



# Climate+ Acceleration Webinar

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La Rhea Pepper, CEO  
Textile Exchange

November 18, 2020

# Anti-Trust Statement

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Textile Exchange convenes the textile community and values diversity of views, expertise, opinions, backgrounds, and experiences. It is expected that members of this community will collaborate by sharing ideas, information, and resources of publicly available information only and avoid discussions on price, strategic plans or other private and sensitive information.

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# OUR MISSION

Textile Exchange **inspires** and **equips** people to **accelerate** adoption of preferred materials in the textile value chain.

We focus on **carbon reduction, soil health, water and biodiversity** as part of our holistic approach to drive positive impact for the entire industry.



# OUR VISION

We envision a global textile industry that **protects** and **restores the environment**, while **enhancing lives**.

**By 2030** we aspire to guide the textile industry to **reduce** GHG emissions (CO2 equivalents) by **45% from a 2020 baseline**.

# CLIMATE

**TextileExchange • VISION 2030**

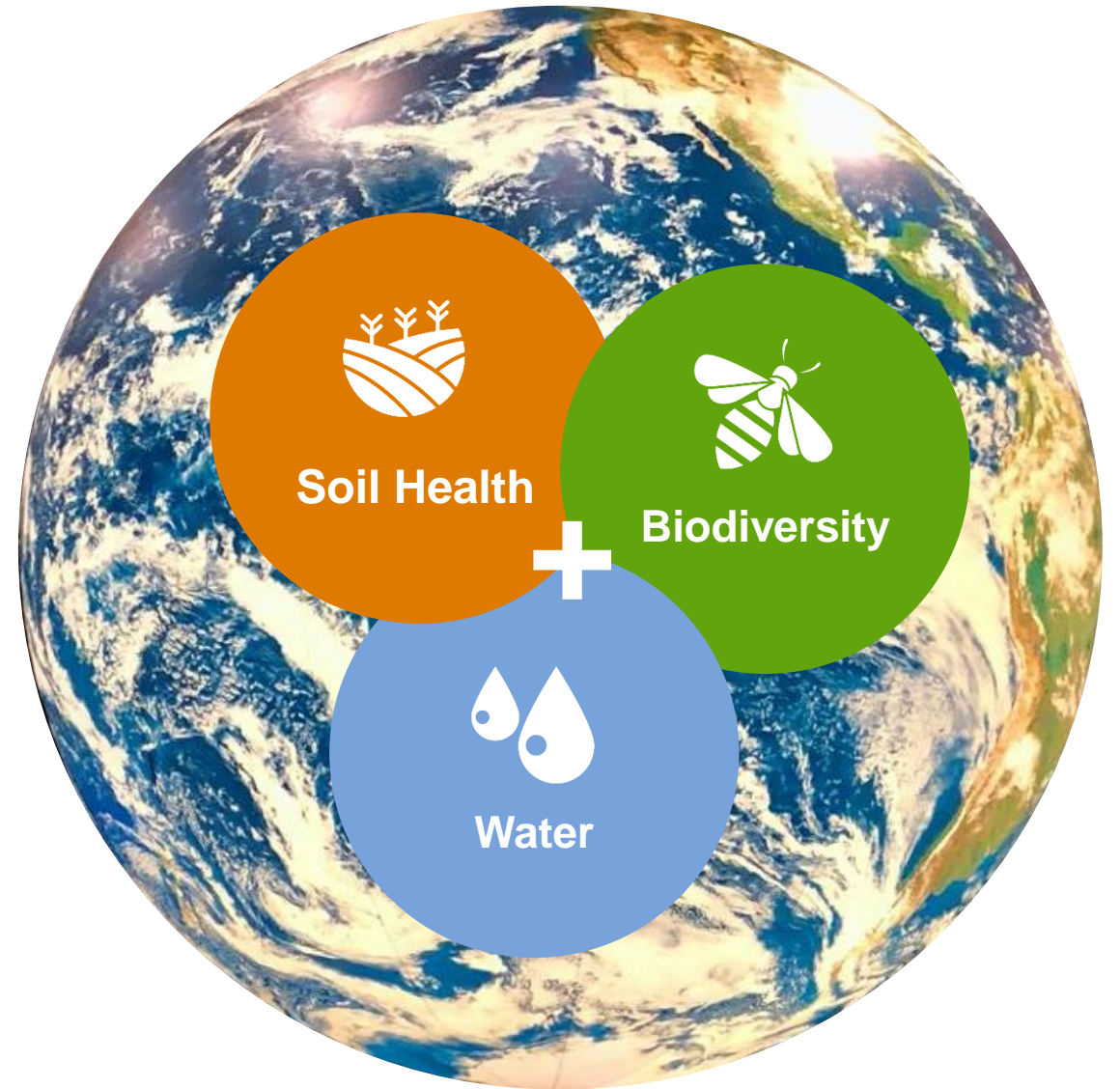
A driving force for urgent climate action in textile fiber and materials production.

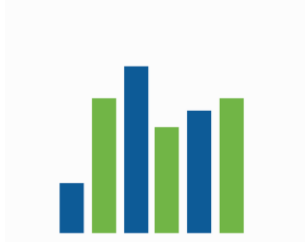
Enabling and guiding the textile industry to reduce GHG emissions (CO2 equivalents) **45% by 2030** in the pre-spinning phase of textile fiber and materials production.



