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Chair of Sustainable Strategy for Business Leaders

A Comparative Sustainability Performance Analysis of Fast Fashion Industry Firms

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Abstract

This study aims to analyse and assess the environmental, social and governance (ESG) performance of ten leading companies in the fast fashion industry, applying a pre-existing and established assessment methodology. The main objective is to provide an objective and comparable assessment of the ESG performance of these companies, highlighting strengths and areas for improvement in the context of sustainability. The research uses a standardised analytical framework to examine various key performance indicators (KPIs) related to ESG criteria. These include, but are not limited to, greenhouse gas emissions, resource utilisation, labour practices, diversity and inclusion, corporate transparency and risk management.
The application of this methodology allows for a systematic and consistent assessment, facilitating meaningful comparisons between the companies analysed.

Introduction

The fast fashion industry is at the center of a controversial debate concerning sustainability, a topic that investors, customers, and lawmakers are all growing more and more interested in. The thesis will conduct a thorough analysis of the sustainability policies of the leading companies in the industry, excluding those that are also involved in the luxury market. This study is especially relevant because the fast fashion industry is often associated with detrimental effects on the environment and poor working conditions in supply chains.
Analysing a company's environmental, social, and governance (ESG) performance can reveal which companies are genuinely adopting more moral and sustainable practices. In a time when the fast fashion business model—which is based on low prices and quick turnover—is encountering more challenges, it is imperative to understand how companies are trying to find a balance between the demands of sustainability and profit. Additionally, the increasing consumer consciousness of sustainable fashion is forcing companies to reevaluate their approaches. Consumer purchases are influenced by a company's reputation for social and environmental responsibility. Investors are simultaneously seeking opportunities that adhere to ethical sustainability and generate financial returns, and they are becoming increasingly aware of environmental, social, and governance (ESG) factors in their decision-making. Finally, legislators are considering passing more stringent legislation to ensure that the fashion industry's activities align with the goals of global sustainability. In this sense, the information gathered from your research will be useful in directing future business and policy decisions. The dissertation will use a standardized methodology to evaluate ESG criteria and present an objective summary of the sustainability performance of fast fashion. This systematic approach

will enable the identification of critical areas and best practices, strengthening our comprehension of the sector's current state and prospects in an increasingly sustainable world.

Literature Review

The literature presents numerous studies that talk about the relationship between new business models and sustainability.

Friedman[1] argues that economic freedom is a prerequisite for political freedom. He contends that competitive capitalism and free markets are essential for achieving both economic and political liberty. The book examines the role of government in a free society, advocating for limited government intervention in economic affairs. Friedman discusses several policy areas where he believes free market principles should be applied, including education, monetary policy, and occupational licensing. He proposes ideas like school vouchers and a negative income tax to address social issues through market-based approaches rather than direct government programs. While Friedman sees capitalism as necessary for freedom, he acknowledges it is not sufficient on its own to guarantee political liberty.

In his work "Fisiologia e Patologia del Finalismo dell'impresa," published in Aggiornamenti Sociali (1998), **Vittorio Coda**[2] presents a nuanced perspective on the purpose and goals of businesses. Coda distinguishes between "physiological" (healthy) and "pathological" (unhealthy) business finalism. He argues for a complex, multi-dimensional view of business objectives that synergistically combines competitive, economic, and social results. This "circular" conception of business goals contrasts with a more traditional "pyramidal" view that prioritizes profit or shareholder value above all else. Coda posits that a healthy finalism involves balancing the interests of all stakeholders, maintaining a long-term orientation, and considering social and environmental responsibilities. Conversely, he warns against pathological finalism characterized by short-term profit focus, neglect of social responsibilities, and myopic management practices. Coda's work underscores the importance of ethical considerations and corporate social responsibility in shaping a company's purpose and strategy. His insights continue to be relevant in contemporary discussions about sustainable business practices and stakeholder capitalism, offering a theoretical framework for understanding how businesses can achieve long-term success while fulfilling their broader societal obligations.

[1] (Friedman, 1962)

[2] (Coda, 1988)

Caves and Porter[3] in their article "From Entry Barriers to Mobility Barriers: Conjectural Decisions and Contrived Deterrence to New Competition," published in 1977 in the Quarterly Journal of Economics, expanded the concept of entry barriers, introducing the idea of mobility barriers within industrial sectors. This work marked a significant development in industrial organization theory. The authors explored the interdependence and conjectures in the market entry process, analyzing how decisions of incumbent firms can influence potential new entrants. Furthermore, they examined barriers to mobility between different strategic groups within an industry, considering how these can limit competition and influence market dynamics. The paper also addressed the issue of diversification by established firms and inter-group mobility, offering new perspectives on companies' competitive strategies. This study provided a more complex and nuanced theoretical framework for understanding competitive dynamics in markets, moving beyond the simple dichotomy between incumbent firms and new entrants, and instead considering the multiple barriers that can exist within an industrial sector.

Barney's[4] article on firm resources and sustained competitive advantage has become a cornerstone in strategic management research. The study builds on two key assumptions: 1) strategic resources are heterogeneously distributed across firms, and 2) these resource differences are stable over time. Barney examines the relationship between a firm's resources and its ability to achieve sustained competitive advantage. He proposes four critical attributes that resources must possess to generate sustained competitive advantage: value, rareness, imperfect imitability, and non-substitutability. This framework, known as the VRIN model, provides a theoretical foundation for analyzing how various firm resources can lead to sustained competitive advantages. The article's insights extend beyond strategic management, offering implications for other business disciplines and laying the groundwork for the resource-based view of the firm. Barney's work has significantly influenced subsequent research on competitive strategy and continues to be widely cited in discussions of firm performance and strategic resource management.

Geissdoerfer et al.[5]**,**conducted a study that analyses the similarities and differences between sustainability and the circular economy. Both concepts employ interdisciplinary approaches to

[3] (Caves & Porter, 1977)

[4] (Barney, 1991)

[5] (Geissdoerfer, Savaget, Bocken, & Hultink, The Cirular Economy - A new paradigm?, 2017)

integrate non-economic aspects into development and consider cooperation between stakeholders essential.
However, they differ in terms of their origins, goals, and priorities. The circular economy focuses on closed loops to reduce resources and waste, while sustainability has broader and more adaptable goals. In addition, the circular economy emphasizes economic and environmental benefits, with clear accountability for governments and companies, while sustainability considers responsibilities as shared among all stakeholders.

Sariatli[6] authored a compelling paper that delves into the critical comparison between circular and linear economies. The author illuminates how the linear economy's "take-make-dispose" model lacks long-term sustainability due to its voracious resource consumption and excessive waste generation. In contrast, the circular economy emerges as a beacon of sustainable alternatives, championing waste reduction through innovative reuse and recycling strategies, while simultaneously diminishing resource dependency and enhancing cost efficiency. This groundbreaking research extols the virtues of circular designs in technology products, which not only yield superior and more economical materials but also pave the way for performance-based business models. The sharing economy, for instance, has demonstrated remarkable economic value, challenging traditional ownership paradigms. However, Sariatli doesn't shy away from addressing the formidable challenges that accompany the transition to a circular economy. This shift demands profound alterations in both production methodologies and consumption habits. Moreover, the author identifies significant hurdles, such as the absence of cohesive international standards and a dearth of public awareness, which must be overcome to realize the full potential of this economic paradigm. Despite these obstacles, the paper strikes an optimistic tone, emphasizing the harmonious relationship between circular economy principles and corporate interests. By embracing circularity, businesses can unlock substantial operational and strategic advantages, including reduced material costs and enhanced resilience against price volatility in resource markets. In conclusion, Sariatli's work serves as a clarion call for a paradigm shift in our economic thinking, presenting the circular economy not just as an environmental imperative, but as a robust framework for sustainable business growth and innovation in an increasingly resource-constrained world.

[6] (Sartiali, 2017)

Velenturf et al.[7] conducted an insightful study that explores the intricate relationship between the circular economy and sustainable development goals. They highlight a significant challenge: while the circular economy holds potential for contributing to sustainability, its current focus primarily revolves around technological solutions and traditional economic growth. This narrow approach limits its effectiveness in achieving true sustainability, prompting the need for a broader perspective.

To enhance the impact of the circular economy, the authors advocate for a comprehensive integration of its principles with sustainable development goals. They propose expanding the circular economy's scope beyond merely reusing waste to creating systems that improve access to resources for all. This shift in focus positions the circular economy as a transformative force that can drive meaningful change in resource accessibility and environmental stewardship. Additionally, Velenturf et al. offer practical solutions by introducing three core values and ten guiding principles aimed at steering the circular economy towards sustainability. They emphasize the importance of addressing skills gaps that may impede this transition and call for an evidence-based theoretical framework to support the implementation of these principles. By doing so, the study not only critiques existing practices but also lays a solid foundation for a more sustainable and equitable future, urging stakeholders to adopt a more holistic approach to the circular economy.

Sharma et al.'s[8] study discusses how the implementation of the circular economy can benefit small and medium-sized enterprises in terms of economic growth and employment, also having a positive impact on industrial pollution. They continue by stating that implementing the EC can lead to cost savings, new markets and competitive advantages, but it also requires a push towards eco-sustainable innovation and support from institutions. The results indicate that the analyzed companies understand the importance of EC adoption in the manufacturing context as it allows them to reduce the negative environmental impact in the long term. The study also reveals that the implementation of circular economy strategies brings a competitive advantage, given that companies believe consumers look favorably on products of recycled origin due to their new perception of them.

Ogunmakinde[9] conducted a study analysing how companies in China, Germany and Japan implemented the Circular Economy and the benefits they achieved. In China, the central

[7] (Velenturf & Purnell, 2021)

[8] (Sharma, Govindan, Lai, Chen, & Kumar, 2021)

[9] (Ogunmakinde, 2019)

government encouraged the introduction of the new type of circular economy in 2002 with an ad hoc reform, but several problems emerged due to a lack of necessary resources and a lack of awareness at the political level. In Germany, the government introduced the circular economy in 1996, again with a specific law that increased producer responsibility, implemented policies to improve recycling and reduce landfill use, becoming a model for resource recovery. In Japan, the scarcity of resources and lack of landfill space pushed towards EC, with laws promoting recycling and waste reduction.
The analysed countries have adopted a regulatory approach to integrate EC into their economic and social systems, with a strong involvement of consumers and producers, confirming that an effective implementation of EC requires enabling policies, collaboration between stakeholders and a planned approach to adapt the concept to different economic sectors.

Lieder et al.[10] conducted a study that talks about implementing the circular economy as a challenge due to the existing mindset in industrial society, as people easily understand the environmental benefits while finding the economic ones more difficult to grasp. They add that large-scale implementation faces difficulties without a radical change in the predominant corporate philosophy, and aligning the motivations of stakeholders and institutions is necessary for the success of legislative and infrastructural changes. They further discuss the need for new business models and design methods for products that already focus on reuse or repurposing. The research showed that an effective EC implementation strategy must integrate environmental, resource scarcity, and economic benefit perspectives, avoiding isolated views of these aspects.

Prieto-Sandoval et al.[11] carried out research that examined the dynamic capacities empowering small and medium-sized firms (SMEs) to adopt the circular economy (EC) and sustain a competitive advantage. They identified critical capabilities as the capacity to recognize and influence opportunities and threats, exploit opportunities and sustain competitiveness by effectively managing both intangible and tangible resources, enhance business models, foster an environmentally friendly culture, provide training to employees, and convert outdated jobs into new employment prospects. Effective leadership requires vision and environmental consciousness, as well as the capacity to develop sustainable business models and oversee knowledge management. The study also highlighted 31 essential tactics to assist SMEs in reorienting their business strategy towards EC, categorizing them into six areas of action. Both

[10] (Lieder & Rashid, 2016)

[11] (Prieto-Sandoval, Jaca, Santos, Baumgartner, & Ormazabal, 2019)

internal and external elements, including public policies and market conditions, bolster the effectiveness of these methods. The researchers suggest further investigation to examine consumers' contributions in the shift towards electronic commerce, given their crucial participation. The dynamic capabilities and suggested solutions can assist SMEs in eco-innovation and integrating environmental control (EC), thereby enhancing both environmental and economic performance.

Moktadir et al.[12] analyzed circular economy (EC) practices in supply chains and how they can improve eco-efficiency and resource optimization while contributing to both business strategy and environmental sustainability. The researchers carried out the study by analyzing the leather industry, which generates a large negative environmental impact. Scholars focused on identifying and evaluating critical success factors (CSFs) necessary to develop EC business strategies and reduce pollution in the supply chains of the analyzed sector. Implementing EC offers numerous social and political opportunities, improving the link between society and industry and creating new job opportunities. However, economic and environmental barriers hinder its adoption, such as high costs and lack of tax incentives.
Fragmented government policies and lack of regulatory support make it difficult for companies to set the production system on such a line. More public education and clear government policies are needed to overcome these challenges and promote an effective transition to EC, which could lead to cost reductions through sustainable supply chains and end-of-life management, opening up new markets for recycling and remanufacturing.

Schroeder et al.[13] wrote a paper that analyzes the role of circular economy (CE) practices in implementing the Sustainable Development Goals (SDGs). The researchers highlight that circular economy practices can directly contribute to achieving numerous SDG goals. They found the strongest connections with SDG 6 (Clean Water and Sanitation), SDG 7 (Affordable and Clean Energy), SDG 8 (Decent Work and Economic Growth), SDG 12 (Responsible Consumption and Production) and SDG 15 (Life on Land). They continue the analysis by also exploring the synergies that EC practices can create between different SDG goals, identifying some potential trade-offs between goals such as decent work, safe working environments and

[12] (Moktadir, Kumar, Ali S. M., S. K., & Rezaei, 2020)

[13] (Schroeder, Anggraeni, & Weber, 2019)

human health in relation to current EC practices in recycling municipal waste, e-waste and wastewater.

Murray et al.[14] wrote a paper that responds to the industry's demand for guidelines to implement sustainable development strategies. They view the circular economy as the latest attempt to integrate economic activity with the well-being of individuals and the environment. The study traces the origins and conceptualizations of the circular economy, exploring its antecedents in economics and ecology, and discusses how businesses and policymakers have applied it. The document proposes a revised definition of the circular economy as "an economic model in which planning, procurement, production and reprocessing are designed and managed to maximize ecosystem functioning and human well-being". It stresses the necessity to overcome the ethical limitations related to waste exploitation and adds that more empirical research is needed to determine what specific types of partnerships and means of implementation are required to apply circular economy practices in the context of the Sustainable Development Goals.

De los Rios & Charnley[15] studied how implementing circular economy practices transforms the way companies operate, particularly in manufacturing. It requires a transformation of both production and consumption systems, challenging the standard approach to creating, manufacturing and trading products. The authors highlight that researchers have not described the skills needed for the successful development of the EC for design and engineering, fundamental components for the diffusion of the new business model, given that the design of a product directly influences the management of the value chain. Building circular and globally sustainable value chains implies a fundamental change in design practice. They go on to present a detailed analysis of case studies of several multinational corporations that are transforming their product strategies to address climate change, identifying changes in design processes and highlighting the growing need for the industry to employ new skills that support the closure of material cycles.

Barros et al.'s[16] groundbreaking study illuminates the murky implications of the Circular Economy in business management. The researchers meticulously dissect the primary impacts of circular economy practices across diverse business domains, including strategic planning, cost

[14] (Murray, Skene, & Haynes, 2017)

[15] (De los Rios & Charnley, 2017)

[16] (Barros, Salvador, do Prado, de Francisco, & Piekarski, 2021)

management, supply chain dynamics, quality assurance, environmental stewardship, process optimization, logistics and reverse logistics, service delivery, and research and development. These visionary scholars emphasize the critical necessity for organizations to grasp and seamlessly integrate circularity principles into their strategic blueprints. They argue that embracing circular thinking can catalyse more sustainable economic outcomes while simultaneously mitigating environmental impacts. The study goes on to explore how the evolution of the circular economy can unlock novel business opportunities, bolstering local economies and curtailing environmental footprints. This paradigm shift promises to slash both tangible and intangible costs, while also spotlighting the reputational ramifications for companies that fail to adopt sustainable practices.

Corvellec et al.[17] offer a provocative critique of the CE concept, unearthing a myriad of doubts and perplexities. The authors boldly challenge the very foundations of CE, pointing out its lack of a unifying definition and conceptual fragmentation. They audaciously assert that CE fundamentally contradicts the laws of thermodynamics, arguing that each process inevitably results in material loss and irretrievable energy consumption. This incisive analysis questions CE's ability to decouple economic growth from environmental impact, highlighting the often-underestimated complexity of linking waste streams to production.

Velasco-Muñoz et al.[18] delve into the agricultural sector's potential for circular economy implementation. They propose innovative strategies to reduce resource intensity and environmental impact per unit of product or service. These include optimizing biological resource utilization, enhancing nutrient management to prevent dispersion, and minimizing chemical fertilizer usage. The researchers envision a revolutionary supply chain capable of better controlling market quantities, potentially reducing agricultural producers' reliance on virgin raw materials.

Walker et al.[19] elucidate the intricate relationship between the circular economy and sustainability. While interconnected, these concepts remain distinct. EC primarily aims to preserve product, material, and resource value through reuse, repair, and recycling, focusing on environmental and economic aspects. However, it falls short in comprehensively addressing the

[17] (Corvellec, Stowell, & Johansson, 2022)

[18] (Velasco-Muñoz, Mendoza, Aznar-Sánchez, & Gallego-Schmid, 2021)

[19] (Walker, et al., 2022)

social dimension of sustainability, including social equity and communal welfare. The study reveals that companies often view EC as an opportunity to enhance resource efficiency and reduce environmental footprints. However, they recognize sustainability's broader scope, encompassing social aspects and a wider range of objectives. In practice, many organizations implement EC principles to achieve sustainability through strategies like minimizing, decelerating, and converting resource cycles. These approaches aim to boost resource efficiency and minimize waste, contributing to the Sustainable Development Goals (SDGs). The researchers conclude that while EC serves as a crucial mechanism for progressing towards a more sustainable society, it's not the only path. Sustainability demands a holistic approach that integrates all its facets, challenging businesses to think beyond circular economy principles and embrace a more comprehensive sustainability strategy.

Contributions from the study

The literature analysed presents many scholars who agree with the idea that the circular economy is one of the possible new drivers for sustainable development within the corporate world. It is seen as intrinsically linked to sustainability, since it is able, if its application is possible, to lead companies to a production with a lower impact on the environment in terms of emissions and management of waste produced. Despite the difficulties reported by everyone, and the skepticism of others, given the difficulty of implementing an economic model of this type, opposed to the linear model in which the world has moved so far, many companies are entering the development of this model to respond to new consumer preferences. An organizational revolution of this type can certainly bring great innovation and an extra push towards the protection of natural resources. All this, added to the now great awareness of environmental issues by consumers, can lead to the conquest, by those who know how to best interpret the implementation of sustainability strategies, of a competitive advantage destined to last over time. The C.E. specifically, but a development style strongly oriented towards sustainability, more generally, are not simple organizational systems aimed at a single specific sector, but the actions undertaken can be applied from agriculture to manufacturing to IT.

This study will present a methodology aimed at analysts and managers to be able to develop a strategic positioning analysis on relevant ESG issues within the sector to which they belong. The study will examine the fashion sector and its specific ESG issues, a sector guilty of a very high share of pollution, both in terms of emissions and waste generated by the production process and from waste deriving from unsold goods in stores.

The goal is not to carry out an analysis that explains how companies should implement new strategic plans or determine the possible implications in terms of profitability of sustainability

initiatives, but thanks to the application of a methodology developed by large consulting firms, such as EY, to express a judgment of corporate performance on sustainability issues.
To do this, the text will identify the topics considered relevant by stakeholders: the so-called "Material Topics" will be chosen thanks to a multi-level analysis that will combine different perspectives.
It will be analysed from global to specific, from general reports provided by organizations that deal with global sustainability to sector-specific studies, passing through the analysis of companies' sustainability reports. The research will make it possible to draw up a ranking capable of identifying the issues with the highest priority. The study aims to inspire companies like those analysed to take the first steps towards the sustainability of their business.

Sustainability in Business

What is social responsibility:

The theory of corporate social responsibility assumes that the scope of responsibilities for businesses and local entities extends beyond the mere production of goods and services and the consequent creation of economic value. This premise implies that organizations should be regarded as open systems, capable of interacting with a multitude of individuals and groups, known as stakeholders. Through such interactions, stakeholders can influence the creation or destruction of a value that surpasses mere economic worth, which can be defined as social value. This concept expands the traditional view of businesses and local entities, encouraging them to consider not only profit and customer satisfaction but also the social, environmental, and ethical impact of their activities. Therefore, understanding and embracing social responsibility become fundamental to how organizations operate and relate to the society they are embedded in.

The evolution of success factors over time:

Over time, the notion of societal responsibility has undergone a significant evolution, transitioning from the traditional framework of Corporate Social Responsibility (CSR) to the more comprehensive paradigm of Environmental, Social, and Governance (ESG). This transformation reflects the shifting landscape of societal values and expectations, which have been shaped by a myriad of factors spanning from technological advancements to cultural shifts. Since the 1960s, societal attitudes towards corporate conduct and accountability have evolved considerably, prompting organizations to adopt more holistic approaches towards sustainability and ethical practices. Consequently, the concept of success has not only influenced economic prosperity but has also played a pivotal role in reshaping societal norms and perceptions surrounding work ethics and organizational behaviour.

The evolution of the concept of success over time has reflected the cultural and social transformations that have marked different historical epochs. In past decades, success was often associated with achieving material and professional goals, such as holding a prestigious managerial position and earning a high income. By the 1980s, this perception expanded to include the possession of luxury goods and social recognition. However, in the new millennium, there has been a radical shift in perspective, with a growing interest in more intangible values such as personal fulfilment, authenticity, and civic engagement. This evolution of the concept of success has profoundly influenced how businesses and local institutions address social responsibility, emphasizing the importance of considering not only economic profit but also social, environmental, and ethical well-being. This shift in perspective has led to increased awareness of the interconnection between organizational actions and their impact on society and the environment. Moreover, it has prompted a reconsideration of corporate success models, promoting greater transparency, accountability, and commitment to long-term sustainability. This new paradigm requires organizations to adopt more inclusive and responsible approaches, integrating ethical, social, and environmental considerations into their operational and decision-making strategies.

The evolution of social responsibility over time:

The strategic variables of the 60s

> *"The true social responsibility of businesses is obtaining the highest profits, in an open, correct, and competitive market, producing wealth and jobs for everyone in the most efficient way [20]".*

During the 1960s, businesses operated within a relatively stable environment marked by the onset of the Cold War and significant economic growth.

This era was characterized by a strong confidence in technology and witnessed an increase in average income, fuelling widespread optimism for the future. However, despite this positive atmosphere, companies faced a series of challenges related to sectoral competition. The threat of new market entrants, the bargaining power of buyers, the risk of substitute products, and the bargaining power of suppliers all represented critical variables to consider in corporate strategy. In a context of rapid economic growth, a thorough analysis of these factors was essential to ensure success and survival in the market.

In an economy so profit-centric, social responsibility was perceived more as creating welfare for the community by providing employment for all and generating wealth to be redistributed

[20] (Friedman, 1962)

through increased wages. This perspective aligned with the prevailing ethos of the time, where companies were seen as integral parts of their communities and responsible for contributing to the broader societal well-being.

Figure 0-1 - Porter's five forces - M. Porter

The strategic variables of the 80s

> *"Being successful does not simply mean making a profit. It means safeguarding the viability of the enterprise thereby ensuring its lasting economic functionality. This requires the pursuit of market dominance and cohesion with social stakeholders[21]".*

In the 1980s, during a period marked by growing concerns over the scarcity of energy resources and geopolitical tensions of the Cold War, the concept of social responsibility gained new relevance. Specifically, Vittorio Coda, in a prominent work, emphasized that entrepreneurial success cannot simply be attributed to the pursuit of financial profit alone. Instead, true success was seen as the result of careful and sustainable management of corporate resources, aimed at ensuring the longevity and stability of businesses in the long term. This approach required not only seeking a dominant position in the market but also considering and integrating the interests of social stakeholders.

In this context, the rise of technology and the increase in average income led to greater optimism for the future, albeit accompanied by a growing awareness of the risks associated with

[21] (Coda, 1988)

technology itself for society and the environment. As a result, attention towards corporate social responsibility grew, with an increasing emphasis on initiatives aimed at environmental sustainability and engaging local communities. Ultimately, Coda's vision helped redefine the concept of entrepreneurial success in terms of socially responsible entrepreneurship, capable of balancing profit with positive impact on society and the environment.

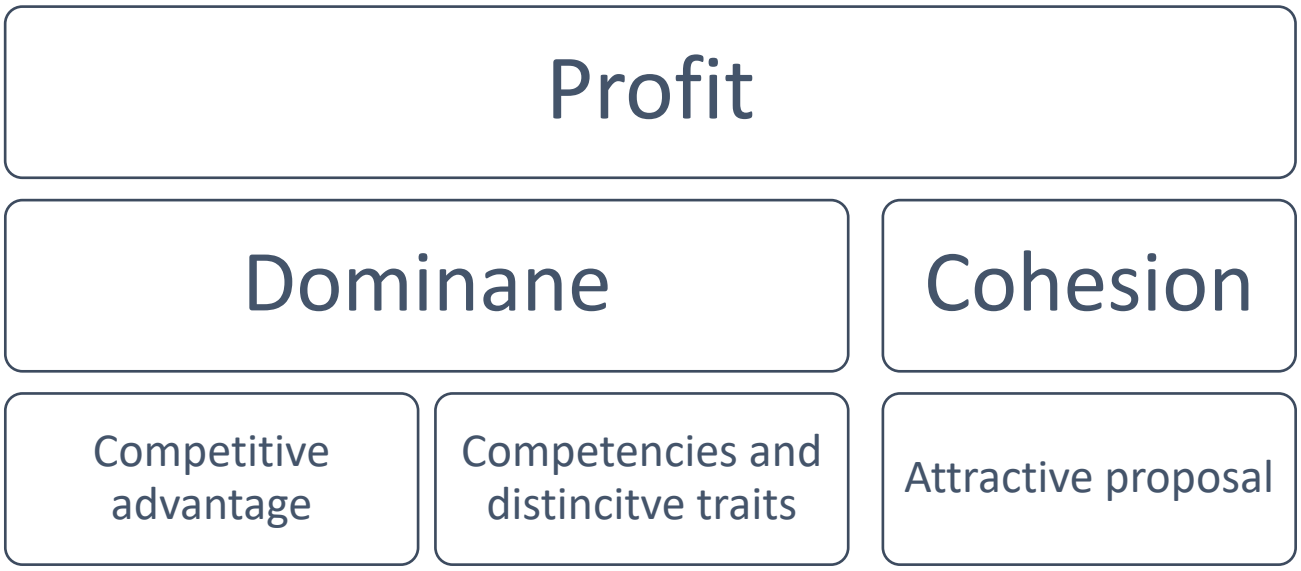

Figure 0-2 - Strategic Orientation of the Enterprise - V. Coda

The strategic variables of the 00s:

> *Social responsibility is the voluntary integration of the social and ecological concerns of companies into their business operations and their relations with stakeholders*[22].

The concept of corporate social responsibility has undergone significant evolution over the years, in response to a variety of factors shaping the global socio-economic environment. One of the main definitions of this concept can be traced back to the European Union's White Paper published in 2000, which describes it as:

> "*the voluntary integration of the social and ecological concerns of firms into their business operations and in their relationships with their stakeholders*."

[22] (European Union White Paper, 2000)

In the current context of accelerated globalization, easy access to information, and growing concerns about energy resources, the need for businesses to assume social responsibility has been emphasized. In an era where economic growth shows signs of slowing down and trust in technology is declining due to financial scandals and data security concerns, the assertion of sustainability policies becomes increasingly relevant.

Companies are facing increasing pressure from civil society and stakeholders to adopt ethical and sustainable business practices.

This pushes companies to integrate not only financial considerations into their strategies but also to consider the social and environmental impact of their activities.

The concept of corporate social responsibility thus evolves from mere adherence to norms and regulations to a broader and more conscious perspective of the role that companies play in society.

Companies are no longer seen as simple economic entities but as agents of change that can positively influence the surrounding environment through sustainable practices and active engagement with the community and other stakeholders.

In this context, corporate social responsibility becomes a strategic lever for building sustainable competitive advantage in the long term, enhancing corporate reputation, attracting, and retaining talent, and increasing consumer trust.

Figure 0-3 - The New Social Responsibility

What is the relationship between sustainability and business:

After a careful analysis of the evolution of the concept of social responsibility and its impact on the business landscape over the past decades, it is evident that sustainability has assumed an increasingly central role in corporate strategies and operations. Now, it is pertinent to explore the close correlation between sustainability and business, understanding how companies have integrated this perspective into their modus operandi and how it has influenced their success and impact on society and the environment.

Commonly defined as development that "meets the needs of the present without compromising the ability of future generations to meet their own needs[23]" sustainability aims to ensure intergenerational equity, in this formulation, the principles of sustainability are beyond dispute. The concept of sustainability, as formulated by the World Commission on Environment and Development, takes a holistic approach. In situations where resources are limited, it is imperative for industries to manage the utilization and disposal of natural resources effectively[5]. This is essential not only to preserve the planet's regenerative capacity but also to ensure fair distribution of generated wealth, thereby fulfilling the requirements of future generations. The desire for a standard of living equal to or better than that of previous generations is a universal aspiration[24]. Similarly, in the corporate sphere, most managers seek not only to maintain past profitability but also to enhance it. From this perspective, corporate sustainability can be defined as the ability of businesses to meet their short-term financial needs without jeopardizing their own or others' capacity to meet future needs. Thus, the concept of time assumes paramount importance in understanding sustainability. For economic, social and ecological systems to remain in balance at the macro level, resources must be distributed at micro levels over time.

