STELLA McCARTNEY

2023 IMPACT REPORT

MESSAGE FROM STELLA

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It’s part of my everyday life to have a level of respect for Mother Earth and her creatures and I have always strived to have that be core to what we do here at Stella. The entire history of our brand has been this task force of activism, really. Of trying to dissect the industry and find positive solutions for the most harmful areas; solutions where you can’t tell any difference with the look and feel of the product. That’s the goal; and I think we are achieving it, but we will continue to push ever farther – and faster – forward, within the fashion industry and beyond. We will always give people information and offer them an alternative way.

STELLA McCARTNEY
CREATIVE DIRECTOR

We are the only major fashion house in the industry to have had ethics at its heart since day one. To us, this is more than a unique selling point – it is charting a new path forward that I hope others will follow. We are sustainability and cruelty-free pioneers and the practices we have put into place make me and the entire Stella team incredibly proud.

AMANDINE OHAYON
CHIEF EXECUTIVE OFFICER

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01

INTRODUCTION

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At Stella McCartney, we are on a journey to understand, measure and disclose our impact. We understand that there is greater interest and pressure than ever for businesses to identify and report their impact on the environment and communities they interact with. This report offers an overview of our 2022 progress and key priorities looking forward.

After 10 years, Stella McCartney have made the decision to move away from the Environmental Profit & Loss (EP&L), a tool that used natural capital accounting methods to place a monetary value on environmental impacts. We are instead charting a new path forward in step with global goals and commitments and utilising the Science-Based Targets initiative (SBTi) and other key standards. The ways we assess and report our impact should thus be consistent with relevant frameworks, methodologies, legislation and wider industry reporting.

This marks an important next step in our sustainability reporting, as we look to outline a more holistic view of our impact, using data and case studies where appropriate. We always strive for transparent and accurate impact assessment of products, processes and behaviours.

Our focus on sustainability has remained the same. Innovation continues to be the driving force behind where we position ourselves as a brand that is impacting and influencing the broader industry. The key areas of focus this year have included creating a 100% regenerative cotton t-shirt sourced from our SÖKTAŞ regenerative farm and the launch of a take-back scheme for our ECONYL® Close-the-Loop Parka.

02

WHERE WE CAME FROM

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Background

Stella McCartney was founded in 2001 as a conscious luxury lifestyle brand with the goal of bringing a conscience to the fashion industry. We are committed to being an ethical, modern and honest company without compromising on luxury or quality.

Our approach to sustainability is still a work in progress: we are not perfect, but we are making every action count. We want to push boundaries, open new opportunities and advance change in the fashion industry. The science is clear and so are we.

A lifelong vegetarian, Stella has never used any leather, fur, skins or feathers in her collections – setting the standard for the use of alternative cruelty-free materials. For a long time, this was a unique position within the fashion industry, with others now adopting similar practices. As our understanding of environmental and community impacts improve, our perception of what is sustainable improves, moving beyond cruelty-free clothing and including resource efficiency, climate and supply chain impacts. At Stella McCartney, we take a responsibility for the resources that we use and the impact we have on people, animals and the planet, recognising that our responsibility is more than our sourcing and production and across the lifespan of our materials.

We recognise that our impacts are often shared with communities, competitors and the wider public. We believe that the key to creating meaningful, widespread change is collaboration. Tackling biodiversity loss and climate change requires the entire industry to work together to drive impactful transformations to our wider ecosystem.

Since 2019, Stella McCartney has been affiliated with LVMH, bringing a new perspective to the group. The partnership provides an opportunity to both guide and learn from the Group Maisons and join forces to achieve the world we want to live in. Today, the Stella McCartney brand spans women's ready-to-wear, unisex capsules, kids' clothing, accessories, swimwear, lingerie, a performance wear collaboration with adidas and more – with 48 directly owned stores and 28 franchise stores across New York City, London, Paris, Milan, Tokyo, Shanghai and Beijing. Our collections are sold in 77 nations through over 800 specialty shops and department stores and to 100 countries via our online store.

Vision

At Stella McCartney, we believe it is our responsibility not only to act on climate change and biodiversity loss but also to have a more holistic approach to sustainability; from working with local communities throughout our supply chains to improving our sourcing methods in ways that benefit the climate and communities across the globe.

Mother Earth is rich with biodiversity and provides important and often irreplaceable, ecosystem services, yet fashion directly relies on nature for raw materials and resources. From the way we design to product manufacturing, through to our retail practices and post-purchase experiences, we continue to explore innovative ways to reduce our impact and target net-positive actions.

Fashion also relies on people: the people who grow the crops, the workers who make clothes, our employees and our customers. We want to ensure that everyone in our business and supply chain are positively impacted by the work that we do and are treated fairly.

We continue to make significant progress on reducing our impacts, but we know there is more work ahead. We are invigorated and hopeful that others in the industry and beyond will join us in pushing towards a brighter future.

03

GOVERNANCE

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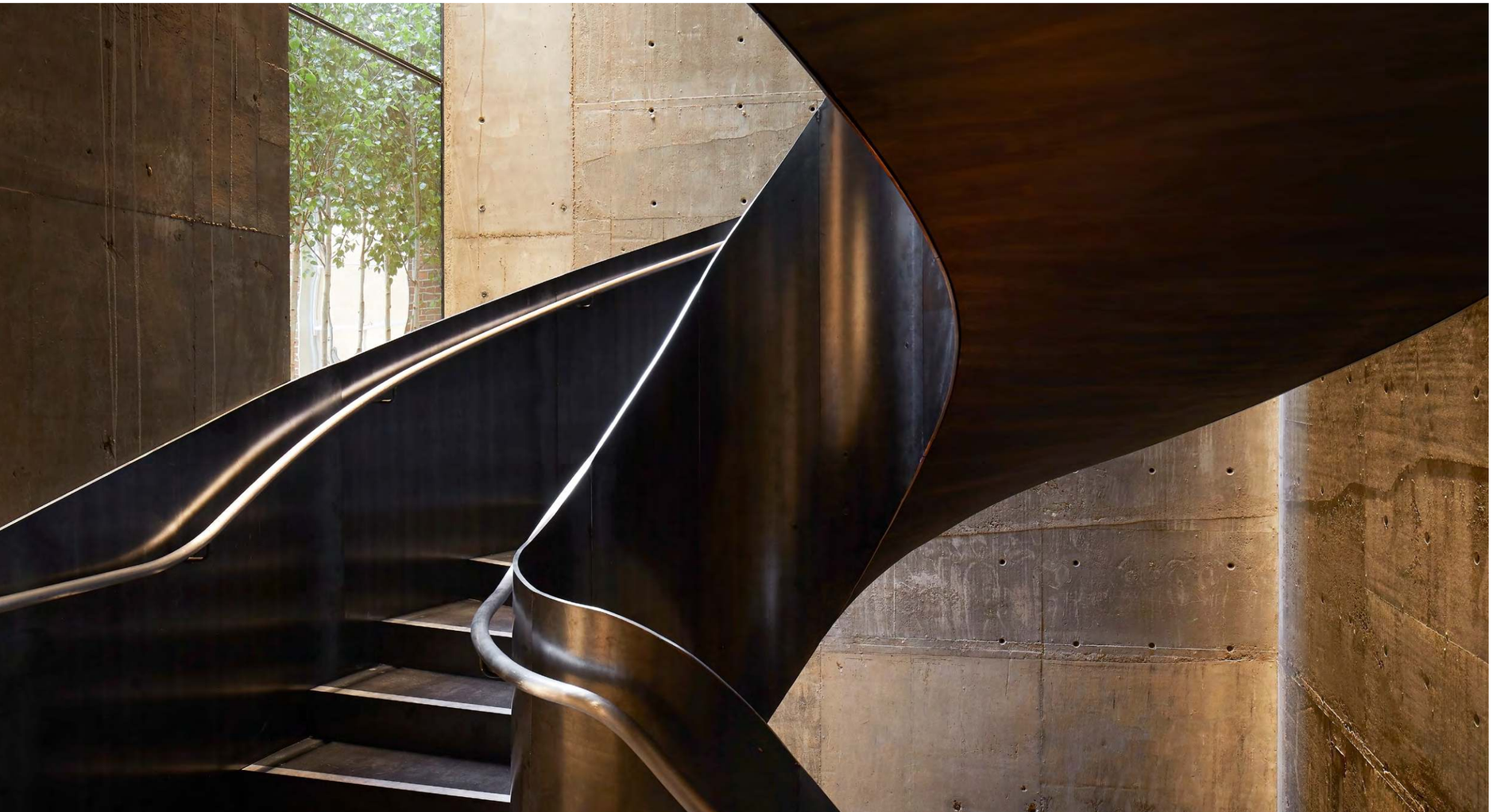
Governance encompasses both Stella McCartney's internal organisational structure – determining who is responsible for overseeing our impacts on the environment and society – as well as our relationships with external partners and our membership to initiatives and industry boards.

Internal Governance



Responsibility and oversight over Stella McCartney's environmental and social responsibility requirements sits with our Chief Executive Officer (CEO), Chief Sustainability Officer (CSO) and the board of directors.

The Sustainability department takes responsibility for the environmental impacts of the business, both internally and in our supply chains. This includes responsibility for monitoring environment-related issues, undertaking emissions reduction initiatives and reporting against targets. The Sustainability department works closely with the design teams, consulting on product development and production, to ensure that the materials are sourced responsibly for our collections, as well as furthering research for next-generation and low-impact material innovations. In addition, the Sustainability department oversees disclosures to independent assessors such as the SBTi.

Within the Sustainability team, the Corporate Social Responsibility (CSR) and Human Rights departments take responsibility for implementing the social programme on a day-to-day basis. Together, this covers all areas of managing the impact our business has on the supply chain and wider business and they work closely with the Sustainability department and across the business. The social impact of our workforce is the responsibility of various HR departments, including Talent Acquisition and Talent Development.

External Governance

Stella McCartney is part of numerous thought leadership groups, consortiums and committees alongside the fashion industry and leaders from other industries, sharing knowledge and best practices. Stella McCartney partners with notable organisations to together use our platforms for good and ensure our impact resonates. These organisations align with our brand values and requires us to meet certain sustainability commitments:

Ethical Trading Initiative (ETI)	As a member of the ETI since 2012, Stella McCartney commits to the ETI Member Charter (2021), which outlines the actions, behaviours and ways of working essential to achieving the ETI's mission and to implementing all the actions needed in order to achieve an ethical and sustainable supply chain.
UNFCCC Fashion Charter for Climate Action	As a signatory of the UNFCCC, Stella McCartney commits to the UNFCCC's collective commitment to a 30% reduction in GHG emissions across Scope 1, 2 and 3 by 2030. In addition to the commitment to reduce GHG emissions, as a signatory we have also committed to prioritising low carbon materials, stopping using coal power in supply chain, supporting renewable energy adoption, using low carbon transport and working with policymakers, governments, and the finance community to drive change.
Textile Exchange	As a member of the Textile Exchange since 2013, we have committed to 100% sustainable cotton – which includes organic, regenerative, or recycled cotton – by 2025. We annually report our material uptake and strategy in the Textile Exchange Materials Benchmark Survey. This survey highlights our preferred fibres, and we are benchmarked against other brands that report on the materials and quantities used.
Ellen MacArthur Foundation	As a signatory of the Ellen MacArthur Global Commitment, Stella McCartney has committed to eliminate all virgin plastic packaging by 2025. This is a global commitment led by the Ellen MacArthur Foundation in collaboration with the UN Environment Programme and is driven by the goal of tackling plastic pollution.

04

ENVIRONMENT

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From farms, forests and mines where fibres or resources are extracted from, to the footprint of the buildings that house manufacturing processes and retail operations, supply chains in the fashion industry impact the environment. We recognise our impact on the environment and are working towards managing how we interact with the natural world.