**Grounded in Partnership+**

*Amplifying positive impacts in soil health, water, + biodiversity.*





**BENCHMARKING**



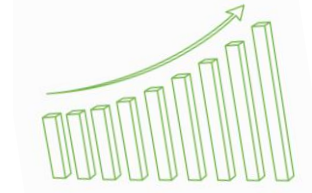
**TOOLS &  
BEST PRACTICES**



**STANDARDS &  
CERTIFICATION**



**INDUSTRY  
REPORTS**



**FIBER  
COMMITMENTS**



**LEARNING  
CENTER**



**PREFERRED FIBER  
& MATERIALS  
ROUND TABLES**



**VALUE ADDED  
SERVICES**



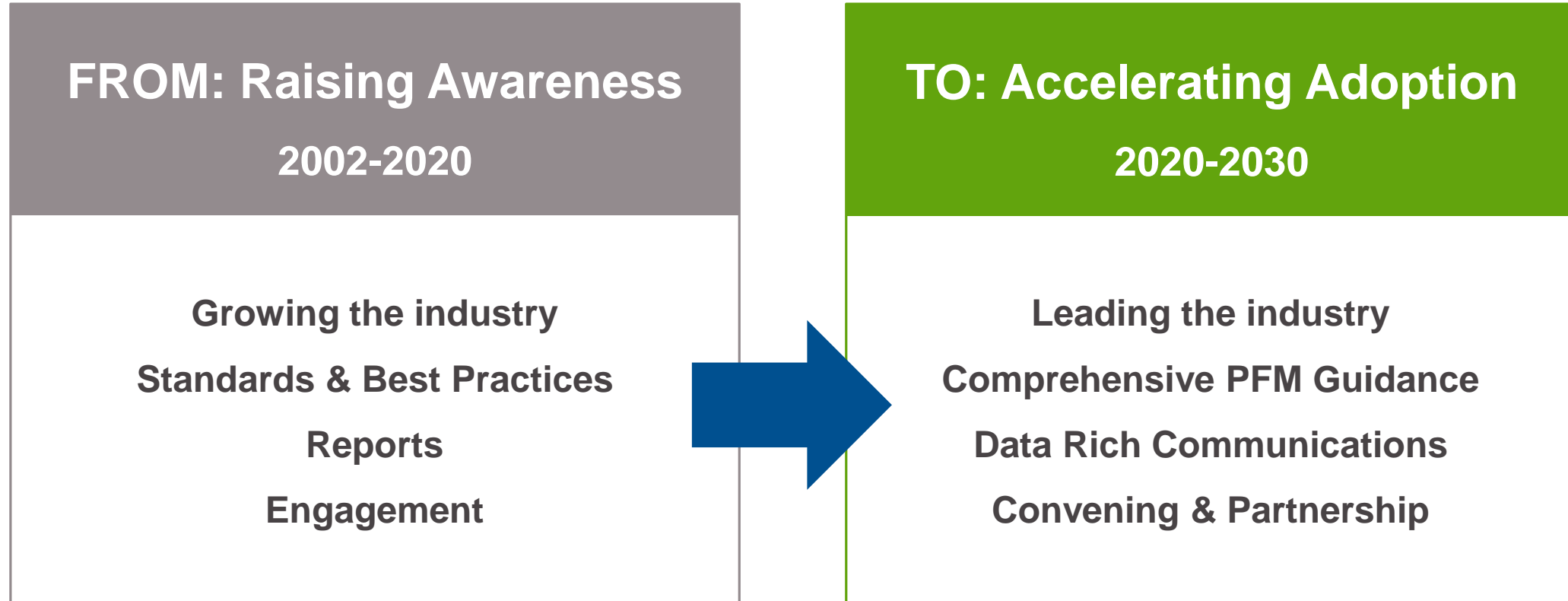
**CONVENING &  
COLLABORATING**



**SDG RESOURCES**

# Our Strategy Pivot

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# Our Value Drivers

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## Trusted Authority

- Evidence PFM value
- Ensure effective verification
- Monitor Progress with Data
- Provide Data Structure



## Accelerator

- Scale the conversion to high impact fiber and materials.
- Lead in best practices
- Define and measure pathways and outcomes



## Convener

- Encourage
- Facilitate pre-competitive problem solving
- **Co-create solutions**





# TREADLER

A B2B service by H&M Group

Our vision is to future proof the industry by accelerating the change needed, and propel sustainable growth for our partners.