Sustainable competitive advantage (SCA) is a fundamental pillar for a company's enduring success. Diverse theories in strategic management provide tools and models to identify, develop, and defend the SCA over time. The adjective "sustainable" might be misleading at first glance; it doesn't refer to environmental sustainability but rather the company's ability to maintain this privileged position over time while continuing its growth. For instance, according to the industrial organization theory, companies that achieve a sustainable competitive advantage create barriers to mobility to and from their market, thereby limiting competition and maintaining economic profits[25]. On the other hand, the resource-based view suggests that companies attain a

[23] (World Commision on Enviroment and Business, Brundtland, 1987)
[24] (Pratima & DesJardine, 2014)
[25] (Caves & Porter, 1977)

sustainable competitive advantage through the development of valuable, rare, and difficult-to-imitate resources that safeguard specific firm advantages[26].

Considering environmental sustainability in this reasoning raises questions about the possibility of maintaining a sustainable competitive advantage over time. The main challenge lies in market uncertainty: its cycles, typically alternating between periods of growth and economic crisis, are difficult, if not impossible, to predict. This lack of reliability makes it challenging to integrate environmental sustainability into business management theories without making substantial changes.

Having established this, we heed Shrivastava's[27] call for a "fundamental revision of organization studies concepts and theories," offering two suggestions to more fully integrate corporate sustainability into business strategy research. Academics in the field of organization often focus on a single level of analysis because the greater the closeness between the independent and dependent variables, the greater the predictive power of the outcome[28].

This allows researchers to more effectively identify relationships that can guide managers toward effective strategy. However, this approach provides only a partial view of organizations. Dynamical systems theories broaden the field of view toward a broader perspective, making temporal effects more evident as feedback mechanisms emerge between levels of analysis. As a result, business outcomes are seen as part of a larger system of outcomes, and questions of sustainability and durability become crucial. Questions about the availability of natural resources, the treatment of manufacturing waste, the strength of stakeholder relationships, and employee well-being begin to blunt prescriptions that push companies toward a short-term view. Although dynamic systems models may not offer managers the same ease of prediction and control as current strategic management theories, they raise questions that will have a significant impact on business outcomes.

Market measures used for projecting into the future incorporate discount rates to assess future earnings at a lower value than present ones, while sustainability scholars focus on assigning equal or greater value to the future. Indices for evaluating strategic business performance are based on assumptions that may conflict with the principles of sustainability. Sustainability research calls for a broader measure of firm performance that incorporates time-based information: one that can convey not only the firm’s profitability at a point in time but also its sustainability over time. One promising approach, for example, is organizational resilience,

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[26] (Barney, 1991)

[27] (Shrivastava, 1994)

[28] (Kozlowski, 2000)

which deals with the ability of systems to overcome shocks. For four decades, ecologists have been exploring the resilience of ecosystems to understand how changes in traits affect the health of the entire system over the long term[29]. Much like dynamic capabilities, such as absorptive capacity and learning, resilience is "sticky" and path-dependent, so that it emerges over time. Systems build resilience through periods of munificence and impoverishment and lose resilience when pushed past their thresholds. In contrast, profitability measures aggregate firm performance over a period and can be widely unstable and not predictive of the firms' sustainability.

Despite the growing popularity of sustainability, short-termism is becoming increasingly common. However, focusing on the short term is neither sustainable nor an effective strategy. It is widely acknowledged that strategic management and organizational theories can benefit from the integration of time into decision-making planning. This integration will allow strategy to fully incorporate sustainability, the impact of this integration could be significant.

The trade-off between business interests and those of society may diminish when the time factor is considered in strategic planning and organizational management. Furthermore, the impact on society becomes more apparent when considering the long-term effects of strategic decisions, as long-term investments tend to favour mutual alignment between the company and society. Sustainability can thus contribute to promoting responsibility, ensuring that responsible practices are seen as integral to effective business strategy rather than being considered incidental.

Sustainability represents more than just a passing trend; it is emerging as a new paradigm that recognizes the complexity of systems and the imbalances that can undermine their long-term sustainability. This concept is permeating all disciplines, from ecology to art, from agriculture to architecture. It challenges decision-makers to manage resources not only at a given moment but over time. By incorporating the temporal dimension, it is also recognized that the future is not always predictable and controllable, but that such uncertainty can be accepted when systems are resilient.

[29] (Holling, 1973)

Overview of the Impacts of the Textile Industry

The textile business is very detrimental to the environment, as it utilizes over 2000 distinct chemicals and significantly depletes and contaminates freshwater resources. Annually, the global production of dyes and pigments exceeds 10,000, resulting in a total of 700,000 tons of synthetic dyes. Prior to the mid-19th century, dyes were derived from natural sources. However, the introduction of mauvine in 1856 marked the beginning of synthetic dye manufacture, which became popular because to its cost-effectiveness, widespread availability, and ability to retain colour. The textile industry annually utilizes and generates 1.3 million tons of dyes and pigments, predominantly of synthetic origin. Annually, it manufactures 60 billion kilograms of fabric and consumes up to 9 trillion gallons of water, with a loss of 10-25% of dyes during the dyeing process and dumping 2-20% as effluents into different habitats. The release of effluents containing dyes is detrimental to aquatic ecosystems due to the toxicity of the resulting byproducts, which include cancer-causing substances such as benzidine and naphthalene[30].Air pollution is a significant issue in textile mills as most of their activities result in the release of harmful substances into the atmosphere. Gaseous emissions have been recognized as the second most prominent pollution concern for the textile sector. These emissions commonly consist of contaminants such suspended particulate matter and sulphur dioxide. Regulations frequently outline the specific fuel type and composition that must be utilized, as well as the minimum chimney height required to effectively disperse pollutants[31]. Additional significant sources of air emissions in textile activities encompass fabric preparation, dyeing, resin finishing, and printing wastewater treatment facilities. In spinning mills, the act of eliminating dirt from cotton fibres by means of opening and pounding leads to the emission of fibre fluff into the surrounding environment. The quantity of fibre fluff emitted varies throughout different sections, with the maximum amount observed in the blow room and the lowest amount in the cone winding portion. The textile dyeing and finishing business has emerged as a major source of water pollution due to its high chemical usage and huge water consumption, making it a serious environmental concern worldwide. Presently, it manufactures a wide range of 3600 distinct textile dyes and employs over 8000 chemicals in diverse textile production procedures, such as dyeing and printing[32]. Textile activities generate significant amounts of wastewater that include pollutants. This wastewater is a primary cause of soil, groundwater, lake, and vegetation

[30] (Konwar & Boruah, 2020)

[31] (Chavan, 2001)

[32] (Kant, 2012)

contamination. The infiltration and percolation of harmful compounds from the wastewater are responsible for this pollution[33].

Textile treatment operations utilize a range of non-process chemicals, including machine detergents, biocides, insecticides, and boiler treatments. The addition of these compounds to effluents can greatly amplify the pollution burden. The pollutant load of effluents can be evaluated by the BOD/COD ratio, which shows the waste's biodegradability.

Textile dyeing and printing facilities produce large amounts of wastewater during various phases of textile processing due to the extensive usage of chemicals and dyes. It poses an ecological hazard, as it leads to a depletion of physicochemical qualities in the soil, making it more prone to erosion, reduced productivity, decreased sustainability, and slower plant development[34].

The textile production process is marked by substantial resource use, including water, fuel, and other chemicals, in a lengthy sequence that results in large waste generation. The global textile sector consistently releases pollutants that inflict significant damage to the environment. This industry contaminates both terrestrial and atmospheric environments, as well as aquatic systems, making them unsuitable and infertile in the long run. It is imperative to decrease the emissions of pollutants from the textile sector. The pollution caused by textile companies and their manufacturing units is a significant environmental hazard, posing a harm to human life and various animals on Earth. Utilizing organic raw materials can effectively mitigate the release of pollutants from textile facilities. It is imperative to promptly embrace environmentally sustainable ways of farming and production. Immediate action in this direction is crucial.

Textile production at different stages has a detrimental impact on the environment due to continuous and relatively significant emissions of greenhouse gases, intensive utilization of water resources, the discharge of harmful substances into our ecosystem from the use of pesticides and herbicides in cotton farming, and several other consequences. To tackle these problems at their core, it is imperative for the global apparel industry to employ environmentally friendly materials for the manufacturing of garments, minimize or eradicate the reliance on fossil fuels for energy production, and instead embrace renewable energy sources. Eco-friendly refers to any product that is produced, utilized, or discarded in a manner that substantially minimizes the harm it would otherwise inflict on the environment. Furthermore, the utilization of these materials not only aids in mitigating the environmental consequences of textile production but also serves to safeguard human health by preventing the detrimental impacts of toxic substances such as pesticides and herbicides.

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[33] (Banat, Nigham, Shing, & & Marchant, 1996)

[34] (Konwar & Boruah, 2020)

Methodology

The study now begins its experimental part, moving on to the methodology for identifying the most relevant and crucial ESG issues for the sector, called "material topics", to develop separate efforts for each identified area.

The aim is to carry out a three-level cross-analysis to reveal the material questions specific to the fashion sector. By analysing many different opinions on the topic and acquiring information from various sources, the resulting research will provide a deep understanding of the field. The methodology used will be to check the frequency with which a thematic area is mentioned within the various documents. Subsequently, the thematic areas will be reported to the specific indicators of relevance, namely the GRI (Global Reporting Initiative) from number 208 to 418 for the categories of topics that it's going to be analyse. The subsequent analysis will be done on three different levels, starting from a global view of sustainability trends to one specific to the sector chosen in the analysis.

GRI topics represent the complete list of ESG topics typically included in sustainability reports, non-financial statements and other similar documents on the topic. At each step of the analysis, ten documents will be analyzed and the frequencies with which specific topics are addressed will be expressed, for example, if a topic is present in seven out of ten documents, its frequency will be 70%, thus providing the frequency with which the specific GRI is present within the collection presented.

Subsequently, the results of all levels will be reported in a summary table to allow an overall view of the data provided, returning to the previous example, a frequency of 70% indicates that the topic was addressed twenty-one times out of thirty documents analysed. In this thesis, the percentage with which the topic is presented in our set of documents will be equivalent to the significance or materiality of the related ESG theme.

An analysis of this type allows us to identify a subset of themes that are more relevant to the sector analyzed, compared to the entire range of ESG themes present to date, thus facilitating an analysis that can compare them, highlighting those that will be considered priorities for research. Since the topics covered have macroeconomic ramifications that impact the daily activities of the entire population and that spread distinctly within each sector of the economy, the study carried out pursued a multilevel analysis, from the general to the specific. A topic to be considered within the source must not only be cited but have relevance or be considered a sustainable trend, if the criteria are not met the citation was not taken into account for the calculation of the frequency.

In the paragraphs below, we explain in more detail what was done at each level of the analysis:

- Level One: The first level analysis began by scrutinizing documents from non-governmental groups, policy officials, and key international stock exchanges. By doing this, current global sustainability patterns were recognized, along with urgent concerns that require prompt remedial measures. Ten papers from internationally renowned organisations specialising in sustainability, such as the United Nations Organisation and the World Economic Forum, were selected.

- Level Two: After identifying global sustainability trends, the research lens was even more specific by moving on to an analysis of documents that presented industry-specific sustainability information in evidence, to find the specific sustainability themes in the fashion industry. Ten documents drawn up by organizations and associations competent in the fashion world were then analysed. This type of work was carried out to understand more deeply how the sector's problems were related to the global situation.

Level Three: As a final level of documentary analysis, a benchmark analysis was carried out on a sample of ten companies in the sector, chosen based on their global position in the capitalisation ranking, excluding companies also operating in the luxury sector, examining the sustainability reports and reports that they have published. All this has allowed an even deeper knowledge of the communication method of companies and how they want to position themselves within their sector in the relationship with their end customers. The third-level analysis has ensured that we can extrapolate concrete cases in which companies have carried out real actions or awareness campaigns, also providing us with material for an analysis through performance indicators and again the observation of the resources used, times and objectives of each.

- "Identification of Materials Topics"

  The results that emerged from each level led to the compilation of three different tables, Global Trends, Sectoral Trends and Benchmark Analysis.

  Subsequently, the frequencies detected for each topic that emerged from each level of analysis were summed up, obtaining a general summary table divided into the three different ESG macro-areas, i.e. Environmental, Social and Governance.

  Proceeding, the requirements were established according to which a theme is "material", namely:

  1. In the governance area, the level of materiality that will be required to be defined as a material topic must be greater than or equal to 50%.
  2. In the environmental area, the level of materiality that will be required to be defined as a material topic must be greater than 70%.
  3. In the area reserved for the social part, the level of materiality that will be necessary to be defined as a material topic must be greater than 40%.

After identifying the material topics, we will proceed with a strategic positioning analysis. This analysis aims to examine and evaluate the concrete actions taken by companies in relation to these key issues.

The sustainability reports of the ten companies previously selected during the benchmark analysis will be analysed. These documents will provide detailed information about each company's sustainability initiatives.

An analysis methodology will then be developed that will assign a numerical value from one to five to each sustainability action taken by companies. This scale will make it possible to quantify the impact and effectiveness of the different initiatives.

Once the assessment has been completed, it will then be possible to express a detailed profile of the sustainability actions of each company which will allow you to analyse the actual commitment of each company in the various sustainability issues and obtain a clear and comparative view of the initiatives undertaken.

Through this approach, it will be possible to objectively assess and compare the sustainability performance of the companies examined, providing a solid basis for further analysis and strategic decisions.

Identification of Material Topics for the Fashion sector

Overview of the textile industry

The textile and garment sector, which plays a vital role in people's daily lives, is one of the most globally interconnected industries worldwide[35][36].

The global textile sector has been valued at US$1 trillion worldwide. Additionally, it accounts for 7% of total world exports and employs around 35 million individuals globally[37].

The termination of the multi-fibre agreement in 2005 has resulted in a significant increase in demand from developed countries. This has led to increased output and employment, as well as growth in the agricultural sector and the generation of foreign exchange for developing countries. This trend has been observed and documented by Abernathy et al.[38], Seyoum[39].

In addition to its function in creating jobs, the textile sector is well recognized as a significant contributor to global pollution. The textile production process is notorious for its extensive utilization of water, fuel, and a diverse range of chemicals. According to industrial estimates, over 35% of chemicals released into the environment directly result from different textile treatment and dyeing processes[40].

Additionally, the textile industry consumes approximately three trillion gallons of fresh water worldwide, which is used to produce sixty billion kilograms of fabric[41] The Worldwide Fund for environment reports that the cultivation of 1 Kg of cotton, which is used to manufacture a single pair of blue jeans, requires approximately 8500 L of water.

The urgent need to address environmental damage caused by textile production arises from emerging concerns such as climate change, resource scarcity, strict regulations, and the demand for sustainable textiles, coupled with the increasing consumption of textiles[42][43].

Although the textile business undeniably contributes to worldwide employment and growth in the economy, it also poses a substantial problem due to its environmental impact. Although the

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[35] (Silva & Teixeira, 2008)

[36] (Hansen & Schaltegger, 2013)

[37] (Global Market Report on Sustainable Textile, 2010)

[38] (Abernathy, Volpe, & Weil, 2006)

[39] (Seyoum, 2007)

[40] (Thiry, 2011)

[41] (Global Market Report on Sustainable Textile, 2010)

[42] (Silva & Teixeira, 2008)

[43] (Jeswani, Wehrmeyer, & Mulugetta, 2008)

industry has experienced significant growth in production and exports, especially after the termination of the multi-fibre agreement, this expansion has come with negative consequences.
For the identification of the material topics, we wanted to proceed by developing a three-level analysis, thus identifying the most important sustainability issues for the sector.
It starts with the search for reliable and competent sources at a global level to define sustainability trends common to all economic sectors. Once I do this, we move on to an analysis aimed at the reference sector, identifying which areas are relevant to the chosen business.
Finally, the ten most capitalized companies in the sector will be analysed as models to follow, from which sustainability best practices will be grasped in order to highlight the ESG areas considered critical for their business. In order to quantify the level of materiality of each topic, the frequency with which it was cited within the sources chosen for analysis was calculated, consulting a total number of ten sources for each level of analysis.
To explain the percentages that will be seen later, a materiality level of 80% is equivalent to a frequency of eight times out of ten texts analysed. To be considered valid for the purposes of analysis, a citation is not enough to mention the topic alone, but the topic must also be considered by the authors as relevant and/or as an ESG issue to keep an eye on. In addition to the mere frequency of the topic (next to the title of the GRI) there will also be an indication of the source from which the topic was identified and references to the text analysed to add further useful information regarding the trend that emerged.

Global Trend Analysis

Level one was carried out through the analysis of ten documents drawn up by competent organizations on the subject at a global level.

Source	Title	Organisation	Year
Text 1	The 17 Sustainable Development Goals	United Nations	2024
Text 2	Seize the Change	EY (Ernest Young)	2023
Text 3	Sustainability trends: 5 issues to watch in 2024	IBM	2024
Text 4	Keeping transformation on track: Navigating key trends shaping corporate sustainability in 2024	WBCSD (World Business Concil for Sustainable Development	2024
Text 5	Why 2024 is the year sustainability develops a credible business case	The World Economic Forum	2024
Text 6	Seven Sustainability Trends to Watch in 2024	MIT Sloan Management Review	2024
Text 7	ESG Insights: 10 Things That Should Be Top of Mind in 2024	Harvard Law School Forum on Corporate Governance	2024
Text 8	Key 2024 sustainability trends driving the year ahead	S&P Global	2024
Text 9	What are the top sustainability trends for 2024?	The Economist	2024
Text 10	Sustainability and climate trends to watch, 2024	MSCI	2024

Results

GRI 201: "Economic Performance":

It highlights risks and opportunities resulting from climate change that could cause material changes in operations, revenues, or expenses. More specifically, it was analysed how the global economy views the risks associated with the implementation by companies of ESG strategies, therefore, the risks involved and the probable opportunities for acquiring long-term economic advantage. A topic of this type is closely linked to corporate governance since it analyses how companies change their profitability based on the ESG actions taken.

The topic is mentioned in almost all the sources analysed, with a frequency of 80%.

It emerges from the analysis of the sources that it is common thinking to see sustainability-related regulations not as an opportunity to be virtuous from an environmental point of view but more than mere reporting obligations, diminishing the importance of the topic dealt with. It is widely believed that sustainability reporting is a very distant goal and not a current competence, which has caused in most cases that the objectives imposed are very vague and not very achievable if analysed specifically.

To go more specifically, it should be noted that in the text eight "*Key 2024 sustainability trends driving the year ahead*" written by S&P Global[44], failure to achieve the sustainability goals set could lead to a reduction in global GDP of around 4.4% caused by the repercussions generated by climate change. Another issue that emerged from the analysis of the documents is related to the skills required of future managers of companies, no longer linked to the mere economic management of the same, but broader ranging on different fronts related to new technologies or how to respond to the new challenges that the implementation of sustainability strategies will bring to the boards of companies. The downside of overly ambitious targets that have no basis in reality could over time lead to manifestations of discontent with companies that had promised a lot but in practice the actions set have proven to be mere advertising propaganda, to attract new slices of a market that is now very attentive to environmental factors to their products, these statements are found in the text seven "ESG Insights: 10 Things That Should Be Top of Mind in 2024" by the Harvard Law School Forum on Corporate Governance[45] and in the text ten "Sustainability and climate trends to watch, 2024" written by MSCI.[46]

[44] (S&P Global, 2024)

[45] (Harvard Law School Forum on Corporate Governance, 2024)

[46] (MSCI, 2024)

Governance Results

GRI Standard	Frequences	References
201 “Economic Performance”	80%	1,4,5,6,7,8,9,10

GRI 301: “Materials”

The topic refers to all the problems related to the materials used by the company in carrying out their primary business. The actions taken by companies regarding the adoption of eco-sustainable materials are also analysed.

The topic is mentioned in one third of the proposed texts, with a frequency of 30%.

The issue is expressed in text number eight, the management of plastic waste is analysed.

The text prepared by S&P Global[47] analyses the environmental situation of the oceans and seas around the world, highlighting how the abundance of microplastics in the seas is causing a reduction of 1% to 5% of marine ecosystems, leading to the estimate of very important lost profits for sectors related to the exploitation of water, estimates are around 2.5 trillion dollars lost every year due to the state of environmental pollution present.

It is evident that the current climate and environmental situation is bringing new issues and ideas to the fore, where even the traditional production system is being questioned in favour of a transition to circular production (the Circular Economy) that can also find value from the waste generated by others.

Every industry is moving towards product design that facilitates reuse and repair, adopting materials that are different from the past, oriented towards sustainability.

This new revolution is leading to the development of more sustainable materials that lead to improvements in both product quality and durability.

GRI 302: “Energy”

A theme that encompasses issues related to the energy sources used during the performance of the company's characteristic activity. The concepts of sustainable energy and energy from renewable sources are analysed.

The topic is mentioned in six of ten proposed texts, with a frequency of 60%.

[47] (S&P Global, 2024)

The United Nations report[48] (text number 1) expresses very clearly that one of the UN's goals is to ensure clean and reliable low-cost energy for as many people as possible, it continues in text five "*Why 2024 is the year sustainability develops a credible business case*" written by the World Economic Forum[49] where we talk about the development of new technologies in terms of energy performance increasingly aimed at efficiency from this point of view. The reduction of harmful gas emissions is also present in other texts examined for the research, where it is discussed how the transition to renewable energy sources is now considered fundamental by all companies as the first step in the fight against climate change.
A change of this type will bring not only economic savings for the purchase of energy but also gains from the point of view of corporate reputation in a market that is increasingly attentive to climate-related issues.

GRI 303: "Biodiversity"

This topic refers to the protection and preservation of biodiversity and the global ecosystem.

The topic is mentioned in three of ten proposed texts, with a frequency of 30%.
The issue is mentioned in some of the documents analysed, the protection of biodiversity must be a common objective for all companies that cannot be neglected.
The level of health of ecosystems around the world acts in a concrete way to mitigate the consequences created by climate change and restore, in some cases, the climatic and environmental balance.
It is clearly a topic very dear to stakeholders given its objectivity and immediate verifiability, the gradual disappearance of plants and animals is a concrete and measurable consequence towards which one cannot have discordant opinions.
A possible collapse of the global ecosystem would lead to the creation of problems at least equal, if not greater, than those we are experiencing with the advent of the first signs of climate change, given that the global economy is largely interconnected with biodiversity.

GRI 305: "Emission"

This topic focuses on the consequences of emissions and strategies to mitigate them.

The topic is mentioned in ten of ten proposed texts, with a frequency of 100%.

[48] (United Nations , 2024)

[49] (The World Economic Forum, 2024)

In all the texts viewed, the topic of greenhouse gas emissions and their subsequent reduction is analysed.

The decarbonization of energy sources, the attempt to reverse global warming, the desire to increase air quality to allow the reduction of pollution-related diseases are all topics covered and interconnected with topic n.305 and present in all the texts, a motivation that makes us understand the importance linked to the topic.

It is necessary for all the agents involved to be as transparent as possible in reporting their actions, the will expressed by companies during the drafting of their sustainability reports, professing the achievement by a certain date of the so-called "Carbon Net Zero", i.e. total equality of emissions throughout their production line, I emit so many tons of CO2 but I have taken actions for which I can reduce the same amount produced, it must not only be mere greenwashing but real actions that lead to the achievement of the desired goal.

Tightening of controls is expected precisely because of the unclear declarations of companies.

GRI 306: "Waste"

The topic refers to waste management and impacts.

The topic is mentioned in eight of ten proposed texts, with a frequency of 80%.

Emerge dall'analisi come la tematica è ormai incredibilmente rilevante in ogni settore economico, la gestione dei rifiuti come la stiamo ancora vivendo oggi non può più essere sostenuta.

La sempre maggior scarsità di materie prime e la necessità continua di risorse che emerge dall'attuale sistema produttivo non ci permette di più pensare in un'ottica dove i rifiuti sono solo uno scarto.

È ormai evidente come sia necessario ripensare al modo in cui vengono prodotti i nostri beni di consumo per poter passare da un'economia lineare ad una circolare, dove viene ridato valore ai rifiuti permettendo il recupero di tonnellate di materiali che altrimenti andrebbero irrimediabilmente perse.

"Environmental" Results

GRI Standard	Frequences	References
301 "Materials"	30%	2,3,7
302 "Energy"	60%	1,4,5,6,8,10
303 "Water and Effluents"	40%	1,4,8,10

304 “Biodiversity”	30%	2,3,9
305 “Emissions”	100%	1,2,3,4,5,6,7,8,9,10
306 “Waste”	80%	1,2,3,4,5,7,8,10

***GRI 401* “Employment”**

Questo tema si riferisce a tutte le pratiche e problemi legati all'occupazione.

The topic is mentioned in four of ten proposed texts, with a frequency of 40%.

The analysis shows that it is becoming necessary to include ESG issues within their development strategies not only for a matter of external reputation, i.e. for the consideration that the company's customers have, but also for an internal reputation.

In fact, the new generations who are increasingly attentive to the issue, if they have not already become so, will very soon be an integral part, until they become the complete totality of the workforce on the market.

ESG issues will therefore also become increasingly central for new hires, where workers will probably not only analyse hours and remuneration but also the policies that the company is carrying out on the sustainability side.

***GRI 403* “Occupational health and safety””**

The topic refers to employees' working conditions and their impact on the company and in turn how they are affected by ESG issues.

The topic is mentioned in six of ten proposed texts, with a frequency of 60%.

It emerges from various research sources that the protection of the health of workers has become an essential prerogative of every company in recent years.

Paraphrasing what the United Nations said, [50] "*it is a priority objective to ensure not only the possibility of work but that this is carried out in decent and safe conditions, which allows you to achieve an acceptable well-being of life*". Various sources continue to analyse that a further worsening of climatic conditions will undoubtedly generate a climate that will not favour a pleasant working environment also from the point of view of environmental temperatures. The development of remote working methods has benefited both in terms of quality of work and in emission reductions by avoiding the movement of people to and from their workplaces.

[50] (United Nations , 2024)

***GRI 404* "Training and Education"**

This topic pertains to the vocational training of personnel, encompassing not only fundamental competencies but also the most cutting-edge and market-required ones.

The topic is mentioned in three of ten proposed texts, with a frequency of 30%.
A widespread idea is that without a qualified workforce, productivity and therefore the profitability of the company will not be able to increase over time.
The analysis presents a vision of the topic also linked to the advent of new technologies, it will be increasingly necessary for the workforce to remain constantly updated and highly qualified in order to make the most of the tools that technological innovation will make available to companies.

***GRI 405* "Diversity and Equal Opportunities"**

This issue refers to practices aimed at reducing inequalities in the world of work and beyond.

The specific GRI is mentioned in six of ten proposed texts, with a frequency of 60%.
The topic is very present in the documents analysed, diversity is analysed by studying its strengths and the opportunities related to having a heterogeneous workforce.
In every context, it is now known that it is from the comparison between different people that ideas emerge that can prove to be innovative, it is therefore a plus for companies to be composed of staff as heterogeneous as possible from all points of view, plus a highly inclusive corporate climate can lead to an easier attraction of talent.

***GRI 413* "Local Communities"**

The theme encompasses all the activities and issues concerning the most vulnerable groups, which are greatly impacted by the activities of corporations.

The topic is mentioned in five of ten proposed texts, with a frequency of 50%.
The UN[51] in the document they drafted set the goal of ending poverty, as well as being an active part in the dissemination of innovation to all countries.
Doing so would make cities and local communities sustainable.
According to the literature analysed, without the support of the citizenry, a real ecological revolution will not be possible, and for the most vulnerable communities, climate change could lead to their extinction.

[51] (United Nations , 2024)

***GRI 415* "Public Policy"**

The subject matter pertains to the reciprocal effects that laws and regulations can exert on corporations.

The topic is mentioned in two of ten proposed texts, with a frequency of 20%.
According to the literature reviewed, another fundamental prerequisite for sustainable development is the support and drive of legislators.
Without laws that drive the productive sectors towards the goal, we are unlikely to see an expansion of sustainability any time soon.

"Social" Results

GRI Standards	Frequences	References
401 "Employment"	40%	1,2,8,10
403 "Occupational Health and Safety"	60%	1,3,5,7,8,10
404 "Training and Education"	30%	3,4,9
405 "Diversity and Equal Opportunities"	60%	1,3,4,5,8,10
413 "Local Communites"	50%	1,3,4,8,10
415 "Public Policy"	20%	4,6

ESG Global Trend Results Summary Table

GRI Standards	Frequences	References
Governance		
201 “Economic Performance”	80%	1,4,5,6,7,8,9,10
Environmental		
301 “Materials”	30%	2,3,7
302 “Energy”	60%	1,4,5,6,8,10
303 “Water and Effluents”	40%	1,4,8,10
304 “Biodiversity”	30%	2,3,9
305 “Emissions”	100%	1,2,3,4,5,6,7,8,9,10
306 “Waste”	80%	1,2,3,4,5,7,8,10
Social		
401 “Employment”	40%	1,2,8,10
403 “Occupational Health and Safety”	60%	1,3,5,7,8,10
404 “Training and Education”	30%	3,4,9
405 “Diversity and Equal Opportunities”	60%	1,3,4,5,8,10
413 “Local Communites”	50%	1,3,4,8,10
415 “Public Policy”	20%	4,6

Sector Trends Analysis

The second research focuses on identifying the pertinent sustainability and ESG concerns among companies in the reference sector, specifically those operating in the fashion industry and influencing garment manufacturing.

The materiality level, expressed as a percentage, is indicated next to the GRI title displayed.

An investigation was conducted on ten reliable sources of sustainability and their corresponding sector.