Climate

Even with the increased awareness about the importance of sustainability, the fashion industry's environmental footprint remains significant.

The fashion industry is estimated to be responsible for up to 8% of global greenhouse gas (GHG) emissions[1]. Adding to the challenge of reducing its GHG footprint is the expectation that the fashion industry will continue to grow as a result of increased population and consumption patterns. With this in mind, the onus is on fashion leaders to increase the speed of decarbonisation across the industry.

At Stella McCartney, we have committed to be net zero by 2040 across our direct operations and our entire supply chain (Scopes 1, 2 and 3), in line with the latest climate science and the Paris Agreement.

In 2020, we committed to setting targets in line with the SBTi, which provides a clearly defined pathway for companies to reduce greenhouse gas (GHG) emissions, helping prevent the worst impacts of climate change. Targets are considered 'science-based' if they are in line with how the latest climate science deems necessary to meet the goals of the Paris Agreement – limiting global warming to 1.5°C above pre-industrial levels.

We submitted our targets to SBTi in October 2022 and are targets were validated as of June 2023.

We first conducted our carbon footprint in line with GHG protocol across our operations (Scope 1 and 2) and wider value chain (Scope 3) for FY2019 and in 2023 we have calculated our emissions for FY2022.

[1] Measuring Fashion: Environmental Impact of the Global Apparel and Footwear Industries Study ↗

Our Footprint: Operational Emissions

Our operational emissions consist of Scope 1 and 2. These are the emissions over which we have operational control per the GHG Protocol and therefore reside within our organisational boundary. These emissions arise from the gas and electricity consumption from our stores, offices and distribution sites.

Scope 1 & 2

SCOPE	FY2019 BASELINE ($TCO2_e$)	FY2022 ($TCO2_e$)	FY2022 CHANGE TO BASELINE
Scope 1	258	87	-66%
Scope 2 (Market-Based)	981	209	-79%
Total	**1,239**	**296**	**-76%**
Renewable-Sourced Electricity	57%	68%	+11%

Emissions from our direct operations (Scope 1 and 2) account for 1% of our total GHG emissions footprint.

We have committed to reducing absolute Scope 1 and 2 GHG emissions by 75% by 2030. Compared with our 2019 baseline, our operational emissions in 2022 have reduced by 76%. This has been driven by implementing energy efficiency measures within sites that consume gas and electricity and the closure of selected stores. While the reduction in emissions indicate we have met our target, we understand that we must ensure that our emissions remain low in order to meet our long-term targets.

We are also committed to increasing renewable electricity use from 57% to 100% by 2030, both from a 2019 baseline. In 2022, 68% of our sites falling under Scope 2 ran on renewable energy, meaning that we on track to achieving 100% sourcing of renewable electricity by 2030.

In 2022, we rolled out our facilities Energy Conservation Programme. The measures within this programme included turning off the lights at offices and warehouses and setting temperatures at -1°C/+1°C vs. last winter/summer. This initiative is supported by facilities management and retail operations.

We plan to install efficient LED lighting systems at our new and refurbished stores. We currently have 89% LED lighting across our sites, with an aim for 100% by 2025. Currently, all the electricity we use in our direct operations in the United Kingdom is purchased using a green-tariff contract.

Our Footprint: Supply Chain

Our Scope 3 emissions are those that are outside of our operational control per the GHG Protocol. Our value chain (Scope 3) emissions account for 99% with the majority of these generated through the sourcing and production of raw materials, production of finished goods, waste in production and transportation.

In 2023, we re-stated our Scope 3 baseline for FY2019 across the relevant Greenhouse Gas Protocol categories because we are no longer using the results EP&L from to calculate Scope 3 emissions and are instead using other data sources. Revising our baseline ensures that we are using the latest and most accurate data available and enables us to focus our mitigating actions in the short term. The updated baseline figure for our Scope 3 footprint in FY2019 is 39,482 tonnes of carbon dioxide equivalent ($tCO2_e$).

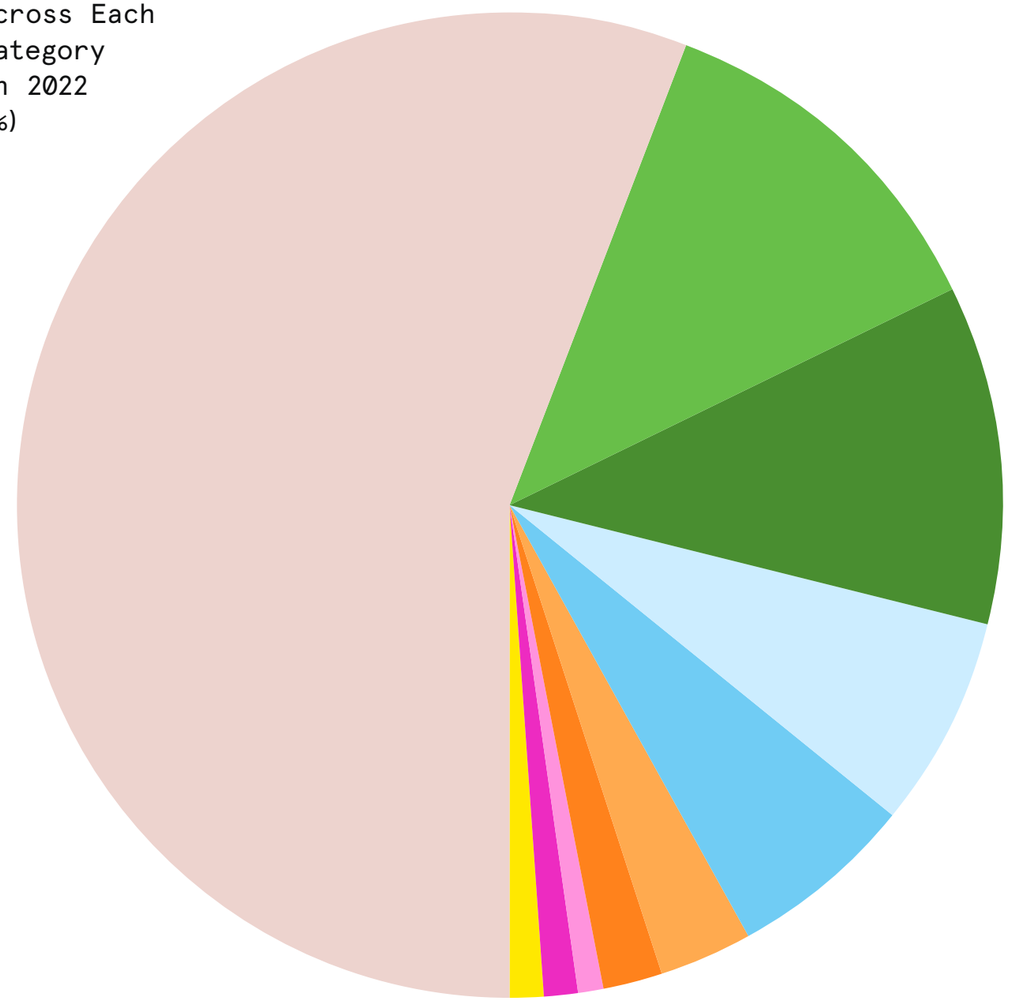
For some Scope 3 emissions sources we are able to work with our supply chain to collect primary data on GHG emissions. However, for many other emission categories we rely on Life Cycle Assessments (LCAs) to provide estimates of GHG emissions based on widely used life cycle data sources. To improve our reporting of these emissions, we are working with our supply chain partners to collect more primary data on supply chain emissions and activities and whilst identifying opportunities to help reduce their own emissions reductions.

We have committed to reducing absolute Scope 3 GHG emissions by 46.2% by 2030, from a 2019 baseline. Compared with our re-stated 2019 baseline, our Scope 3 emissions in 2022 have reduced by 22% meaning that we are on track to meet our 2030 target. The main drivers have been a reduction in emissions from purchased goods and services as well as upstream transport and distribution.

Scope 3

SCOPE 3 CATEGORY	FY2019 BASELINE ($TCO2_e$)	FY2019 RE-STATED BASELINE ($TCO2_e$)	FY2022 ($TCO2_e$)	PERCENTAGE CHANGE (FY2022 TO RE-STATED FY2019 BASELINE)
Purchased Goods and Services	35,825	27,662	17,174	-38%
Capital Goods	2,110	1,520	881	-42%
Fuel and Energy-Related Activities	254	254	158	-38%
Upstream Transport and Distribution	4,321	4,321	3,501	-19%
Waste Generated in Operations	2	2	90	+4400%
Business Travel and Commuting	2,061	2,061	2,214	+7%
Upstream Leased Assets	172	172	220	+28%
Downstream Leased Assets	25	25	19	-24%
Downstream Transportation and Distribution	109	109	644	+491%
Use of Sold Products	1,866	1,866	1,923	+3%
End-of-Life Treatment of Sold Products	16	16	184	+1050%
Franchises	1,474	1,474	3,732	+153%
Total	**48,235**	**39,482**	**30,740**	**-22%**

Scope 3 Emissions Across Each Category in 2022 (%)



56% Purchased Goods and Services

12% Franchises

11% Upstream Transport and Distribution

7% Business Travel and Commuting

6% Use of Sold Products

3% Capital Goods

2% Downstream Transport and Distribution

1% Upstream Leased Assets

1% End-of-Life Treatment of Sold Products

1% Fuel and Energy-Related Activities

0% Waste Generated in Operations

0% Downstream Leased Assets

Purchased Goods and Services

The materials and services that we buy make up over half of our Scope 3 emissions footprint. Since 2019, we have made significant progress in reducing these emissions, with the total emissions from this category decreasing by 38%.

This has been driven by Stella making collections smaller and increasing our preference and uptake in responsible and innovative material alternatives, demonstrated by a reduction in the emissions per tonne of goods for resale: 2019: 17t$CO2_e$; 2022: 11.5 t$CO2_e$. In addition, Stella McCartney Kids became a licensed product line and is now accounted for under Category 14.

We have a three-fold approach to reducing emissions from purchased goods and services. Firstly, we are supporting regenerative agriculture projects within our value chain which helps promote carbon capture and storage through improved farming practices and land management. Our initial focus is on cotton with SÖKTAŞ and wool with NATIVA. Regenerative agriculture practices work with nature to rebuild soil organic carbon, support local biodiversity and improve watershed health as well as aspiring to improve the livelihoods of farmers. As part of our approach to land-based emissions and to complement our current SBTi targets, we are currently developing FLAG-specific SBTi targets[2] to address our carbon impacts associated with raw materials.

Secondly, we are exploring alternative raw materials with a lower carbon impact. One example is ECONYL®, a nylon yarn crafted from regenerated fishing nets, fabric scraps and industrial plastic and used in our outerwear collection. Developing circular products plays a crucial role in reducing emissions by extending the lifespan of goods and minimising resource waste. By emphasising durability, repairability and recycling, these products significantly reduce the need for raw material extraction and production, both of which are energy-intensive processes contributing to greenhouse gas emissions.

Thirdly, we are working with our suppliers to help them reduce the environmental impact of their production processes. Ensuring our supply chain partners share our ambition for a net-zero future is crucial to achieving meaningful change at scale. In 2021, Stella McCartney joined the Clean by Design programme, created by Apparel Impact Institute. The programme aims to establish a platform for manufacturers to coordinate, fund and scale the apparel and footwear industry's proven environmental impact solution. In 2022, Stella McCartney successfully onboarded three of its suppliers onto the programme. Annually, we aim to onboard a minimum of three suppliers and mills onto the programme.

Stella is committed to reducing what we produce and is reviewing our collections moving forward. Ultimately, we aim to create fashion items that have the quality, timelessness and desirability to be cherished for years instead of customers needing to purchase something new. From Stella's perspective, this is true sustainability.