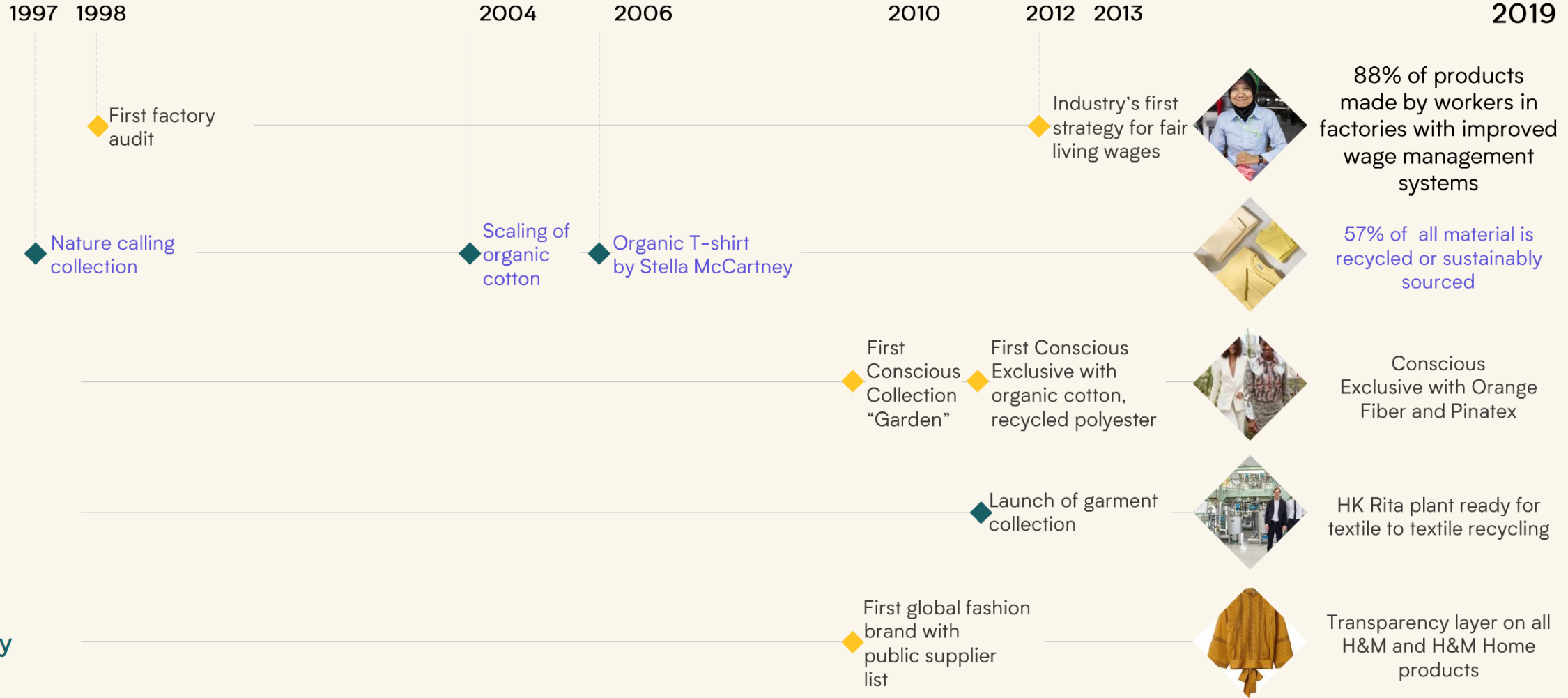


Treadler offers you to access H&M Group's unique supply chain, tapping into a powerful combination of experience, long-term partnerships and strategic sustainability work.