Particularly:

Source	Title	Organisation	Year
Text 1	Fashion on climate, how the fashion industry can urgently act to reduce its greenhouse gas emotions	McKinsey & Company	2020
Text 2	Sustainable fashion: How the fashion industry can urgently act to reduce its greenhouse gas emission	McKinsey & Company	2024
Text 3	The State of Sustainability in the Fashion Industry	Infomineo Brainshoring Services	2023
Text 4	How is the EU making fashion sustainable?	European Commission	2023
Text 5	6 Ways the Fashion Industry Can Become More Sustainable in 2024	VOGUE	2023
Text 6	Retail, Wholesale & Distribution: evolution of the sector	Deloitte	2023
Text 7	Sustainable Fashion Trends to Watch in 2024 and Beyond: Ideas for Apparel Retailers	3DLOOK	2024
Text 8	The State Of Sustainability In The Fashion Industry (And What It Means For Brands)	Forbes	2023
Text 9	Sustainable style: How fashion can afford and accelerate decarbonization	McKinsey & Company	2024
Text 10	Sustainability Challenges in the Fashion Industry	Oracle	2023

Results

The results of the research of sector-specific trends did not report mentions to the GRI topics in the Governance category.

It is therefore assumed that the frequency of Topics for the category is 0%.

GRI 301: "Materials"

The topic is mentioned in nine of ten proposed texts, with a frequency of 90%.

In the sector analysis, the issue of the materials used is very important, the cultivation of fibres, whether synthetic, derived from oil, or vegetable, is one of the elements with the highest impact on the sustainability of the sector. To give a yardstick for comparison, the price of the fabric accounts for 60-70% of the total cost of the garment. The texts cited report the importance of the inclusion of alternative materials such as organic cotton, bamboo and recycled materials within the production system. At the moment there are numerous problems related to the use of the substitute materials mentioned above: for organic cotton, its production to date would not cover the global demand for cotton, bamboo is very expensive compared to traditional cotton, while the current production system makes the process for recycling fibres very resource intensive. Despite the high cost of raw materials less than 1% of clothes are currently recycled globally. However, the road to reducing pollution caused by the sector also passes through the adoption of new, more sustainable materials.

GRI 302: "Energy"

The topic is mentioned in nine of ten proposed texts, with a frequency of 90%.

The analysis of the documents also brings to light the problem of energy consumption in the fashion sector during all phases of a product's life.

Once the fabrics have entered the production line, the process that will make them garments is very complex and expensive in terms of the energy required.

All the dyeing, washing and preparation processes of fibres require large amounts of electricity and considerable quantities of chemical agents, the importance of the renewable origin of this energy is increasingly an important issue for the sector. Even the distribution and sale to end customers involves a considerable expenditure of energy, just think of the lighting of shops or petrol for the transport of garments, the importance of the origin of energy sources is again a crucial factor for the sector.

GRI 303: "Water and Effluents"

The topic is mentioned in three of ten proposed texts, with a frequency of 30%.

Oracle[52] in writing its topic "*Sustainability Challenges in the Fashion Industry*" talks about water management as a crucial element in the fashion industry.

[52] (Oracle, 2024)

We are talking about a consumption of about 2700 litres for each cotton T-shirt produced, which highlights the importance of adopting sustainable water management practices.
He goes on to say that a further problem is represented by the pollution of the same, industrial dyeing and yarn preparation processes require large quantities of highly polluting chemicals that make the water unusable for other purposes. It highlights the need to switch to waterless dyes and the use of organic cotton which requires less water than conventional cotton, implementing practices of this type will reduce the environmental impact of the industry.

GRI 305: "Emissions"

The topic is mentioned in ten of ten proposed texts, with a frequency of 100%.

A review of industry-specific literature reports that emissions are one of the most important issues related to the fashion industry. Topic number ten written by Oracle mentions a UN estimate that the fashion industry is responsible for up to 10% of the carbon emissions in the atmosphere, many of which are caused by the industry's very long supply chains. Another problem is the disposal of waste and its storage in landfills, which can lead to an increase in greenhouse gas emissions.

GRI 306: "Waste"

The topic is mentioned in eight of ten proposed texts, with a frequency of 80%.

The analysis highlights a further critical aspect for the sector, the management of waste and waste generated by the production system. According to McKinsey[53] in text number 1, "Consumers worldwide discard about 92 million tons of clothes every year". The amount of garments discarded and disposed of mostly in landfills makes us understand how many potential inputs we are wasting with a linear type of production, modifying the production system from the origin, already thinking about the origin of the products and the way in which they can be disassembled in order to return within the production systems as raw materials we could significantly reduce waste and improve production efficiency.

GRI 308: "Supplier Environmental Assessment"

The topic is mentioned in ten of ten proposed texts, with a frequency of 100%.

[53] (McKinsey Company, 2024)

Text number one, written by McKinsey[54], emphasizes the importance of evaluating and monitoring the environmental performance of its suppliers in order to ensure consistent practices throughout the company's value chain.

A discourse of this type can be expanded to many other sectors, it fits well in the textile sector where the supply chain of companies is very long and expensive in terms of resurrected consumption.

The use of sustainability management software to track suppliers' environmental and social data can already be a first check for compliance with the sustainability standards that have been set. As mentioned above, this time too, transparency is a crucial factor in setting up a resilient and sustainable supply chain that aims to reduce its environmental impact, items like these go to create Scope 3 emissions.

"Environmental" Results

GRI Standards	Frequences	References
301 "Materials"	90%	1,3,4,5,6,7,8,9,10
302 "Energy"	90%	1,2,3,5,6,7,8,9,10
303 "Water and Effluents"	30%	4,5,10
305 "Emissions"	100%	1,2,3,4,5,6,7,8,9,10
306 "Waste"	80%	1,2,3,4,5,7,8,10
308 "Supplier Environmental Assessment"	100%	1,2,3,4,5,6,7,8,9,10

GRI 401: "Employment"

The topic is mentioned in three of ten proposed texts, with a frequency of 30%.

Analysis of the sources found that working conditions are a critical issue for the fashion industry, citing text ten[55]as only 2% of workers in the industry earn a living wage.

An improvement in working conditions and the guarantee of fair wages must be the next steps in the fashion world to enable the promotion of social equality in the sector, training and the development of new skills can go towards improving the working conditions of employees in the sector.

[54] (McKinsey Company, 2024)

[55] (Oracle, 2024)

GRI 403: "Occupation Health and Safety"

The topic is mentioned in two of ten proposed texts, with a frequency of 20%.

The analysis of the sources also mentions this issue within the cited for the sector, health and safety in the workplace are fundamental rights and must be guaranteed for the creation of a safe and dignified working environment. Text ten analyses how many workers in the sector do not work in safe conditions and in adequate working hours, companies must take measures in this regard to improve the health of their employees. Ensuring safe and healthy working conditions not only improves the lives of employees but can lead to productivity gains.

GRI 408: "Child Labour" and GRI 409: "Forced or Compulsory Labour"

The topics are mentioned in one of ten proposed texts, with a frequency of 10%.

Come citato da Oracle nel testo dieci, il lavoro minorile e il lavoro forzato sono problemi comunemente legati all'industria della moda, spesso attuati nei paesi in via di sviluppo.
La produzione di molti marchi del settore del fashion si è spostata nei paesi in via di sviluppo, favori da manodopera a prezzi molto più competitivi di quelli presenti in europa o comunemente nel resto del mondo.
Uno sforzo importante verso il raggiungimento degli obbiettivi ESG è sicuramente quello di adottare politiche rigorose per prevenire questi due fenomeni, andando a garantire condizioni di lavoro dignitose e salari equi a tutti i lavoratori.
Altro fattore fondamentale come detto in precedenza rimane la trasparenza assoluta in ogni fase della catena del valore aziendale, deve essere premura dell'azienda garantire che anche i propri fornitori rispettino gli obbiettivi fissati dalla stessa.

GRI Standards	Frequences	References
401 "Employment"	30%	5,7,10
403 "Occupation Health and Safety"	20%	5,10
408 "Child Labour"	10%	10
409 "Forced or Compulsory Labour"	10%	10

ESG Sector Trend Results Summary Table

GRI Standards	Frequences	References
Governance		
	0%	
Environmental		
301 “Materials”	90%	1,3,4,5,6,7,8,9,10
302 “Energy”	90%	1,2,3,5,6,7,8,9,10
303 “Water and Effluents”	30%	4,5,10
305 “Emissions”	100%	1,2,3,4,5,6,7,8,9,10
306 “Waste”	80%	1,2,3,4,5,7,8,10
308 “Supplier Environmental Assessment”	100%	1,2,3,4,5,6,7,8,9,10
Social		
401 “Employment”	30%	5,7,10
403 “Occupation Health and Safety”	20%	5,10
408 “Child Labour”	10%	10
409 “Forced or Compulsory Labour”	10%	10

Benchmark Analysis: Analysis of the ESG best practice already done in the sector

In this section, we will analyse the actions already taken by companies in the fashion industry with regard to ESG issues.

The ten most capitalised companies in the industry have been selected, excluding those operating in other market segments such as high fashion and luxury, through their sustainability reports.

Company	Document	Date
Nike	Impact Report	2023
Inditex	Non-Financial Report	2023
TJX Companies	Global Corporate Responsibility Report	2023
Fast Retailing	Integrated Report	2023
Cintas	Corporate Social Responsability	2023
Ross Stores	Corporate Social Responsibility Report	2022
Adidas	Sustainability Report	2023
H&M	Sustainability Report	2023
Lululemon	Impact Report	2022
Gap	ESG Report	2023

(Capitalization order derived excluding companies also operating in the luxury sector, sources companiesmarketcap.com and statista.com, September 2024).

It is not the intention of this analysis to draw comparisons between the nine highest-valued companies in the chosen sector. Like the two earlier evaluations, the goal is to pinpoint the ESG issues that are thought to be most relevant. The reasoning for this study is that the analyst will be more interested in sharing the management actions put in place to address a subject if stakeholders view it as significant. This makes it possible to identify the relevant ESG topics as well as to draw attention to the best practices, or corrective measures, that the industry's top businesses use, and which serve as a model for developing the perfect ESG model. The most current "Sustainability Reports" that are accessible in the businesses' specialized sections have been examined. Since this document is the primary means of informing suppliers, customers, and investors about sustainability, it was selected for analysis. Because of this, this paper should be comprehensive regarding the initiative put in place to address the most important ESG problems affecting the industry. Like the earlier assessments, a problem that is deemed important enough to

report needs to be more than just cited; it needs to have its part in the report where the strategies for handling it and the actions that have been taken are highlighted.

The company may have a strategy to address a topic that is not mentioned in the report or only briefly discussed. It's possible that the topic was not deemed significant enough to be included in the sustainability report, which serves as the primary means of showing the company's environmental, social, and governance (ESG) actions. It should be noted that several sustainability areas frequently share many issues. In such instances, the topic was assigned to the area with the strongest connection. The purpose of the company's results presentation is to facilitate a greater understanding of the practices that are taken in response to emerging ESG issues.

#1 Nike

Company Overview:

Market Cap	Revenues	Operating margin
$124.92 B	$51.36 B	12.10%

(source: companymarketcap.com, September 2024)

GRI 204: "Procurement Practices"

Nike in 2023 exceeded its spending target in collaborations with suppliers two years ahead of schedule, has focused on strong supplier involvement in all areas of its business, from marketing to innovation, from diversity and inclusion practices in procurement processes.

Nike has based its strategy on three main elements: improving accessibility and supplier development, stimulating demand, and building internal structures to integrate diversity into procurement decisions.

GRI 301: "Materials"

Nike is actively engaged in reducing the environmental impact of selected materials by adopting sustainable materials for its garments.

In 2023, it implemented its commitment in this topic by increasing the adoption of low-impact materials, pushing hard on the adoption of recycled polyester in footwear.

It has also decided to adopt low carbon footprint leather materials, thus lowering its overall emissions figures.

GRI 302: "Energy"

The year 2023 saw the company reduce greenhouse gas (GHG) emissions from production and management facilities by 69%, and achieved the goal of powering the plants with 100% renewable energy. Results achieved thanks to the implementation of new electricity supply contracts.

GRI 303: "Water and Effluents"

In 2023, Nike is committed to reducing its environmental impact by striving for more sustainable production, including the water it uses and its discharges.

In the year analysed, it reclaimed 5.2 billion litres of water considering its cotton supply chain.

GRI 305: "Emissions"

As mentioned in 302, Nike has reduced its total emissions by 69% by the year 2023, achieving total sourcing of electricity from renewable sources.

The company is committed to fully reducing its emissions during the production processes of its goods by 2030, in line with the UN document.

GRI 306: "Waste"

Nike, for the year 2023, has succeeded in its goal of not sending any of the level one finished goods to landfill, meaning that all waste generated during production has been recycled composted or used for energy recovery.

However, the increase in unsold goods has led to an increase in goods going to incineration, but also to recycling and numerous donations.

Nike is further committed to increasing its recycling initiatives in the future.

GRI 308: "Supplier Environmental Assessment"

Nike employs industry assessment tools to oversee the environmental and social performance of its suppliers. In an effort to enhance the compliance management capabilities of suppliers and to rectify deficiencies, the organization has implemented remedial programs.

GRI 401: "Employment"

On an annual basis, Nike is dedicated to guaranteeing equitable compensation for women and racial and ethnic minorities in the United States by maintaining 100% pay equity for all levels of employees. In order to accommodate the requirements of its employees and their families, the organization provides a diverse array of inclusive benefits.

GRI 403: "Occupational Health and Safety"

Nike has a strong focus on creating safe and healthy work environments for its employees and suppliers and have implemented leadership programs to help suppliers evaluate their internal structures, in order to improve safety and improve the safety capability of machinery through advanced courses.

GRI 404: "Training and Education"

Nike focuses heavily on the training and professional development of its employees and on the protection of racial and ethnic minorities, increasing investment by 10.5 times by 2020.

The company also offers opportunities to develop leadership characteristics and mentorship programmes to promote employee growth.

GRI 405: "Diversity and Equal Opportunities"

Nike has attained a 41% representation of racial and ethnic minorities in its corporate workforce in the United States. Through mentorship programs and employee resource groups, the organization is dedicated to cultivating an environment that prioritizes equity, diversity, and inclusion.

GRI 409: "Forced or Compulsory Labour"

Nike employs the CUMULUS Forced Labor Screen tool to identify forced labour hazards and map cross-border labour supply chains. In order to identify concerns regarding foreign migrant labourers and forced labour, the organization implemented an improved due diligence program.

GRI 413: "Local Communities"

Nike invests in local communities through its Community Impact Programme, which includes investments in organizations that support disadvantaged communities and promote racial equality. The corporation has committed to investing 2% of the pre-tax income from the previous year to create a positive impact in communities.

GRI 417: "Forced or Compulsory Labour"

Nike evaluates its suppliers to guarantee that they satisfy fundamental labour, health, safety, and environmental standards. In order to assist suppliers in enhancing their conformity management capabilities and emphasizing areas that require refinement, the organization has implemented remedial programs.

#2 Inditex

Company Overview:

Market Cap	Revenues	Operating margin
$168.94 B	$39.42 B	19.26%

(source: companymarketcap.com, September 2024)

GRI 201: "Economic Performance"

Inditex acknowledges the significance of addressing climate change as a strategic opportunity to enhance its business decisions and operations, in addition to an environmental concern. The company implements an integrated approach to climate risk management, which entails the examination of future scenarios to guarantee the resilience of its strategy in the long, medium, and near term. This method not only mitigates the risks associated with climate change but also enables Inditex to identify opportunities for innovation and resource efficiency improvement.

The companyy is dedicated to perpetuating sustainable practices throughout the value chain and minimizing the environmental impact of its operations.

GRI 205: "Anti-Corruption"

Inditex has implemented a variety of policies and procedures that are intended to prevent corruption. These policies include a policy on gifts and sponsorship, as well as a policy on relations with public officials. The Code of Conduct, which establishes ethical principles and guidelines for professional relations within the group and with various stakeholders, includes these measures as an essential component.

Inditex fosters an ethical corporate culture by conducting training and awareness programs that address critical compliance risks, such as corruption. The organization conducts targeted training sessions for the employees who are most susceptible to compliance risks, guaranteeing that they comprehend the significance of upholding ethical standards in their daily operations.

GRI 301: "Materials"

Inditex is dedicated to the development and selection of sustainable raw materials, with the objective of utilizing materials with minimal environmental impact by 2030.

The company is committed to minimizing the environmental impact of its products and actively advocates for the use of recycled materials and preferred fibres. Inditex has devised a comprehensive fibre use plan to accomplish this objective, which establishes explicit objectives for the incorporation of sustainable materials into the products of each of the Group's brands.

The company collaborates with suppliers and associates throughout the value chain to guarantee that the raw materials utilized adhere to the most stringent environmental standards. This encompasses the implementation of innovative technologies and production methods that reduce the emission of pollutants and the consumption of natural resources.

GRI 302: "Energy"

Inditex has implemented a proactive strategy to enhance energy efficiency and regulate energy use throughout its supply chain. The organization has implemented a global strategy that aims to reduce greenhouse gas emissions and assist in mitigating their impact on climate change by promoting the rational and efficient use of energy. As a result of these initiatives, Inditex was able to decrease its relative consumption of energy per square meter by 19% in comparison to 2018. This accomplishment was feasible due to the implementation of new technologies and the optimization of manufacturing processes, which enabled the enhancement of energy usage in every aspect of the business. The organization has made significant investments in renewable energy sources and energy management systems in order to incorporate sustainable practices throughout the entire product life cycle. This comprehensive power strategy not only enhances Inditex's competitiveness but also mitigates the company's environmental impact by achieving substantial operational cost reductions through energy efficiency.

GRI 303: "Water and Effluents"

Several initiatives have been implemented by Inditex to decrease the use of water and enhance the standard of discharges throughout its supply chain, as it has made a substantial commitment to water conservation and resource management. The company recognizes the value of saving this precious natural asset. Inditex's attention to more environmentally friendly methods is illustrated by its ambitious objective to decrease its water use by 25% by 2025.

Inditex has devised environmental development plans to optimize water usage and guarantee that wastes are treated in a manner that minimizes their environmental impact in order to accomplish this objective. These strategies involve the implementation of improved manufacturing methods and innovative technologies that considerably decrease the amount of water used in the dyeing and finishing of fabrics.

GRI 305: "Emissions"

Inditex has demonstrated a substantial dedication to the reduction of greenhouse gas emissions by establishing a climate transition strategy that is designed to accomplish zero net emissions by 2040.

Scope 1, 2, and 3 emissions are to be reduced by 90% from their 2018 levels under this ambitious plan.

Inditex has implemented a variety of initiatives to enhance energy efficiency and encourage the use of green power throughout the value chain. These initiatives include the use of innovative technologies as well as cooperation with partners and suppliers to optimize manufacturing procedures and minimize environmental impact. The company is enhancing the energy efficiency of its stores, logistics centers, and offices, as well as investing in alternative forms of energy, including wind and solar power, to power its operations.

GRI 306: "Waste"

Inditex has implemented a novel waste management strategy that emphasizes the circular economy as a means of converting refuse into valuable resources. The organization has established a waste disposal model that is designed to minimize the negative environmental effects of its operations and optimize the value of materials. This method not only reduces the amount of waste produced, but it also encourages recycling and reuse, thereby fostering a system that is healthier. Inditex has implemented numerous initiatives to mitigate waste generation by incorporating sustainable practices throughout its value chain. The company collaborates with partners and vendors to create innovative solutions that enhance material efficiency and minimize waste. Inditex not only mitigates its environmental impact but also generates economic and social value through these initiatives, thereby illustrating that sustainability can serve as a catalyst for innovation and competitiveness.

GRI 401: "Employment"

Inditex prioritizes the establishment of workplaces that are secure, stable, and motivating for all of its employees. The company acknowledges that both the health and efficiency of its employees are contingent upon the presence of a positive work environment. Inditex is dedicated to providing all employees with equal opportunities for professional development, fostering personal and professional development through internal advancement opportunities and training programs. The company recognizes that a diverse work environment enhances the organization's capacity to meet the requirements of global customers and develops an environment that values inclusion as well as diversity. Inditex also prioritizes the protection and welfare of its employees by implementing policies that guarantee a secure and healthy work environment.

GRI 403: "Occupational Health and Safety"

Inditex is steadfast in its dedication to the safety and health at work of all of its employees. The organization is dedicated to not only adhering to regulations but also to fostering a work environment that prioritizes the safety and welfare of its employees. This encompasses the implementation of creative technologies and processes to enhance safety in all operations, as well as constant staff training to boost awareness of hazards and preventive measures. Inditex acknowledges that a secure setting additionally contributes to increased productivity and morale, thereby making the workplace more attractive and sustainable.

GRI 404: "Training and Education"

Numerous initiatives have been implemented by the organization to foster talent development, such as internal promotion programs and opportunities for continuous learning. These programs are intended to assist employees in enhancing their abilities and progressing in their professions, providing them with the resources necessary to develop both personally and professionally. The organization provides an extensive selection of training courses, including both in-person and online options, that address a diverse array of subjects that are pertinent to the sector and the unique requirements of its employees. The company regards education as an investment in strategy that not only enhances the skills of its employees but also fosters a more productive and motivating work environment. Inditex endeavours to preserve a team that is both dedicated and highly qualified, and that is capable of confronting the ever-evolving global market.

GRI 405: "Diversity and Equal Opportunities"

Inditex is dedicated to the advancement of gender equality and diversity within its organization. To enhance work-life balance and mitigate prejudice, the organization has implemented equality strategies.

Inditex acknowledges that a diverse and inclusive work environment is essential for the success of a business and endeavours to guarantee that all employees have equal opportunities for growth and development.

The organization has instituted policies that prioritize diversity in all its manifestations, guaranteeing that decisions regarding hiring, promotion, and compensation are determined solely on the basis of merit and not influenced by gender bias or other discriminatory factors.

GRI 406: "Non-discrimination"

Inditex guarantees that all personnel are cognizant of the organization's policies and the resources at their disposal to resolve any instances of harassment or discrimination. Through training and awareness programs that inform employees of their rights and the process for reporting inappropriate behavior, the organization fosters a culture of respect and inclusion. The objective of these initiatives is to establish an environment in which all individuals, irrespective of their origin, experience a sense of safety and respect.

GRI 413: "Local Communities"

Inditex is profoundly dedicated to the sustainable growth of local communities by means of a variety of community investment initiatives. These endeavours are intended to foster the development and welfare of the regions in which the firm conducts business, thereby establishing a positive and enduring influence. Inditex's objectives are to provide assistance to programs that enhance the quality of life of the most vulnerable individuals, promote social inclusion, and enhance access to education.

Identifying areas of need and developing programs that successfully address these requirements, the company collaborates with local authorities, non-governmental organizations, and other stakeholders.

Inditex is dedicated to guaranteeing that its neighbourhood investment efforts are sustainable and have a quantifiable effect.

GRI 414: "Supplier Social Assessment"

Inditex is dedicated to guaranteeing that its supply chain adheres to environmental and ethical standards.

The company proactively manages its supply chain by conducting regular audits and implementing corrective action plans to ensure social compliance. Audits are implemented to confirm adherence to these standards. In the event that non-compliances are detected, Inditex collaborates with suppliers to establish corrective action plans. These programs assist suppliers in enhancing their practices, thereby guaranteeing that the working conditions are both safe and respectful of human rights. The company is dedicated to establishing enduring and effective relationships with its suppliers, which are founded on transparency and mutual trust.

#3 TJX

Company Overview:

Market Cap	Revenues	Operating margin
$132.26 B	$50.28 B	9.28%

(source: companymarketcap.com, September 2024)

GRI 302: "Energy"

TJX made a substantial stride toward a more environmentally friendly future in 2023 by sourcing 27% of its electricity from sources of renewable energy. This is a tangible demonstration of the organization's dedication to environmental sustainability. Nevertheless, TJX has not ceased its pursuit of renewable energy; it has established an ambitious objective of achieving 100% clean energy by 2030. This objective is indicative of TJX's commitment to mitigate its environmental footprint and foster a more sustainable future for all.

GRI 305"Emission"

TJX is dedicated to the attainment of greenhouse gas balance by 2040. This ambitious objective is substantiated by a substantial 29% decrease in greenhouse gases from 2017 levels. TJX's emissions management strategy is consistent with the GRI guidelines, which underscores its dedication to environmental sustainability. The organization is currently engaged in the implementation of strategies that will further mitigate the negative environmental effects of its operations, thereby fostering an environmentally friendly future for all.

GRI 306 "Waste"

One of TJX's primary objectives is to divert 85% of its operational garbage from landfills by 2027, substantially reducing the negative environmental effects of its operations. In order to accomplish this objective, the organization is executing a sequence of initiatives that are designed to optimize the recycling and repurposing of materials. These initiatives encompass the implementation of practices that enhance the efficacy of diverting operational items from landfills and the collaboration with waste disposal service providers. TJX shows intense dedication to environmental sustainability by implementing these initiatives, which aim to reduce the impact of waste produced by its operations.

GRI 308"Supplier Environmental Assessment"

TJX has implemented an extensive social compliance program that is designed to guarantee that procurement procedures are ethical and responsible. This initiative encompasses suppliers' training

sessions and routine factory audits. The objective is to guarantee that suppliers adhere to TJX's standards, thereby fostering equitable and secure labour practices. TJX can contribute to a more ethical and sustainable supply chain by monitoring working conditions in factories and working with suppliers to perpetually improve their practices through these audits.

TJX's social compliance program is motivated by the International Labour Organization standards and the United Nations Guiding Principles on Business and Human Rights. It encompasses, among other things, a Supplier Code of Conduct, a rigorous factory audit program, training sessions, and grievance mechanisms to guarantee that human rights are upheld throughout the supply chain.

GRI 404 "Training and Education"

TJX is dedicated to offering its employees the chance to develop their skills through programs that foster professional development. The company's dedication to ongoing education is evidenced by the fact that over 33,000 individuals have enrolled in Global Leadership Curriculum courses since 2017. These programs are intended to foster a corporate culture that prioritizes personal and professional development by assisting employees in the acquisition of leadership and other critical skills. TJX is committed to fostering a work environment that fosters the growth and success of all employees, thereby contributing to the company's overall success.

GRI 405 "Diversity and Equal Opportunities"

TJX fosters diversity and inclusion by establishing a work environment in which all employees are appreciated and supported. The company has established employee resource groups and advisory councils that are dedicated to diversity and inclusion. These organizations offer a platform for employees to exchange ideas and experiences, thereby contributing to the development of TJX's diversity and inclusion initiatives. TJX endeavours to establish a corporate culture that is inclusive and welcoming to a diverse array of origins and perspectives by means of these endeavours.

GRI 413 "Local Communities"

TJX is profoundly dedicated to providing practical assistance to those in need, as well as supporting community and charitable initiatives. The company is committed to offering millions of meals and educational opportunities to families and children who are at risk. This dedication not only fulfills fundamental requirements but also contributes to the development of a more promising future for all parties involved. TJX demonstrates its dedication to improving the lives of individuals by supporting programs that offer essential resources and opportunities for development to those who require them. This is achieved through these initiatives.

#4 Fast Retailing

Company Overview:

Market Cap	Revenues	Operating margin
$97.92 B	$19.90 B	18.61%

(source: companymarketcap.com, September 2024)

GRI 201: "Economic Performance"

The paper delves into Fast Retailing's objective of reducing emissions by 20% by 2030 and attaining zero net greenhouse gas emissions by 2050 in comparison to 2019 levels. These targets are certified in accordance with the Science Based Targets (SBT) framework, which signifies a dedication to the reduction of emissions and the mitigation of climate risk.

GRI 301: "Materials"

Fast Retailing is dedicated to the utilization of recycled and low-GHG-impact materials, with a goal of achieving 50% utilization by 2030. The company is currently investigating garment-to-suit recycling options and has incorporated recycled polyester into its products, including Fluffy Fleece jackets and certain HEATTECH items.

GRI 302: "Energy"

The company has instituted measures to reduce the consumption of electricity in its shops, including the use of renewable energy sources and insulation with upcycled clothes. It is also committed to utilizing 100% renewable power in its primary offices and shops by 2030.

GRI 305: "Emission"

By assisting partner factories in transitioning to renewable energy sources and conducting quarterly progress assessments, Fast Retailing is striving to mitigate greenhouse gas emissions within its supply chains. This endeavour is a component of a more comprehensive strategy to decrease greenhouse gas emissions.

GRI 306: "Waste"

In 2023, the organization is dedicated to attaining a zero discharge of dangerous substances (ZDHC) from their goods and manufacturing processes, with a 99.7% level of compliance with ZDHC standards.

GRI 308: "Supplier Environmental Assessment"

Fast Retailing has implemented a monitoring system to ensure that its suppliers adhere to its environmental and human rights standards. The Social and Labour Convergence Programme (SLCP) is employed to conduct assessments.

GRI 401: "Employment"

As part of a more comprehensive inclusion initiative, the organization encourages refugees to work in its retail establishments. This initiative offers practical training and language assistance to assist refugees in acclimating to their new surroundings.

GRI 403: "Occupational Health and Safety"

Fast Retailing has implemented stringent policies to guarantee the safety and welfare of its workforce in its supply chain. These policies include consistent audits to confirm that the company is adhering to safety regulations and maintaining safe working conditions.

GRI 408 and GRI 409: "Child Labor and Forced or Compulsory Labor"

The document indicates that the company has a zero-tolerance policy for severe violations of the code of conduct, including forced labour and child labour.
It also mandates that suppliers implement improvements in the event that any issues are identified.

GRI 413: "Local Community"

Fast Retailing is committed to supporting local communities by implementing projects that includes the PEACE FOR ALL project, who distributes the proceeds from T-shirt purchases to international humanitarian groups and independence programs for refugees.

GRI 414: "Supplier Social Assessment"

The company employs third-party audits to ensure that factories adhere to the Code of Conduct for Manufacturing Partners, thereby monitoring the compliance of suppliers with human rights and labour conditions.