[2] FLAG targets relate to emissions from the Forest, Land and Agriculture sector.

Capital Goods

Capital goods includes upstream emissions from the production of capital goods we have purchased, including machinery, furniture, equipment, props and technology. This category also includes emissions from the construction and refurbishment of our stores.

Emissions from Capital Goods have decreased 42% from the FY19 baseline. As part of our plan to more accurately report on capital goods and reduction, we are starting to collect supplier emissions data directly from manufacturers and suppliers. Where supplier emissions data is not available, we estimate with industry-average GHG intensities by commodity type and spend data.

We are expanding our circularity approach to an increasing number of events, visual merchandising and retail spaces, aiming to re-use and recirculate décor and props as well as source recycled and reclaimed materials. As we make construction and refurbishment project decisions, we track and assess embodied carbon at each phase of the project, to enable us to reduce embodied carbon emissions as well as demonstrating product-level reduction decisions. Examples include using reclaimed materials in our recent store refurbishments.

[3] Where 2021 figures are different to 2021 Impact Report, this is due to a different calculation methodology.

Upstream and Downstream Transport and Distribution

Our logistics and distribution footprint accounts for over 13% of our Scope 3 footprint. Most of our transportation and logistics emissions are attributable to transporting finished goods from suppliers to our distribution hubs and from hubs to retail locations via air freight.

We are working with our logistics partners to improve efficiencies and shift to lower emissions carriers. As with the changes we have made to reduce the size and weight of our packaging, we are optimising each journey to transport our products including transitioning to electric vehicles for first and last mile logistics, such as DHL. Reducing air freight shipments is also key to reducing the impact of our logistics emissions. We will consider wider sustainable transport solutions and other less carbon-intensive options as they develop and become commercially available, such as rail and multi-modal shipments.

Business Travel and Commuting

As a global business, we operate in many countries around the world. Business travel is a necessary part of the way we work, as our ability to collaborate with our colleagues, suppliers and manufacturers largely depends on being able to visit their locations. Our 2022 emissions are 7% greater than our baseline, largely due to an increase in international travel but this is partially offset by lower commuting emissions as we remain in a hybrid working environment post COVID-19.

While emissions from business travel represents a small part of our overall emissions (5.8%), we recognise that each action can support us in achieving our net-zero target. To the end of 2022, we updated our Company Travel Policy, putting in place measures that encourage more sustainable behaviours, such as travelling by train instead of plane and choosing economy instead of business class, as well using video and phone conferencing to reduce the total need for travel.

Use of Sold Products

The emissions from the use of our products arise from cleaning and drying. In order to inform customers about the best method for maintaining their garments, we introduced Clevercare during the Copenhagen Fashion Summit in 2014 which is a garment labelling system to remind our customers to consider the environment when washing and caring for our clothes.

Clevercare covers five simple areas of clothing care: washing, temperature, drying, ironing and dry cleaning. This helps extend the life of the garments, decrease the number of pieces that end up in landfill and reduce the environmental footprint.

Franchises

Our franchised stores are outside our operational control given that we do not have day-to-day oversight of the operations. Emissions related to the franchising of Stella's products has increased over 150% from the baseline. This is largely a result of Stella McCartney Kids becoming a licensed product line meaning that it is now accounted for within Franchises rather than Purchased Goods and Services.

In order to support our decarbonisation strategy, we ensure that our franchised partners follow our material brand guidelines, supplier code conducts and responsible sourcing guidelines and we actively work with them to discuss new materials and innovations.

Neutralising Residual Emissions

We recognise that conventional offsets will not get us to net-zero in line with the targets verified by SBTi, which outlines emissions reductions of over than 90% with the residual being offset by permanent carbon storage. However, to offset the emissions associated with our FY2022 fashion shows, we purchased carbon credits from a range of nature-based and renewable energy projects under the Verified Carbon Standard (VCS) and Gold Certified Standard. In the future, we will move towards using carbon removal credits through a portfolio of negative emission technologies, including afforestation and reforestation, soil carbon sequestration and direct air capture.

In addition, we are aiming to reduce our emissions and store carbon at source in our own supply chain. Our investment in regenerative agriculture projects enables us to store carbon, promote biodiversity, facilitate the restoration of ecosystems and support the livelihoods of local farmers. For our inaugural pilot project, we partnered with SÖKTAŞ in Turkey to design and implement regenerative agricultural practices with cotton farmers in our supply chain. The project works at farm level to improve carbon capture in soils, improve watershed and soil health and promote biodiverse habitats. While this will enable carbon to be captured more permanently with greater control and providing biodiversity benefits, it will not substitute for actual emissions reductions.

Nature

The fashion industry relies on Mother Earth to grow our materials. However, conventional farming and agricultural production methods have long-term impacts on soil health, the natural environment and the people who depend upon it. The heavy usage of machinery, chemicals and harsh management techniques leave the soil in a devastating state of degradation – stripping it of nutrients and its ability to support life on land, with global impacts.

The future of fashion necessitates regenerative sourcing – a nature-positive approach to farming and fibre production that ensures the process does not destroy land and soil, but instead rebuilds and restores. It is a holistic method of farming that focuses on soil fertility and enhancing biodiversity, whilst capturing and storing carbon from the atmosphere. This actively fights climate change and improves the livelihood of local communities and farmers. We want to accelerate the change to regenerative and restorative approaches, advancing systems away from conventional, unsustainable processes.

Case Study: Regenerative Cotton SÖKTAŞ, Turkey

Our regenerative cotton is sourced from SÖKTAŞ, a family-owned cotton producer based in Turkey. We have supported their transition toward regenerative agricultural practices since our partnership began in 2019.

In that time, the land farmed regeneratively has increased from 5 to 55 hectares as of 2022 with the intention to continue to expand the space to support Stella McCartney increase regenerative cotton in collections, as well as inspire and educate other local farmers on these methods.

Regenerative farming is a systemic approach that requires minimal disturbance to see improvements and developments on a yearly basis. Through little to no disturbance, reducing synthetic fertiliser, the carbon and water cycle and storage will improve and water holding capacity is maintained, requiring less irrigation.

SÖKTAŞ has partnered with renowned soil scientist Dr David Johnson to verify the benefits of the regenerative cotton farming project and to help support on the ground. A robust monitoring system is used to assess the impacts of their farming and carbon sequestration, with methods including direct soil measurements, in-depth soil analysis and satellite imagery. As per recent assessment, results found significant carbon being sequestered into the soil, 13.81 tonnes $CO2_e$/ha/year, as well as a 35% reduction in water application. From the 2022 harvest onwards, all SÖKTAŞ regenerative cotton will be RegenAgri®-certified and the work with SÖKTAŞ will support us in achieving our commitment to using 100% regenerative, recycled or organic cotton across all of our collections by 2025.

Irfan Uysal, a farmer at the SÖKTAŞ regenerative cotton project, said: “The greatest reward has been to witness the difference in soil health. Soil aggregate stability has been steadily increasing and while a variety of tests measuring carbon and nitrogen in the soil and on the crop confirm this, the structural improvements are so apparent that they are visible to the naked eye.”

Case Study: United Nations Economic Commission for Europe (UNECE) Blockchain Pilot

The Stella McCartney and SÖKTAŞ project piloted the collaboration with United Nations Economic Commission for Europe (UNECE) to develop and implement blockchain technology across the supply chain, in addition to supporting regenerative agricultural practices.

The pilot formed part of Stella McCartney's commitment as a signatory of The Sustainability Pledge initiative of the UNECE that aims to improve and increase both transparency and traceability within the garment and footwear industries through exploring the use of innovative technologies.

Blockchain technology allows companies to trace all factors of a product's supply chain. Known as 'transparency evidence', the UNECE blockchain platform provides documentary proof of the production practices involved through certifications and standards. The partnership is an opportunity to evaluate and apply UNECE methodology for transparency and traceability, as well as assess the feasibility of new technologies to measure climate impact and explore the future potential of regenerative agriculture.

In October 2022, we debuted our first product as part of this project. We have continued the blockchain pilot partnership throughout 2023 with the UNECE and SÖKTAŞ across regenerative cotton shirting and aim to expand this across other suppliers and fibre groups, such as wool.

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Regenerative sourcing is not only the future of fashion, but of our planet. If we ever hope to protect and restore nature, we cannot continue to just take from Mother Earth – we also have to give back. By implementing UNECE blockchain traceability technology into our regenerative cotton supply chain, we are proud to pioneer and transparent path forwards and hope that other fashion houses will join us.

STELLA McCARTNEY

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We strongly believe that improved traceability and transparency are key tools to identify, address and finally reduce social and sustainability risks, as well as our combined environmental impact. It has been truly exciting to test this innovative approach and assess UNECE methodology to create more traceable and transparent initiatives and products in the fashion industry.

SÖKTAŞ

Water

Water scarcity and pollution are critical issues for the fashion industry, given that there are water impacts all along the supply chain from raw material sourcing to distribution. As water-intensive processes like cotton cultivation and dyeing contribute to resource depletion, there is a particular need to collect, measure and report data on water consumption, pollution reduction goals and supplier collaborations.

Through the integration of sustainable alternatives to conventional materials and collaborating with our suppliers, Stella McCartney is actively working to reduce its water footprint. For example, we are minimising our use of conventional and recycled cotton with a preference towards using organic and regenerative cotton which use less water and we source from GOTS-certified organic cotton which assesses the use of water, pesticides and fertilisers.

We have partnered with Natural Fibre Welding (NFW) for the use of their MIRUM®, an entirely plastic, fossil fuel and water-free alternative to animal leather. We are also part of the Clean by Design program, created by the Apparel Impact Institute, meaning that we work closely with our suppliers to support them in increasing water efficiency at their manufacturing facilities.

In order to progress our work in assessing our impact on water consumption, we are planning to undertake an assessment of our water impact in FY24 and report in line with CDP.

Supplier Case Study: Mantero Seta S.p.A.