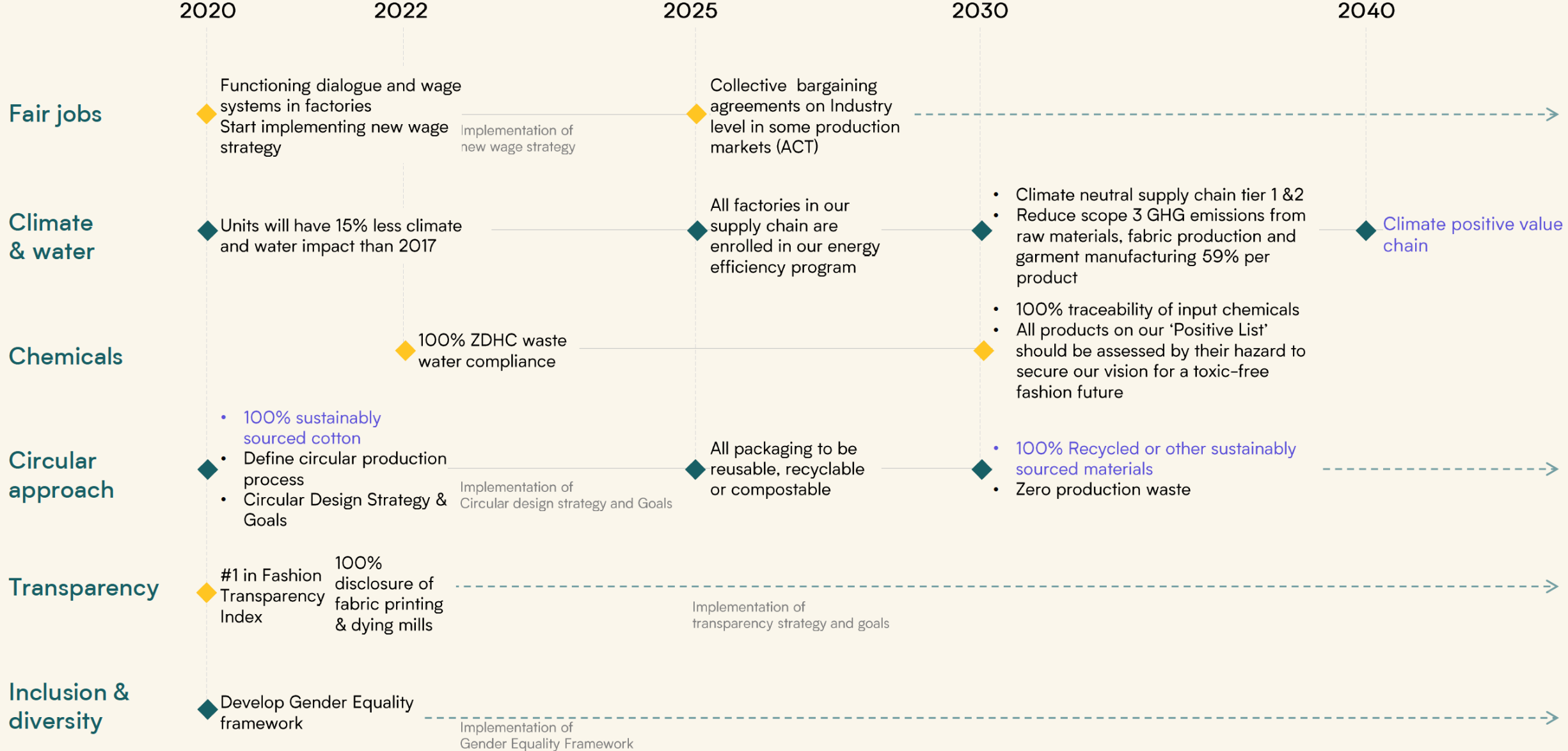
# TREADLER

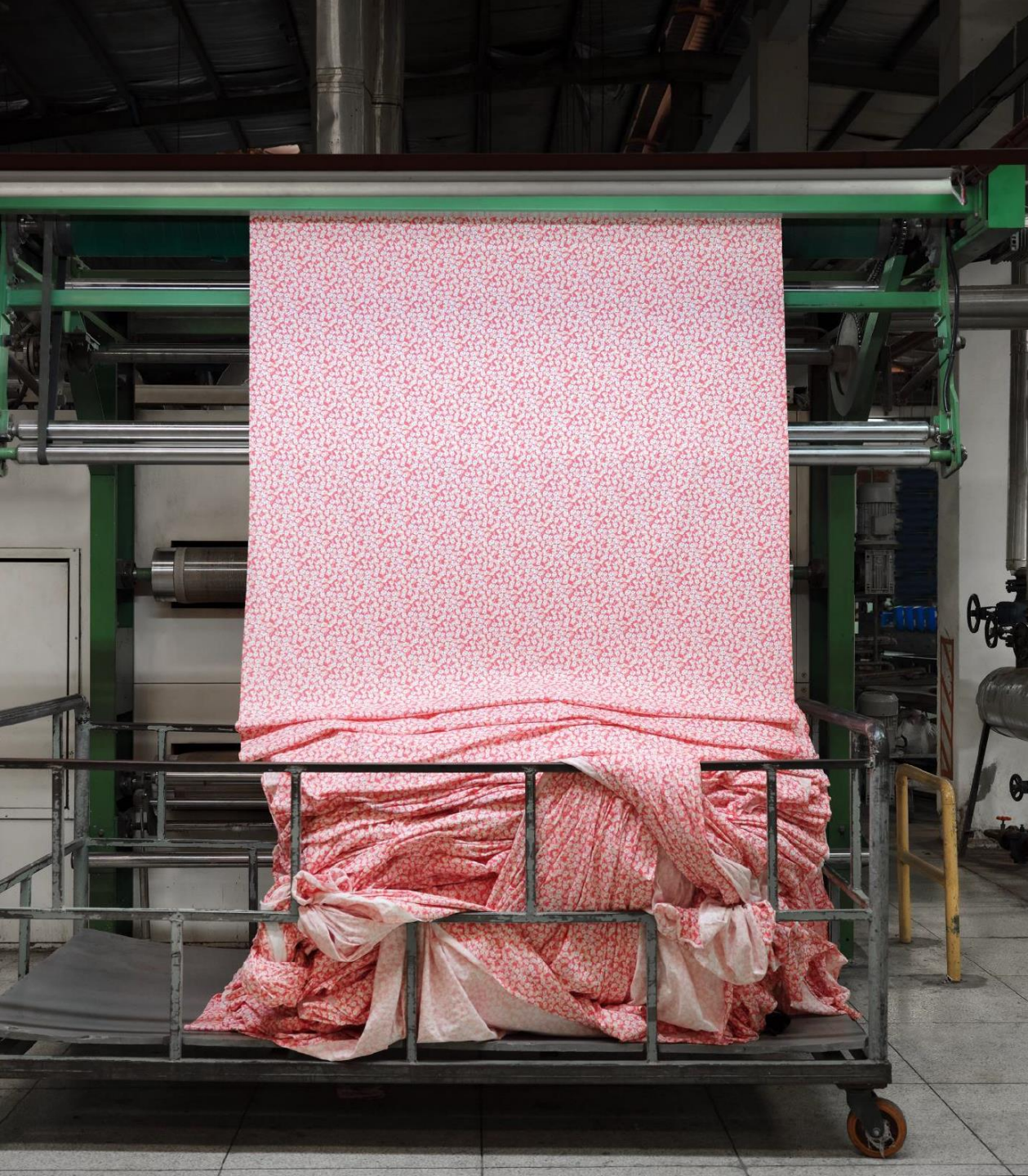


# Looking back on the sustainability work H&M Group has done



# Looking forward to the sustainability work H&M Group will do





“It’s no secret that we are part of an industry that’s been commercially successful but not sustainable enough. To future proof our industry, we have focused on transforming and improving our supply chain. We’ve realised that the output of our efforts can be valuable for others too.”

