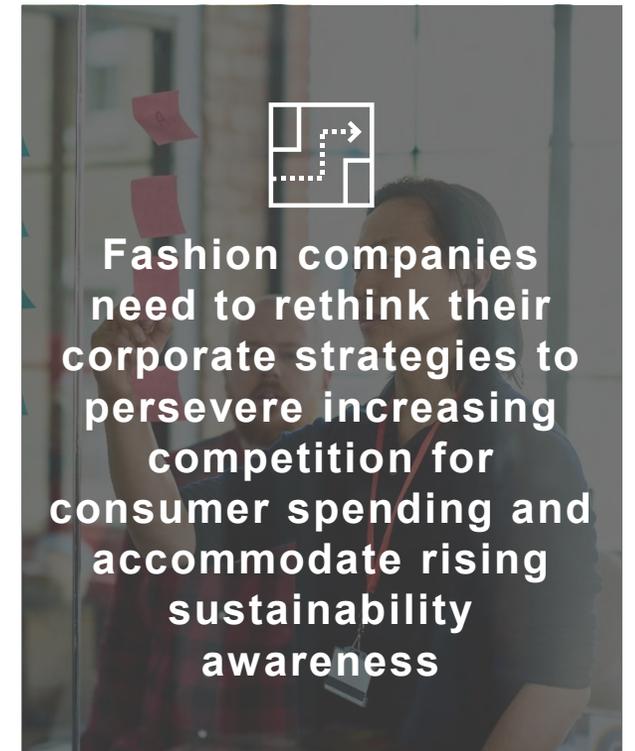
As consumers spend less on fashion and care more about sustainability, companies need to revisit their strategies

Changing shopping behavior

The percentage of consumers who say they will spend less has almost doubled since the Covid-19 outbreak



When shopping, Millennials and Generation Z care more about sustainability than ever before



Companies have started to incorporate the UN Sustainable Development Goals in their strategies to drive sustainability

Sustainable Development Goals (SDGs)

72%

of companies mentioned the SDGs in their reporting

21%

of companies include references to the SDGs in their CEO or Chair Statement

25%

of companies include the SDGs in their published corporate strategy



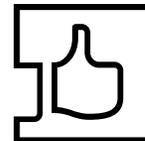
Sustainable operations contribute to **economic company goals and targets**, e.g. superior shareholder return



Pursuing sustainability targets contributes to **creating value for society** beyond shareholder value



Sustainability ensures **alignment between the company and its stakeholders**, e.g. rising consumer interest in reducing CO2 footprint



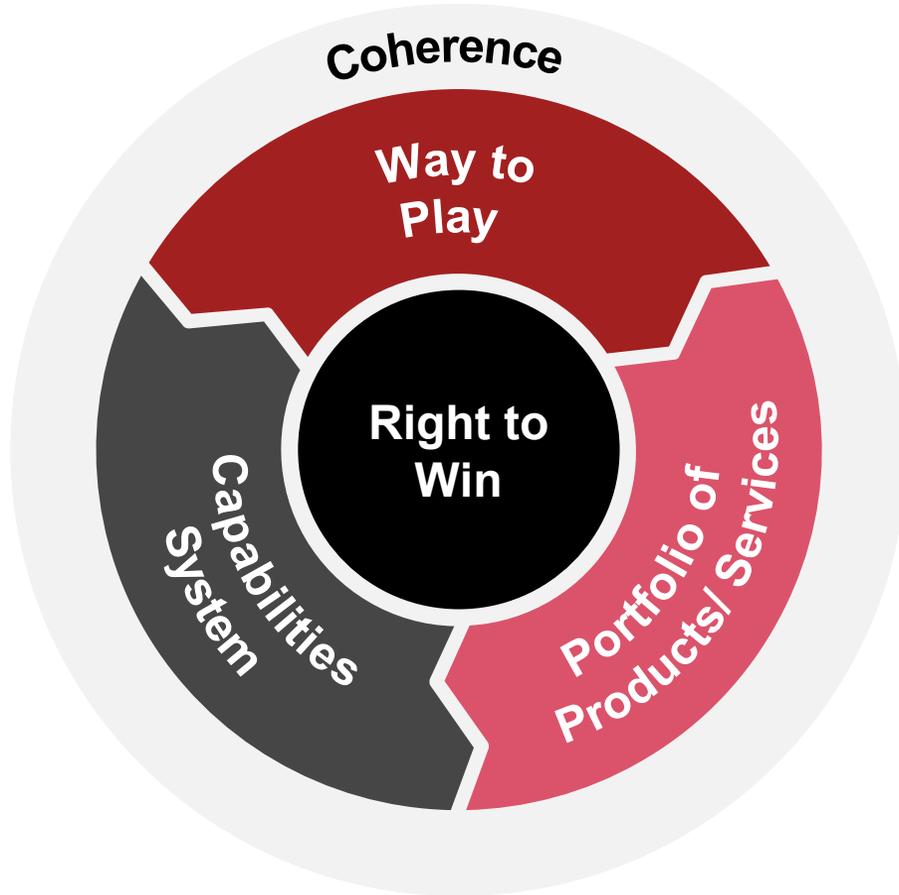
Setting targets on sustainability delivers **purpose to employees and staff** – people come together to jointly achieve the targets