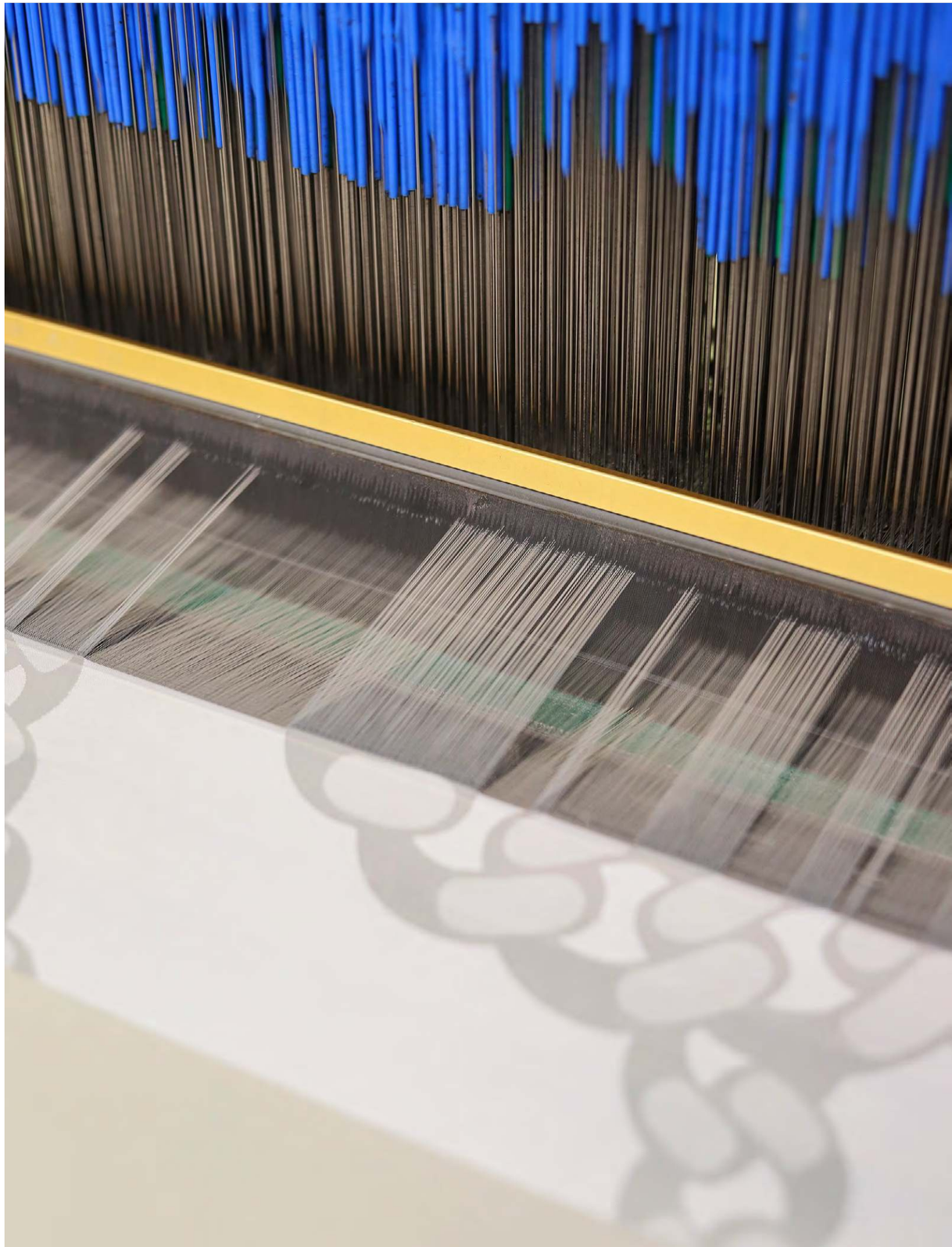
Stella McCartney's supplier, Mantero, was onboarded onto the Clean by Design programme, which included a third-party assessment to understand and assess the current situation of Mantero's facilities.

The programme looked to identify stepwise solutions for reducing environmental impacts of the supplier. By using a collaborative, continuous improvement framework, Clean by Design focused on scaling improvements across key areas of known impact. The program supported the supplier to undertake an energy assessment and provided a roadmap for improvement around efficiency.

Additionally, an in-depth inventory of water use was carried out at suppliers' facilities and recommendations were made for potential reduction methods. The water consumption was measured and assessed for leaks by assessing the machines, production processes and water management infrastructure in place. Upon completion of the assessment, the expert provided a business case for improved water management. The following actions were implemented due to programme's recommendations:

- Enhanced metering practices and data management
- Upgrade of Heat Exchanger
- Steam production optimisation
- Automatisation of water consumption in cold washing machine
- Automatisation of water consumption in hot washing machine

As a result, Mantero reduced energy usage by 28%, GHG emissions by 21%. and water consumption by 54% through 2022.



Materials

Materials are the foundation of our sustainability initiatives. Forming the literal fabric of our nature-positive and circular mission, we combine nature's gifts with cutting-edge innovation to create the most desirable luxury fashion. By innovating new, responsible cruelty-free alternatives, we can change the future of fashion.

We research and develop new low impact materials from next generation fibres to alternatives to plastics. Our aim is to find the highest quality low impact alternative options to replace existing, high-resource intensive materials. It is a huge challenge to achieve the same luxury feel but one we are ready to undertake.

Since our launch in 2001, we have stood firmly by our commitment to never use real fur. Instead, we are constantly working to find the best plant-based alternative to animal fur. Currently most of the faux fur is made of synthetic fibres and polyester. We have also banned acrylic from our collections which greatens our challenge of finding alternatives to fur.

More recently, we have focused our research to reduce the amount of plastic in our footwear. A shoe comprises of many components and are required to be extremely durable with high performance. Currently, most of the shoe components are still fossil-fuel derived but we want to replace this with biobased materials or increase the percentage of biobased materials where possible.

Looking to the future, we are exploring fibres that are coming from capturing methane and carbon in order to decarbonise our supply chain emissions, as well as researching alternatives to silk, which is particularly challenging given the difficulty in mimicking silk filament yarn.

All of this research requires substantial work and communication with the innovators, with extensive testing, trials, challenges, frustrations but also happy and proud moments.

In 2022, we have started engaging with NFW to test their MIRUM material, the first alternative to leather 100% plastic-free. In addition, we started engaging with Mabel to assess their material Uppeal (formerly AppleSkin) from Frumat. With these new materials we know we have a long way to go, but we are here to support them and to achieve the best results.

We launched our first garment with biobased sequins. The Radiant Matter team are still working on improving the quality of the sequins with all the sequins being hand-stitched meaning it takes over 160 hours to create the jumpsuit.

Overall, we engaged with 20 new material innovators to assess their materials, to work on opportunities for partnerships and to test the materials.

2022 Material Usage

Innovating new materials for clothing that have a lower impact on the environment is crucial in addressing the textile industry's substantial environmental footprint. Traditional textile production, characterised by resource-intensive practices and chemical-intensive dyeing and finishing processes, contributes significantly to water pollution, energy consumption and greenhouse gas emissions.

By researching and developing alternative materials such as recycled fibres, bio-based textiles and fabrics made from agricultural byproducts, we can reduce the industry's reliance on virgin resources and minimise its overall ecological impact. These innovations not only reduce the carbon footprint but also encourage sustainable practices throughout the entire supply chain, offering a promising avenue for mitigating the environmental consequences of our clothing choices and promoting a more sustainable fashion industry.

Innovation involves working all the way to the source of the materials and the land that is used to grow the crops which make our garments. As outlined within the SOKTAS case study, we are exploring regenerative farming practices given that they offer substantial benefits to the fashion industry. Unlike conventional farming, which often relies on chemical pesticides, synthetic fertilisers and monoculture cropping, regenerative farming prioritises soil health, biodiversity and chemical inputs. Additionally, regenerative practices can sequester carbon in the soil, aiding in climate change mitigation. We are exploring regenerative agriculture sourcing across both cotton and wool.

Innovation also includes considering creating garments with longevity and recyclability in mind, emphasising durable materials, modular construction and timeless styles. This can be supported by product disassembly which involves designing clothing so that it can be easily taken apart at the end of its life cycle, enabling the efficient separation and recycling of components, such as zippers, buttons and fabrics. This approach reduces textile waste and promotes the reuse of valuable materials. By embracing circular design and product disassembly, we can significantly reduce its environmental impact, conserve resources, and promote a more sustainable and responsible approach to clothing production and consumption.

2022 material usage across Stella McCartney products[3]

MATERIAL	2021 (KG)	2022 (KG)
Polyurethane	40,466	67,257
Polyester	32,021	49,294
Cotton	40,242	47,029
FSC Viscose	20,713	36,898
Brass	11,914	30,678
Nylon	13,907	24,325
Wool	22,003	20,642
Aluminium	9,414	20,209
Wood	10,219	14,676
Silk	8,063	3,883

[3] Where 2021 figures are different to 2021 Impact Report, this is due to a different calculation methodology.

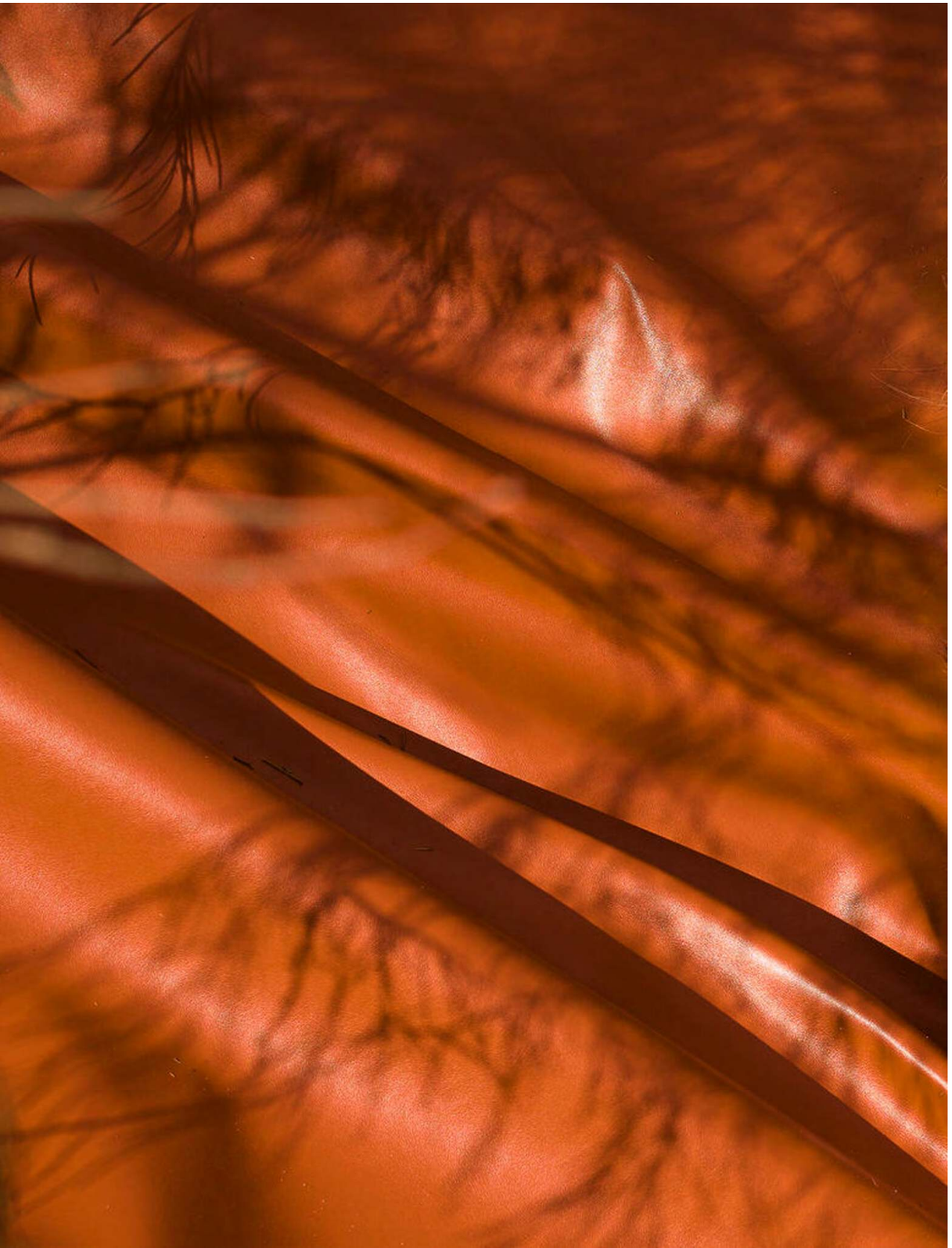
Polyurethane usage in 2022

MATERIAL	2021 (KG)	2022 (KG)
Virgin Polyurethane	31,203	51,454
Thermoplastic Polyurethane	8,977	11,819
Other Polyurethane	286	3,984

Polyurethane

Polyurethane was the most used material in 2022 in terms of weight as it is currently our key leather alternative in our bags and shoes. As an activist for animal welfare Stella McCartney has never used leather or skins since founding in 2001. As well as being cruel, leather has a high environmental impact due to cattle farming leading a significant contribution to global greenhouse gas emissions as well as driving the destruction of our rainforests.