Helena Helmersson, CEO H&M Group

# Out of current adversities comes opportunity to accelerate transformation toward more sustainable sourcing



## Change together

A shift towards more equality and collective responsibility across the value chain is ongoing.

Strategic partnerships will support mutual growth and mitigate supply chain risks

## Strengthen supply chain capabilities

A flexible and agile supply chain will be critical to enable acting on consumer's changing needs and spending habits.

It will also be key in managing the effects of any future crisis.

## Double-down on sustainability

The pandemic has accelerated consumer's focus on ethics and sustainability within the industry.

Meeting these expectations, and planetary boundaries, will require investments and collective efforts.



# Sustainability approach



Strong actions today, collaboration and long-term investments in sustainable solutions will create opportunities that keep H&M Group relevant and competitive in our rapidly changing world.

## Dedicated suppliers

We can provide access to suppliers dedicated to leading the industry change in social and environment areas

## 150 local experts

on the ground, securing standards and supporting & training our local suppliers in sustainability initiatives

## Transparency & traceability

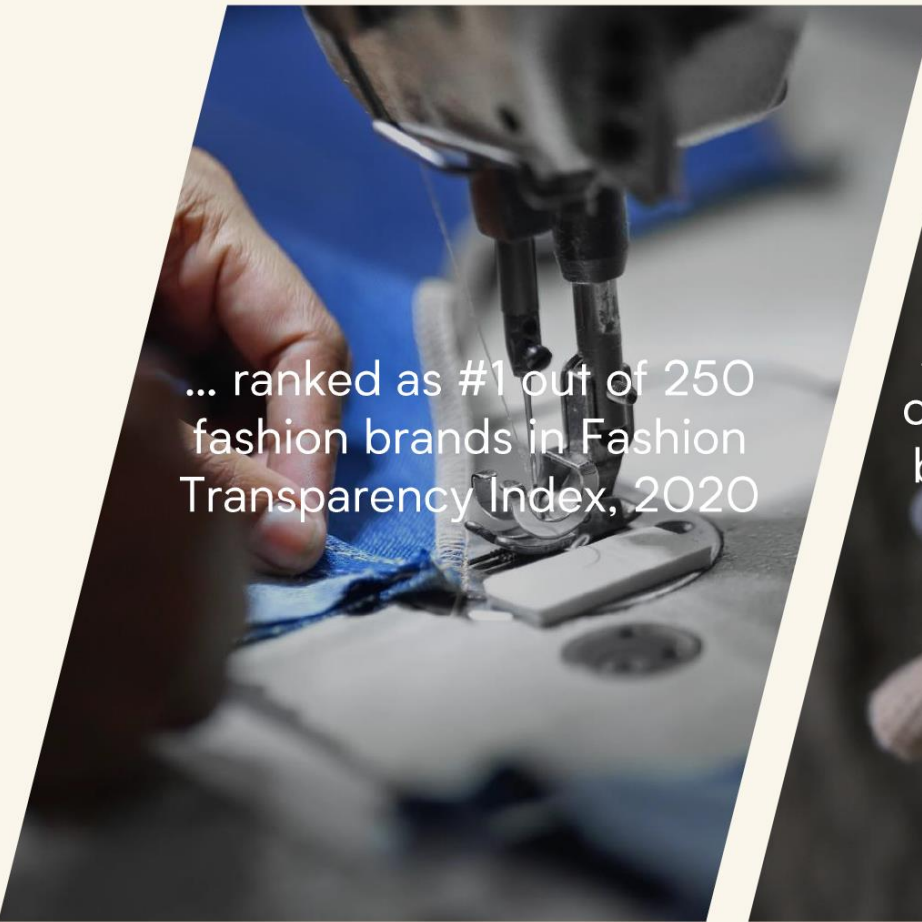
We have transparency of our product flows with visibility of T1 and T2 manufactures.