#5 Cintas

Company Overview:

Market Cap	Revenues	Operating margin
$81.13 B	$9.59 B	20.56%

(source: companymarketcap.com, September 2024)

GRI 201: "Economic Performance"

Cintas demonstrates solid economic performance, evidenced by steady growth in revenues and profits. The company posted record revenues of $8.8 billion in FY2023, an increase of 11.6 per cent year-on-year. This financial success not only benefits shareholders, but also allows Cintas to invest in sustainability initiatives and employee welfare. The company's economic stability is reflected in its ability to create long-term value for all stakeholders, demonstrating that financial responsibility and sustainability can go hand in hand. Cintas uses its economic strength to drive innovation, improve operational efficiency and support the communities in which it operates.

GRI 302: "Energy"

Cintas' commitment to responsible energy management is evident in its energy efficiency initiatives and adoption of renewable energy sources. The company has implemented LED lighting projects in many of its facilities, significantly reducing energy consumption. In addition, Cintas is exploring the use of solar energy, with solar panels being installed at some locations. These efforts not only reduce the company's carbon footprint, but also its long-term operating costs. Cintas demonstrates that investing in energy efficient technologies can bring both environmental and economic benefits, inspiring other companies to follow suit.

GRI 303: "Water"

Responsible water management is a priority for Cintas, given the nature of its business. The company has implemented advanced water treatment and recycling systems in its washing facilities, significantly reducing the consumption of fresh water. Cintas is committed to exceeding regulatory standards for water quality, ensuring that the water returned to the environment is clean and safe. These efforts not only conserve a valuable resource, but also minimise the environmental impact of Cintas' operations. The company's approach to water management demonstrates how technological innovation can be used to address critical environmental challenges.

GRI 305: "Emission"

Cintas is actively addressing the challenge of greenhouse gas emissions, with the aim of reducing its carbon footprint. The company has implemented several initiatives, including optimising delivery routes to reduce fuel consumption and associated emissions. Cintas is also exploring the use of electric and hybrid vehicles in its fleet. These efforts not only reduce direct emissions, but also improve air quality in the communities where Cintas operates. The company's proactive approach to emissions demonstrates its understanding of corporate responsibility in the context of global climate change.

GRI 306: "Waste"

Waste management is a crucial aspect of Cintas' operations, and the company is taking significant steps towards a more circular approach. Cintas has implemented recycling and reuse programmes in all its facilities, reducing the amount of waste going to landfill. The company particularly focuses on fabric recycling, turning old garments into new products or materials for other industries. These efforts not only reduce Cintas' environmental impact, but also create new business opportunities in the field of the circular economy. Cintas' innovative approach to waste management demonstrates how companies can turn environmental challenges into opportunities for innovation and growth.

GRI 401: "Employment"

Cintas demonstrates a strong commitment to its employees, considering them the heart of its success. The company offers long-term career opportunities, with many employees growing within the organisation. Cintas promotes an inclusive and diverse culture, recognising the unique value that everyone brings to the job. The company offers comprehensive training and development programmes, allowing employees to constantly improve their skills. These efforts not only increase employee satisfaction and retention, but also contribute to the company's growth and innovation. Cintas' approach to employment demonstrates how investing in people can lead to sustainable business success.

GRI 403: "Occupational Health and Safety"

The health and safety of employees is a top priority for Cintas. The company has implemented strict safety protocols and continuous training programmes to prevent accidents at work. Cintas promotes a safety culture in which every employee is responsible not only for their own safety, but also for that of their colleagues. The company invests in state-of-the-art equipment and technology to improve safety in the workplace. These efforts have led to a significant reduction

in accidents and a safer and more productive working environment. Cintas' proactive approach to health and safety demonstrates how caring for the well-being of employees can translate into better business results.

GRI 404: "Training and Education"

Cintas firmly believes in the power of training and education for the development of its employees. The company offers a wide range of training programmes, from improving technical skills to leadership development. Cintas encourages continuous learning, offering opportunities for higher education and professional certifications. These programmes not only improve employees' skills, but also increase their satisfaction and loyalty to the company. Cintas' investment in training results in a more qualified and innovative workforce, capable of meeting the evolving challenges of the market. Cintas' approach to training demonstrates how investment in human capital can be a powerful driver of business growth.

GRI 405: "Diversity and Equal opportunities"

Cintas is committed to fostering a diverse and inclusive work environment, recognising that diversity is a driving force for innovation and growth. The company has implemented policies and practices that ensure equal opportunities in hiring, promotion and development for all employees, regardless of gender, ethnicity, age or background. Cintas actively supports employee resource groups that celebrate diversity and promote inclusion. These efforts not only create a more equitable and respectful work environment, but also enhance the company's ability to understand and serve a diverse customer base. Cintas' approach to diversity and inclusion demonstrates how fairness in the workplace can translate into a competitive advantage in the global marketplace.

GRI 418: "Customers Privacy"

Cintas recognises the crucial importance of protecting customer data in the digital age. The company has implemented strict IT security protocols and privacy policies to safeguard sensitive customer information. Cintas continuously invests in cutting-edge technology to prevent data breaches and ensure compliance with privacy regulations. The company regularly trains its employees on data management best practices and cyber security awareness. These efforts not only protect customers, but also strengthen Cintas' trust and reputation in the market. Cintas' proactive approach to customer privacy demonstrates how responsibility in data management can be a key element of a company's value proposition.

#6 Ross Stores

Company Overview:

Market Cap	Revenues	Operating margin
$50.23 B	$20.74 B	10.63%

(source: companymarketcap.com, September 2024)

GRI 201: "Economic Performance"

Ross Stores, Inc. has exhibited a steadfast dedication to sustainable economic development, emphasizing a strategy that prioritizes the efficient management of resources to deliver value to customers. In 2022, the organization recorded annual revenues of $18.7 billion, which were generated by the establishment of 99 new stores, which in turn generated 3,100 new employments. Ross is committed to enhancing its operations in order to guarantee a positive impact on its stakeholders, which include local communities, employees, and consumers. The organization is dedicated to fostering an inclusive work environment and facilitating the professional development of its employees by means of training and development programs.

GRI 302: "Energy"

Ross Stores has implemented numerous initiatives to enhance the energy efficacy of its operations. The company achieved a 23% reduction in energy intensity from 2017 to 2022 as a result of investments in energy management systems and efficient technologies, including high-efficiency HVAC units and LED illumination. Ross is also involved in demand response programs, which are designed to enhance the stability of local power infrastructures by reducing energy consumption during peak periods. The company is currently investigating opportunities to increase the utilization of renewable energy, such as the installation of solar panels at its distribution centers.

GRI 305: "Emission"

Ross Stores has pledged to decrease greenhouse gas (GHG) emissions per square foot by 30% by 2025 in comparison to 2017. The company has established an objective of achieving net zero emissions by 2050 and has reduced emissions intensity by 23% in 2022.

Ross has devised strategies to reduce Scope 1 and 2 emissions by 42% by 2030, in accordance with the objectives of the Paris Agreement. The company is also assessing Scope 3 emissions to identify additional opportunities for reduction throughout the supply chain.

GRI 306: "Waste"

Ross Stores has implemented refuse diversion programs to mitigate the environmental impact of its operations. The company implemented recycling initiatives in its distribution centres and stores in 2022, resulting in a 67% reduction in refuse sent to landfills. Ross is dedicated to the ongoing enhancement of waste management by promoting the use of recycled materials and refining packaging usage. The company is also conducting research on new technologies and processes to enhance operational efficacy and reduce waste.

GRI 401: "Employment"

Ross Stores is committed to the professional growth of its employees and promotes an inclusive work environment. The company provides a competitive benefits package and opportunities for career advancement through training and development programs. Ross internally promoted 76% of its store and field office management positions in 2022. The organization values workplace safety and is dedicated to ensuring that all employees are protected. This is achieved through the implementation of emergency response protocols and safety training programs.

GRI 413: "Local Communities"

Ross Stores is committed to supporting local communities by implementing volunteer and charitable initiatives. The company donated over $4.2 million to national partners, including Boys & Girls Clubs of America and First Book, and contributed to over 1,700 nonprofit organizations in 2022. Ross is dedicated to the development of life skills and academic success in the communities in which it operates by establishing partnerships with local organizations and community support initiatives.

#7 Adidas

Company Overview:

Market Cap	Revenues	Operating margin
$45.38 B	$23.80 B	3.10%

(source: companymarketcap.com, September 2024)

GRI 201: "Economic Performance"

Adidas made a substantial commitment to a more environmentally friendly future by issuing its inaugural sustainability bond in 2020. The proceeds from this bond were entirely allocated to sustainability initiatives by 2023. These initiatives encompass the implementation of sustainable production processes and the utilization of recycled materials. The objective is to encourage responsible business practices and minimize the environmental impact. adidas has taken a significant stride forward in its sustainability voyage with the implementation of this initiative, which underscores its dedication to enhancing the environmental impact of its operations. Adidas not only enhances its ecological footprint, but also instils greater confidence in its dedication to a sustainable future among consumers and investors.

GRI 203: "Indirect Economic Impact"

Adidas supported 32 initiatives under the 'Black Ambition' program in 2023, with the objective of assisting Black and LatinX entrepreneurs in the launch of their start-ups. Adidas is demonstrating its commitment to equity and inclusion by investing in communities through this initiative. The objective is to reduce economic disparities by offering resources and opportunities to historically disadvantaged groups. adidas not only underscores its dedication to social responsibility but also promotes innovation and entrepreneurship through "Black Ambition." This initiative is a long-term investment that will have a beneficial and enduring influence on the communities it supports.

GRI 204: "Procurement Practices"

Adidas collaborated with 104 independent manufacturing partners in 2023, with 78% of these partners situated in Asia. The majority of these partners have maintained a long-standing relationship with adidas, with 74% of them having collaborated with the company for a minimum of ten years. adidas is demonstrating its dedication to the preservation of trusting and stable relationships with its suppliers. A more resilient and responsible supply chain is the result of the strategic and sustainable approach to procurement that is indicated by the longevity of these partnerships. adidas ensures the quality and sustainability of its products while promoting

ethical and responsible labor practices through these collaborations.

GRI 301: "Materials"

Adidas utilized 99% recycled polyester for its apparel and footwear lines in 2023, a significant increase from 96% the previous year. This endeavour is indicative of the organization's dedication to the circular economy and the reduction of virgin material consumption. The utilization of recycled polyester not only mitigates the environmental impact but also contributes to the reduction of plastic waste. adidas is undertaking this initiative as part of a more comprehensive initiative to incorporate sustainable practices throughout its supply chain. The objective is to provide products that are not only environmentally conscious but also meet the requirements of consumers, thereby illustrating that sustainability can coexist with innovation and style.

GRI 302: "Energy"

The total energy consumption of Adidas from its own operations in 2023 was 494,489 MWh, a decrease from 510,539 MWh in 2022. This is indicative of the organization's dedication to enhancing energy efficiency and mitigating the environmental consequences of its operations. adidas is striving to decrease carbon emissions and energy consumption by implementing more efficient technologies and optimizing processes. However, these endeavours can also result in substantial operational cost reductions, in addition to contributing to environmental sustainability. adidas is committed to enhancing energy efficiency to foster a more sustainable future for both the company and the planet.

GRI 305: "Emission"

Adidas's total greenhouse gas emissions in 2023 were 6,059,047 tons of CO2, a decrease from 7,799,933 tons in 2022. This outcome is the outcome of collaborative efforts to enhance energy efficiency and implement more sustainable practices throughout the supply chain. Reducing emissions is a critical component of adidas' sustainability strategy, which aims to reduce the environmental impact of its operations. These efforts demonstrate the company's commitment to contributing to the fight against climate change and to promoting a more sustainable future. Adidas not only increases its sustainability, but also increases its position as a responsible leader in the sector, continuing this path.

GRI 401: "Employment"

Adidas had 59,030 employees worldwide as of December 31, 2023, with 51% of them being women. This underscores the organization's dedication to diversity and inclusion in the

workplace. Attracting and retaining high-quality talent necessitates establishing an equitable and inclusive work environment. adidas acknowledges that a diverse workforce can result in a more comprehensive comprehension of global customer needs and a greater capacity for innovation. The organization is committed to fostering a work environment that prioritizes equity and diversity by investing in employee development and training programs.

GRI 404: "Training and Education"

Adidas conducted 130 sustainability training sessions in 2023, which were attended by more than 1,000 retail employees. adidas' dedication to cultivating a sustainable corporate culture is fundamentally supported by these training programs. In addition to enhancing employees' awareness, educating them on sustainability issues also motivates them to incorporate sustainable practices into their daily work. adidas endeavors to convert its employees into sustainability ambassadors who are capable of positively impacting consumers and communities through training. This method illustrates that the company's sustainability objectives and the promotion of positive change are contingent upon ongoing training.

GRI 405: "Diversity and Equal Opportunity"

Women occupied 40% of Adidas management positions in 2023, to increase this figure to 50% by 2033. This dedication is indicative of Adidas' dedication to fostering gender equity and guaranteeing that all employees have equal opportunities for growth and development. The organization acknowledges that decisions that are more balanced and innovative can result from diverse leadership. Adidas has established a work environment that fosters the professional development of all employees to accomplish this objective. This includes the implementation of targeted development and mentoring programs for women. Adidas' reputation as a progressive and inclusive employer is further enhanced by this dedication to diversity, which also enhances the company culture.

GRI 413: "Local Communities"

As part of its "United Against Racism" initiative, adidas granted 55 scholarships to students attending historically black universities (HBCUs) in 2023. This initiative serves to emphasize the organization's dedication to fostering educational equity and providing assistance to underprivileged communities. The scholarships offer students the chance to pursue their academic and professional aspirations, thereby contributing to the reduction of educational disparities. Adidas is not only investing in the future of youthful generations but also reaffirming its dedication to social justice through this program. This endeavor is a tangible step toward a future that is more inclusive and equitable for all.

GRI 414: "Supplier Social Assessment"

Adidas conducted 499 social compliance evaluations in 2023, which included 325 environmental assessments, to guarantee that its suppliers adhere to the company's environmental and social standards. It is imperative to conduct these audits to preserve a sustainable and responsible supply chain. adidas is dedicated to collaborating exclusively with suppliers who are in alignment with its principles and who adhere to environmental regulations and human rights. By conducting these evaluations, the organization can identify and resolve any concerns, guaranteeing that its products are manufactured in safe and equitable working conditions. Adidas dedication to social responsibility not only safeguards its employees but also elevates its status as an ethical industry leader.

#8 H&M Group

Company Overview:

Market Cap	Revenues	Operating margin
$XXX B	$XXX B	XXX%

(source: companymarketcap.com, September 2024)

GRI 201: "Economic Performance"

H&M demonstrated strong financial management and a dedication to sustainable growth by reporting an increase in net sales and implementing a share repurchase program.

GRI 301: "Materials"

According to H&M Group's 2023 sustainability report, the brand has 85% of its commercial collections made of recycled or sustainably sourced materials, with a target of 100% by 2030. In addition to helping to preserve the environment, H&M's use of sustainable materials advances the business's goals of innovation and sustainable growth.

GRI 302: "Energy"

H&M has reduced power intensity by 29% since 2016, largely increasing energy efficiency and using renewable electricity in its stores. This shows a strong dedication to lessening the influence on the environment, which is essential for a more sustainable fashion sector. Utilizing renewable energy contributes to responsible resource management and a decrease in carbon emissions. Enhancing energy efficiency also lowers operational expenses, which is advantageous for the business's finances as well as the environment. These initiatives are a part of a larger plan to encourage sustainable practices all the way up the value chain and decarbonize corporate operations. With a focus on sustainable growth and cost containment, firms may make a positive impact in the battle against climate change, as demonstrated by H&M's program.

GRI 305: "Emission"

H&M has achieved noteworthy success in mitigating its greenhouse gas emissions, with a 22% decrease from 2019 levels. This accomplishment is a component of a greater dedication towards ecological sustainability, to meet science-based emissions reduction targets by 2030 and cut emissions by 56%. By using more sustainable techniques across the value chain and boosting the usage of renewable energy, the corporation is addressing climate change head-on. These

initiatives not only lessen the negative effects on the environment but also solidify H&M's standing as a pioneer in sustainable fashion, proving that environmental responsibility and economic success can coexist.

GRI 306: "Waste"

To encourage recycling and reuse, H&M has implemented a clothing collection program in its retail locations, which will aid in the reduction of textile waste. Customers can participate in the program by bringing their used clothing to H&M stores, where it will be gathered and sorted in order to be recycled, repurposed, or transformed into new materials. The project gives consumers a simple option to engage in more sustainable activities while also assisting in lessening the fashion industry's negative environmental effects. With this initiative, H&M hopes to encourage more circular and sustainable fashion by educating consumers about the value of recycling and reuse. The company's goal to use resources more wisely and cut waste is reflected in this promise, which will help ensure a more sustainable future for everybody.

GRI 308: "Supplier Environmental Assessment"

To enhance environmental standards across the whole production chain, H&M maintains tight relationships with its suppliers. Reducing the environmental effect of production and distribution operations is the goal of a strategic collaboration and a continuous dialogue that reflects this commitment. The organization strives to enhance the movement of products, boost energy economy, and encourage the utilization of renewable energy sources. To further aid in the total decrease of greenhouse gas emissions, H&M offers financial help to suppliers who make investments in more environmentally friendly technology and procedures. By strengthening the supply chain's resilience and reducing environmental impact, these measures guarantee long-term operational sustainability. H&M's cooperative strategy serves as an illustration of how businesses can cooperate with their partners to tackle global environmental issues and promote constructive transformation within the fashion sector.

GRI 403: "Occupational Health and Safety"

To promote the health and well-being of its workforce, H&M is dedicated to guaranteeing healthy and secure working environments throughout its value chain. The business maintains tight relationships with suppliers to guarantee that safety regulations are followed and that workplaces are secure and hygienic for employees. This pledge covers every phase of the production process, from the procurement of raw materials to the delivery of completed goods. To guarantee that employees' rights are upheld and that workplace conditions are consistently

enhanced, H&M offers assistance and training to enhance working practices. H&M strives to find and fix any problems through frequent audits and communication with suppliers, in addition to fostering an environment at work that prioritizes health and safety. This strategy reflects H&M's dedication to environmentally conscious and ethical fashion, where the company's core values are respect for people.

GRI 404: "Training and Education"

H&M is dedicated to the promotion of career advancement and inclusion among its employees by providing them with specialized training programs. The company provides a diverse array of development opportunities, which enable employees to enhance their skills and advance their professions. This method not only enhances the potential of everyone, but it also fosters a more diverse and open work environment. Continuous education is a critical element of H&M's company culture, which is designed to develop internal talent and equip it with the necessary skills to confront future challenges. Additionally, the organization fosters an environment of innovation and collaboration by encouraging employee engagement. H&M envisions the development of a dynamic and inspired workforce that will enable the company to achieve its objectives of long-term development and inclusion through the implementation of these programs.

GRI 413: "Local Communities"

H&M has collaborated with numerous organizations to advance social inclusion by means of sports and other community initiatives. The "Move Together" program, which is a collaboration with Sport Without Borders, is a notable example. Its objective is to offer sporting opportunities to young individuals from vulnerable socioeconomic circumstances. This program provides free multi-sport activities, fostering secure and inclusive environments in which young individuals can cultivate their abilities and establish positive relationships. Additionally, H&M has collaborated with Zlatan Ibrahimović and Laureus Sport for Good in Italy, which has involved 2,000 young individuals in cities such as Milan and Rome. In addition to fostering physical and mental health, these initiatives employ sports as a means of inclusion and education, thereby mitigating the likelihood of school dropout and social exclusion. H&M's dedication to fostering positive change in the communities in which it operates is illustrated through these partnerships.

#9 Lululemon

Company Overview:

Market Cap	Revenues	Operating margin
$31.85 B	$9.82 B	16.43%

(source: companymarketcap.com, September 2024)

GRI 201: "Economic Performance"

Lululemon is dedicated to the advancement of economic well-being by implementing sustainable practices that create long-term value for stakeholders. The organization is committed to achieving a positive impact on both the financial and social spheres by investing in responsible innovation and operations. In 2022, lululemon maintained a steadfast dedication to financial transparency and ESG reporting while continuing to broaden its product and service offerings. The company has also worked in conjunction with strategic partners to create new technologies and processes that enhance operational efficiency and minimize environmental impact, thereby fostering a more sustainable future for all.

GRI 301: "Materials"

Lululemon is dedicated to utilizing preferred materials in all of its products by 2030, with a focus on promoting regenerative, renewable, and recycled content. The company has collaborated with partners to define regenerative cotton and advance textile recycling, investing in innovations such as bio-nylon and textile recycling. In 2022, lululemon endeavoured to enhance material traceability, which would allow for a more comprehensive understanding of the supply chain and guarantee that the fibres and materials employed were sustainable and responsible.

GRI 302: "Energy"

Lululemon is dedicated to minimizing the environmental impact of its operations by utilizing renewable energy sources. The company successfully met its objective of utilizing renewable electricity to power all of its owned and operated facilities by 2021. This achievement was feasible as a result of a virtual power purchase agreement (VPPA) with Enel Green Power, which enabled the Azure Sky wind farm to generate renewable energy. The company is committed to enhancing the energy efficacy of its stores and fulfillment centers by investing in energy management systems.

GRI 305: "Emission"

Lululemon has established science-based objectives to decrease greenhouse gas (GHG) emissions and is dedicated to becoming a net-zero company by 2050. The company achieved a 60% reduction in absolute Scope 1 and 2 emissions in 2022 compared to 2018, achieved through the implementation of energy efficiency and renewable electricity. Lululemon collaborates with suppliers to enhance energy efficiency and increase the utilization of renewable electricity, with the objective of reducing emissions throughout the supply chain.

GRI 306: "Waste"

Lululemon is dedicated to the reduction of waste and the enhancement of waste management in its operations. By 2025, the organization intends to diminish its utilization of single-use plastic packaging per unit by 50%. It introduced paper mailers in Europe and optimized its use of plastic bags for products in 2022. In addition, lululemon has initiated the third-party verification process to attain zero waste certification for its North American fulfilment centres. Three of these centres have a waste diversion rate exceeding 90%.

GRI 401: "Employment"

Lululemon provides equitable and inclusive working conditions for all employees. For the fifth year in a row, the organization has sustained gender pay equity globally and implemented employee empowerment initiatives. lululemon recognized the significance of mental well-being in a flourishing workplace and therefore expanded mental health training for all store managers and leaders in 2022. The company remains committed to collaborating with mental health professionals to provide counselling sessions and support programs to employees who have been affected by social injustice.

GRI 413: "Local Communities"

Lululemon's Here to Be initiative, which invests in organizations that advocate for wellness accessibility, helps local communities. The program has aided over 750 organizations worldwide, thereby enhancing their physical, mental, and social well-being. In 2022, lululemon made significant investments in programs that promote community resilience and address systemic inequities by expanding its Centre for Social Impact. The company is dedicated to fostering sustainable solutions that enhance the quality of life for those who are most impacted by inequities through collaboration with local partners.

#10 Gap Inc.

Company Overview:

Market Cap	Revenues	Operating margin
$9.20 B	$15 B	5.22%

(source: companymarketcap.com, September 2024)

GRI 201: "Economic Performance"

Gap Inc. is dedicated to the development of sustainable economic value by employing an integrated approach that takes into account environmental and social factors. The organization has implemented strategies to enhance operational efficacy and mitigate the risks associated with climate change. Gap Inc. maintained its commitment to renewable energy and initiatives that mitigate greenhouse gas emissions in 2023, thereby fostering a more sustainable future. The company is also dedicated to the promotion of equity and inclusion in the workplace, acknowledging that diversity is a vital factor in economic development and innovation.

GRI 301: "Materials"

Gap Inc. is dedicated to the use of sustainable materials and has set a target of procuring 100% of its cotton from more sustainable sources by 2025. The company is expanding its utilization of recycled polyester and has accomplished 98% sustainable cotton. Gap Inc. collaborates with suppliers to enhance fiber traceability and guarantee that the materials employed are environmentally friendly. The company is dedicated to the reduction of the environmental impact of its products by incorporating material innovation and circular design.

GRI 305: "Emission"

Gap Inc. has established ambitious objectives to reduce greenhouse gas emissions, with the objective of reducing Scope 1 and 2 emissions by 90% by 2030. A 77% reduction from 2017 has already been attained by the company. Gap Inc. is engaged in the implementation of supply chain enhancements and the utilization of renewable electricity to reduce Scope 3 emissions by 30%. The organization is dedicated to the establishment of a long-term strategic roadmap that will enable it to achieve net zero emissions by 2050.

GRI 306: "Waste"

Gap Inc. is dedicated to the elimination of problematic plastics in consumer packaging by 2025 and corporate packaging by 2030. The company has already replaced 47% of problematic plastics with reusable alternatives. Gap Inc. is striving to guarantee that a minimum of 50% of its plastic packaging is composed of recycled materials. In order to ensure that its future waste and circularity

initiatives are in accordance with local and state packaging regulations, the organization conducts regular monitoring.

GRI 401: "Employment"

Gap Inc. fosters an inclusive work environment and encourages the professional growth of its employees. The company provides training programs to enhance the competencies of its employees and facilitate the transition to the workplace. Gap Inc. is committed to promoting diversity and inclusion at all levels of the organization and ensuring retributive equity. The company recognizes the significance of employee welfare in achieving comprehensive success and is committed to providing comprehensive benefits to employees on a continuous basis.

GRI 413: "Local Communities"

Gap Inc. provides training and development opportunities for women in the supply chain through programs such as P.A.C.E. and RISE, which support local communities. The company collaborates with local partners to enhance the availability of pure water and sanitation in communities that are affected by the apparel industry. Gap Inc. is dedicated to enhancing community resilience by implementing initiatives that prioritize equity and inclusion.

GRI 416: "Customer Health and Safety"

Gap Inc. adheres to rigorous chemical management standards to ensure the safety of its employees and customers. The company has discontinued the use of hazardous chemicals in its products and is constantly monitoring the compliance of its suppliers. Gap Inc. is committed to enhancing the quality of its recycled water and reducing the environmental impact of its production processes. The company remains committed to ensuring the safety and quality of its products.

Summary table of results for level three (Benchmark Analysis)

GRI	Frequences	References
201 “Economic Performance”	80%	2,4,5,6,7,8,9,10
204 “Procurement Practices”	20%	1,6
301 “Materials”	70%	1,4,6,7,8,9,10
302 “Energy”	90%	1,2,3,4,5,6,7,8,9
303 “Water and Effluents”	20%	1,2
305 “Emissions”	100%	1,2,3,4,5,6,7,8,9,10
306 “Waste”	90%	1,2,3,4,5,7,8,9,10
308 “Supplier Environmental Assessment”	60%	1,3,4,7,8,9
401 “Employment”	70%	1,2,4,5,6,9,10
403 “Occupational Health and Safety”	60%	1,2,4,6,7,8
404 “Training and Education”	70%	1,2,3,5,6,7,8
405 “Diversity and Equal Opportunity”	40%	1,2,3,5
413 “Local Communities”	90%	1,2,3,4,5,6,7,9,10
414 “Supplier Social Assessment”	40%	1,2,4,6

Identification of Material Topics

To identify the Material Topics, the frequencies detected for each topic in the three different analyses were summed.

GRI	References	"Material" Level
Governance		
201 "Economic Performance"	15	50%
203 "Indirect Economic Impacts"	2	10%
204 "Procurement Practices"	2	10%
Total	**19**	**9%**
Environmental		
301 "Materials"	18	60%
302 "Energy"	23	78%
303 "Water and Effluents"	9	30%
305 "Emissions"	29	97%
306 "Waste"	24	80%
308 "Supplier Environmental Assessment"	20	70%
Total	**123**	**58%**
Social		
401 "Employment"	13	45%
403 "Occupational Health and Safety"	13	45%
404 "Training and Education"	9	30%
405 "Diversity and Equal Opportunity"	10	30%
412 "Human Rights Assessment"	12	41%
413 "Local Communities"	9	30%
414 "Supplier Social Assessment"	4	14%
Total	**70**	**33%**

Discussion of the results of the analysis

The materiality analysis shows that the most frequent principle in the sector is related to environmental sustainability (59%), followed by social sustainability (39%) and finally governance (8%).

For the part related to governance, the most relevant theme was "Economic performance" with a materiality level of 50%. For the environment it was "Emission" with 97% and for social sustainability we have two topics with the same frequency, namely "Employment" and "Occupational Health and Safety" with 45% materiality.

The results obtained show that economic performance, including from an ESG perspective, remains a fundamental component for companies in the fashion sector.

Good corporate health is a predominant factor in all sectors but, in a constantly evolving sector such as fashion, the need to be flexible and ready to change has now become a typical feature of brands.

In the environmental sustainability section, there are many trends considered important with very high levels of materiality, five with a frequency above 50%, a situation of this type makes us understand how much issues related to the material part of the business are becoming relevant within the sector.

I know to all how polluting the production of clothing is, huge quantities of water used to produce fibres, enormous consumption of both electricity and chemical reagents for dyeing and preparing fabrics, ending with the possible storage of unsold products in landfills that brings us back to the problem related to waste management, whether they are processing waste, used or unworn garments.

All this is perfectly in line with what has been analysed in the documents examined, which highlight a widespread willingness on the part of companies to act to improve in this respect. Industry leaders are implementing concrete actions to change the situation, innovation is present in all parts of the production process starting from inputs, looking for sustainable or recycled materials, passing through energy sources by choosing supplies from renewable sources, finally arriving at the implementation of circular economy processes to regain potential even from waste or waste.

From a social sustainability perspective, there are three themes with the highest materiality that are very close to each other.

From the sources analysed, it emerged that for companies the issues related to the attraction of new talent, the health of workers and their rights within the production line are the most relevant in the sector.

The training of its employees and respect for cultural and gender diversity is also considered very important, with the idea that a team made up of people from different backgrounds and with different cultures can bring added value within the company.

