



ACT Fashion



THE ACT RATING

The ACT rating is based on three scores (performance, narrative and trend) as shown in the diagram below.

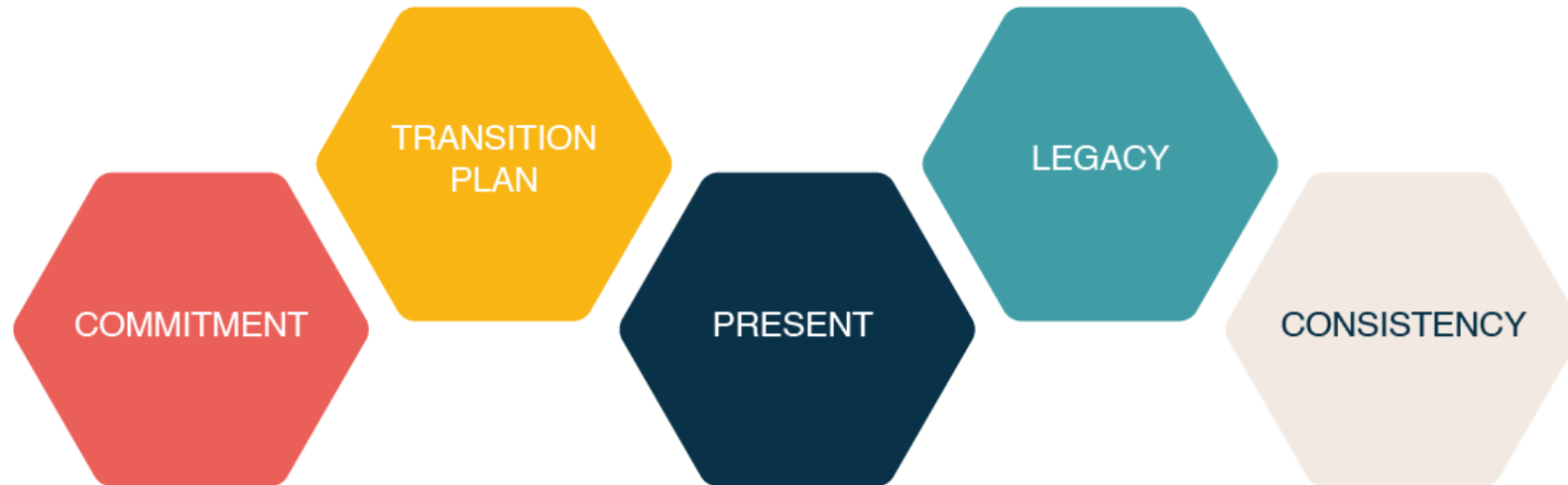


The maximum achievable rating is 20A+ and the minimum is 0E-. To achieve the maximum score, a company must be completely aligned with the low-carbon transition.

ALIGNED STATE FOR FASHION COMPANIES

The company understands where in the value chain the majority of its embedded emissions are. Therefore, the company discloses a transition plan that details operational steps to achieve its objectives, including incentives to reduce the footprint of the raw materials used and to decrease its volumes in the future.

The company has reduced its GHG emissions over the last five years aligning with a low-carbon pathway. The company has successfully increased the durability of its products and decreased the carbon footprint of the raw materials it uses (both in intensity and absolute).



The company has set GHG emissions reduction targets aligned with science, covering both near and long terms for the relevant scopes. The company identifies volume reduction as a lever to reach the targets set.

The company has developed an investment strategy to implement new low-carbon business models such as second hand. Efforts to reduce scope 1 and 2 emissions is also part of the transition plan but focus is mainly on initiatives to increase products' durability (covering a wide range of products) and to engage its whole value chain.

The company's targets, transition plan, present and past actions show a consistent willingness to achieving the goals of low-carbon transition. The company is involved in sectoral initiatives to reduce the impact of Fashion and supports climate policies.

CONTEXT & PRINCIPLES OF THE ACT FASHION METHODOLOGY

The Fashion sector has an important role to play in global decarbonization; it is reportedly one of the top manufacturing sectors in the world, responsible for between 2 and 8% of global greenhouse gas emissions.

On the one hand, the Fashion industry has an extended, complex and fragmented value chain including various raw materials production and manufacturing processes, retail operations as well as logistics in every step of the value chain. On the other hand, the industry's GHG emissions have significantly increased over the past decades and will likely increase given industry growth and observed trends (fast fashion, growing consumption in emerging countries).

The ACT Fashion methodology encompasses Fashion brands as well as manufacturers and retailers of Fashion products.

The methodology rewards companies that contribute to the low-carbon transition of the sector, including by increasing their products' durability, reducing the impact of their raw materials and moving away from a high-volumes sales strategy.

BENCHMARK

The ACT Fashion methodology uses low-carbon scenarios aligned with a 1.5°C ambition. Two types of GHG emissions reduction pathways are used to calculate companies' benchmarks:

- ◆ SBTi Absolute Contraction Approach
- ◆ CRREM Building (Sectoral Decarbonization Approach) (for retail activities)

Results arising from an ACT Fashion methodology assessment shall mention the scenario that has been used. Any other scenario that is relevant and ambitious enough (i.e. aligned with a 1.5°C level of ambition) can be used for an assessment.

PERFORMANCE INDICATORS*

Module (% = module weighting)*	Indicators
Targets 15%	Alignment of scope 1 and 2 emissions reduction targets
	Alignment of scope 3 emissions reduction targets
	Time horizon of targets
	Achievement of past and current targets
Material investment 5-25%	Trend in past scope 1 and 2 emissions from material investment
	Trend in future scope 1 and 2 emissions from material investment
	Pre-consumer waste reduction
Sold product performance 7-30%	Trend in past scope 3 emissions
	Product-specific interventions – raw materials
	Product-specific interventions – durability
	Outbound transportation emissions performance
	Unsold item quantity reduction
Management 10%	Oversight of climate change issues
	Climate change oversight capability
	Low-carbon transition plan
	Climate change management incentives
	Climate change scenario testing
Supplier engagement 5-20%	Strategy to influence suppliers to reduce their GHG emissions
	Activities to influence suppliers to reduce their GHG emissions
Client engagement 10-20%	Strategy to influence clients to reduce their GHG emissions
	Activities to influence clients to reduce their GHG emissions
Policy engagement 3%	Company policy on engagement with associations, alliances, coalitions or thinktanks
	Associations, alliances, coalitions or thinktanks supported do not have climate-negative activities or positions
	Position on significant climate policies
Business model 15%	Changes in business models
	Volumes reduction strategy

*More information on the indicators and modules rationale is available in the full ACT Fashion methodology.