## Climate agenda

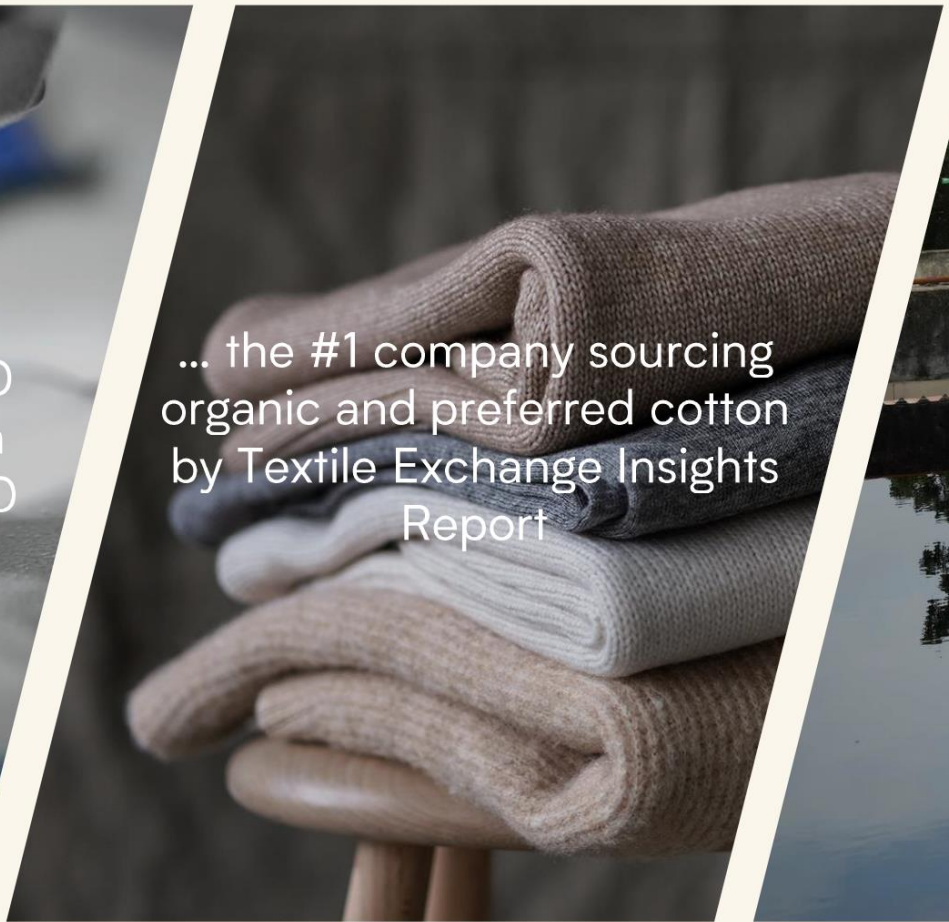
Approved Science-Based Targets contributing towards keeping 1.5 degrees warming, including a climate neutral supply chain within 10 years.

# H&M Group is recognized for efforts driving positive change and transparency across the value chain

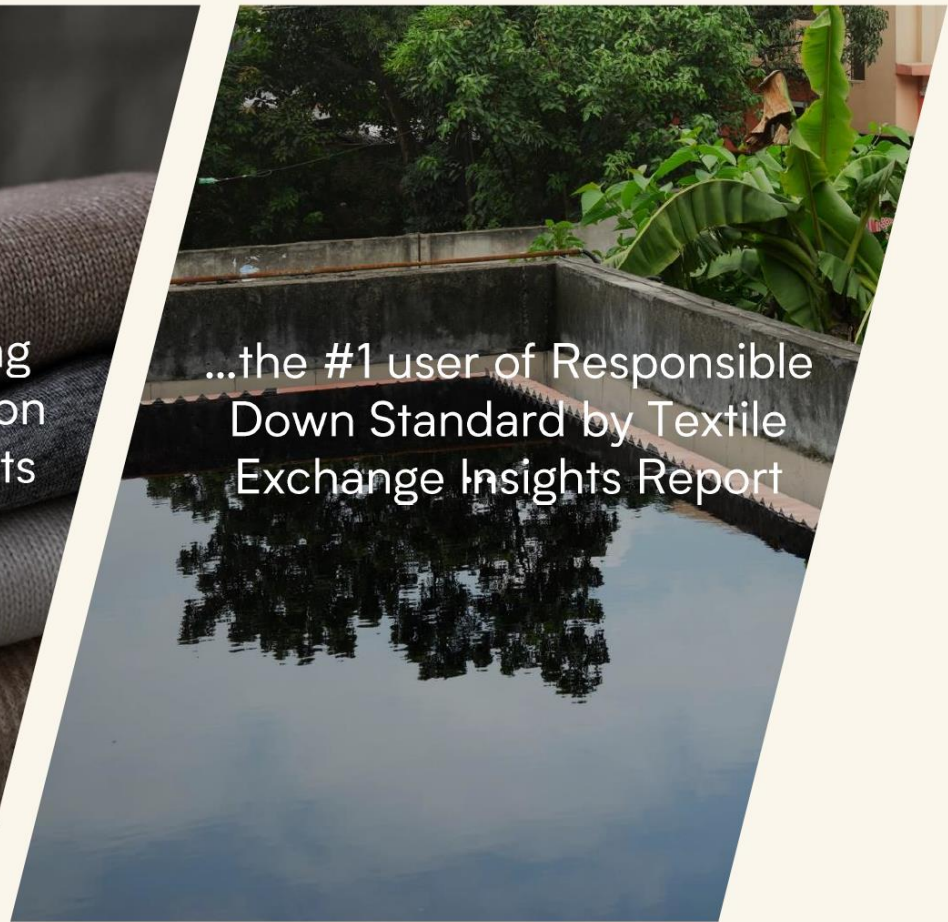
H&M Group is...