Stella McCartney has a preference for water-borne and solvent-free polyurethanes that are less energy and water intensive and are safer for people to work with. As we further aim to reduce the impact of our materials, we also have a preference towards renewable and recycled polyurethane. Understanding the impact of plastics, we are continuously striving to improve even further by looking for, trialling and sourcing oil-free and plant-based materials. As a result, we have partnered with Natural Fibre Welding (NFW) for the use of their MIRUM®, an entirely plastic, fossil fuel and water-free alternative to animal leather. In addition, in 2022 we initiated research into a grape-based vegan alternative to animal leather, sourced from the agricultural waste of wineries in Northern Italy. The material is crafted with repurposed grape waste – the pulp, seeds, skin and stems – from wineries, creating a luxurious cruelty-free alternative to animal leather without engaging in the impactful practices of traditional animal leather production.



Polyester usage by type in 2022

MATERIAL	2021 (KG)	2022 (KG)
Virgin Polyester	18,243	32,176
Recycled Polyester	13,778	17,118

Polyester and Other Synthetics

Just like the certified alternatives of animal and vegetal natural fibres that we source, Stella McCartney's preference for polyester and other synthetics also goes towards their circular and certified options. Whilst sourcing polyester, our preference is to use polyester recycled to the Global Recycled Standard (GRS). GRS ensures 3rd party verification of recycled content and chemical use, ensuring that the standards for social and environmental responsibility are met.

Recycled polyester holds a notable advantage over virgin polyester. While both materials are derived from petroleum-based sources, recycled polyester repurposes existing plastic waste, such as discarded bottles or textiles, diverting it from landfills and reducing the demand for new petroleum extraction. This process consumes less resources and has a lower carbon footprint compared to the production of virgin polyester. Moreover, recycling polyester helps address the plastic pollution problem by extending the life cycle of plastic materials. However, it is important to note that recycled polyester still poses some environmental challenges, such as microfiber shedding during washing.

As a sustainable alternative to nylon, we also source ECONYL® regenerated nylon. ECONYL® is made from carpets, waste fabric and fishing nets collected from the oceans and recycled and regenerated into a new nylon yarn that is exactly the same quality as virgin nylon. In 2022, Stella McCartney developed the Close-the-Loop Parka Jacket crafted entirely from ECONYL®, allowing it to be infinitely regenerable within our take-back system. (See chapter on Circularity).

Cotton usage by type in 2022

MATERIAL	2021 (KG)	2022 (KG)
Organic Cotton	29,552	32,368
Conventional Cotton	10,489	14,259
Recycled Cotton	201	315
Other Cotton	0	89

Cotton

Cotton is one of the most-used fibres in the fashion industry and starts its life in the soil. Highly toxic substances like fertilisers, pesticides and herbicides are applied to most of the cotton that is currently grown conventionally, impacting the natural environment.

In addition, cotton has a high human impact with our procurement team prohibited from sourcing cotton from countries which are considered high risk for child or forced labour systems of cotton production. Current banned countries are China, Uzbekistan, Syria and Turkmenistan. Whilst Stella McCartney still sources and uses both conventional and BCI cotton, we understand the impacts of harvesting and producing this crop and therefore are working to reduce our use of these fibres as we increase our preference for sustainable and certified alternatives.

When sourcing certified cotton, Stella McCartney's preference is, in order of priority, regenerative cotton, GRS post-consumer recycled, organic cotton certified to GOTS, then GRS pre-consumer recycled cotton. To reinforce this, as a signatory of Textile Exchange, we are committed to increasing the percentage of sustainable cotton with every collection and are aiming to use 100% regenerative, organic or recycled cotton by 2025.

Transitioning to the sourcing of cotton certified to RegenAgri, GOTS and GRS cannot be achieved overnight and requires continuous collaboration with Production and Sourcing Teams and our suppliers. Challenges are also faced across product groups. Across shoes it is a challenge to source cotton certified to GOTS or GRS due to the high minimum order quantities required by suppliers. In this case, we still aim to avoid conventional cotton and therefore accept BCI cotton.

For our work over producing cotton using regenerative agricultural methods, see Chapter on Nature.

Viscose and Wood

All of the wood-based materials used in our products and packaging come from sustainably certified sources. This is to avoid the deforestation of ancient and endangered forests and its corresponding effects.

Deforestation has devastating impacts on our planet, wildlife and people: carbon dioxide and associated greenhouse gases being released into the atmosphere, biodiversity and habitat loss, soil exposure and degradation, land taken from Indigenous communities and all species on land.

Forest Stewardship Council (FSC) certified wood pulp comes from forests that are managed in accordance with strict standards, protecting them from deforestation by maintaining forest cover, conserving biodiversity, engaging Indigenous communities and that are supported by rigorous audits.

The FSC audit requires suppliers to follow 10 base principles, from legal requirements and the social and economic wellbeing of workers and local communities, to upholding the rights of Indigenous communities and conserving and the ecosystems of managed forests.

Case Study: Canopy Project

Stella McCartney has partnered with Canopy since 2014, which is a not-for-profit environmental initiative that collaborates with brands, retailers and viscose (and other cellulosic) producers to ensure that their supply chains are free of ancient and endangered forests.

Through our partnership with Canopy, Stella McCartney commits to never sourcing materials from ancient or endangered forests. Through this commitment, we aim to source viscose that is only FSC certified and comes from suppliers that have been approved and audited by Canopy.

Since 2017 all of Stella McCartney's viscose has been free from ancient and endangered forests (also as part of our partnership commitment with Canopy) and the company aims for this to always be the case. All of Stella McCartney's viscose suppliers are audited within the framework of the CanopyStyle Initiative, which audits suppliers to ensure their supply chains are free of ancient and endangered forests.

Wool usage by type in 2022

MATERIAL	2021 (KG)	2022 (KG)
Conventional Wool	17,083	11,931
ZQ Wool	4,919	4,772
Other Wool	0	3,939

Wool

At Stella McCartney, we acknowledge that there is a substantial environmental footprint associated with any animal fibre particularly through land use change and associated emissions. We work hard to ensure that our wool is sourced in a way that ensures better treatment to the sheep and the workers throughout the supply chain, such as committing to no mulesing for sheep.

While we still use virgin wool, we have a preference towards wool that is certified to regenerative and responsible certifications and standards for the welfare of the animals and the protection of the land that they graze. We therefore prefer sourcing regenerative wool (NATIVA or ZQ), wool certified to the Responsible Wool Standard, or GRS recycled wool.

Our ZQ regeneratively farmed wool that we use in our collections is sourced from pastures across New Zealand. The ZQ standard means that the wool is sourced with a commitment to animal welfare, environmental and social responsibility, quality fibre, traceability to source – measured and monitored against strict management plans to assure.

Regenerative sourcing is a nature-positive approach to farming and fibre production. It ensures the farming and fibre production processes do not destroy land and soil but, instead, rebuilds and restores it. It is also a holistic method, focusing on soil fertility and enhancing biodiversity, while capturing and storing carbon from the atmosphere.

This actively fights climate change and improves the livelihoods of local communities.

Targets

With each collection, we measure the percentage of responsible materials used. A product is considered responsible if at least 50% of the product's composition is sourced from regenerative or recycled wool/cotton, organic cotton, RWS wool, GRS recycled synthetics.

This metric drives responsible-sourcing decision making at the item level by our design team. We are aiming for 100% responsible collection, although recognising that this would not mean 100% of the materials used are 100% responsibly sourced.

Average in 2022 was 67%; Average in 2021 was 72%.

Circularity

We believe that the future of fashion is circular – it will be restorative and regenerative by design and the clothes we love never end up as waste. A circular economy requires that we move away from the consumption of finite resources and that we design waste out of the system. Altering the current linear system demands radical transformation. It involves everyone in the fashion industry working together with unprecedented levels of commitment and innovation. We see this as an exciting opportunity to unleash our collective creative potential and one we are proud to be part of.

We see our role in the circular economy both in terms of the clothes that we produce and also in terms of packaging that is used for our products.

Clothing

The transition to a circular economy will require exceptional levels of collaboration across the value chain and the implementation of new sustainable business models. We have been undertaking various latest initiatives and partnerships that are helping us turn our circular vision into reality.

The RealReal gives new life to luxury goods through consignment by providing the largest selection of pre-owned high-end items. This partnership is our first step to making sure our products do not ever end up as waste. By designing pieces that are built to last and embracing The RealReal's new business model, we are transforming the way our clothes are produced, sold, shared and reused.

The Clevercare initiative was launched in 2014 to offer a reminder to people to take time caring for their garments and make them last longer. Washing clothes less often and wearing them more can actively help reduce your carbon footprint. Clevercare is a care symbol, a website and a communication campaign all rolled into one.

Circular fashion encourages practices such as designing for durability, repairability and recyclability, promoting the reuse of materials through upcycling, recycling and second-hand markets. We know we are not perfect yet with our take-back scheme and end of life solutions to our customers, but we are working on it, we are working on a strategy for reuse and recycling. We are exploring recycling partners and assessing logistically best way to do it and with a low carbon footprint impact.

Our aim is to increase the mono material products in our collections and we are incentivising the designers to design for disassembly. In 2022 we organised a Design for Disassembly workshop for our design team and product developers which educated and promoted circular thinking into the design process. In addition, we formed a partnership with recycling startup Protein Evolution to transform nylon and polyester waste into "good-as-new" fibres. The collaboration aims to demonstrate for the first time how complex fabric types can be fully re-used to make new plastic material in a low-energy, cost-effective way.

Case Study: Econyl Parka

In 2022, we worked and launched our first completely circular product: a mono material parka with Econyl. The parka is the first Stella McCartney product that our teams and suppliers have collaboratively designed for disassembly – meaning zero trace of our jacket will end up in landfill, incinerators or oceans if returned through our take-back scheme. The parka is made from ECONYL® which is 100% regenerated nylon from pre- and post-consumer waste that would otherwise be polluting the Earth, like fishing nets, fabric scraps, carpet flooring and industrial plastic.

Packaging

Our sustainable packaging materials commitment aims to minimise the amount of packaging used and, where packaging is unavoidable, to maximise use of recycled, reusable and recyclable materials in line with circular economy principles. This commitment applies to all customer-facing and transit packaging.

This ambition is supported by our commitment to the Ellen MacArthur Foundation's New Plastics Economy Global Commitment. As a signatory of the commitment, we have pledged to eliminate unnecessary and problematic plastic; use 100% reusable and recyclable plastic; and use at least 100% recycled content across all own-branded plastic packaging by 2025. We report annually to the Ellen MacArthur Foundation's Global Commitment on the amount of plastic packaging used and progress on removing all plastic from operations and recycled plastic used. The results of our annual report are publicly published and benchmarked against the Global Commitment's 2025 target.

Case Study: Tom Ford Prize

The TOM FORD Plastic Innovation Prize was designed to source marine-safe and biologically degradable alternatives to traditional thin-film plastic made from hydrocarbon sources. Following nine months of rigorous testing and aligned with international standards, three Grand Prize Winners were selected by the Scientific & Technical Advisory Board and Prize Judging Panel which included Stella McCartney.

Stella McCartney was also among the early adopter brands, working with a number of the finalists on trials throughout 2022, aimed at developing industry partnerships and validating materials across global fashion supply chains. Among those we collaborated with was third-place winner Notpla, a London-based startup inspired by the way nature encapsulates liquids – making plastic waste disappear by pioneering natural-membrane packaging that uses regenerative, biologically degradable seaweed as an alternative to single-use plastic.