Choice of Materials Topics

It should be noted that the study presented aims to identify the materials topics of the reference sector to build sustainability strategies that can inspire companies in the sector to implement similar strategies to make their business more sustainable. The strategic plan will then be designed based on the most relevant issues that emerged during the analysis and for each theme one or more initiatives will be developed.

The materials topics have been highlighted starting from the table above, an argument to be considered "*material*" must meet fundamental some conditions:

In the governance area, the level of materiality that will be required to be defined as a material topic must be greater than or equal to 50%.

In the environmental area, the level of materiality that will be required to be defined as a material topic must be greater than or equal to 70%.

In the area reserved for the social part, the level of materiality that will be necessary to be defined as a material topic must be greater than 40%.

Governance:

GRI	**References**	**"Material" Level**
201 "Economic Performance"	15	50%

Environmental:

GRI	**References**	**"Material" Level**
305 "Emissions"	29	97%
306 "Waste"	24	80%
302 "Energy"	23	78%
308 "Supplier Environmental Assessment"	20	70%

Social:

GRI	**References**	**"Material" Level**
401 "Employment"	13	45%
403 "Occupational Health and Safety"	13	45%
412 "Human Rights Assessment"	12	41%

Analysis of the Sustainability Performance of the Fashion Sector

Definition of the Methodology

Once the material issues have been identified, the performance analysis begins, which will be used to assess each company's actions implemented for the issues that emerged from the previous analysis.

The sustainability report of the ten companies already mentioned in the previous chapter will be examined and an ad hoc performance analysis will be carried out to associate a numerical value from one to five to everything the company has put in place to solve a given problem or seize an opportunity related to the ESG world; this scale will make it possible to quantify the impact and effectiveness of the various initiatives.

Once the assessment has been completed, it will be possible to gain an overview of how leading companies are engaging with various sustainability issues and to obtain a clear and comparative view of the initiatives undertaken.

In developing this analysis, reference was made to what has already been implemented by leading companies in the consulting industry, drawing on pre-existing methodologies in the business evaluation systems developed by Ernest Young.

The scoring system will range from 1 to 5 and will be determined by the following criteria:

- **Excellent 5**: The company show highly challenging and ambitious goals. The report should include clearly defined and measurable reference KPIs. Short- and medium-term objectives must be detailed and well articulated. The initiatives must be explained in depth, with specific action plans. A strong alignment between objectives, KPIs and initiatives must be evident.
- **Very Good 4**: The company must present challenging goals. The report must contain relevant reference KPIs. The short- and medium-term objectives must be well defined. Initiatives must be explained in good detail. A good alignment between objectives and proposed actions must be visible.
- **Good 3**: The company must have moderately challenging goals. The report should include some reference KPIs, although not for all objectives. The short and medium-term objectives must be outlined, albeit with some gaps. Initiatives should be described, but may have limited details. There must be a fair amount of alignment between goals and actions.

- **Sufficient 2**: The company shows objectives that are not very challenging or too general. The report contains poor or insignificant reference KPIs. The short and medium-term objectives are vaguely defined. The initiatives are mentioned but not adequately explained. Only a weak alignment between objectives and proposed actions is visible.
- **Insufficient 1**: The company has non-challenging or absent goals. The report lacks reference KPIs. Short- and medium-term objectives are not specified. The initiatives are absent or extremely vague. There is no obvious alignment between goals and actions.

To calculate the average scores, a weighted average of the values resulting from the analysis was performed.
The four drivers chosen for the analysis of each issue are governance (20%), activities (40%), strategy (30%), metrics (10%). Then at each driver it has been assigned a percentage in order to reflect the relative importance of the driver. The scores of each topic will be multiplied by the percentage referring to the driver, the sum of all these operations will give the average value for the company in that topic.
Here is an example:
If the grades for Supply Chain are:

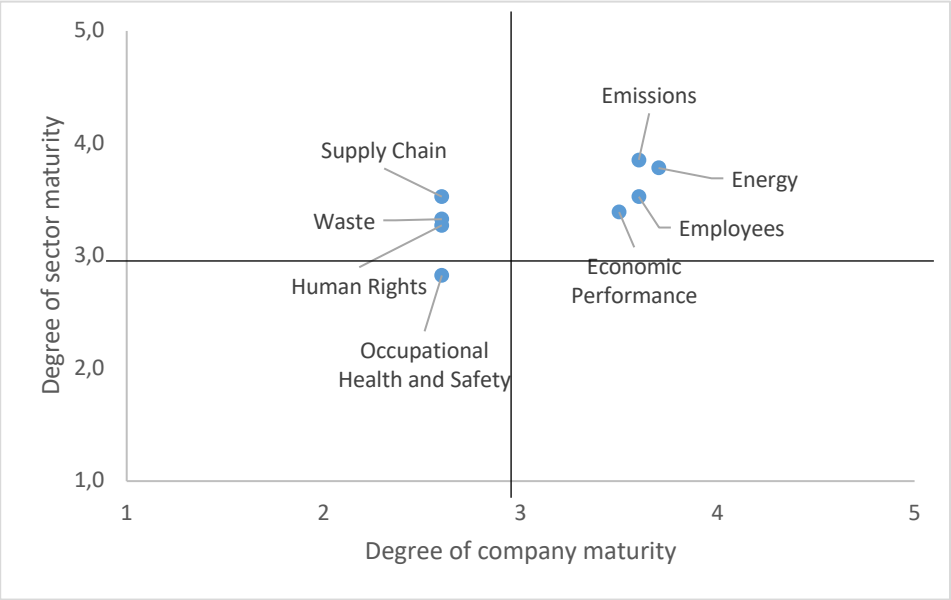
Goverance (0.2)	**Activities (0.4)**	**Strategy (0.3)**	**Metrics (0.1)**
5	3	2	2

The average for the topical Supply Chain will be: 5*0.2+3*0.4+2*0.3+2*0.1= 3.5
To calculate the average of each topic in the sector, which will then be compared with the individual averages of the companies, an arithmetic average will be calculated using the values obtained for the different topics of the companies.
Two different graphical representations were chosen to analyse the results obtained.
The first chosen is the "spidergraph" which allows a quick and exhaustive understanding of how the business value performs compared to the maturity of the sector, allowing in a simple way a comparison on the outside and perhaps the first ideas for future decisions.

The second graph called "matrix", two perpendicular lines (positioned in the mean value x=3 and y=3) divide the Cartesian plane into four different areas, called:

1. Take action (x<3 ; y>3): Industry maturity is greater than business maturity in the topic that falls into these areas, you need to act ASAP
2. Monitor (x<3; y<3): the maturity of the sector is low so is the maturity of the company, this issue must be monitored, it could be developed, this is the worst area to position yourself.
3. Differentiate (x>3; y<3): The maturity of the company is higher than the average value while the maturity of the industry remains lower than the average value, the company is in competitive advantage in the stocks.
4. Maintain (x>3; y>3): in this area the two maturities are high.

This chart allows you to clearly analyse how the company we are studying is positioned in the various sustainability issues with respect to the market, information of this type can be used by analysts and managers as a basis for the development of a future sustainability strategy.


5,0
4,0
3,0
2,0
1,0
Degree of sector maturity
1
2
3
4
5
Degree of company maturity
Emissions
Energy
Employees
Economic
Performance
Supply Chain
Waste
Human Rights
Occupational
Health and Safety

Performance Analysis

#1 Nike

Economic Performance

Governance: 5/5

The report indicates that the Corporate Responsibility, Sustainability & Governance Committee is the vehicle through which the Board of Directors supervises Nike's commitment to corporate responsibility. Specific details regarding the management process are lacking.

Activities: 3/5

The report mentions certain investments and economic initiatives, such as the $10 million investment in HBCUs and HSIs. Activities such as the supplier diversity program are also mentioned. There is a lack of detailed information regarding numerous other economic activities.

Strategy: 2/5

A clear and detailed strategy for economic performance is not presented. Although there are opportunities for growth and innovation, there is a lack of a well-articulated economic strategy with specific short- and medium-term objectives.

Metrics: 2/5

The report provides only a few specific economic KPIs. Some basic financial data is mentioned; however, detailed metrics regarding economic performance, quantifiable objectives, and year-over-year comparisons are lacking.

Emission

Governance: 5/5

Nike highlights a strong commitment to reducing emissions. The report mentions ambitious objectives based on science (Science-Based Targets) to reduce emissions by 65% in Scopes 1 and 2 and 30% in Scope 3 by 2030. Furthermore, the Corporate Responsibility, Sustainability & Governance Committee is overseen by the Board of Directors.

Activities: 5/5

- Achieve a 96% renewable electricity supply for the property and management structures
- Increase by 50% the renewable energy procurement in Tier 1 and Tier 2 production
- Reduce 69% of the total greenhouse gas emissions from the property and management structures • Implement energy efficiency programs with suppliers
- Use sustainable alternative fuels for 13% of the volume of oceanic shipments in transit

Strategy: 5/5

- Specific objectives for the short and long term (2025 and 2030).
- Emphasis on the development of low-carbon materials.
- Transition of suppliers to renewable energy.
- Reduction of air transport • Investments in energy efficiency and clean energy in their own structures.
- Intersectoral collaborations to increase the impact

Metrics: 5/5

- Percentage reduction in emissions relative to the baseline
- Percentage of renewable energy utilized
- Absolute emissions in tons of CO2 for Scope 1, 2, and 3
- Performance comparisons between years • Quantitative objectives specific to 2025 and 2030

Waste:

Governance: 4/5

Nike exhibits a robust approach to waste reduction in its governance practices. The report outlines specific and ambitious objectives, including a 10% reduction in waste per unit in manufacturing, distribution, centres, and headquarters and a 100% diversion of waste from landfills with 80% of it being recycled. These objectives are both quantifiable and precisely defined.

Activities: 5/5

- Achieved 100% landfill-diverted waste in Tier 1 production - Reduced waste per unit by 8.2% in production, distribution centres, and headquarters compared to the baseline
- The recycling rate has been increased to 75% of waste.
- The refurbishment, recycling, and donation programs for completed waste products have been implemented, resulting in a 14x increase from the baseline.

Strategy: 5/5

- Specified short-term (2025) objectives for waste reduction, diversion, and recycling
- Emphasis on material and process innovation to minimize waste
- Refurbishment and recycling initiatives for finished products
- Collaborative efforts with suppliers and collaborators to enhance waste management initiatives throughout the supply chain

Metrics: 5/5

- Percentage of waste reduction per unit in comparison to baseline
  Ratio of waste diverted from landfills and recycled - Performance comparisons between years
- Quantitative objectives for 2025

Energy:

Governance: 5/5

Nike exhibits a robust dedication to renewable energy in its governance practices. In the report, there are specific and ambitious objectives, including the attainment of 96% energy from renewable sources for privately owned and operated facilities. The organization's scientific commitments to emissions reduction are consistent with these targets, which are clearly defined and measurable.

Activities: 5/5

- The attainment of 96% renewable electricity for facilities that are owned or managed
- A 50% increase in the provision of renewable energy in Tier 1 and Tier 2 generation in comparison to the previous year.
- The establishment of new wind and solar power facilities at a variety of global distribution centers
- The implementation of energy management systems to monitor the generation and consumption of energy in real time

Strategy: 5/5

- Renewable energy objectives that are specific to the short-term (2025) and long-term (2030)
- Concentrate on various solutions that are tailored to the location, type of facility, and market options.
- Partnerships with suppliers to facilitate the transition to clean energy sources
- Local and virtualized power purchase contracts (PPAs) investments
- Promotion of green power expansion in markets with restricted options

Metrics: 5/5

- The report offers precise metrics and unambiguous key performance indicators (KPIs) regarding renewable energy utilization:
- The percentage of energy from renewable sources consumed is 96%.
- The percentage increase in the supply of renewable energy in production (50%)

- The current capacity of green power in specific distribution centres
- Performance comparisons between years specific quantitative objectives for 2030 and 2025
-

Supply Chain:

Governance: 4/5

- It uses recognized industry assessment tools such as SLCP, Higg FEM, and ZDHC.
- It shows a clear commitment to supply chain governance, although more details on long-term goals could be provided.

Activities: 5/5

- Implement concrete programs such as CUMULUS Forced Labor Screen and enhanced due diligence for migrant workers.
- It offers training to suppliers on critical topics such as ethical recruitment.
- He collaborates with external organizations such as the Issara Institute for worker listening programs.
- The initiatives are explained in depth with specific action plans.

Strategy: 4/5

- It has a clear strategy to improve ESG management of the supply chain, focusing on key areas such as forced labour and renewable energy.
- Collaborate with multi-stakeholder initiatives and coalitions to influence policy.
- The short- and medium-term objectives are well defined, although they could be articulated in more detail.

Metrics: 4/5

- It sets ambitious and measurable targets, such as 100% renewable electricity in Indonesia by 2025.
- Monitor key KPIs such as the percentage of vendors that reach Level 3 health and safety maturity.
- Track renewable energy adoption and supplier energy efficiency.
- More details could be provided about some specific KPIs and their alignment with long-term goals.

Employees:

Governance: 5/5

Nike's dedication to diversity, equity, and inclusion (DEI) is evident in its robust employee governance. The Board of Directors and the Corporate Responsibility, Sustainability & Governance Committee provide support for the DEI strategy, which is incorporated throughout the organization. The business has established explicit objectives for the representation of ethnic minorities and women, and it has made executive compensation contingent upon the company's progress toward these objectives.

Activities: 5/5

- Professional development programs, including the Focused Leadership Development Program and the DEI Mentorship Program.
- Programs that aim to broaden the spectrum of diversity, including the Serena Williams Design Crew.
- Comprehensive benefits that address a broad spectrum of employee requirements, such as mental health and family planning assistance.
- Engagement programs, including ConverseUNITED and NikeUNITED, that foster inclusion and culture.

Strategy: 5/5

- Specific objectives for the representation of ethnic minorities and women.
- Concentrate on career development opportunities and pay equity.
- Approaches to foster an inclusive and accessible culture.
- Strategies to enhance the accessibility of employees with disabilities.

Metrics: 5/5

- The proportions of women and ethnic minorities at different levels.
- Scores of employee engagement and inclusion.
- Pay equity data on women and ethnic minorities, with a 1:1 ratio.
- Participation metrics for professional development and engagement initiatives.

Occupational Health and Safety

Governance: 5/5

Nike exhibits a robust commitment to worker health and safety through its governance practices. The business has established explicit and ambitious objectives, including the construction of world-class, safe, and healthy workplaces by 100% of strategic suppliers. The Board of Directors

supervises this objective through the Corporate Responsibility, Sustainability & Governance Committee.

Activities: 5/5

- Transformational Leadership program with IOSH to evaluate the impact of organizational governance on corporate safety
- Workplace Safety Facilitator program to increase the visibility of workers' perspectives on safety
- Implementation of the Industrial Hygiene Playbook to anticipate and manage workplace hazard.
- Collaboration with Pilz for advanced machine safety training
- The Leading Safely for Women program is designed to empower women safety leaders.

Strategy: 5/5

- Concentrate on the development of workers, the implementation of effective programs, and the governance of the organization.
- Implementation of the Culture of Safety Maturity Assessment (CoSMA) Instrument for evaluating efficiency
- Specific strategies for industrial hygiene, machine safety, and fire safety
- Strategies to enhance the proportion of women in safety leadership positions

Metrics: 5/5

- Percentage of strategic suppliers achieving level 3 maturity on health and safety (76% in FY23, +29 p.p. vs FY22)
- Number of machines assessed according to international standards (over 64,000)
- Number of professionals trained on various aspects of safety
- Year-on-year comparisons of performance

Human rights

Governance: 4/5

In its supply chain, Nike exhibits a robust commitment to human rights governance. The company has revised its Code of Conduct and Supplier Code Leadership Standards to enhance the requirements for ethical recruitment of migrant workers. It employs industry-recognized assessment instruments

Activities: 4/5

- Using the CUMULUS Forced Labor Screen tool to map cross-border labour supply chains and identify potential indicators of forced labour

- Launch of an enhanced due diligence program for foreign migrant workers in high-risk countries
- Partnering with the Issara Institute in Thailand to Implement Worker Listening Programs
- Training suppliers on topics such as ethical recruitment and management of migrant workers

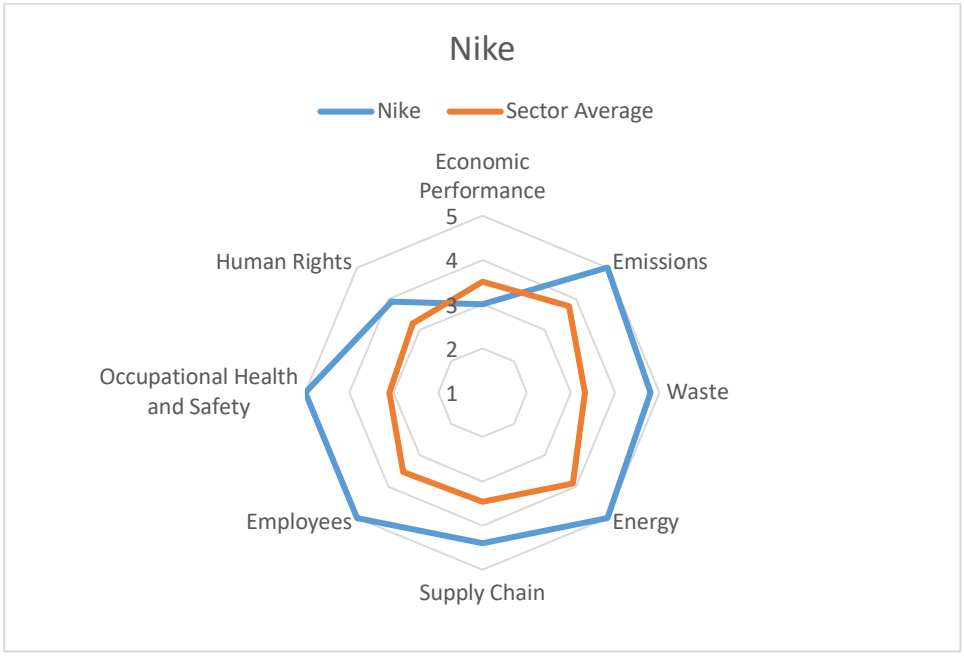
Strategy: 4/5

- Adoption of the "Employer Pays" principle to prevent forced labour
- Focus on risk identification and mitigation, capacity building and partner engagement
- Partnering with multi-stakeholder organizations to promote ethical recruitment practices

Metrics: 3/5

- Number of calls received by Issara Institute's multilingual hotline (792 in FY23)
- High number of issues solved through the Issara program (19 out of 20 resolved)
- Percentage of Recruitment Agents Who Completed Training in Taiwan

Nike	20%	40%	30%	10%		
	Governance	**Activities**	**Strategy**	**Metrics**	**Average**	**Sector Average**
Economic Performance	5	3	2	2	3	3,5
Emissions	5	5	5	5	5	3,8
Waste	4	5	5	5	4,8	3,3
Energy	5	5	5	5	5	3,9
Supply Chain	4	5	4	4	4,4	3,5
Employees	5	5	5	5	5	3,5
Occupational Health and Safety	5	5	5	5	5	3,1
Human Rights	4	4	4	3	3,9	3,2


Nike
Nike
Sector Average
Economic Performance
Emissions
Waste
Energy
Supply Chain
Employees
Occupational Health and Safety
Human Rights
5
4
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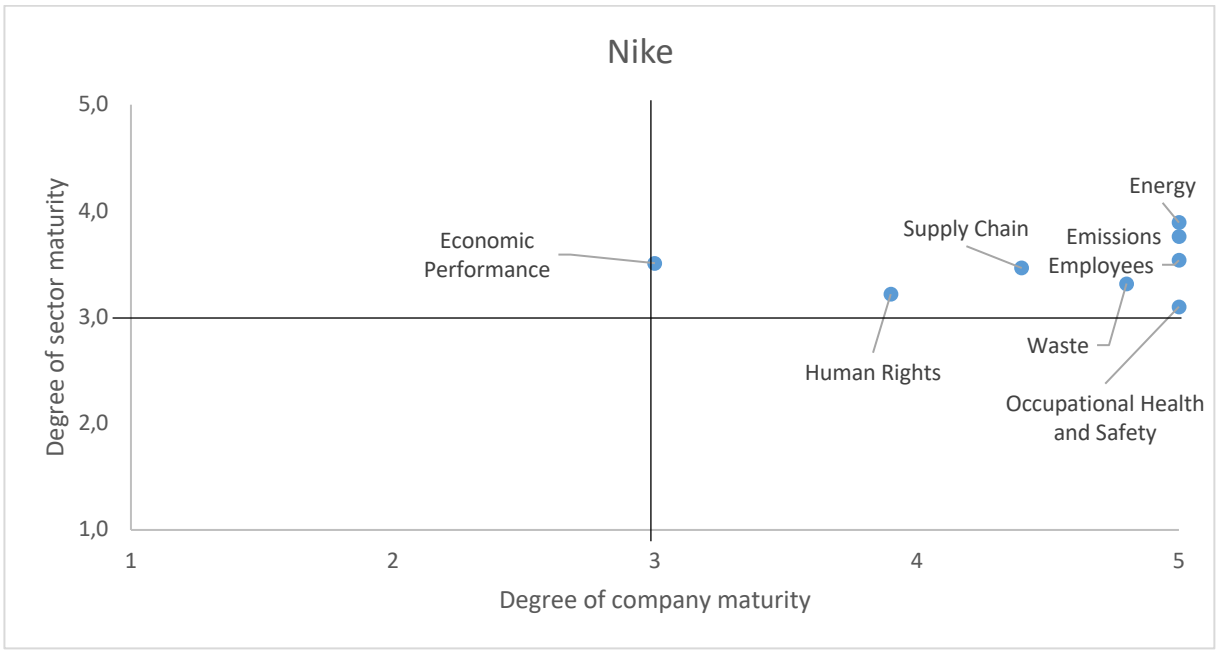

Nike
Degree of sector maturity
Degree of company maturity
5,0
4,0
3,0
2,0
1,0
1
2
3
4
5
Economic Performance
Supply Chain
Energy
Emissions
Employees
Waste
Human Rights
Occupational Health and Safety

#2 Inditex

Economic Performance

Governance: 4/5

Inditex exhibits robust governance, as evidenced by its quarterly reviews of objectives and the supervision of the sustainability strategy by a Board of Directors. The document refers to an aspect of the remuneration system that is contingent upon the attainment of sustainability objectives by the CEO and executive management. The system of risk management is described as robust, and it encompasses climate hazards. Nevertheless, the absence of specific governance KPIs is a hindrance to achieving top marks.

Activities: 4/5

Inditex has reported various concrete activities that are associated with sustainability, including removing

single-use plastic, using energy from renewable sources, circular economy initiatives like Zara Pre-Owned, and recycled textiles collaborations. Specific programs and accomplishments are specified. Nevertheless, there is a lack of a comprehensive understanding of the impact of all company activities.

Strategy: 5/5

Inditex's sustainability strategy is both well-articulated and ambitious. The presentation includes challenging and quantifiable objectives, including the reduction of water usage in the entire supply chain by 25% by 2025, the use of 100% low-impact elements by 2030, and the attainment of zero net greenhouse gas emissions by 2040. The strategy is bolstered by precise action plans and unambiguous KPIs that facilitate the monitoring of progress. The alignment between goals, KPIs and initiatives are well-defined and elucidated.

Metrics: 4/5

Inditex offers comprehensive metrics on a variety of sustainability metrics, such as the utilization of sustainable materials, greenhouse gas emissions, energy consumption, and refuse management. Comparison information from earlier years is presented. Nevertheless, the absence of future quantitative goals or the specifics of the estimation methodology for certain metrics prevents the attainment of maximum scoring.

Emission

Governance: 4/5

Inditex exhibits effective governance about CO2 emissions. The sustainability strategy is overseen by the Board of Directors, which also conducts quarterly assessments of climate

targets. The attainment of sustainability objectives, such as the reduction of emissions, is associated with a variable payment structure for CEOs and senior management. Additionally, the organization maintains an effective risk management framework that encompasses climate risks. Nevertheless, a top ranking is not achievable due to the absence of a particular governance KPIs regarding emissions.

Activities: 4/5

Inditex has undertaken a variety of concrete measures to mitigate CO2 emissions, including the implementation of entirely renewable energy sources in its facilities beginning in 2022, efforts to improve energy efficiency whose results minimized relative consumption by 19% in comparison to 2018 and partnerships for the consumption of green fuels in transporting and aviation. Additionally, suppliers are being assisted in reducing energy consumption, and the company is promoting the use of lower-impact fibres. Nevertheless, the score is restricted to 4 due to the absence of a comprehensive understanding of the influence of every business operation on emissions.

Strategy: 5/5

Inditex's emissions reduction strategy is both well-articulated and ambitious. The company has pledged to achieve net-zero emissions by 2040 and reduce its emissions by over 50% by 2030. These objectives are substantiated by explicit KPIs and detailed action plans that facilitate the monitoring of progress. The approach encompasses the optimization of transportation, the utilization of renewable energy, the optimization of energy efficiency, and the collaboration with suppliers. The connection between targets, KPIs, and initiatives is well-defined and elucidated.

Metrics: 4/5

Complete measurements on emissions of greenhouse gases are provided by Inditex, which includes information on scopes 1, 2, and 3. The methodology for calculating the data is thoroughly explained, and data comparison from prior years is presented. The company also provides metrics on energy efficiency, renewable energy use, and energy consumption. Nevertheless, the absence of future quantitative goals or specifics regarding the calculation methodology prevent the attainment of maximum scoring for certain metrics.

Waste

Governance: 4/5

Inditex exhibits effective governance in the area of refuse management. The sustainability strategy, which encompasses specific waste objectives, is supervised by the Board of Directors. All owned sites, facilities, and logistics centres are equipped with an environmental management system that is ISO 14001-certified. A dedicated team of 29 individuals oversees the appropriate

implementation. Nevertheless, the absence of specific waste-related governance KPIs prevents a maximum score.

Activities: 5/5

The abolition of plastic from one use, circular economy initiatives such as Zara Pre-Owned, and clothing collection and recycling programs are among several concrete initiatives to manage waste that Inditex reports. Specific programs and accomplishments are detailed, including recovering of 20,259 tons of items by 2023. Additionally, the organization has acquired 14 TRUE certifications for refuse handling in its facilities.

Strategy: 5/5

Inditex's garbage disposal strategy is both well-articulated and ambitious. The organization has pledged to eliminate single-use plastics by 2023, decrease its plastic impact by 50% by 2025, and guarantee that every packaging item is collected for recycling or reuse in the supply chain starting in 2023. These objectives are substantiated by explicit KPIs and detailed action plans that facilitate the monitoring of progress. The relationship between targets, KPIs, and initiatives is well-defined and elucidated.

Metrics: 4/5

Inditex offers comprehensive statistics on garbage production and management, which encompasses data from trash type and disposal methodology. Similar information gathered in previous years is presented. According to the organization, a certified waste manager is responsible for the collection, sorting, and management of all waste produced within its facilities. Nevertheless, the optimum score is not achievable due to the absence of comprehensive data on the waste produced by the shops.

Energy

Governance: 4/5

With regard to energy, Inditex demonstrates a strong governance. The Board of Directors supervises the energy strategy and conducts quarterly objectives reviews. A variable compensation system is in place for the CEO and senior management, which is linked to the attainment of sustainability objectives, including energy efficiency. The company has implemented an environmental management system that is certified under ISO 14001 in all its facilities, factories, and logistics centres. However, there are not enough details regarding the specific governance KPIs related to energy, which is preventing the maximum score.

Activities: 5/5

Inditex has disclosed a plethora of tangible initiatives to enhance the utilization of renewable energy sources and energy efficiency. Renewable sources will supply all the electricity used in

its facilities beginning in 2022. The company's premises are home to photovoltaic, wind, and hydrothermal power generation facilities. The design of the locations incorporates bioclimatic architecture criteria, and 80% of the stores are linked to a central platform to optimize consumption and monitor it. Specific programs and accomplishments are detailed, including the generation of 7,049 MWh of electrical power from green energy in 2023.Strategy: *Strategy: 5/5*
Inditex's energy strategy is well-articulated and ambitious. The organization's objective is to attain net-zero emissions by 2040 while decreasing its emissions by over 50% by 2030. These objectives are substantiated by explicit KPIs and detailed action plans that facilitate the monitoring of progress. The approach encompasses the optimization of transportation, the utilization of renewable energy, the optimization of energy efficiency, and the collaboration with suppliers. The congruence between targets, KPIs, and initiatives is clearly visible and elucidated.
Metrics: 4/5
Inditex furnishes comprehensive metrics regarding energy consumption, which encompasses data regarding the source and form of energy. In 2023, the global use of energy was 1,606,212 MWh, with 1,551,492 MWh derived from renewable sources. The methodology for calculating the figures is thoroughly explained, and contrasting results from before are presented. The company also provides data on energy utilization and associated emissions. Nevertheless, the absence of future quantitative goals or specifics regarding the calculation methodology prevents the attainment of maximum scoring for certain metrics.

Supply chain

Governance: 4/5
Inditex exhibits strong supply chain governance by establishing a Code of Conduct for Manufacturers and Suppliers that establishes ethical, social, and environmental standards. The sustainability strategy of the supply chain is supervised by the Board of Directors. In 2023, 5,935 social audits and 1,366 environmental audits were conducted as part of a system for auditing and monitoring suppliers. Nevertheless, the supply chain's specific governance KPIs are not adequately detailed, which hinders the attainment of the maximum score.
Activities: 5/5
Inditex has disclosed a plethora of tangible initiatives to enhance the sustainability of its supply chain. These initiatives encompass the Workers at the Centre program, which aims to enhance the conditions of workers, supplier education programs (1,498 suppliers will have been trained by 2023), and water and energy-saving projects in supplier factories. To mitigate its environmental impact, the organization implemented the Supply Chain Transformation Plan.