... ranked as #1 out of 250 fashion brands in Fashion Transparency Index, 2020



... the #1 company sourcing organic and preferred cotton by Textile Exchange Insights Report



...the #1 user of Responsible Down Standard by Textile Exchange Insights Report



# Our clients can leverage H&M Group's unique capabilities

## Sustainability

Leading the change towards a sustainable fashion industry



## Product & material

Material access for all needs, including certified sustainable or innovative alternatives



## Quality

Compliance covering all legal requirements across the globe



## Price

H&M Group prices with fact-based costing, with ring-fenced labor costs



## Speed & flexibility

An agile supply chain allowing for quick actions based on your needs



## On time

A reliable supply chain that ensure >95% on time delivery



# Our offer consists of end-to-end services in a more sustainable supply chain with high quality standards

From product creation to delivery at warehouse



# ... and access to sustainable materials for all needs



# We want to accelerate the shift from traditional compliance to really follow through

It's time for the industry to move beyond compliance



Leading practice

Management systems

Minimum requirements

Compliance



Collaboration across the  
value chain is key to  
achieving an industry-wide  
transition in sustainability



# Accelerate sustainable change

## Leading the change

Treadler is a part of H&M Group's strategy to drive sustainable growth as well as the group's commitment to lead the change towards a sustainable fashion industry.

## Size and scale

We believe that by using the group's size and scale for good we can accelerate the change needed in our industry. Treadler is an opportunity to utilise the full potential of the group's extensive investments and integrated sustainability work. An important part of that is scaling access to sustainable materials.

## Our service offering

Treadler offers access to H&M Group's global supply chain and expertise acquired throughout 70+ years in the industry. Building on this, we lower the threshold for brands and apparel or footwear buyers to embark on a sustainability journey.

# Thank you!

# SCALING ACCESS TO PREFERRED MATERIALS



ALICE HARTLEY, DIRECTOR OF PRODUCT SUSTAINABILITY, GAP INC.

November 2020

Gap Inc.

GAP

BANANA REPUBLIC

OLD NAVY

ATHLETA

INTERMIX

HILL CITY

JANIE AND JACK



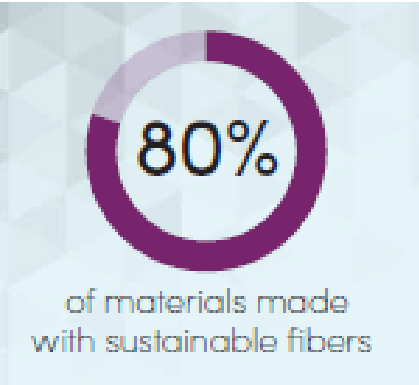
# BRAND GOALS & PROGRESS



ATHLETA



BANANA REPUBLIC



## Sustainable Cotton

100% Sustainable Cotton through BCI, Recycled, Organic, American grown\*

## Sustainable Cotton

Source 100% of cotton from more sustainable sources (primarily BCI and organic)

**100% cotton**  
sourced sustainably

## Sustainable Fibers

Make 50% of products with sustainable fibers

## PROGRESS - 2019

**70%** of materials were made with 30% or more sustainable fibers

**67%** of cotton was from more sustainable sources

**75%** of cotton was from more sustainable sources

**50%** of products were made with sustainable fibers

**56%** of cotton was from more sustainable sources

# IT STARTS WITH THE CONCEPT AND CREATION OF PRODUCT



**FABRIC & PRODUCT DEVELOPMENT  
DETERMINE THE MAJORITY  
OF ENVIRONMENTAL IMPACT**

# OVERVIEW PRODUCT LIFECYCLE

## END OF LIFE

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DISPOSAL  
REUSE

## USE & CARE

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WASHING  
DRYING  
DRY CLEANING

## CUT & SEW

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FINISHING  
TREATMENT



## RAW MATERIALS

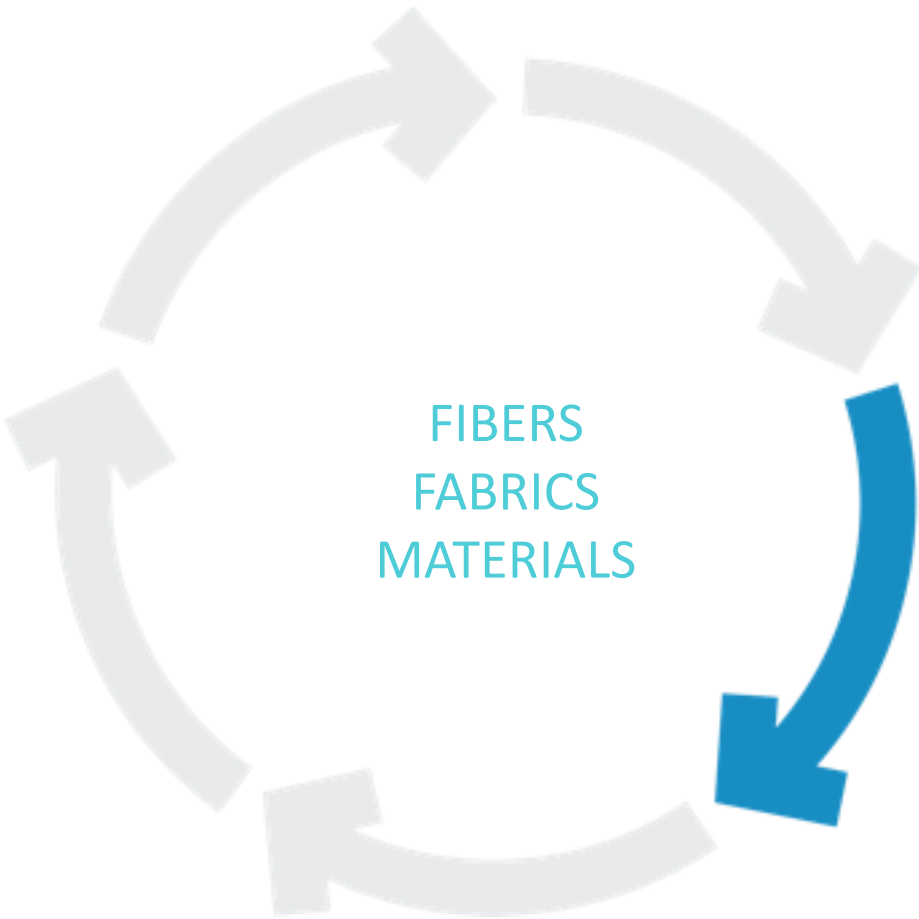
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GROWING/EXTRACTING  
SPINNING  
PRE-TREATMENTS