05

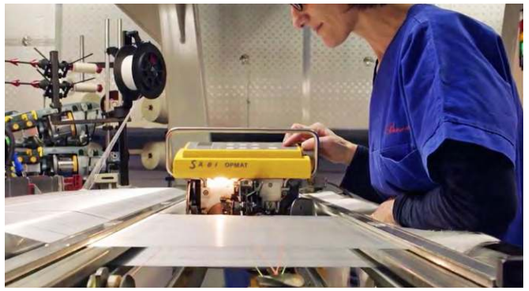
SOCIAL RESPONSIBILITY

05

Fashion relies on people – the farmers who grow the crops for our materials, the people who make clothes, our employees and our customers. We want to have a positive impact on everyone we depend on and for those who depend on us in return. We believe that fashion should be equated with fairness, respect and equality.

Our Supply Chains

Modern supply chains are vast, complex and span the globe. Labour issues are themselves challenging. We are aware that due to globalisation, increasing levels of migration and the complexity of supply chains, modern slavery poses a risk for any business, in general and the fashion industry, in particular.



Modern slavery is the term used by human rights organisations to encompass human trafficking, slavery, servitude, forced and compulsory labour, bonded labour and some forms of child labour. Victims are coerced, deceived, threatened or abused into providing work or services without any real possibility to refuse or remove themselves from their situation. Modern slavery is a crime and a grave violation of fundamental human rights.

At Stella McCartney, we take the issue of modern slavery seriously and are determined to do our part in making sure that it is eradicated. We adopt a transparent and collaborative approach with our suppliers and make every effort to understand the complexities and contexts of our sourcing regions. We engage with other brands, industry experts, NGOs and local stakeholders with the intent to proactively manage impacts on people and to operate in the most responsible way possible.

Further information about our supply chain and due diligence processes can be found in our Modern Slavery Statement, which we publish annually.

Our Commitments and Strategy

Modern supply chains are vast, complex and span the globe. Labour issues are themselves challenging. We are aware that due to globalisation, increasing levels of migration and the complexity of supply chains, modern slavery poses a risk for any business, in general and the fashion industry, in particular.

As a global ethical fashion brand, Stella McCartney is committed to promoting good labour standards and protecting human rights in all parts of the business. We understand that, as a business, we have a responsibility to respect human rights in line with the UN Guiding Principles on Business and Human Rights (2011). We believe everybody in our supply chain should be treated with respect and dignity and that each person should earn a fair wage and be recognised and valued equally. We have made progress to promote good labour standards and protecting human rights in all parts of our business and we aim to build modern and resilient supply chains that provide desirable jobs, foster people's skills, strengthen workers' voices and advocate for vulnerable groups.

Since 2012, Stella McCartney has been a member of the ETI, a leading alliance of trade unions, NGOs and companies, working together with key stakeholders to promote practical solutions to end the abuse of human rights at work. In compliance with the UK Modern Slavery Act 2015 (section 54)[4] and the California Transparency in Supply Chains Act of 2010 (SB 657), we have been consistently reporting about our supply chains, policies and due diligence processes since 2016.

Transparency is key to us. We have published the list of our finished product suppliers on the Open Apparel Registry since 2022. This includes both direct suppliers and the full supply chain information for those who do not execute production processes internally (e.g., the entire production process is outsourced to subcontractors).

Our commitments on Human Rights and responsible sourcing underpin our SMC Corporate Social Responsibility and Human Rights 2030 Strategy. Launched in 2021, the strategy focuses on four key areas: 1) fair purchasing practices, 2) transparency and traceability of our supply chains, 3) people empowerment and 4) positive social impact.

[4] The Modern Slavery Act is a law that was passed in the UK in 2015 to address cases of modern slavery. Section 54 of the Act applies to businesses and requires regular reporting as well as greater transparency on what is being done to ensure modern slavery does not exist in operations or supply chains.

Our Policies and Standards

Our Corporate Social Responsibility (CSR) and Human Rights team is responsible for designing, implementing and overseeing policies and standards to prevent, address and remedy human rights abuses committed across our supply chains and business operations.

Our policies and standards follow the UN Guiding Principles on Business and Human Rights and are based on the fundamental conventions of the International Labour Organisation (ILO). We have developed a set of policies and guidelines for our suppliers, outlining our requirements and expectations relating to social responsibility:

- Supplier Ethical Code of Conduct ↗
- Responsible Sourcing Guide ↗
- Supplier Subcontracting Policy ↗
- Modern Slavery Policy for Partners ↗
- Grievance and Whistleblowing Mechanism

The Supplier Ethical Code of Conduct mandates the key requirements suppliers must meet in order to work with our brand and specifically prohibits the use of forced labour and modern slavery.

The Responsible Sourcing Guide provides detailed guidance for suppliers to support them with complying with the Ethical Code of Conduct. The guide communicates our values and expectations to ensuring our suppliers conform to our policies, standards and procedures related to social welfare and environmental stewardship.

The Supplier Subcontracting Policy sets expectations for suppliers in regard to responsible subcontracting practices, helping suppliers to communicate, monitor and maintain our standards where subcontractors are involved in production of Stella McCartney goods.

The SMC Modern Slavery Policy for Partners sets the standards and guidance on modern slavery indicators, the most common risk areas and suggested due diligence for Stella McCartney suppliers.

The Grievance and Whistleblowing mechanism is designed for anyone working within our supply chain to report concerns about wrongdoing or malpractice. SpeakUp® is the company's chosen tool for misconduct reporting. The tool is available to anyone across our Tier 1 value chain and can be used via web or a phone in any language.

All of our policies are translated into all the languages relevant for our suppliers and are available to them on our SMC Sustainability Hub.

Our Supply Chains and Due Diligence Processes

Our supply chain can be divided into two main areas:

1

Product Supply Chain, which covers the network of suppliers involved in the production of the items that we sell. It also covers the product categories that are licenced, including the adidas® by Stella McCartney range, lingerie, swimwear, eyewear, kidswear and beauty.

2

Procurement Supply Chain, which involves the network of suppliers of not-for-resale items (e.g., furniture and packaging) and contractors (e.g., transport, cleaning, catering and security) that support the day-to-day running of our stores and offices. Our vision is to ensure that our suppliers operate in line or exceed the targets outlined within our responsible supply chain strategy. Beyond this, we also want to help our suppliers manage their supply chains to ensure that they also operate in alignment with our responsible supply chain strategy.

Product Supply Chain

Our materials are sourced and our products manufactured through a carefully selected network of suppliers located around the world, many of which have worked with us since the brand was founded in 2001. Each of our suppliers is unique and we always aim to build a personal relationship with them and work together to understand their practices and systems. Our supply chain is predominantly composed of small manufacturers and artisans who specialise in particular techniques and processes.

Our product supply chain is structured around four-tier levels, from raw material production (Tier 4) to raw material processing (Tier 3) to material manufacturing (Tier 2) to final product manufacturing and assembly (Tier 1). Italy is our largest and most important sourcing country, accounting for 83% of all our Tier 1 and Tier 2 product suppliers. Although significantly smaller, other key sourcing countries in Tier 1 and Tier 2 include Portugal (4%), Spain (3%), Romania (2%), Bulgaria (1%), India (1%) and China (1%) . In 2022, we worked directly with 40 Tier 1 and 205 Tier 2 product suppliers globally.

We trace the natural materials that we use back to their country of origin. Our key sourcing countries for natural materials are India, Turkey, Egypt and USA for cotton, New Zealand and Australia for wool and Sweden, USA, Portugal and Germany for viscose.

Product supply chain tiers, visibility and monitoring

DEFINITION	EXAMPLE	VISIBILITY	MONITORING
TIER 1 Final product manufacturing and assembly	Direct suppliers and their subcontractors carrying out sewing, cutting, printing, embroidery, packing or any other type of final assembly or finishing operations	We have a complete map of all manufacturing sites.	Our policy requires all sites to be assessed and approved before production can begin and to be monitored on a regular basis.
TIER 2 Material manufacturing	Suppliers of fabrics, trims, components and other materials that go into final, manufacturing and assembly of our products	We have a complete map of fabric, trim and component suppliers for all womens lines. All key fabric and trim suppliers for kidswear are mapped.	Key sites are assessed and approved before production.
TIER 3 Raw material processing	Cotton ginners and spinners, pullp mills, metal, smelting, etc.	We have a map of the sites used by our nominated raw material suppliers.	Some sites, such as those working with our nominated raw material, suppliers have been visited and assessed. As we achieve more traceability, we will include more of these suppliers in our monitoring program.
TIER 4 Raw material production	Farms (cotton, wool), mines (metals), forests (viscose, wood and paper)	We have a country-level map of our natural raw materials. For some key raw materials, we have farm level trace-ability (such as wool, viscose, and some cotton farms).	Some of our nominated suppliers have been visited and assessed. As we achieve more raw material, traceability, we will include more of these suppliers in our monitoring program.

Our due diligence processes in relation to modern slavery in our business and supply chains follow a multi-layer approach:

GOVERNANCE

The responsibility to meet the social responsibility and human rights requirements sits with our Chief Executive Officer (CEO) and the board of directors. The responsibility for implementing the programme on a day-to-day basis sits with our Corporate Social Responsibility (CSR) and Human Rights team.

STAKEHOLDER ENGAGEMENT

We believe a collective approach to addressing endemic and complex issues around human rights and transparency in our supply chains is the most effective method. Our membership of the ETI requires us to adhere to ETI's frameworks and enables us to work alongside NGOs and trade unions to improve conditions for workers in their supply chains.

SUPPLY CHAIN MAPPING

Mapping and understanding our supply chains is one of our key priorities, especially in Tier 3 and Tier 4 which are at higher risk regarding modern slavery. In 2019, we set up the SMC Sustainability Hub, where suppliers can manage and review our code of conduct which supports our supplier mapping. By the end of 2022, all Tier 1 and Tier 2 product suppliers were invited to subscribe to the Hub.

HUMAN RIGHTS AND MODERN SLAVERY RISK ASSESSMENT

We regularly assess health and safety and human rights risks within our Product Supply Chain to the best of our ability, taking into account external factors such as local politics and climate change. We focus on engaging local stakeholders and experts to help us ensure we are aware of the current trends in our sourcing regions and can anticipate and prevent human rights risks as well as assess and address them.

We use a risk assessment tool to assess, monitor and support our suppliers at Tier 1 and Tier 2 of our supply chain. The risk assessment is the first step to identify priority suppliers and topics to assess against our Code of Conduct and policies. The tool is able to identify key modern slavery risks at country and facility levels, well as facility health and safety risks. All new suppliers are required to provide us with key data about their business, supply chain and workforce through the SMC Sustainability Hub.

SUPPLIER AUDITS

Audits help us collect data, address immediate issues and identify signs that additional investigation might be needed to unpack complex embedded issues. We do not rely on audits alone, but we consider them to be a useful tool in gaining insight into our suppliers' practices and potential risks in our supply chain. A total of 116 audits were conducted across Tier 1 and Tier 2 product suppliers and service providers in 2022.

We have also developed an ad-hoc homeworker survey to enable us improving homeworkers assessment and collecting information needed to understand the main challenges and risks. Over the past years, we completed a homeworker assessment in our Spanish shoe supply chain through a third party and two homeworker assessments in Italy ensuring that homeworkers were treated fairly.

IMPROVEMENT PROJECTS

We implement improvement projects in factories that focus on resolving root causes of endemic issues like building better hiring systems, improving communication between workers and management and offering life-skill training to migrant workers. Our collaborative approach also extends to our monitoring and improvement programme, as we try to engage with other brands with which we share suppliers with issues and challenges to develop together a short- and long-term improvement plan between all relevant parties.

SUPPLIER TRAINING

We deliver regular training on ethical trade and the challenges facing product suppliers, including modern slavery and on SMC social responsibility policies and procedures. We have delivered training to suppliers from all our key regions, including Italy, Portugal, Spain, Hungary, India and China.

STAFF TRAINING

Our CSR and Human Rights team regularly undertakes specialist training courses on modern slavery, learnings from which are then incorporated into our wider social responsibility programme. Other SMC internal teams such as sustainability, sourcing, production and facilities have been trained on modern slavery since 2017. Senior management, including board members, continue to receive regular updates about our due diligence on modern slavery.