Detailed explanations of the activities are provided, including measured statistics and specific action plans.

Strategy: 5/5

Inditex's plan for an environmentally friendly supply chain is both well-articulated and ambitious. The organization has agreed to decrease water use in the entire supply chain by 25% by 2025 and to attain 100% suppliers by 2030, utilizing the most effective techniques available. The strategy establishes objectives for the enhancement of workers' conditions, the reduction of emissions, and the utilization of sustainable materials. These objectives are substantiated by explicit KPIs and detailed action plans that facilitate the monitoring of progress.

Metrics: 4/5

Inditex furnishes comprehensive metrics regarding its supply chain performance, including information regarding supplier training, energy and water efficiency enhancements, and social and environmental audits. Comparison information from previous years is shared. Additionally, metrics regarding labourer conditions and the utilization of sustainable materials are reported by the organization. Nevertheless, the absence of future quantitative goals or specifics regarding the calculation methodology prevent the attainment of maximum scoring for certain metrics.

Employees

Governance: 4/5

Inditex exhibits effective governance in its administration of employees. The Board of Directors is responsible for the supervision of policies concerning corporate culture and personnel. The Code of Conduct and Responsible Practices are overseen by an Ethics Committee. The organization has established an effective compliance framework that encompasses policies regarding diversity, equality, and inclusion. Nevertheless, a high score is not achievable due to the absence of specific governance KPIs specifically related to employees.

Activities: 4/5

Numerous tangible activities are reported by Inditex for its employees. These encompass corporate volunteering projects, health and safety measures, measures that encourage diversity and inclusion, and training and development programs (3.2 million hours in 2023). A new long-term share-based incentive strategy for employees was also implemented by the organization. Detailed explanations of the activities are provided, including measured outcomes and specific strategies for action.

Strategy: 4/5

Inditex's strategy for employees appears to be well-articulated. The organization is dedicated to the advancement of professional development, diversity, inclusion, and quality employment. It has specific objectives, including the attainment of gender parity in positions of responsibility by

2024. The strategy also encompasses commitments to employee welfare and health and safety. Nevertheless, the absence of certain long-term quantitative objectives hinders the attainment of the highest possible score.

Metrics: 4/5

Inditex furnishes comprehensive metrics regarding its employees, including information regarding employment, diversity, training, health, and safety. For instance, it indicates that the within-company promotion rate is 50%, the accident incidence rate is 8.99, and 76% of employees are women. Comparison data from previous years is presented. Nevertheless, the absence of prospective quantitative targets for certain metrics prevents the attainment of maximum scoring.

Occupational Health and Safety

Governance: 4/5

Inditex exhibits effective governance in the areas of safety and health at work. Policies concerning workforce health and safety are administered by the Board of Directors. The implementation of the Code of Conduct, which encompasses health and safety aspects, is overseen by an Ethics Committee. The organization has implemented a safety and health control system that is ISO 45001-certified in all of its owned sites, factories, and logistics centres. Nevertheless, it is unable to achieve a perfect score due to the absence of specified governance KPIs regarding health and safety.

Activities: 5/5

Inditex has reported a variety of tangible initiatives to enhance worker health and safety. Among these are initiatives for psychological well-being of employees, health promotion programs such as vaccination campaigns and healthcare check-ups, and particular safety instruction (over 450,000 hours in 2023). Risk assessments are conducted in all work centres. Additionally, during the COVID-19 pandemic, the organization implemented safety protocols. Detailed explanations of the activities are provided, including measured outcomes and specific strategies for action.

Strategy: 4/5

Inditex's safety and health at work the strategy appears to be well-articulated. The organization is dedicated to the establishment of a culture of preventive and the maintenance of secure and healthy work environments. It has specific objectives, including a continuous decrease in accident rates and the attainment of ISO 45001 certification for all its locations. Additionally, the strategy encompasses obligations regarding employees' psychological and physical health. Nevertheless, the maximum score is not achievable due to the absence of certain long-term quantitative objectives.

Metrics: 4/5

Inditex offers comprehensive occupational wellness and security metrics, which encompass information regarding accidents, occupational maladies, absenteeism, and safety training. For instance, in 2023, it indicates an incident with an incidence rate of 8.99, which is a decrease from the 10.01 rate in 2022. Comparison statistics from previous years is presented. Nevertheless, the absence of prospective quantitative targets for certain metrics prevents the attainment of maximum scoring.

Human rights

Governance: 4/5

Inditex exemplifies robust human rights governance through the integration of board supervision and company policies and codes of conduct. Nevertheless, a flawless score is not achievable due to the absence of specific details regarding key performance indicators (KPIs) associated with human rights governance.

Activities: 4/5

Supplier audits, training programs, collaboration with international organizations, and specific initiatives such as "Workers at the Centre" are among the numerous concrete activities that the company reports is being implemented to advance human rights. Quantified results are provided to elucidate these activities in detail.

Strategy: 4/5

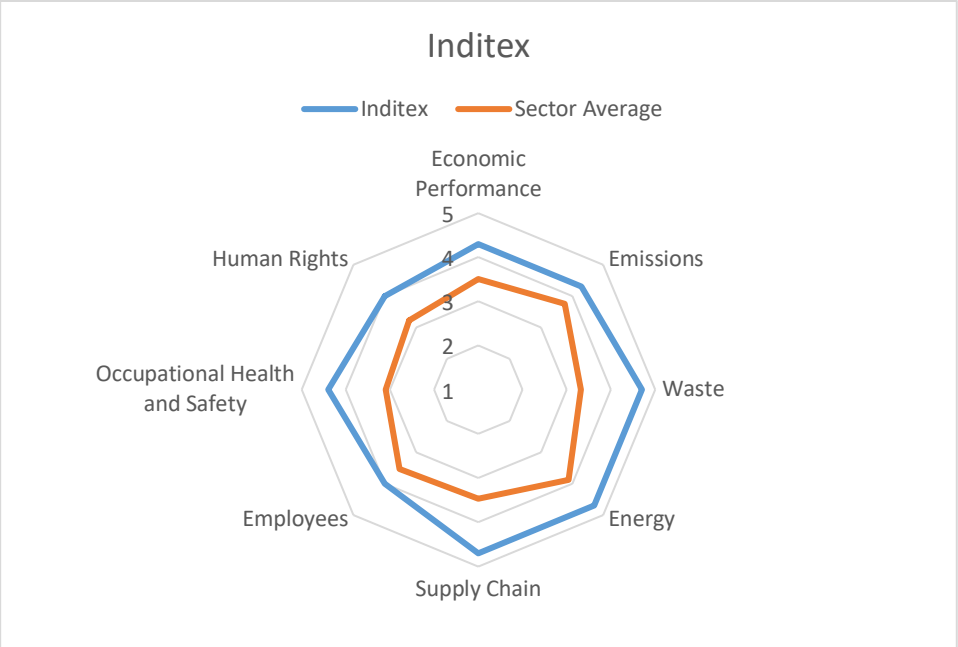
Inditex has a transparent human rights strategy that is fully incorporated into its long-term sustainability roadmap, encompassing specific objectives and commitments. Nevertheless, the highest score is not achievable due to the absence of certain long-term quantitative objectives.

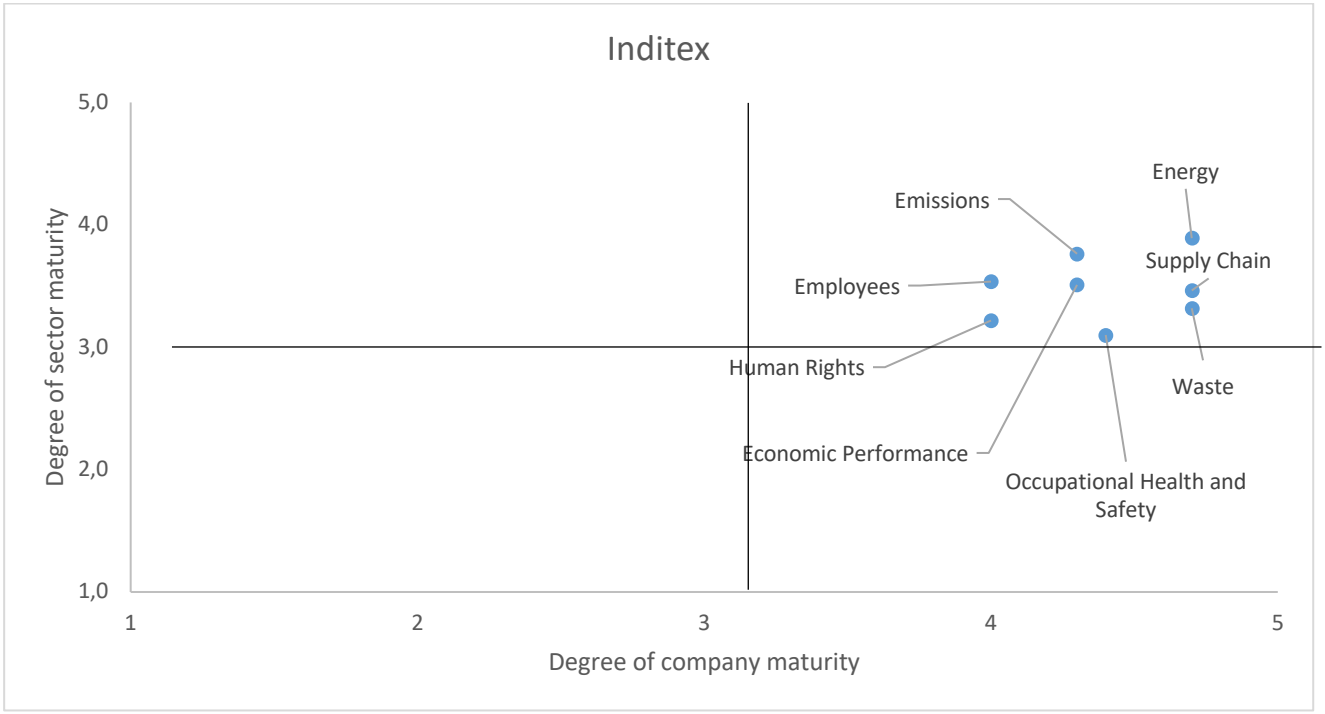
Metrics: 4/5

The organization furnishes comprehensive metrics regarding supplier audits, training, and other human rights initiatives. Nevertheless, the absence of future quantitative objectives in certain metrics precludes a perfect score.In conclusion, Inditex exhibits a comprehensive and ambitious approach to human rights, which is characterized by strong governance, concrete activities, a clear strategy, and detailed metrics.

Providing more precise governance KPIs and long-term quantitative targets for all metrics could further enhance the company's performance.

Inditex	20%	40%	30%	10%		
	Governance	Activities	Strategy	Metrics	Average	Sector Average
Economic Performance	4	4	5	4	4,3	3,5
Emissions	4	4	5	4	4,3	3,8
Waste	4	5	5	4	4,7	3,3
Energy	4	5	5	4	4,7	3,9
Supply Chain	4	5	5	4	4,7	3,5
Employees	4	4	4	4	4	3,5
Occupational Health and Safety	4	5	4	4	4,4	3,1
Human Rights	4	4	4	4	4	3,2




Inditex
5,0
4,0
3,0
2,0
1,0
Degree of sector maturity
1
2
3
4
5
Degree of company maturity
Energy
Emissions
Supply Chain
Employees
Human Rights
Waste
Economic Performance
Occupational Health and Safety

3# TJX Company

Economic Performance

Governance: 4/5

TJX exhibits effective governance in the context of sustainability. The Board of Directors is responsible for the oversight of sustainability-related problems and receives frequent information on these topics. The Board is assisted by committees that are specifically designated to supervise a variety of ESG matters. The global Corporate Responsibility initiative is strategically overseen by a Senior Executive Vice President. Nevertheless, the optimum score is not achievable due to the absence of specific details regarding governance KPIs that are associated with ESG economic performance.

Activities: 4/5

Several tangible activities associated with ESG economic performance are reported by TJX. These initiatives encompass the enhancement of energy efficiency, the expansion of renewable energy sources, and the reduction of greenhouse gas emissions. The company also implements initiatives for responsible sourcing and waste management. Nevertheless, the optimum score is not achievable due to the absence of certain quantitative details regarding all activities.

Strategy: 5/5

TJX's ESG strategy looks to be both ambitious and well-articulated. The company has established specific and quantifiable objectives, including the diversion of 85% of its operational garbage from landfills by 2027, the utilization of 100% energy from renewable sources by 2030, and the attainment of zero net greenhouse gas emissions in operations by 2040. These objectives are substantiated by explicit KPIs and detailed action plans that facilitate the monitoring of progress.

Metrics: 4/5

TJX furnishes a variety of comprehensive metrics regarding its ESG financial performance, such as information regarding supplier diversity, energy consumption, greenhouse gas emissions, and waste management. Compared information from previous years is presented. Nevertheless, the absence of future numerical goals or specifics regarding the calculation methodology for certain metrics prevents the attainment of maximum scoring.

Emission

Governance: 4/5

TJX exhibits robust governance about matters. The Board of Directors is responsible for the direct oversight of ESG issues, such as emissions, with the assistance of dedicated committees. To facilitate the advancement of climate objectives, the organization has implemented a Global Carbon and Energy Management Group. The worldwide corporate responsibility program is strategically overseen by a Senior Executive Vice President, which is indicative of the involvement of senior management. Nevertheless, a flawless score is not achievable due to the absence of specificity regarding the relationship between executive remuneration and climate performance.

Activities: 4/5

TJX is engaged in a variety of initiatives to mitigate emissions. Among these are the implementation of LED technologies, the utilization of energy-efficient building designs, the installation of high-efficiency HVAC systems, and the investigation of electric/alternative fuel vehicles. Additionally, the organization is augmenting its renewable energy supply by means of green utility tariffs, electricity supply contracts, and power purchase agreements. Additionally, TJX is striving to enhance the efficacy of its supply chain. The activities are comprehensively described; however, they do not possess a distinct prioritization or evaluation of their anticipated impact, which hinders the achievement of a perfect score.

Strategy: 5/5

TJX's greenhouse gas strategy is both ambitious and well-defined. The organization has pledged to achieve zero carbon emissions in its business activities by 2040 and a complete 55% reduction in emissions of greenhouse gases by 2030 in comparison to 2017. TJX also intends to utilize 100% green power in its business activities by 2030. These objectives are consistent with the Paris Agreement, which aims to restrict global warming to 1.5°C. The company has devised a comprehensive roadmap to accomplish these objectives, which encompasses specific strategies for reducing Scope 1 and 2 emissions. The approach is comprehensive and includes clearly defined short-, medium-, and long-term objectives.

Metrics: 4/5

Scope 1, 2, and certain Scope 3 categories are among the detailed metrics that TJX furnishes regarding its emissions. The company discloses its total emissions, emission intensity, and emission reductions because of renewable energy procurement and energy efficiency initiatives. Additionally, TJX has obtained third-party verification for 100% of its Scope 1 emissions and 98% of its Scope 2 emissions. Nevertheless, the reporting of Scope 3 emissions is still restricted, and certain details regarding the calculation methodologies are absent, which obstructs a spotless score.

Waste

Governance: 4/5

TJX exhibits effective governance around waste management. ESG issues, such as refuse management, are supervised by the Board of Directors through committees that are specifically designated for this purpose. The organization has created a Global Carbon and Energy Management Group (GCEG) to facilitate the attainment of environmental objectives, which encompass waste management. The worldwide corporate responsibility program is strategically overseen by a Senior Executive Vice President, which is indicative of the involvement of senior management. Nevertheless, the absence of specificity regarding the relationship between executive remuneration and waste management performance precludes a faultless score

Activities: 4/5

TJX is currently engaged in a variety of initiatives to mitigate and facilitate refuse management. These include exploring opportunities for the recovery and reuse of goods, updating the separation and recycling procedures in shops, reducing single-use plastics in operations, and maximizing the reuse and recycling of operational waste. Additionally, they involve collaborating with suppliers and transporters to improve waste diversion from landfills. The company additionally established specific programs, such as "Give Up Clothes For Good," in the UK and Ireland to promote the reuse of domestic items and clothing. The activities are comprehensively described; however, they do not possess a distinct prioritization or estimation of their anticipated impact, which precludes a perfect score.

Strategy: 5/5

TJX's disposal strategy is both ambitious and explicitly defined. The corporation has pledged to divert 85% of its operational waste from landfills by 2027. This strategy is supported by a comprehensive approach that encompasses the elimination of operational waste whenever feasible, the optimization of material reuse and recycling, collaboration with suppliers to reduce single-use packaging, and the exploration of opportunities for recovery and reuse. The strategy is complete, with short-, medium-, and long-term objectives that are explicitly articulated and in alignment with the overarching objective.

Metrics: 3/5

TJX provides some metrics on waste management; however, it could improve its reporting. The company reports the quantity of recycled materials (280.089 metric tons in FY2023) and the percentage of operational waste that falls short of expectations (74% in FY2023). However, there is a lack of information regarding other critical metrics, such as the total number of rejected items, the breakdown by type of rejected item, or the year-over-year reductions. Additionally,

there is no detailed information regarding the calculation methodologies or the verification of third-party data on waste. These factors restrict the number of points in this category.

Emission

Governance: 5/5

In terms of energy, TJX demonstrates exceptional governance. The ESG questions, including energy, are directly supervised by the Board of Directors through dedicated committees. The company has established a Global Carbon and Energy Management Group (GCEG) with the specific responsibility of facilitating the attainment of energy and climate objectives. The involvement of the top management is evident, as a Senior Executive Vice President strategically supervises the global corporate responsibility program, which includes energy sustainability initiatives. The governance structure is clearly defined and aligned with the company's energy objectives.

Activities: 4/5

TJX is currently engaged in a variety of initiatives to enhance energy efficiency and expand the utilization of renewable energy sources. The introduction of LED technologies, the setup of high-efficiency HVAC systems, the utilization of cost-effective building designs, and the increase in the supply of energy from renewable sources through different processes such as power purchase deals, energy supply contracts and green utility tariffs are among these. Additionally, The company is investigating the utilization of alternative fuels and electric vehicles. The activities are comprehensively described; however, they do not possess a distinct prioritization or measurement of their anticipated impact, which hinders the achievement of a perfect score.

Strategy: 5/5

TJX's electricity strategy is both ambitious and well-defined. The company has pledged to utilize all renewable energy in its operations by 2030 and to achieve no emissions at all in its activities by 2040. These objectives are consistent with the Paris Agreement, which aims to restrict global warming to 1.5°C. TJX has devised a comprehensive roadmap to accomplish these objectives, which encompasses specific strategies for enhancing the utilization of renewable energy and reducing emissions. The strategy is exhaustive and includes clearly defined short-, medium-, and long-term objectives.

Metrics: 5/5

TJX furnishes exhaustive and detailed metrics regarding its energy efficiency. Total energy consumption, the percentage of electricity sourced from the utility, the % of renewable energy utilized and the reduction of emissions because of renewable energy procurement and energy

efficiency initiatives are all reported by the organization. Additionally, TJX achieved independent verification for 100% of its Scope 1 emissions and 98% of its Scope 2 emissions. The metrics are precisely defined, quantifiable, and consistent with the organization's objectives.

Supply Chain

Governance: 4/5

TJX exhibits effective governance in the administration of its supply chain. Dedicated committees are established by the Board of Directors to supervise ESG issues, such as supply chain management. The company maintains a comprehensive Global Social Compliance Programme that is well-organized and includes a Supplier Code of Conduct that establishes explicit ethical and compliance standards. The worldwide social compliance program is managed by an Assistant Vice President. Nevertheless, a flawless score is not achievable due to the absence of specificity regarding the relationship between executive compensation and supply chain performance.

Activities: 4/5

TJX engages in a variety of initiatives to responsibly manage its supply chain. These consist of cooperation with trade associations, training for suppliers, buying agents, factory administration, and routine factory audits. The business carried out or approved over 2,900 factory audits in 2023. Along with providing frequent training on social compliance, TJX has increased the scope of its training programs with the help of trade associations. A perfect score is not possible because the activities are well-detailed but lack a clear prioritization system and a way to quantify their expected impact.

Strategy: 4/5

TJX has a well-defined logistics management strategy that is centred on ongoing development. The business concentrates on factories that make products created especially for TJX because it thinks this is where it can make the biggest difference. To address non-conformities, the strategy calls for regular inspections, education, and continuous enhancement of methodology. TJX is also looking into ways to enhance the tracking and reporting of Scope 3 emissions, and it has created global compliance with social obligations manual. Still, a perfect score is unattainable due to the lack of defined over time quantitative goals for supply chain improvement.

Metrics: 3/5

TJX offers a limited number of metrics regarding supply chain management; however, the data provided could have been more comprehensive. The company provides information on the amount of inspections conducted or accepted (over 2,900 in 2023) and the number of nations in which audits took place (over 30). Nevertheless, there are no specific details regarding the audit's

findings, compliance rates, or year-over-year improvements. Furthermore, there is no provision of comprehensive information regarding supply chain Scope 3 emissions metrics or any other environmental or social performance indicators. Rating in this category is restricted by these factors.

Employees

Governance: 4/5

TJX exhibits effective governance in its management of employees. The Board of Directors directly supervises ESG issues, including those concerning workers, through committees that are specifically designated for this purpose. Particularly, the Compensation Committee is responsible for the supervision of compensation and benefits policies. Additionally, the organization has implemented Inclusion and Diversity Advisory Boards, which comprise representatives from corporate offices, distribution centres, and shops. The Group President, a Senior Executive Vice President, is responsible for the strategic direction of the worldwide corporate responsibility program, which encompasses employee-related initiatives. Nevertheless, a perfect score is not achievable due to the absence of specificity regarding the relationship between executive remuneration and worker-related performance.

Activities: 4/5

TJX implements an array of initiatives to foster and advance its personnel. These encompass initiatives to foster diversity and inclusion, such as Associate Resource Groups, a wide range of online learning resources, and training and development programs like the Global Leadership Curriculum. The company also provides possibilities for professional development, with internal promotions filling 58% of supervisor roles in shops and field offices. Additionally, TJX has enhanced its leave-for-parents policies and provides inclusive treatment for transgender individuals. The activities are comprehensively described; however, they do not possess a clear prioritization or measurement of their anticipated impact, which hinders the achievement of a perfect score.

Strategy: 4/5

TJX's staff management strategy is explicitly defined and prioritizes the cultivation of talent and the establishment of an inclusive work environment. The company is dedicated to enhancing equity at all stages of the organization, with a particular emphasis on enhancing the presence of women and people of colour in leadership roles. TJX also has a well-defined talent development strategy that encompasses mentoring initiatives, career advancement opportunities, and training programs. Nevertheless, it is unable to achieve a perfect score due to the absence of specific a long-term quantitative target for enhancing diversity and inclusion.

Metrics: 4/5

TJX furnishes comprehensive metrics regarding its workforce composition, which encompasses the proportions of women and individuals of colour at every level of the organization. Additionally, the organization furnishes information regarding internal promotions, manager retention, and participation in training programs. Furthermore, TJX conducts analyses on pay equity and disseminates the findings. Nevertheless, the absence of certain critical details, such as specific turnover rates per employee category or employee satisfaction metrics, obstructs a perfect score.

Occupational Health and Safety

Governance: 3/5

TJX exhibits moderate governance in the area of worker health and safety. Through its committees, the Board of Directors supervises ESG matters, such as health and safety. Nevertheless, there is a lack of specific information regarding the integration of health and safety into the framework of corporate governance. There is no indication of a figure or team that is exclusively responsible for the supervision of these aspects, nor is there any indication of the relationship between executive compensation and performance in this area.

Activities: 3/5

TJX implements certain initiatives to guarantee the well-being of its employees; however, specifics are scarce. The document refers to factory audits, which encompass safety and health inspections, as well as policy and practice reviews regarding the management of hazardous materials and chemicals. Additionally, suppliers and factory managers receive instructions regarding these matters from the organization. Nevertheless, there is not much data available regarding specific injury avoidance initiatives, security instruction for direct workers, or worker health programs.

Strategy: 2/5

It appears that TJX's plan to promote employee health and safety are inadequately defined. There is no indication of specific objectives or a coherent strategy for enhancing wellness and security conditions. The strategy looks to be largely reactive than proactive, with a primary emphasis on complying with laws and supplier audits, rather than an exhaustive plan for enhancing working conditions on a continuous basis.

Metrics: 2/5

TJX offers only a limited number of specific metrics for the health and safety of its employees. The document indicates the amount of audits conducted; however, it fails to offer data on the number of injuries, and days lost since accidents, or additional important performance metrics

related to health and safety. It is challenging to assess the efficacy of the organization's efforts and monitor progress over time due to the absence of clear, quantifiable key performance indicators in this domain.

Human rights

Governance: 4/5

TJX exhibits robust human rights governance. Through designated committees, the Board of Directors supervises ESG issues, including human rights. The company maintains a global social responsibility program that is well-organized and includes a Supplier Code of Conduct that delineates explicit ethics and requirements for compliance. The worldwide social compliance program is managed by an Assistant Vice President. Nevertheless, a perfect score is not achievable due to the absence of information regarding the correlation between executive compensation and human rights performance.

Activities: 4/5

TJX implements an array of initiatives to guarantee that human rights are upheld throughout its supply chain. These encompass consistent factory inspections, training for buying agents, suppliers, and plant management, and partnerships with industry organizations. The enterprise conducted or accepted more than 2,900 factory audits in over 30 countries in 2023. Additionally, TJX provides consistent social responsibility education sessions and has broadened its training offerings by collaborating with industry organizations. The expected impact of the activities is not clearly quantified or prioritized, which prevents a perfect score. However, the activities are well-described.

Strategy: 3/5

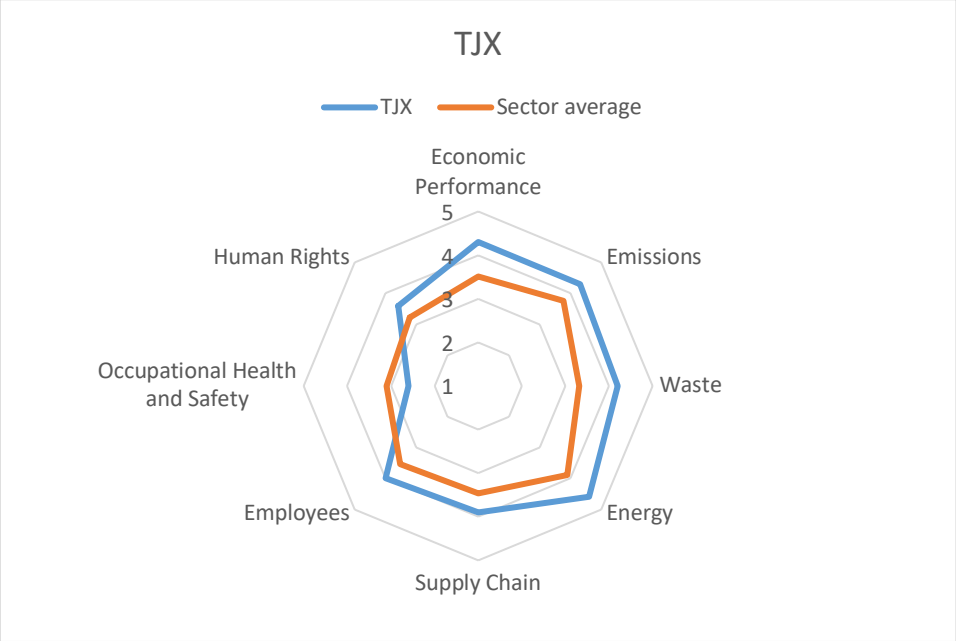
TJX's human rights strategy emphasizes compliance and ongoing enhancement. The company concentrates on factories that manufacture products that are specifically designed or developed for TJX, as it believes that this is where it can have the most significant impact. The strategy encompasses a continuous improvement approach, training, and regular audits to address non-compliance. Nevertheless, the plan shows up to be a bit more reactive than proactive, and there is a lack of clear, long-term quantitative targets for enhancing equality in the supply chain.

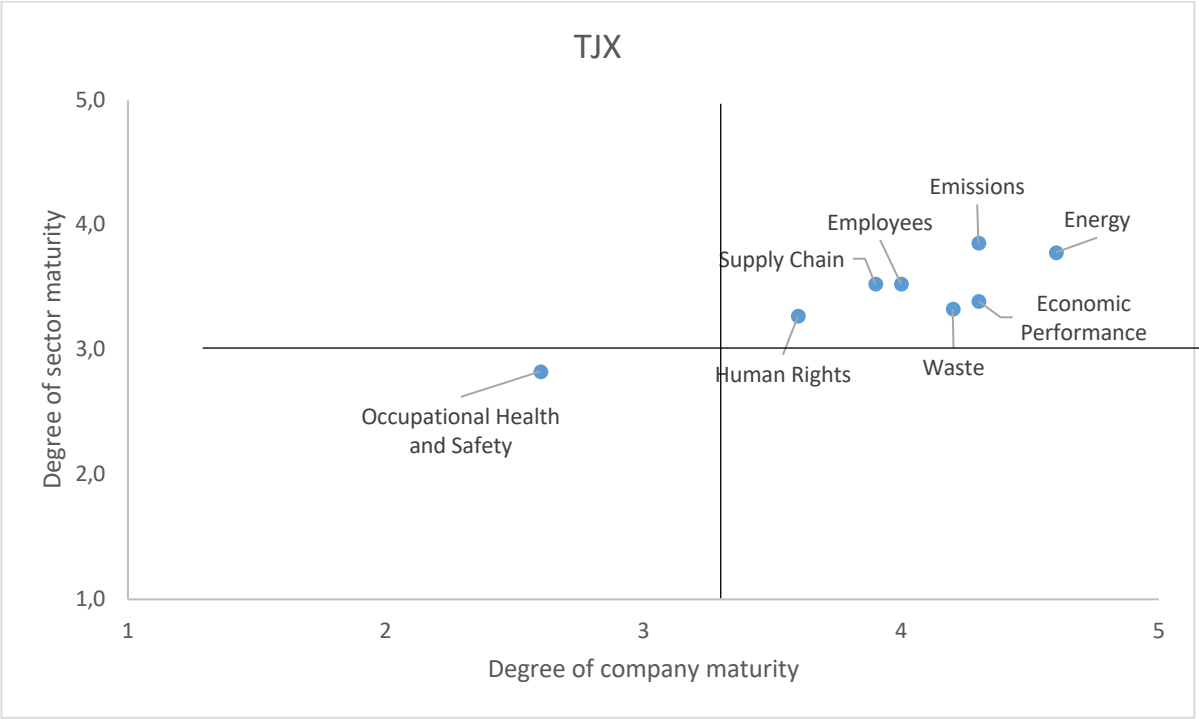
Metrics: 3/5

Various human rights metrics are provided by TJX; however, their reporting could be more detailed. The company discloses the number of audits performed or accepted (more than 2,900 in 2023) and the variety of countries in which audits were conducted (more than 30). Nevertheless, there are no specific details regarding audit results, compliance rates, or year-over-year

improvements. Furthermore, there is no provision of comprehensive data regarding human rights infractions metrics or other critical indicators of performance in this domain.