## PROCESSING

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KNITTING/WEAVING  
DYEING/WASHING  
FINISHING  
TREATMENTS



## RAW MATERIALS CONSIDERATIONS

- In place of conventional fibers, can I use more sustainable alternatives?
- Are there any 3<sup>rd</sup> party certifications that can support claims about the source of this fiber?
- How do I know this fiber/material is actually used in my final product? Is it traceable throughout the entire supply chain?

# Origin of Gap Inc. Preferred Fiber Toolkit

- Lack of reliable industry guidance on which fibers to source
- Desire to incorporate holistic evaluation of available materials (beyond quantitative)
- Needed to provide support to internal teams on decision making
- Designed in 2017-2018, launched internally in 2018, updated in 2019
  - Partnered with third party experts, building on available data and methodologies (MADE-BY, Anthesis, Textile Exchange, SAC)
  - Used only publicly available information on qualitative inputs, to avoid influence + bias

# PREFERRED FIBER SUSTAINABILITY RANKING

This is meant to serve as high-level guidance and is subject to change as the market matures and sustainable fibers become more mainstream. Pending approval of additional fibers as reviewed by Gap Inc. Communication of scores: <https://product.higg.org/terms-of-use>.




































































































\*No sustainable solution for Nylon 6.6 exists yet.

\*\*BCI cotton used as a proxy for MyBMP Australian Cotton.

\*\*\* US Cotton LEADSSM assessed as an example; include Supima cotton

	COTTON & LINEN	CELLULOSICS	WOOL & ACRYLIC	NYLON & SPANDEX	POLYESTER
<b>BEST</b>	Recycled Cotton - GRS	LENZING TENCEL™ Refibra LENZING™ Viscose - Europe (ECOVERO™) LENZING TENCEL™ Modal		Recycled Nylon 6 - GRS	Recycled Polyester (Blend) GRS
<b>BETTER</b>	Organic Linen - GOTS Organic Linen - OCS Organic Cotton - GOTS Organic Cotton - OCS Recycled Cotton - RCS	LENZING TENCEL™ Lyocell Eastman Nolo™ Viscose Acetate LENZING™ Viscose - Asia (ECOVERO™)	Recycled Wool - GRS Recycled Wool - RCS Organic Wool - GOTS Organic Wool - OCS	Asahi Kasei ROICA™ Recycled Spandex Recycled Nylon 6 - RCS	Recycled Polyester (Blend) RCS C2C/bluesign Certified Polyester
<b>GOOD</b>	Better Cotton Initiative (BCI) Verified Australian Cotton** Verified US Cotton***	Asahi Kasei Bemberg™ Cupro Generic Lyocell	Responsible Wool	C2C/bluesign Certified Nylon 6	
<b>AVOID WHERE POSSIBLE</b>	Conventional Linen Conventional Cotton	Generic Modal Generic Viscose	Conventional Acrylic Conventional Wool	Virgin Elastane Virgin Nylon 6 Virgin Nylon 6.6*	Virgin Polyester
<b>UNDER REVIEW</b>				Partially Biobased Nylon 4.10	Partially Bio-based (30%) PET (TORAY) Ecodear® Mechanically Recycled Polyester - GRS Biodegradable Polyester Bio-based bluesign Certified Elastane Partially Bio-based (37%) PTT Dupont (Sorona®)

# COTTON & LINEN

	SUSTAINABILITY INDICATORS							COMMERCIAL INDICATORS			
								RANK			
Recycled Cotton - GRS								1			
Organic Linen - GOTS/OCS								2			
Organic Cotton - GOTS/OCS								3			
Recycled Cotton - RCS								4			
Better Cotton Initiative (BCI)								5			
Verified Australian Cotton*								5			
Verified US Cotton**								6			
Conventional Linen								8			
Conventional Cotton								9			

\*BCI cotton used as a proxy for MyBMP Australian Cotton.

\*\*US Cotton LEADS<sup>SM</sup> assessed as an example.



Water Usage & Stewardship



Chemical Management



Energy & Emissions



Land Use & Biodiversity



Social Conditions



Animal Welfare



Potential for Circularity



Quality



Availability



Claims Traceability



Top scoring

# Lessons Learned & Future Ambitions

- Clear definitions and goals help to accelerate adoption of preferred materials
- Portfolio strategy provides flexibility to meet brands' different needs
- Transition to TE will allow faster expansion into niche and nascent fibers
- Transparent, publicly accessible methodology for decision making
- Sets incentive for industry alignment on data collection and fiber evaluation



# Thank you

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