GRIEVANCE MECHANISMS

Following the launching of our Grievance and Whistleblowing mechanism, training was provided to Stella McCartney staff, suppliers and workers throughout 2021 on how to use the SpeakUp® tool. An internal monitoring committee was also set up to oversee the mechanism and ensure it operates in line with the UN Guiding Principles on Business and Human Rights. Since its implementation, no cases have been reported in 2022. However, we recognise the difficulties of effective grievance mechanisms and tools and continue to work to improving them.

Highlights of 2022: Flagship Cases and Achievements

SUPPLY CHAIN MAPPING

We have started integrating traceability information of products into our SMC Sustainability Hub and internal management systems. This will also support the communication of sustainability topics of our products in a more user-friendly way to our final customers.

RISK ASSESSMENT

In 2022, we decided to improve our assessments through the introduction of a gender lens in the way we conduct site visits and collect data from our suppliers with the goal of better understanding workers' perspectives and challenges in our supply chain.

In May 2022, we organised a human rights due diligence assessment involving farms and cotton processing facilities in Turkey. This level of visibility allows us to better understand risks faced by workers involved in these early stages of production and identify good practices that we can promote.

Out of the 116 assessments performed in 2022, 11 sites were not approved for production due to the presence of critical human rights risks and the inability of suppliers to improve what was needed. Although the facilities have not been approved for our production, all the cases have been raised and an improvement plan was shared with the direct suppliers to provide information on the risks we found and recommended actions to tackle them.

SUPPLIER AUDITS

In 2022, we launched a pilot with Labour Solutions involving 12 facilities in Italy. The sites and all workers, including migrant workers, were given access to e-learning content and surveys. The app is available in the language spoken by the workers and has given us the chance to reach out to all workers and gather information from them that will give us a more transparent and effective understanding of key challenges.

CSR SUPPLIER TRAINING

In 2022, we launched a training programme to increase awareness around CSR topics and improve suppliers' skills in relation to supply chain management, with a specific focus on Italy. The programme was delivered via three different webinars and held by an external consultant. It focused on ethical trade and its relevance for our suppliers, with the objective of empowering them to manage their supply chain and human rights risks. The initiative was developed together with other brands, leveraging the collaboration in the sector.

In 2022, together with the International Organisation for Migration (IOM), we organised a webinar for our Italian suppliers about responsible recruitment and migrant labour. The webinar was aimed at providing the right information and tools to better manage their workforce and supply chain.

In 2022, we launched a new Subcontractor Onboarding Module that allow us to collect preliminary information from our subcontractors (e.g., workforce) and prepare them for the audit assessment.

Case Study: Collaboration with the Ethical Fashion Initiative

As part of our CSR Strategy, we aim to address inequality throughout the social value chain, empower people that make our clothes and ensure that artisanal production involves community-based projects. We see community action an important initial step to sustaining local production while setting the basis for a long-term partnership.

In order to make action against this pillar, during 2022, SMC collaborated with EFI for our Spring Summer 23 collection to include Raffia bags that were handwoven by EFI's artisan craftswomen in Kenya, known worldwide for their basketry skills, with the objective of supporting local craftmanship. Raffia was a new material for the Shalom Women's group in Kitui County who worked on the order. Therefore, we provided training for raffia weaving to introduce a new skillset to the group, given the complexity of the process which can take one week per basket. While farming traditionally sustains their families, environmental and economic instability is driving these women to explore alternative sources of income, which orders such as these can provide.

In addition to supporting local communities, the Raffia Basket Bags feature vegan Alter Mat handles, GOTS-certified organic cotton lacing and a perforated circular logo patch also in our signature solvent-less Alter Mat vegan alternative to animal leather. Its iconic logo shoulder strap is responsibly made from 100% post-consumer recycled polyester.

In 2022, we also started measuring our impact on projects such as these with the objective to report on social impact in the future.

Next steps and plans for 2023 and onwards include:

1. To develop a specific strategy for undertaking audits for Tier 1 and Tier 2 product suppliers by setting up a procedure that would be shared with all operations teams.

2. To enhance the risk assessment process with a stronger focus on fair wages, especially in high-risk countries.

3. To improve supply chain transparency and product traceability by centralising and standardising all information we collect from suppliers, including risk assessments and audits, under the SMC Sustainability Hub.

4. To continue to work closely with product and materials suppliers with specific programmes to create awareness, improve working conditions and ensure fairness and stability in our supply chain.

Diversity, Equity and Inclusion (DE&I)

Our DE&I Commitment and Strategy

At Stella McCartney, Diversity, Equity and Inclusion (DE&I) means a culture of belonging, creativity, entrepreneurship and discipline which cultivates differences. It entails elevating our collective creativity and ability to challenge ourselves through diversity of identities and thinking. We recognise shared values, but different identities and backgrounds make for an exciting and driven working environment. For us, it is about appreciating what is different in others and what we have in common.

We are committed to creating a supportive and inclusive environment in which all voices are heard. We want people to work to their maximum potential and we offer equal opportunities for growth and fair pay. Our decisions respect all people regardless of gender, ethnicity, religion, nationality, disability, sexual orientation, age, social or political belief, or world view.

Stella McCartney is developing a comprehensive and integrated Global DE&I framework that considers different stages of the employee lifecycle as well as our business ecosystem (i.e., supply chains) and client experience (i.e., customers). We continue to embed DE&I principles across multiple stages, from recruitment, through learning and development, through performance and career progression, to rewards and benefits. DE&I in our supply chains is an integral part of our advocacy to protect and respect human rights and remedy any violations. In our client experience, DE&I principles are at the core of our campaigning and marketing communications.

SMC Global DE&I Framework

PEOPLE

Employee Lifecycle
Talent Acquisition
Onboarding
Learning & Development
Talent Management
Reward and Benefits
Performance
Policies and Procedures
Mobility
Offboarding

BUSINESS ECOSYSTEM

Distribution
Supply Chain
Partners & Suppliers

CLIENT EXPERIENCE

Marketing
Communications
Client Experience (Instore and Online)

Overall responsibility for the DE&I strategy and framework sits with our Chief People Officer (CPO). However, the comprehensive and integrated nature of DE&I requires that many areas across the company are responsible for implementing these principles on a day-to-day basis. Specifically, core initiatives are split between Talent Acquisition, Talent Development, Internal Communications & Community and Business Partnering. Talent Acquisition champions DE&I by attracting diverse talents via employer branding and equitable recruitment through to onboarding strategies. Talent Development promotes DE&I by ensuring equitable strategies throughout the employee lifecycle (e.g., performance review, salary review, policies) and by leading cultural change initiatives (e.g., leadership development). Internal Communications & Community amplifies our DE&I initiatives through our comms channels as well as owning employee representative groups. Ultimately, DE&I represents a cross-departmental endeavour, highlighting that it is mainstream across the company and embedded in multiple processes.

Our policies and standards

Stella McCartney operates a global anonymous grievance and whistleblowing reporting system available to its direct employees. The SpeakUp® internal line is within the scope of the People & Culture team and is available to anyone who is or was working for Stella McCartney, including any job applicants, to report concerns related to Stella McCartney's own operations. In addition, to complement the supply chain policies, we have a Modern Slavery Policy for internal staff which sets the standards and includes guidance on modern slavery indicators, the most common risk areas and suggested due diligence of SMC suppliers.

Highlights of 2022: Flagship Cases and Achievements

BLACK HISTORY MONTH (UK)

Stella McCartney celebrated Black History Month in the UK. The month (October 2022) included educational posts (via our comms platform) regarding Black history in the UK and the impact on British society. We elevated our efforts this year, with greater communication around Black colleagues, particularly women, and how they have progressed their careers in fashion. We worked closely with the LVMH LEAD group in devising the plan for the month, creating greater synergies and enforcement of the importance of Black heritage. We ended the month with a social event including partnership with a local Black-owned business and speaker from Vogue to celebrate Black heritage.

KICK-STARTER PROGRAMME

Three young people aged 17-24 from under-privileged backgrounds participated in the Kick-starter programme where they received a six-month paid work placement at Stella McCartney as well as a full training programme on employability skills, workplace skills and on the job training and support. They were also assigned their own mentor from the Stella McCartney team.

REPRESENTATION OF WOMEN

Stella McCartney tracks a variety of indicators regarding the representation of women in the business. We recognise that there are other minority groups that are disadvantaged across the employee lifecycle and we are working towards improving their representation. This includes, for example, Black women, young people from underprivileged backgrounds and the LGBTQA+ community.

Women representation in Stella McCartney (2022)

WOMEN IN COMPANY OVERALL

80%

of total headcount

WOMEN IN BOARD LEVEL POSITIONS

100%

of total headcount in board level positions

WOMEN IN LEADERSHIP[6] POSITIONS

57%

of total headcount in leadership positions

WOMEN IN MANAGEMENT[7] POSITIONS

73%

of total headcount in management positions

[6] Leadership position is defined as an individual who sits on the leadership team and reports directly to the CEO.

[7] Management position defined an individual who has a direct report / team of direct reports but does not sit on the leadership team and does not report directly to the CEO.

2023 Global DE&I Priorities at Stella McCartney

Policies and Procedures

- Review of global people policies
- Review of workplace ways of working
- Global Code of Conduct developed

Talent Acquisition

- Focused effort to attract and recruit diverse talent in all geographies and departments
- Develop relationships with diverse schools, universities and professional organisations
- Refresh of all job descriptions with a focus on inclusivity

Learning and Development

- Unconscious Bias training
- Focused Leadership development
- Partnership with The Women's Association as sponsors of The Executive Challenge programme

Communication and Engagement

- Increased visibility & empowerment of Employee Representative Groups
- Global employee engagement survey including DEI feedback
- Continued development of global DE&I agenda

Learning and Development

Our Learning Promise

Our aim at Stella McCartney is to provide our employees with valuable and relevant learning opportunities that enable them to develop their skills and knowledge, expand their minds and inspire our future leaders. We believe that we are all on a journey of continuous self-improvement and that we are all responsible for driving our own development, both personally and professionally.

We listen to the needs of the business and adapt our learning approach every year to ensure that what is offered connects our purpose and strategy as a brand with individual goals for development. Our learning strategy has been designed using the 70:20:10 approach for self-development:

70% on the job relates to the skills, knowledge and behaviours that employees develop in their role on a daily basis; 20% covers relationships and networking via access to a network of talented people, internally and externally, with whom employees can connect; 10% is organised training through a collection of formal opportunities that Stella McCartney offers every year.

We attract people who want to make a difference in the world and constantly push themselves to greater achievements.

Our Learning Pillars

To guide and support our employees' learning journeys, we have developed learning pillars. These pillars define the different learning topics and focuses available to our employees and are designed to fulfil their development needs:

- Stella McCartney Induction
- Brand Knowledge
- Product Knowledge
- Client Experience
- Management and Leadership Development
- Sustainability
- Soft Skills Development
- Systems and Software
- Workplace Health and Safety

Stella McCartney's learning opportunities and training courses are administered through our online learning platforms, as well as live virtual classrooms and face-to-face workshops. Workday Learning is our main digital learning platform, where employees can access our learning offer and have an overview of upcoming live learning events in their country. Yoobic is our tailored digital platform for our retail community, where they can find all available learning and training specific to retail, product and operations.

We offer various learning modalities and training formats to accommodate the different needs and preferences of our employees. These include face-to-face classroom courses, live webinars and e-learning courses, learning programmes offered by external partners and by LVMH to Stella McCartney talents and video courses by industry experts available in LinkedIn Learning.

Stella McCartney endeavours to provide learning opportunities across as many local business languages as possible.