TJX	20%	40%	30%	10%		
	Governance	Activities	Strategy	Metrics	Average	Sector Average
Economic Performance	4	4	5	4	4,3	3,4
Emissions	4	4	5	4	4,3	3,9
Waste	4	4	5	3	4,2	3,3
Energy	5	4	5	5	4,6	3,8
Supply Chain	4	4	4	3	3,9	3,5
Employees	4	4	4	4	4	3,5
Occupational Health and Safety	3	3	2	2	2,6	2,8
Human Rights	4	4	3	3	3,6	3,3




TJX
5,0
4,0
3,0
2,0
1,0
Degree of sector maturity
1
2
3
4
5
Degree of company maturity
Emissions
Employees
Energy
Supply Chain
Economic
Performance
Human Rights
Waste
Occupational Health
and Safety

4#Fast Retailing

Economic performance

Governance: 4/5

Fast Retailing exhibits robust governance in terms of financial performance. Financial Information and business matters are directly supervised by the Board of Directors. The Risk Management Committee, which is chaired by the Group CFO, is responsible for the analysis and assessment of operational and financial hazards. The company has established numerous committees, including this one. The CEO and CFO provide an extensive review of financial outcomes and strategies, demonstrating the active participation of top management. Nevertheless, a perfect score is not achievable due to the absence of information regarding the relationship between executive compensation and financial performance.

Activities: 5/5

Fast Retailing is currently engaged in a variety of initiatives to enhance its financial performance. These include the aggressive expansion of its global store network, the implementation of substantial investments in systems to facilitate the advancement of Project Ariake and other initiatives, and the optimization of cash flow to facilitate growth investments. Additionally, the organization is executing operational efficiency strategies, including enhanced demand forecasting and stringent inventory management. The activities are meticulously detailed and conform to the organization's expansion objectives

Strategy: 5/5

Fast Retailing's revenue growth strategy is both ambitious and clearly defined. In fiscal 2024, the organization intends to surpass 3 trillion yen in revenue and is targeting a medium-term objective of 5 trillion yen. The strategy encompasses five priority areas: the development of ideal worldwide goods and branding, the reinforcement of high-quality store openings, the implementation of management that is focused on SKU units and person store needs, the strengthening of the Group's brands, and the transformation of leadership to function from a global perspective. These objectives are clearly defined and substantiated by precise action plans.

Metrics: 4/5

Fast Retailing furnishes comprehensive metrics regarding its financial performance. The company discloses critical financial metrics, including revenue, operating profit, return on equity (ROE), and free cash flow. Operational key performance indicators (KPIs) include the total sales area and the number of stores. Nevertheless, the absence of specific quantitative targets for certain key metrics and information regarding their alignment with long-term sustainability objectives obstructs a perfect score.

Emission

Governance: 4

Fast Retailing exhibits robust governance regarding emissions. The Sustainability Committee is responsible for overseeing ESG matters, such as emissions, on behalf of the Board of Directors. The Risk Management Committee, which is led by the Group CFO, has been established by the company. Its primary responsibility is to analyse and evaluate financial issues and operational threats, including those related to climate change. The CEO is directly involved in some sustainability initiatives, which is evident in the involvement of top management. Nevertheless, the absence of information regarding the correlation between executive compensation and emissions performance precludes a perfect score.

Activities: 5/5

Fast Retailing is currently engaged in a variety of initiatives to mitigate emissions. These include the implementation of technologies that decrease the consumption of electricity in stores, such as the use of efficient LEDs and HVAC systems, the installation of solar panels, and the substitution of reused products for insulation. The firm is also collaborating with partners in the supply chain to lower emissions by assisting factories in the transition to renewable energy and the phasing out of coal. The activities are comprehensive and consistent with the objectives of reducing emissions.

Strategy: 5/5

Fast Retailing's emissions strategy is both ambitious and well-defined. The company has pledged to achieve emission-free status by 2050, with interim objectives of decreasing greenhouse gases in its primary retail locations by 90% and the supply chain's by 2030 (in comparison to 2019 levels). The Science Based Targets initiative has certified these targets. The strategy encompasses comprehensive plans for supplier collaboration, energy efficiency, and renewable energy sourcing.

Metrics: 4/5

Detailed metrics regarding emissions, including Scope 1, 2, and 3, are furnished by Fast Retailing. The company discloses the total amount of emissions, emissions intensity, and emissions reductions from renewable energy procurement and energy efficiency projects. Additionally, Fast Retailing has been awarded the CDP "A-list" certification in recognition of its proactive initiatives regarding climate change and transparency. Nevertheless, a perfect score is not achievable due to the absence of certain details regarding the estimation methods and third-party validation for all emissions categories.

Waste

Governance: 3/5

Fast Retailing exhibits moderate governance around waste management. The Sustainability Committee is responsible for overseeing ESG issues, such as waste management, on behalf of the Board of Directors. Nevertheless, there is a dearth of specifics regarding the integration of waste management into the framework of corporate governance and the existence of specified responsibilities for this aspect.

Activities: 3/5

Fast Retailing implements waste management initiatives, including its RE.UNIQLO goods recycling and reuse initiative. The firm collects recycled clothing from customers for donation or recycling. It is also investigating chances to recover and repurpose goods. Nevertheless, there is a dearth of information regarding specific initiatives that have been implemented to decrease garbage in the manufacturing chain or store operations.

Strategy: 3/5

Fast Retailing's waste handling plan is moderately defined. The company's objective is to "reduce waste to zero in the product delivery process," but this objective isn't supported by a specific timeline or quantifiable milestones. The strategy is primarily concerned with the recycling and reusing of finished products; however, it does not encompass an overall goal that encompasses minimizing waste across the value chain.

Metrics: 2/5

There are a few statistics on waste management provided by Fast Retailing. The report includes information on the overall number of clothing given through the program for recycling (54.63 million garments from 2006 to 2023). However, it does not provide data on various aspects of waste management, such as the total amount of waste generated, the amount of waste reprocessed or year-over-year reductions. The company's initiatives are challenging to assess due to the absence of clear, quantifiable performance indicators in this area.

Energy

Governance: 4/5

Fast Retailing exhibits robust energy governance. The Sustainability Committee is responsible for overseeing ESG issues, such as energy, on behalf of the Board of Directors. The Group CFO serves as the chair of the Risk Management Committee, which is tasked with the evaluation and analysis of both financial and operational threats, including those associated with energy and climate. The CEO is directly involved in some sustainability initiatives, which is evident in the

involvement of top management. Nevertheless, the absence of information regarding the correlation between executive compensation and energy performance precludes a perfect score.

Activities: 5/5

Fast Retailing is currently engaged in a variety of initiatives to enhance energy efficiency and expand the utilization of renewable energy sources. These encompass the implementation of LED technologies, the utilization of high-efficiency HVAC systems, the implementation of environmentally friendly building designs, and the expansion of clean energy procurement through a variety of mechanisms, including agreements to purchase electricity and green power contracts. The firm also used creative strategies at its new UNIQLO Maebashi Minami IC store, including solar energy systems on the roof, eaves to block UV rays, and skylights to maximize natural light. The activities are comprehensive and consistent with the organization's objectives to decrease emissions and enhance the utilization of renewable energy sources.

Strategy: 5/5

Fast Retailing's energy strategy is both ambitious and well-defined. By 2030, the organization has pledged to exclusively implement renewable energy sources in its operations. This objective is a component of an overall plan that aims for zero carbon emissions in the company's activities by 2040 and decrease emissions of greenhouse gases by 90% by 2030 in comparison to 2019 levels. These objectives are consistent with the Paris Agreement, which aims to restrict warming globally to 1.5°C. Fast Retailing has devised a comprehensive roadmap to accomplish these objectives, which encompasses specific strategies for the augmentation of renewable energy sources and the reduction of energy consumption.

Metrics: 4/5

Fast Retailing furnishes comprehensive metrics regarding its energy efficiency. The company's utilization of renewable energy in its operations was 42.4% in FY2022, as reported by the company. It also furnishes information on the emissions of greenhouse gases (Scope 1 and 2) resulting from energy consumption, which indicates a 45.7% decrease in FY2022 when contrasted with FY2019. Additionally, Fast Retailing has been awarded the CDP "A-list" certification in recognition of its proactive initiatives regarding climate change and transparency. Nevertheless, a perfect score is not achievable due to the absence of certain details regarding the measurement methods and verification by third parties for all energy metrics.

Supply Chain

Governance: 4/5

Fast Retailing exhibits robust governance in the management of its supply chain. ESG matters, such as supply chain management, are supervised by the Sustainability Committee of the Board

of Directors. Additionally, the organization has implemented a Human Rights Committee to supervise adherence to the organization's human rights policy. The CEO is directly involved in some sustainability initiatives, which is evident in the involvement of top management. Nevertheless, the absence of information regarding the correlation between executive compensation and supply chain performance precludes a perfect score.

Activities: 4/5

Fast Retailing is engaged in a variety of initiatives to responsibly manage its supply chain. These encompass consistent factory audits, supplier training, industry organization collaboration, and monitoring of working conditions. In 2023, the organization implemented a program to supervise its cotton spinning mills, thereby enhancing its oversight of the supply chain. The company is also collaborating with partners in the supply chain to cut emissions by assisting factories in the transition to renewable energy and the phasing out of coal. The activities are comprehensively described; however, there is a lack of clear prioritization or measurement of their anticipated impact, which impedes the achievement of a perfect score.

Strategy: 4/5

Fast Retailing's supply chain administration strategy is explicitly defined and prioritizes ongoing enhancement. The company's objective is to implement systems that apply to its goods quality standards, manufacture architectures, and human rights and environmental standards to every process, including raw material sourcing and sewing. Additionally, Fast Retailing has declared its intention to guarantee workers in its distribution network a living wage, as opposed to merely a living wage. Nevertheless, a perfect score is not achievable due to the absence of clear, long-term quantitative goals for supply chain improvement.

Metrics: 3/5

Fast Retailing offers a limited number of supply chain management metrics; however, it is possible that the data provided could be more comprehensive. The company discloses the number of audits performed and the outcomes of factory assessments. Nevertheless, there are no specific details regarding year-over-year gains, conformity rates, or additional supply chain KPIs. Furthermore, there is no comprehensive information regarding supply chain Scope 3 emissions metrics or any other environmental or social supply chain efficiency indicators.

Employees

Governance: 4/5

Fast Retailing exhibits solid leadership in its employee management. Dedicated committees are established by the Board of Directors to supervise ESG matters, which include those in relation to workers. A Human Rights Committee and a Sustainability Committee have been established

by the company to address worker concerns. The global corporate social responsibility program is strategically overseen by a Senior Executive Vice President, demonstrating the clear involvement of top management. Nevertheless, a perfect score is not achievable due to the absence of information regarding the relationship between executive compensation and workforce management performance.

Activities: 4/5

Fast Retailing is currently engaged in a variety of initiatives to foster and cultivate its workforce. Training and development programs, such as the Global Leadership Curriculum, an enormous collection of online learning resources, coaching programs, and projects to promote diversity and inclusion, such as Associate Resource Groups, are among these. The company also provides possibilities for professional development, with internal promotions filling 58% of its retail and field management positions. Additionally, Fast Retailing has enhanced its childcare policies and provides healthcare that is inclusive of transgender individuals. The activities are comprehensively described; however, there is a lack of clear ranking or evaluation of their anticipated impact, which impedes the achievement of a perfect score.

Strategy: 4/5

Fast Retailing's employee's management strategy is explicitly defined and prioritizes the cultivation of talent and the establishment of an inclusive work environment. The Enterprise is committed to promoting diversity at all stages of the company, with an emphasis on improving the presence of women and people from diverse backgrounds in leadership positions. Fast Retailing has a well-defined talent development strategy that encompasses mentoring initiatives, professional development opportunities, and training programs. Nevertheless, a perfect score is not achievable due to the absence of specific, long-term quantitative objectives for enhancing diversity and inclusion.

Metrics: 4/5

Detailed metrics regarding the composition of its workforce, such as the number of women and people from minority backgrounds at different levels of the organization, are provided by Fast Retailing. Additionally, the organization furnishes information regarding promotions within the company, manager retention, and their involvement in training programs. Fast Retailing has established a target of expanding the proportion of non-Japanese in management positions to 80% and the proportion of women in management positions to 50% by 2030. Additionally, the organization implements fair pay analyses and disseminates the findings. Nevertheless, the absence of certain critical details, such as specific turnover percentages by employee category or satisfaction among workers metrics, obstructs a perfect score.

Occupational health and safety

Governance: 3/5

Fast Retailing exhibits moderate governance regarding worker health and safety. ESG issues, such as health and safety, are supervised by the Sustainability Committee of the Board of Directors. The enterprise also set up a Human Rights Committee to address worker concerns. Nevertheless, there is a dearth of information regarding the company's governance structure and the roles that are exclusively responsible for health and safety.

Activities: 2/5

There are some measures that Fast Retailing implements to guarantee the health and safety of its employees; however, the specifics are scarce. The document references factory audits, which encompass safety and health inspections, as well as reviews of procedures and guidelines associated with the management of hazardous materials and chemicals. Nevertheless, there is no information available regarding specific injury reduction activities, security training for direct employees, or employee wellness initiatives.

Strategy: 2/5

It appears that Fast Retailing's approach to employee health and safety is not well-defined. The document identifies the objective of "becoming the most secure and healthiest business in the world," but it does not provide any specifics regarding the means by which this objective will be accomplished. There is a lack of a clear roadmap or specific objectives for enhancing safety and health conditions. The methodology looks to be more reactive rather than proactive.

Metrics: 1/5

Fast Retailing offers a limited number of specific metrics regarding employee health and safety. The report does not include information on the number of injuries, days lost since accidents, or other critical performance indicators associated with health and safety. It is challenging to assess the efficacy of the company's initiatives and monitor progress over time due to the absence of clear, quantifiable key performance indicators in this domain.

Human rights

Governance: 4/5

Fast Retailing exhibits robust human rights governance. Through the Sustainability Committee, the Board of Directors supervises ESG matters, including human rights. Additionally, the organization maintains a Human Rights Committee, which is led by an external expert and concentrates on matters of human rights. The CEO is directly involved in some sustainability initiatives, which is evident in the involvement of top management. Nevertheless, the absence of

information regarding the correlation between executive compensation and human rights performance precludes a perfect score.

Activities: 4/5

Fast Retailing is conducting a variety of initiatives to guarantee that human rights are upheld throughout its supply chain. These encompass consistent factory audits, supplier training, industry organization collaboration, and monitoring of working conditions. In 2023, the organization implemented a program to supervise its cotton spinning mills, thereby enhancing its oversight of the supply chain. Additionally, Fast Retailing provides consistent education on compliance with social standards and has broadened its training offerings by collaborating with industry organizations. The activities are comprehensively described; however, there is a lack of clear prioritization or measurement of their anticipated impact, which impedes the achievement of a perfect score.

Strategy: 3/5

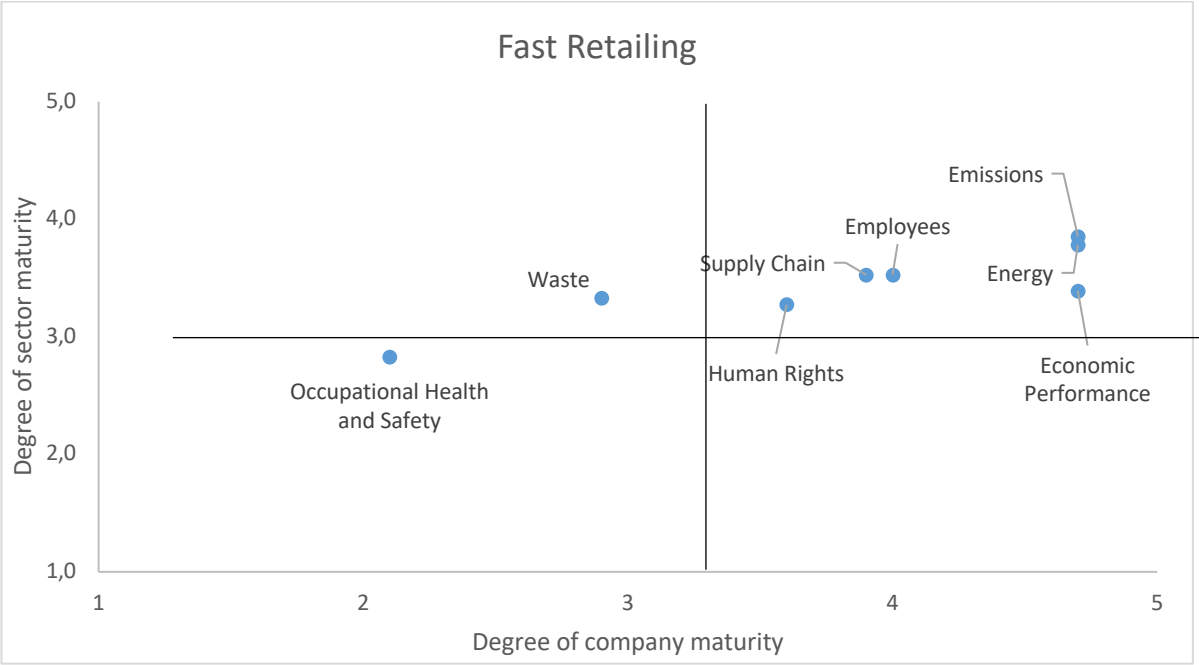
The human rights strategy of Fast Retailing is centred on the pursuit of constant advancement and compliance. The company's objective is to implement systems that enforce its quality control standards, industrial structures, and equity measures throughout all stages of the production process, including the sourcing of raw materials and the sewing process. Additionally, Fast Retailing has declared its intention to guarantee that its supply chain employees receive a living wage, in addition to a living wage. Nevertheless, the plan looks to be more reacting than proactive, and there are no clear, long-term, quantitative objectives for enhancing equality in the supply chain.

Metrics: 3/5

Some human rights metrics are provided by Fast Retailing; however, the reporting could be more comprehensive. The company discloses the quantity of audits conducted and the outcomes in terms of factory assessments. Nevertheless, there are no specific details regarding year-over-year improvements, compliance rates, or other human rights-related KPIs. Furthermore, there is no provision of comprehensive data regarding human rights violation metrics or other key performance indicators (KPIs) in this domain.

Fast Ratailing	20%	40%	30%	10%		
	Governance	Activities	Strategy	Metrics	Average	Sector Average
Economic Performance	4	5	5	4	4,7	3,4

Emissions	4	5	5	4	4,7	3,9
Waste	3	3	3	2	2,9	3,3
Energy	4	5	5	4	4,7	3,8
Supply Chain	4	4	4	3	3,9	3,5
Employees	4	4	4	4	4	3,5
Occupational Health and Safety	3	2	2	1	2,1	2,8
Human Rights	4	4	3	3	3,6	3,3


Fast Retailing
5,0
4,0
3,0
2,0
1,0
Degree of sector maturity
1
2
3
4
5
Degree of company maturity
Emissions
Employees
Supply Chain
Energy
Waste
Occupational Health and Safety
Human Rights
Economic Performance

5# Cintas

Economic Performance

Governance: 4/5

Cintas exhibits robust governance in terms of its financial performance. Through the Nominating and Governance Committee, the Board of Directors supervises ESG matters, including financial matters. The enterprise additionally set up an Executive Sustainability Committee, which is chaired by the CEO, to supervise the carry-out of the sustainability strategy. The CEO is directly involved in some sustainability initiatives, which is evident in the involvement of top management. Nevertheless, a perfect score is not achievable due to the absence of information regarding the relationship between executive compensation and financial performance.

Activities: 3/5

Cintas is currently engaged in a variety of initiatives to enhance its financial results in a sustainable manner. These investments encompass the reduction of water consumption, waste management, and energy efficiency. Additionally, the organization is implementing the Supplier Code of Conduct initiative to enhance its supply chain. Nevertheless, the operations are explained in a general manner, and there is a dearth of specific details regarding the way these initiatives are translated into tangible economic improvements.

Strategy: 4/5

Cintas's financial performance strategy is explicitly defined and in accordance with its sustainability objectives. The company is dedicated to achieving a 20% operating profit margin and 10% annual revenue growth. These objectives are bolstered by sustainability initiatives, including the anticipated reduction of the use of water and energy, which is anticipated to result in cost savings. Additionally, the strategy emphasizes the development of new products and the penetration of new markets. Nevertheless, there is a lack of specific for a long-time quantitative targets for specific elements of sustainable economic performance.

Metrics: 3/5

Cintas furnishes several critical metrics regarding its economic performance, including the increase in revenue, operating profit margin, as well as return on capital put into operation. The company also provides data on water and energy reductions that have a beneficial economic impact. Nevertheless, there is a lack of specific economic benefits that are measurable in relation to sustainability initiatives. Additionally, there are no quantitative targets or projections for numerous of these measurements in the medium- to long term.

Emission

Governance: 4/5

Cintas has effective issue governance. The Nomination and Governance Committee reports to the Board of Directors, which oversees ESG matters, including emissions. To supervise the execution of the sustainability plan, the business has also formed an Executive Sustainability Committee, which is chaired by the CEO. Upper management is involved, as the CEO personally oversees a few sustainability projects. A perfect score is impossible due to the lack of information regarding the relationship between executive salary and emissions-related performance.

Activities: 4/5

Cintas is reducing emissions through a variety of initiatives. These include installing solar panels, improving delivery routes to use less gasoline, and introducing energy-saving technologies like LED lighting and energy-efficient HVAC systems. Along with increasing the usage of renewable energy, the corporation is trying to make its facilities more energy efficient. A perfect score is not possible since the actions are well-detailed and in line with decrease in emissions targets, but they are not clearly prioritized, or their estimated impact is not quantified.

Strategy: 3/5

The emissions plan of Cintas is not very clear. The business is dedicated to lowering its greenhouse gas emissions, but it does not have a clear, measurable long-term goal. Cintas has established an interim goal of reducing emissions from Scope 1 and 2 by 35% by 2030 as compared to 2020. Plans for energy efficiency and renewable energy supply are included in the strategy, however it is unclear how these would ultimately result emission reductions.

Metrics: 4/5

Cintas offers comprehensive emissions metrics, encompassing Scope 1, 2, and certain Scope 3 classifications. The company discloses its emissions intensity, total emissions, and emissions reduced because of energy-saving initiatives. Additionally, Cintas has third-party confirmation of its Scope 1 and 2 emissions. A perfect score is nonetheless unattainable due to a lack of information regarding the calculating methodology used for each emission category.

Waste

Governance: 3/5

Cintas exhibits a moderate level of waste management governance. Waste management is one of the ESG concerns that the Board of Directors monitors through the Nomination and Governance Committee. In order to supervise the execution of the sustainability plan, the business has also formed an Executive Sustainability Committee, which is led by the CEO. Nevertheless, there

aren't many figures devoted exclusively to this topic or precise information on how waste disposal is included into the structure of corporate governance.

Activities: 3/5

Cintas manages waste in several ways, namely with its recycling initiative. By 2022, the company expects to have recycled over 18,000 tons of materials, comprising textiles, paper, plastics, and metals. Additionally, Cintas is looking for ways to cut waste in its production and supply chain procedures. There aren't enough specifics, though, about efforts to cut waste in day-to-day operations or in retail establishments.

Strategy: 2/5

Cintas seems to have a vague waste management plan. The corporation states that it wants to "reduce waste to zero in the product delivery process," but it doesn't provide a timeframe or measurable interim goals to support this claim. The approach lacks a holistic vision that addresses waste reduction at every stage of the value chain and instead concentrates largely on recycling.

Metrics: 2/5

Cintas offers a limited number of precise waste management KPIs. The number of materials that were cycled (more than 18,000 tons in 2022) is mentioned in the report, but there is no information on other waste management-related topics, such as the overall amount of garbage generated, the percentage of waste that is recycled, or reductions from year to year. It is challenging to evaluate the success of the business's efforts because there aren't any distinct and quantifiable KPIs in this field.

Energy

Governance: 4/5

When it comes to energy, Cintas exhibits good governance. Energy-related ESG issues are under the Board of Directors' purview through their Nomination and Governance Committee. To supervise the execution of the sustainability plan, which includes energy targets, the company has also formed an Executive Sustainability Committee, which is chaired by the CEO. There is clear support from upper management, as the CEO personally oversees several sustainability programs. A perfect score is unattainable due to the absence of information regarding the relationship between executive salary and energy performance.

Activities: 4/5

Cintas is implementing various initiatives aimed at enhancing energy efficiency and augmenting the utilization of renewable energy sources. These include the use of LED technology, the installation of highly efficient HVAC systems, the optimization of supply routes to use less

gasoline, and the installation of solar panels at certain locations. The usage of alternative fuels and electric vehicles is another area the corporation is investigating. The actions are precisely planned and in line with the objectives of using more renewable energy sources and lowering emissions. A perfect score is impossible due to the unclear prioritizing and quantification of their intended impact.

Strategy: 3/5

The energy plan of Cintas is not very clear. With a reduction in energy use, the corporation aims to cut emissions of greenhouse gases by 35% by 2030 in comparison to 2020. By 2030, Cintas also wants to run its business entirely on renewable energy. It does not, however, have clear interim objectives or a thorough plan for achieving them. Plans for energy efficiency and the purchase of renewable energy are included in the strategy, however it is unclear how these will ultimately result reductions in energy use.

Metrics: 4/5

Cintas offers a few essential data about its energy efficiency. The company discloses its overall energy usage, the portion of energy derived from renewable sources, and the decrease in emissions because of energy-saving initiatives. Cintas has also been certified as a CDP "A-list" company in recognition of its proactive and transparent efforts to combat climate change. A perfect score is however unattainable due to certain missing information regarding calculation methodology and verification by third parties for all energy measurements.

Supply Chain

Governance: 3/5

Cintas exhibits a moderate level of supply chain management governance. Supply chain management is one of the ESG concerns that the Board of Directors monitors through the Nomination and Governance Committee. To supervise the execution of the sustainability plan, the business has also formed an Executive Sustainability Committee, which is led by the CEO. Nevertheless, there aren't many figures devoted just to this topic or precise information on how management of supply chains is incorporated into the framework for corporate governance.

Activities: 3/5

Cintas is taking some steps to responsibly manage its supply chain. The business carries out risk in the supply chain assessments and has put in place a Supplier Code of Conduct. Additionally, Cintas is aiming to increase product traceability and transparency. However, there are no specifics about how these efforts are carried out or reviewed; instead, the activities are only mentioned in generic terms.

Strategy: 2/5

The supply chain management strategy of Cintas seems vague. The corporation states that it is "building a sustainable supply chain," however it does not provide a timeframe or measurable interim targets to support this claim. The supply chain improvement approach lacks a defined road map and seems to be reacting rather than proactive.

Metrics: 2/5

A limited number of supply chain management KPIs are offered by Cintas. The number of suppliers evaluated for sustainability risks is included in the report, but there is no information on other areas of management of supply chains, like supplier compliance scores or changes from year to year. It is challenging to evaluate the success of the business's efforts because there aren't any distinct and quantifiable KPIs in this field.

Employees

Governance: 4/5

Cintas manages its workforce with excellent governance. The Nomination and Governance Committee reports to the Board of Directors and is responsible for managing ESG matters, including labor-related issues. To supervise the execution of the sustainability plan, the business has also formed an Executive Sustainability Committee, which is chaired by the CEO. There is clear support from upper management, as evidenced by the CEO personally spearheading several employee-related programs. A perfect score is impossible due to the lack of information regarding the relationship between executive salary and employee management performance.

Activities: 4/5

Cintas is doing a lot of things to help and grow its employees. These include initiatives to encourage diversity and inclusion, worker safety and wellness programs, and educational initiatives like Cintas University. The organization provides prospects for professional growth, as evidenced by the 70% internal advancements that occupy managerial roles. Additionally, Cintas has introduced the "Sparkle" employee appreciation program to honour exceptional work. Although the activities are well-defined and in line with the goals of employee development, they are not clearly prioritized or their predicted impact is not quantified, which makes a perfect score impossible.

Strategy: 3/5

Talent development and fostering an inclusive workplace are the two main themes of Cintas' personnel management strategy. The business is dedicated to fostering professional development opportunities and increasing diversity at all organizational levels. Additionally, Cintas offers a talent growth strategy that consists of mentorship programs and training courses. However, the

policy seems to be reacting rather than proactive, and there are no explicit long-term quantifiable targets for enhancing diversity and inclusion.