Sustainability drives **innovation across the entire value chain, thus growing the business** through sustainable projects

Our capabilities-driven strategy approach provides the required framework to develop a sustainable strategy

Capabilities-driven strategy development



Way to Play

How are you going to face the market?

Successful companies have a clear understanding of the way they create sustainable value for customers



Capabilities System

What gives you competitive advantage?

The engine of sustainable value creation is a system of 3-6 differentiating capabilities that allow companies to deliver their value proposition



Portfolio of Products/ Services

What and to whom will you sell?

Companies with products and services that leverage a similar capabilities system have superior returns

Businesses should measure and report on sustainability to satisfy stakeholder demands and mitigate ESG risks

Drivers of sustainability reporting

 **Stakeholders demand sustainability reporting**

Stakeholders push for **reporting progress of sustainability agendas**. Increased transparency allows for **standardized comparison and targeted intervention**.

Stakeholder overview



 **Reporting helps to improve business performance**

There is a **business case behind sustainability reporting**. ESG is affecting business, but cannot be accounted for using traditional decision-making tools.

 **93%** of CEOs believe measuring non-financial performance would enable them to better identify and manage their risks

 **Reporting today is easier than ever before**

International reporting standards provide guidelines for sustainability reporting, such as the Sustainability Accounting Standards Board (SASB).

SASB materiality map



Using available standards, companies can meet stakeholder expectations on sustainability reporting while reducing risk

Sustainability reporting frameworks help to cover the social and environmental impact of business activity in fashion

Sustainability reporting framework

? Questions	📁 Categories	🧠 Suggestions
How does sustainability fit with your organization's purpose and strategy?	Organization overview	Provide overview of organization's key activities and environment in which it operates
	Purpose	Communicate clear and succinct purpose that explains company's raison d'être beyond creating financial return for shareholders
	Strategy	Describe how sustainability strategy is integrated into corporate strategy and demonstrate how it permeates throughout business
How do you consider your priorities?	Materiality	Demonstrate understanding of sustainability issues that are most relevant to company and its stakeholders
	Stakeholders	Explain how company engages with principal stakeholders and how this has impacted its sustainability strategy
	Risks & opportunities	Explain key strategic risks and opportunities for organization that arise from sustainability issues
How do you monitor and manage performance?	KPIs & targets	Identify KPIs that are relevant to sustainability strategy and set challenging but realistic targets to assess performance against
	Impact	Provide clear explanation and quantification of social, environmental and economic impacts of business activities
	Governance	Explain sustainability governance structure and outline how directors and staff are incentivized to deliver on sustainability strategy
How do you consider the broader viability of the business?	Value chain	Consider relevant upstream and downstream value chain aspects of business to account for all potential ESG-related impacts
	Future proofing	Disclose future resource constraints affecting business, incl. non-financial capitals (e.g. natural or human capital)
How do you report with transparency?	Balanced reporting	Present information in balanced and transparent fashion and explain where and how improvements will be made
	Assurance	Ensure credibility by referencing independent studies, external benchmarking, expert review panels, or 3 rd party assurance

Our team of dedicated experts is happy to discuss your opportunities for sustainable value creation in fashion



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