Stella McCartney Induction

A milestone in our employees' career is their induction into the world of Stella McCartney. Our overall aim during this induction is to provide new starters with the necessary resources and tools they will need to succeed in the company:

Workplace	Our online platform to find all the latest company news, policies and tools.
VIP Meetings	One-to-one meetings with key people in our business to help new starters network and build important relationships from day one.
Induction Workshop	'The Bigger Picture' is our total brand immersion workshop for all new hires. Participation is mandatory.
Workday Learning	New starters are enrolled into e-Learning courses that are important for their onboarding.
Yoobic (Retail Only)	New starters are enrolled into product and retail specific trainings that are important for their onboarding.

Highlights of 2022: Flagship Cases and Achievements

Stella Client Experience Programme	This in-house e-leaning programme, consisting of 20 micro-learning modules, was launched in 2022. It provides training on the in-store client experience and retail skills and is available in three business languages. 131 employees completed this programme in 2022.
Strategy Workshops	All employees globally participated in strategy creation workshops, understanding the company strategy and learning how to create their own departmental strategy and individual objectives for the year.
EMPOWER Programme	A Management Development Programme, consisting of 3 x two-day modules, was created and delivered to 88 managers globally across Corporate and Retail. The programme was designed and delivered in partnership with an external consultancy and is available in four business languages.
LVMH Management and Leadership Development Programmes	11 employees participated in LVMH Management and Leadership Development programmes through LVMH House.
LinkedIn Learning	LinkedIn Learning. 155 employees received access to LinkedIn Learning to support their individual training and development needs.
Language Learning with Rosetta Stone	Language Learning with Rosetta Stone. 50 employees received access to language learning through a partnership with Rossetta Stone.
CoachHub	10 employees received three-months of unlimited external coaching via CoachHub.
Mental Health First Aider Training	11 employees attended the Mental Health First Aider training, a two-day certified course, to ensure mental health support can be provided internally.

Looking Ahead

Next steps and plans regarding the future direction of Stella McCartney Learning and Development include:

Learning Initiatives

- Dedicated Onboarding training and support
- LinkedIn Learning availability
- Unconscious Bias training global rollout
- GDPR Training
- WHS training

Development Initiatives

- Global Talent Review conducted to identify learning support needs, succession opportunities and action plans
- Soft Skills development offering Management and leadership development offering
- Women's Association partnership: mentoring programme for 8 underprivileged young women
- External and internal coaching availability increased

Our Activism

Stella McCartney has a role in steering changes in ways of thinking, behaviours and lifestyles across our range of customers and the fashion industry. Activism is core to Stella McCartney as a brand and we pride ourselves on being a force for positive change in the fashion industry and beyond. We use our platform as an educational tool to raise awareness around our focal causes – protecting the planet for future generations, creating a more cruelty-free world and safeguarding the people in our supply chain. To affect positive change, we use our influence to work with public and private leaders to change policies, practices and legislation, as well as participating in relevant global events such as the United Nation's COP climate conferences.

Strategy

The Stella McCartney brand plays a key role in raising awareness and encouraging positive change towards sustainable consumption and lifestyles in our customers. Stella McCartney has been a cruelty-free, vegetarian brand since we were founded in 2001 – a revolutionary stance, then and now. We have never used animal leather, feathers, fur or skins. In 2008, with the introduction of organic cotton, we began to push the fashion industry in a direction that is kinder to our fellow creatures and Mother Earth. Our ethos and stand are synthesised in the core values that underpinned our marketing and communication strategy:

- Cruelty-free ethos
- Living in harmony with Mother Earth (regenerative practices, sustainability)
- Circularity and waste reduction
- Conservation and protection
- Pioneering material innovations, including supporting the next generation of visionaries

Stella herself is the key ambassador and advocate of our core values. We also partner and collaborate with innovators, next-generation activists and organisations that share our values and principles.

07

FORWARD LOOK

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Looking ahead, we understand that as a business and an industry, there are a wide range of pressing sustainabilregenity priorities. More broadly, the sustainability reporting landscape is rapidly changing with ever increasing expectations regarding the data that is measured, reported and used in decision making. Our own move away from the EP&L means that we are in the process of establishing what our future sustainability reporting will look like in line with regulations and frameworks.

However, it is clear that this upcoming decade is incredibly important for all of us. The choices we make together from now until 2030 will determine what life on our planet will look like in the future.

Therefore, we will focus on action, with the following being the four key areas of focus in the coming years.

Low-impact Materials

We will maintain our focus on finding the best low impact solutions for the industry with the science to back it up. As a brand leader, we want to inspire other brands to use low impact materials. We will keep working with innovators, partnering with them, testing, trialling and most importantly sharing feedback. We aim to have a greater percentage of low impact materials every season, to communicate this and to help the innovators to gain visibility.

This includes increasing our collection of fully circular products such as the Econyl parker given that circular products promote sustainable consumption patterns and contribute to a more environmentally responsible and carbon-efficient future.

Decarbonisation

Our connection with the natural world is formed through the extraction of materials into our clothing and understanding the emissions and developing targets related to this process is critical. We have started to assess and develop FLAG-specific near and long-term targets to address our carbon impacts associated with raw materials. This will include expanding our current work measuring the carbon emissions and removal at a farm level as we have been doing as part of the SOKTAS regenerative agriculture project.

In addition to setting FLAG targets, we will start quantifying the GHG emission reduction actions that we have planned. We will continue to work with our suppliers across all tiers to address emissions reductions and continue onboarding more of our suppliers onto the Clean by Design (CbD) programme which will include supporting manufacturers to transition to renewable energy.

Nature

The current system of resource extraction is unsustainable, leaving nature depleted. Through sourcing our materials through regenerative agriculture and using certified materials we aim to create both a sustainable source for our materials and also create better outcomes for the land that we use. Therefore, we are aiming to increase the quantity of materials that are certified and are sourced from regenerative agriculture farming, such as the SÖKTAŞ farm.

We also recognise our impact on water, from the volume that is consumed to grow crops such as cotton and used in the manufacturing process, to the pollution that arises from the dyeing processes. In addition to continuing to work with our suppliers to reduce water usage in production processes, we plan to review how we use water across our supply chain. This will include understanding our water footprint across the materials we use and countries that we source from and developing targets to reduce our consumption over time as well as outlining the water-related risks across our supply chain in order to inform our sourcing strategy.

Traceability

We are working towards full traceability across our supply chain as we are determined to know where all our materials come from, every step of the way.

Each season, we place particular emphasis on obtaining the right certifications for the materials that we source which help us track our supply chain. We are also looking into platforms that can help us do this more effectively which will help us make sure we are responsible and open about how we source our materials.

Activism

We will continue to create a more nature-positive, cruelty-free fashion industry by using Stella's voice and our brand's platform to lobby against regulations that restrict or over-tax vegan alternatives. We will also encourage and facilitate policies and legislations that incentivise more sustainable innovations.

Through collaborating with business leaders by attending events such as COP, Stella McCartney aims to inspire both consumers and fellow fashion industry professionals to prioritise sustainability, setting a vital precedent for a more eco-conscious and responsible future in fashion.

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APPENDIX

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Glossary

Bio-Based	Products that are derived from renewable biological resources, typically originating from plants or microorganisms. These resources can be grown, harvested, and regenerated over time, making bio-based materials an alternative to fossil-based resources that are finite and contribute to greenhouse gas emissions when extracted and processed.
Carbon Offset / carbon Credit	A mechanism used to compensate for greenhouse gas emissions produced by one activity by investing in or supporting a reduction in emissions from another activity.
CDP	An international non-profit organisation that focuses on environmental disclosure and transparency, encouraging companies and cities to disclose their environmental impact data.
Circular economy	An economic model that is based on the idea of closing the resource loop by keeping resources in use for as long as possible, reducing the need for new resource extraction. Unlike the traditional linear economy, which follows a "take-make-dispose" pattern, the circular economy focuses on sustainability, resource efficiency, and reducing environmental impacts.
$CO2_e$	Carbon dioxide equivalent ($CO2_e$) is a unit of measurement used to express the global warming potential of various greenhouse gases in terms of the amount of carbon dioxide (CO2) that would have the same warming effect over a specified time period.
Diversity, Equity and Inclusion	Interconnected concepts that focus on creating a more inclusive and equitable environment in workplaces, organisations, and society as a whole. They are essential for promoting fairness, justice, and a sense of belonging for all individuals, regardless of their backgrounds.
Environmental Profit and Loss	A tool that was developed by Kering and PwC to measure and monetise the environmental impact of its Group's activities. The tool uses natural capital accounting methods to place a monetary value on environmental impacts resulting from company activities - from the extraction of raw materials to the manufacturing of products to direct operations required to sell those products.

FLAG Emissions	SBTi has developed sector-specific guidance related to emissions from the Forest, Land and Agriculture sector. This is a separate SBTi GHG inventory that includes a company's land use change and land management emissions alongside any carbon removals and storage.
GHG Protocol	The most commonly used set of accounting standards and guidelines for measuring, managing, and reporting greenhouse gas emissions.
Global Recycled Standard	An international, voluntary certification standard for products made with recycled content. It is administered by Textile Exchange, a global nonprofit organisation focused on sustainability in the textile and apparel industry.
GOTS Certified Organic Cotton	Global Organic Textile Standard, is a widely recognised certification standard for organic textiles, including cotton. When cotton products, such as clothing, bedding, or textiles, are GOTS certified, it means they meet strict criteria and standards for organic farming and textile processing.
Greenhouse Gas Emissions	Greenhouse gas emissions refer to the release of certain gases into the Earth's atmosphere that have the capacity to trap heat and contribute to the greenhouse effect. This effect results in the warming of the planet, which can lead to changes in climate patterns and a range of environmental and societal impacts.
Life Cycle Assessments	A methodology used to evaluate the environmental impacts of a product throughout its entire life cycle, from raw material extraction to end-of-life disposal.
Market-Based	A calculation methodology for Scope 2 emissions that accounts for the electricity purchasing that a company undertakes e.g. renewable energy or low-carbon energy certificates.
Net Zero	The balance between the greenhouse gases emitted into the atmosphere and the greenhouse gases removed from the atmosphere, effectively resulting in no additional increase in the concentration of greenhouse gases in the atmosphere.
Organic Farming	A method of farming that emphasises the use of sustainable practices while avoiding synthetic chemicals and genetically modified organisms. Certification is often obtained to demonstrate that the farming complies with specific organic farming standards and practices.

Paris Agreement	An international treaty adopted in 2015 at COP21 held in Paris. It was a landmark accord that represents a global effort to combat climate change and reduce greenhouse gas emissions. The central goal is to limit global warming to well below 2 degrees Celsius above pre-industrial levels with an aspirational goal to limit warming to 1.5 degrees Celsius.
Regenerative Farming	An agricultural approach that seeks to restore and enhance the health of the soil, ecosystem, and the farming community while producing food. It goes beyond sustainable farming by actively working to improve soil fertility, biodiversity, and ecosystem resilience.
Science-Based Targets Initiative (SBTi)	A collaborative organisation that aims to help companies set and achieve greenhouse gas emissions reduction targets that are in line with the latest climate science.
Scope 1, 2 and 3	Classifications used to categorise and account for greenhouse gas emissions associated with an organisation's activities. These classifications help organisations identify and measure their carbon footprint and understand the sources of emissions.
UN COP	A series of international meetings organised by the United Nations to address global environmental and climate change issues. These conferences bring together representatives from countries around the world to discuss and negotiate solutions to pressing environmental challenges.
UNFCCC	The UNFCCC stands for the United Nations Framework Convention on Climate Change. It was established as a response to growing concerns about global climate change and its potential impacts and serves as the primary framework for global cooperation and negotiations on climate-related issues.