Metrics: 3/5

Cintas offers data on the demographics of their personnel, such as the proportion of minorities and women at different organizational levels. Additionally, the business provides information on promotions internal and training program participation. Nevertheless, it is devoid of precise and quantifiable key performance indicators (KPIs) for numerous facets of workforce management, including employee satisfaction measures and rate of turnover by employee category. The scoring in this area is restricted by the fact that many of these measurements lack precise quantitative goals.

Occupational Health and Safety

Governance: 3/5

Cintas exhibits a moderate level of worker health and security governance. Safety at work is one of the ESG problems that the Board of Directors monitors via the Nomination and Governance Committee. In order to supervise the execution of the sustainability plan, the business has also formed an Executive Sustainability Committee, which is led by the CEO. On the other hand, there are neither data specifically devoted to this subject nor specifics about how employee health and safety are incorporated into the structure for corporate governance.

Activities: 3/5

Cintas carries out specific tasks to guarantee the health and safety of its employees. The business talks about putting in place safe work procedures, employing personal protection equipment, and putting safety training programs into place. Additionally, Cintas has started a program dubbed "Target Zero" to lower workplace accidents. Nevertheless, there aren't enough specifics on how these projects are carried out or overseen across the entire company.

Strategy: 2/5

The safety and health of Cintas' employees don't seem to be well defined. The corporation states that it wants to "become the most secure and healthy company in the world," but it doesn't provide a timeframe or measurable interim targets to help with this aim. Improving the security and wellness of work conditions is not well-mapped out, and the approach seems primarily reactive than proactive.

Metrics: 2/5

Cintas offers a limited number of precise health and safety for employees indicators. Although there has been a 41% decrease in incidents of injury since 2017, the report does not include specific information on injury rates, missed workdays from accidents, or other important

performance metrics pertaining to work-related health and safety. It is challenging to evaluate the success of the organization's efforts and monitor progress over time in this area due to the absence of distinct and quantifiable key performance indicators.

Human Rights

Governance: 3/5

Cintas exhibits human rights governance that is modest. ESG matters, including human rights, are under the Board of Directors' purview through the Nomination and Governance Committee. In order to supervise the execution of the sustainability plan, the business has also formed an Executive Sustainability Committee, which is chaired by the CEO. Nevertheless, there aren't many figures devoted solely to this topic or precise information on how human rights are incorporated into the structure of corporate governance.

Activities: 3/5

Cintas carries out specific actions to guarantee that human rights are upheld across its supplier chain. The business carries out risk-related supply chain assessments and has put in place a Supplier Code of Conduct. With the help of trade associations, Cintas has increased the scope of training it provides, including social compliance training. On the other hand, the activities are only briefly mentioned and don't go into specifics about how these projects are carried out or tracked.

Strategy: 2/5

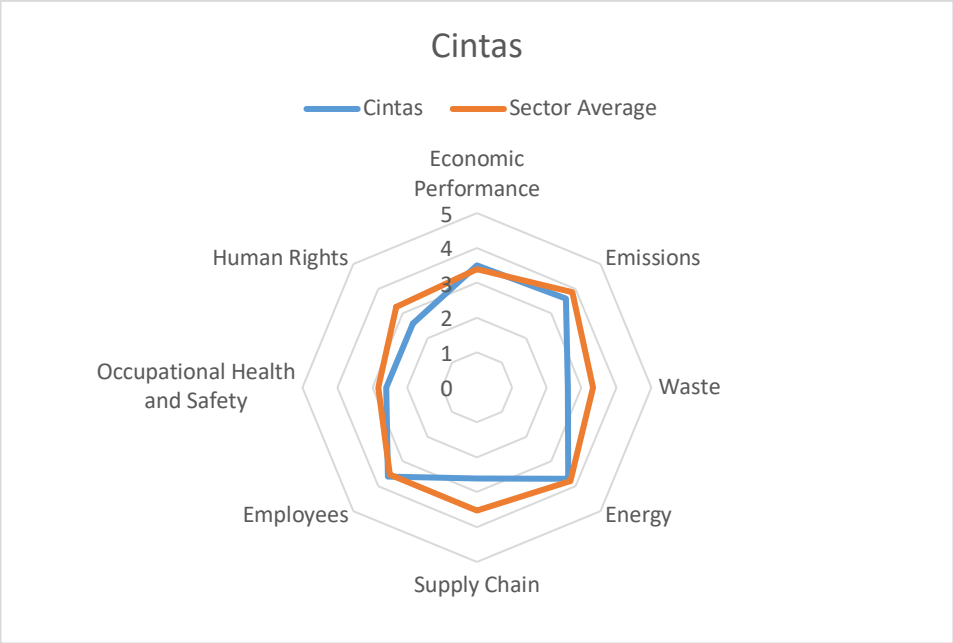
The human rights approach of Cintas is vague. The corporation states that it is "building a sustainable supply chain," however it does not provide a timeframe or measurable interim targets to support this claim. The policy seems to be more reactive than proactive, and there is no clear road map for enhancing human rights in the supply chain of goods.

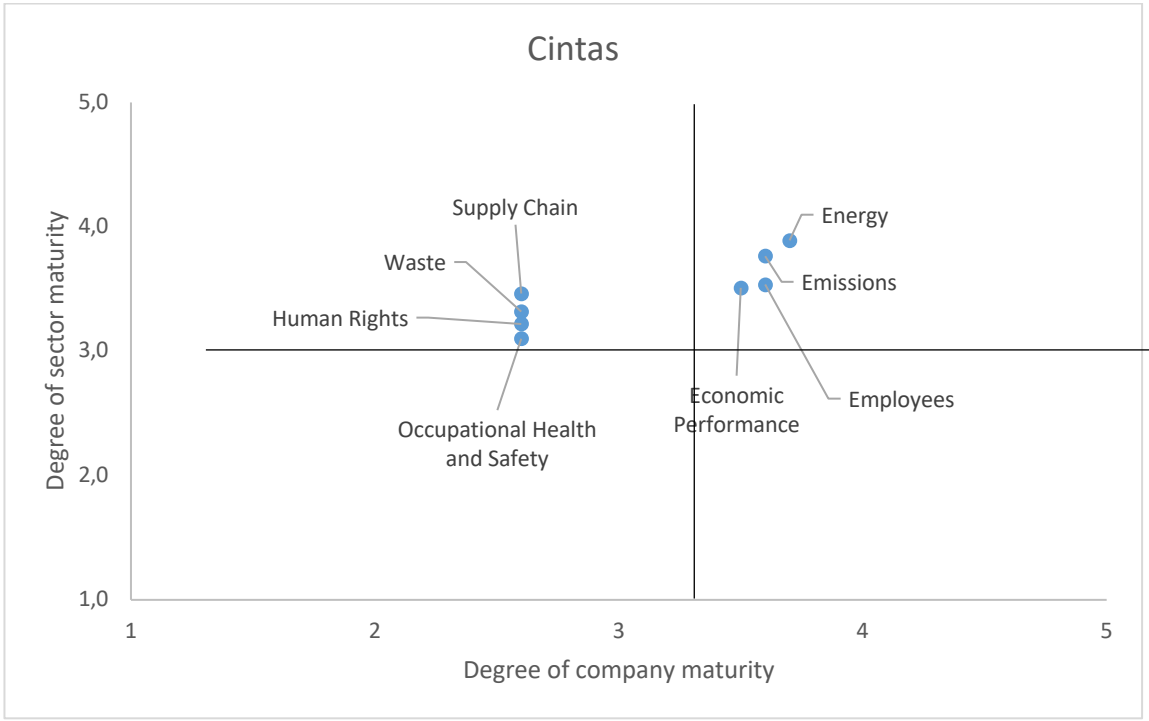
Metrics: 2/5

Few precise human rights metrics are provided by Cintas. The number of suppliers evaluated for sustainability risks is mentioned in the report, but there is no information on other human rights-related topics, like supplier rate of compliance or annual improvements. It is challenging to evaluate the success of the business's efforts because there aren't any distinct and quantifiable KPIs in this field.

Cintas	20%	40%	30%	10%		
	Governance	Activities	Strategy	Metrics	Average	Sector Average
Economic Performance	4	3	4	3	3,5	3,4

Emissions	4	3	4	4	3,6	3,9
Waste	3	3	2	2	2,6	3,3
Energy	4	4	3	4	3,7	3,8
Supply Chain	3	3	2	2	2,6	3,5
Employees	4	4	3	3	3,6	3,5
Occupational Health and Safety	3	3	2	2	2,6	2,8
Human Rights	3	3	2	2	2,6	3,3




Cintas
5,0
4,0
3,0
2,0
1,0
Degree of sector maturity
1
2
3
4
5
Degree of company maturity
Supply Chain
Waste
Human Rights
Occupational Health and Safety
Energy
Emissions
Economic Performance
Employees

6# Ross Stores

Economic Performance

Governance: 3/5

Ross Stores exhibits a modest approach to managing its economic success. Through the Audit Committee, the Board of Directors has oversight over ESG matters, including economic matters. To supervise the application of the sustainability plan, the business has also formed an Executive Sustainability Committee. Nevertheless, there are neither numbers specifically devoted to this topic nor specifics about how financial performance is incorporated into the framework for corporate governance.

Activities: 3/5

Ross Stores is making some efforts to enhance its financial performance in an environmentally friendly manner. These include investing in operational efficiency, growing the network of stores, and streamlining the supply chain. By 2022, the corporation will have opened 99 more locations, adding 3,100 new employments. The activities, however, are just briefly mentioned and do not go into detail on how these actions result in real economic gains.

Strategy: 2/5

The economic performance strategy of Ross Stores doesn't seem well-defined. The company states that it wants to keep growing, but it doesn't provide any precise numbers or a timeframe for when this will happen. There isn't a clear plan in place for enhancing economic performance, and the approach seems more reactive than proactive.

Metrics: 3/5

Key performance indicators for Ross Stores' economy include the number of new stores built and yearly revenues ($18.7 billion in 2022). However, information is lacking regarding other crucial financial metrics like operating margin and return on investment. In addition, many of these measurements lack medium- to long-term projections or quantifiable targets.

Emission

Governance: 3/5

Ross Stores has put in place a governance framework for ecological responsibility, with the Board of Directors' Audit Committee in charge of managing environmental initiatives and climate-related risks. To oversee emission reduction plans and objectives, they have also established an Environmental Sustainability Steering Committee made up of senior executives. But there isn’t enough information about how these systems work in practice or how important decisions are decided. The involvement of top management appears to be moderate, not extraordinary.

Activities: 3/5

The corporation has put in place several programs aimed at cutting emissions, including smart energy management platforms in buildings, high-efficiency HVAC systems, and LED lighting installations. They are also investigating solar energy and streamlining goods shipping. Many of these initiatives, meanwhile, still seem to be in the experimental stage or have a small scope. There aren't enough details on particular action plans to carry out these projects on a bigger scale.

Strategy: 3/5

In comparison to 2017, Ross Stores has established a 30 percent per square foot Scope 1 and 2 emissions reduction objectives by 2025. Additionally, the company has set an even more ambitious absolute decrease objective of 42% by 2030 compared to 2021. Additionally, they expressed a desire to reach net-zero emissions by 2050 or before. Although these targets are not overly difficult, they do not have specific interim goals or well-defined plans for reaching them, particularly about Scope 3 emissions.

Metrics: 4/5

With past information from 2017, the report offers comprehensive GHG emissions indicators for Scope 1, 2, and certain Scope 3 categories. They also contain energy consumption and emissions intensity indicators. The metrics are quantifiable and well-defined. Nevertheless, a few crucial KPIs pertaining to emission reduction programs are absent.

Waste

Governance: 3/5

Ross Stores has put in place a governance framework for long-term sustainability, with the Board of Directors' Audit Committee in charge of managing environmental initiatives. To oversee waste reduction plans and objectives, they have also established an Environmental Sustainability Steering Committee made up of senior executives. However, there aren't enough details available about how these waste management mechanisms really work or how important decisions take place in this field.

Activities: 4/5

The organization has put in place a few tangible steps to cut down on waste, including recycling cardboard in stores and delivery centres, using reusable bags that contain recycled materials, reusing hangers, optimizing bins, automating garbage disposal services, and digitizing resources. Programs for managing controlled and electronic trash are also available. These initiatives demonstrate a strong commitment to garbage reduction in multiple operating areas and are well-explained.

Strategy: 3/5

It is a relatively difficult aim for Ross Stores to remove 67 percent of garbage from landfills. Nevertheless, there aren't any more specific and challenging medium- and long-term goals for reducing waste overall. The policy might be broadened to include goals for less waste and reuse in addition to its primary focus on recycling and landfill detours.

Metrics: 3/5

One important measure for trash avoidance from landfill is provided by the paper. On the other hand, comprehensive information about the overall volume of garbage produced, broken down by kind and destination, is lacking. There are no specified measures offered to assess the performance of individual waste minimization programs. The company's efforts to manage waste would be far more transparent and quantifiable if more detailed and detailed KPIs were used.

Energy

Governance: 4/5

Ross Stores has put in place a robust framework for energy sustainability governance. While senior officials make up the Environmental Sustainability Steering Committee, which is responsible for managing emission reduction strategies and goals, the Audit Committee of the Board of Directors oversees overseeing environmental activities and climate risks. The executive level's strong devotion is evident in this structure. The report makes clear and concise the senior management's involvement.

Activities: 4/5

The organization has put in place several tangible measures to lower energy usage, such as installing LED lighting, highly effective HVAC systems, sophisticated energy management platforms in buildings, and investigating solar energy. Intelligent lighting, effective conveyors, and natural cooling systems are all used in distribution centres. They maximize loads and take use of rail transport whenever it is feasible for shipment. These tasks demonstrate a thorough commitment to energy efficiency and are well described.

Strategy: 3/5

In comparison to 2017, Ross Stores has established a 30 percent per square foot Scope 1 and 2 emissions reduction objectives by 2025. Additionally, the company has set an even more audacious total drop aim of 42% by 2030 compared to 2021. Additionally, they expressed a desire to reach net zero emissions by 2050 or before. Although these goals are quite difficult, particularly about renewable energy, they lack specific intermediate goals and well-defined plans for reaching them.

Metrics: 4/5

Using historical data from 2017, the report offers comprehensive figures on energy use and greenhouse gas emissions. They consist of energy intensity, emissions intensity, total energy consumption, and the percentage of electricity from the grid. These measurements are quantifiable and well-defined. Nevertheless, there are a few particular KPIs for certain energy-efficiency projects that are absent.

Supply Chain

Governance: 3/5

About supply chain management, Ross Stores has set up a governance framework that involves the Board of Directors and Audit Committee monitoring supply chain risks. The corporation also mandates that business partners abide by its ethical standards and maintains a Code of Conduct for vendors. The specifics of how these systems work and how important supply chain choices are decided upon, however, are lacking.

Activities: 3/5

In order to manage the supply chain ethically, Ross Stores has put in place a number of initiatives, such as a social compliance program, supplier audits and inspections, and training for purchasing agents and foreign buyers. Over a thousand supplier audits and inspections were carried out in 2022. The business has procedures in place to keep an eye on and handle any new compliance problems. Nevertheless, a lot of these initiatives seem to be more reactive than proactive, and there is a dearth of information regarding detailed action plans that would enhance supply chain sustainability.

Strategy: 2/5

A comprehensive and well-defined plan for managing the supply chain sustainably is not provided by Ross Stores. Although the corporation asserts that it is in favour of human rights and ethical business practices throughout the supply chain, it does not have any concrete short- or medium-term objectives for enhancing supply chain sustainability. Rather than proactive and purposeful improvement, the strategy appears to be primarily focused on compliance.

Metrics: 2/5

There aren't many supply chain management metrics in the report. The total amount of supplier audits and inspections performed in 2022 (more than 1,000) is the only KPI that is stated. There are no detailed indicators available for things like the proportion of suppliers that comply, the pace of improvement, or the supply chain's impact on the environment and society. This makes it challenging to assess the success of Ross Stores' sustainable supply chain management operations due to the absence of precise and quantifiable KPIs.

Employees

Governance: 4/5

Ross Stores has put in place a robust governance framework for managing its workforce. The Board of Directors oversees employee issues, such as human resource management and diversity, equality, and inclusion (DE&I), through the Audit Committee and the Nominating and Corporate Governance Committee. Senior leaders have established a DE&I Steering Committee within the organization to oversee strategy and objectives in this domain. This arrangement shows how seriously executive personnel issues are taken.

Activities: 4/5

Many concrete employee initiatives have been put in place by Ross Stores, including as volunteer and contribution possibilities, workplace safety programs, DE&I efforts, and training and development programs. The organization provides personalized growth plans, mentoring, on-the-job training, and online courses. It hosts events that promote diversity and has developed six "CommUnity Networks" to encourage inclusivity. Ross also provides employee assistance programs and has put COVID-19 safety measures into place. These exercises show an extensive approach to employee well-being and are thoroughly described.

Strategy: 3/5

Ross Stores has provided a list of worker management tactics, including internal talent development, fostering a happy work environment, and a dedication to diversity and inclusion. Nevertheless, for many of these sectors, precise medium- and long-term quantitative targets are absent. The strategy is more concerned with current projects than it is with well-defined long-term objectives. The organization should do better by establishing more specific and ambitious goals for the future.

Metrics: 3/5

Key worker indicators are provided in the study, including information on workforce diversity, the amount of online education programs completed (nearly 2 million), and employee promotion percentages (76% for managerial roles in shops and field offices). However, several of the worker programs lack comprehensive KPIs to assess their efficacy. Ross Stores' human capital management initiatives would be far more transparent and quantifiable if they included more detailed and precise measurements.

Occupational Health and Safety

Governance: 3/5

Ross Stores has put in place a governance framework for employee safety and health, with the Board of Directors' Audit Committee in charge of monitoring health and safety hazards. But

there aren't many specifics on how this system works or how important choices are made in this field.

Activities: 3/5

A hotline for reporting safety problems, response to emergencies and crisis management procedures, safety training programs, and safety and health compliance programs are just a few of the measures the organization has put in place to guarantee worker safety. At the company's locations, they have a community of volunteers who promote safety objectives and offer free first aid education. Unfortunately, a lot of these actions are only mentioned in broad strokes with little explanation of how they are carried out.

Strategy: 2/5

Ross Stores says it's dedicated to providing a safe work environment for its staff, but it lacks a well-defined plan for employee health and safety. It doesn't have any clear short- or medium-term objectives to raise worker safety. Regulatory compliance seems to be the primary focus of the method, rather than proactive and strategic progress.

Metrics: 1/5

Specific employee health and safety measures are not included in the report. KPIs like injury rates, days missed because of injuries, or additional security KPIs are not mentioned. It is challenging to assess the success of Ross Stores' efforts to manage the safety and health of employees because there are no precise and quantifiable measures in place.

Human right

Governance: 3/5

To manage human rights in its supply chain, Ross Stores has set up a governance framework. The Board of Directors and Audit Committee oversee controlling supply chain risks. Additionally, the business has a Supplier Code of Conduct that mandates adherence to labour and human rights regulations. But there aren't enough facts available about how these systems work in practice or how important human rights cases are decided.

Activities: 3/5

Through the implementation of various initiatives, such as a social compliance program, supplier inspections and audits, and training for purchasing agents and foreign buyers, Ross Stores has worked to advance human rights throughout its supply chain. More than a thousand supplier audits and inspections took place in 2022. A procedure for tracking and resolving newly discovered compliance issues is also in place at the organization. To improve working conditions for workers in the supply chain, particular action plans are not well-described, and many of these initiatives seem more reactive than proactive.

Strategy: 2/5

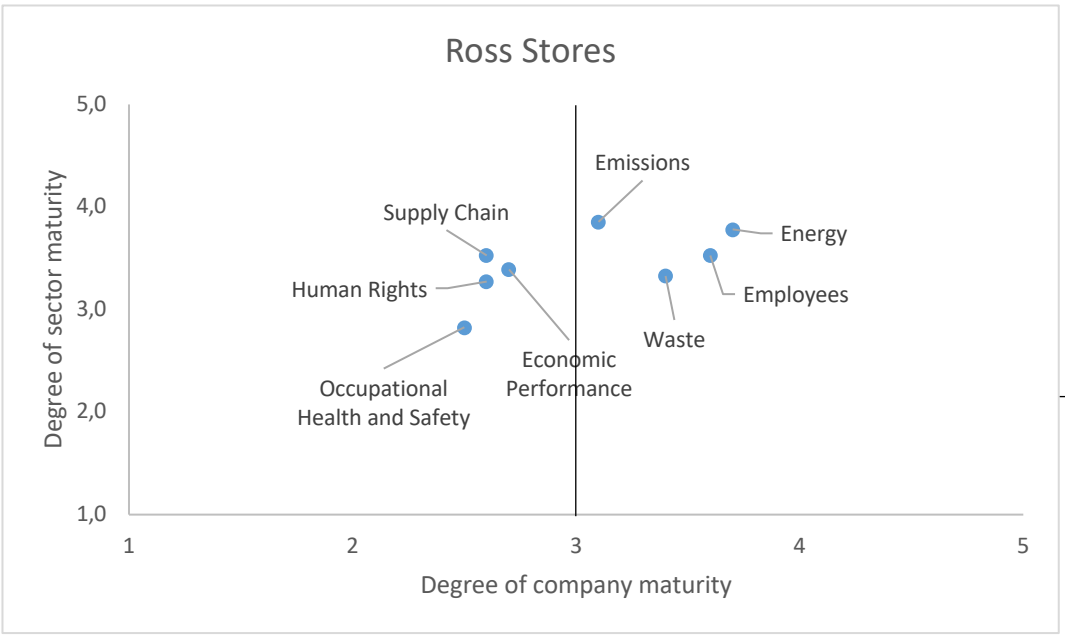
Ross Stores lacks a well-defined and comprehensive plan to uphold human rights throughout the supply chain. Even though the corporation says it supports human rights and ethical business practices, it doesn't have any concrete short- or medium-term targets to enhance working conditions. Rather than proactively and strategically improving human rights, the strategy seems to be primarily focused on compliance.

Metrics: 2/5

A few specific metrics for human rights in the manufacturing chain are included in the report. The number of seller inspections and audits performed in 2022 (more than 1,000) is the only KPI that is stated. Comprehensive data on elements like the proportion of suppliers who comply, the pace at which working conditions are improving, or the quantity of human rights breaches found and fixed are absent. The evaluation of the success of Ross Stores' human rights promotion programs is hampered by the absence of precise and quantifiable key performance indicators.

Ross Store	20%	40%	30%	10%		
	Governance	Activities	Strategy	Metrics	Average	Sector Average
Economic Performance	3	3	2	3	2,7	3,4
Emissions	3	3	3	4	3,1	3,9
Waste	3	4	3	3	3,4	3,3
Energy	4	4	3	4	3,7	3,8
Supply Chain	3	3	2	2	2,6	3,5
Employees	4	4	3	3	3,6	3,5
Occupational Health and Safety	3	3	2	1	2,5	2,8
Human Rights	3	3	2	2	2,6	3,3


Ross Store
Ross Store
Sector Average
Economic Performance
Emissions
Waste
Energy
Supply Chain
Employees
Occupational Health and Safety
Human Rights
5
4
3
2
1


Ross Stores
Degree of sector maturity
Degree of company maturity
5,0
4,0
3,0
2,0
1,0
1
2
3
4
5
Emissions
Supply Chain
Energy
Human Rights
Employees
Waste
Economic Performance
Occupational Health and Safety

#7 Adidas

Economic performance

Governance: 4/5

Adidas has put in place a robust framework for sustainability governance, with the Board of Directors' Audit Committee supervising environmental initiatives and climate-related risks. Senior executives have formed an Environmental Sustainability Steering Committee, and an ESG Regulation Board has been established to oversee ESG regulations. The Executive Board's total variable remuneration is based on the ESG criterion "Share of sustainable articles." The executive commitment to incorporating ESG into company governance is evident in these frameworks.

Activities: 4/5

Adidas has put into practice a few tangible ESG measures, such as waste reduction, energy efficiency programs, the use of sustainable materials (99% recycled polyester, 100% sustainable cotton), and circular economy projects. A sustainability bond has been introduced, and they are attempting to lower greenhouse gas emissions all the way down the value chain. The business also runs diversity and inclusion programs and human rights efforts in the supply chain. These actions demonstrate a thorough understanding of ESG and are well described.

Strategy: 4/5

Adidas has established some very specific and quite lofty objectives, such becoming carbon neutral throughout their operations by 2025 and throughout the whole value chain by 2050. They have set goals for using sustainable materials, cutting emissions, and enhancing labour standards along the supply chain. The plan is well stated and compliant with international norms like the Science Based Targets program. Some medium-term objectives, nevertheless, ought to be more specific.

Metrics: 5/5

The report offers precise indicators and well-defined KPIs for tracking the advancement of ESG. They contain information on energy use, waste management, social performance in the supply chain, use of sustainable materials, and greenhouse gas emissions (Scope 1, 2, and 3). To illustrate the metrics' evolution over time, historical data is included. Adidas also demonstrates their dedication to data comparability and transparency by using widely accepted reporting standards including TCFD, SASB, and GRI.

Emission

Governance: 4/5

Adidas has put in place a robust framework for sustainability governance, with the Board of Directors' Audit Committee supervising environmental initiatives and climate-related risks. Senior executives have formed an Environmental Sustainability Steering Committee, and an ESG Regulation Board has been established to oversee ESG regulations. The Executive Board's total variable remuneration is based on the ESG criterion "Share of sustainable articles." The executive commitment to incorporating ESG into company governance is evident in these frameworks.

Activities: 4/5

Adidas has put in place several tangible steps to lower emissions, such as energy efficiency measures, circular economy projects, and the use of sustainable materials (99% recycled polyester, 100% sustainable cotton). By boosting the use of energy from renewable sources and phasing out carbon in industrial plants, they are attempting to cut greenhouse gas emissions along the entire value chain. Additionally, the business has introduced cutting-edge low-emission goods such materials derived from greenhouse gases. These actions demonstrate a thorough strategy for lowering emissions and are well explained.

Strategy: 4/5

Adidas has established a few aggressive targets, including becoming carbon neutral throughout the entire value chain by 2050 and in its operations by 2025. Their intermediate goal is to cut total greenhouse gas emissions from 2017 levels by 30% by 2030. The plan is well stated and compliant with international norms like the Science Based Targets program. Some medium-term objectives, nevertheless, ought to be more specific.

Metrics: 5/5

To track emissions, the report offers comprehensive measurements and precisely specified KPIs. They contain information on energy consumption, emissions intensity, usage of sustainable materials, and greenhouse gas emissions (Scope 1, 2, and 3). To illustrate the metrics' evolution over time, historical data is included. Adidas also demonstrates their dedication to data comparability and transparency by using widely accepted reporting standards including TCFD, SASB, and GRI.

Waste

Governance: 3/5

Under Adidas' sustainability governance framework, the Board of Directors' Audit Committee is in charge of environmental initiatives and is also in charge of waste management. Nevertheless, there aren't enough specifics about how this waste management mechanism works.

Activities: 4/5

Adidas has put in place a number of tangible waste management efforts, such as creating standards to enhance waste segregation in manufacturing and giving the reuse and recycling of non-hazardous waste top priority. Along the supply chain, the corporation has also put measures in place to maximize waste diversion from landfills. Adidas is attempting to raise the importance of waste in the product life cycle by reusing and recycling it.

Strategy: 3/5

By 2025, Adidas wants to divert 95% of its waste from landfills. Nevertheless, there is a lack of a clear plan for achieving this as well as specific interim goals. The organization is adapting its circularity strategy in light of the necessity for systemic change, albeit there are few specifics on the way this will be carried out.

Metrics: 4/5

Some important waste management indicators are provided in the paper, such as the current 93% trash diversion rate from landfills. Adidas also keeps an eye on the trash that is produced and recycled during business. Nevertheless, many of the specific waste management programs lack clear KPIs to assess their efficacy.

Energy

Governance: 4/5

Adidas has put in place a robust governance framework for renewable energy, with the Board of Directors' Audit Committee in charge of monitoring environmental initiatives and climate-related risks. To oversee emission reduction plans and objectives, they have established an Environmental Sustainability Steering Committee made up of senior executives. The Executive Board's total variable remuneration is based on the ESG criterion "Share of sustainable articles." The executive dedication to energy conservation is evident in this construction.

Activities: 4/5

Adidas has taken a few proactive steps to lower its energy usage, such as constructing high-efficiency HVAC systems, installing LED lighting, investigating solar energy, and utilizing a highly sophisticated building energy management platform. Distribution centres use smart lighting and natural cooling systems. In Europe, the firm has also inked a virtual power purchase agreement (PPA) to supply about 50,000 MWh of green electricity annually for ten years

beginning in 2025. These tasks demonstrate a thorough commitment to energy efficiency and are well described.

Strategy: 4/5

Adidas has established several aggressive targets, including becoming carbon neutral throughout its value chain by 2050 and in its operations by 2025. Their short-term goal is to cut total greenhouse gas emissions from 2017 levels by 30% by 2030. The plan is well stated and compliant with international norms like the Science Based Targets program. Some mid-term aims that are specific to energy, nevertheless, may use additional specificity.

Metrics: 5/5

To track energy use and associated emissions, the report offers comprehensive measurements and precisely specified KPIs. Data on energy intensity, energy utilization from renewable sources, greenhouse gas emissions (Scope 1, 2, and 3), and total energy consumption (494,489 MWh in 2023) are also included. To illustrate the metrics' evolution over time, historical data is included. Adidas also demonstrates their dedication to openness and comparability of energy data by using widely accepted reporting standards including TCFD, SASB, and GRI.

Supply Chain

Governance: 4/5

Adidas has put in place a robust supply chain governance framework, with the Board of Directors' Audit Committee in charge of managing supply chain risks. To oversee ESG regulations, they have established an ESG Regulation Board and a steering committee of senior leaders focused on environmental sustainability. They also have a specialized team called Social and Environmental Affairs (SEA) that keeps an eye on supplier compliance. An executive commitment to incorporating ESG into supply chain management is evident in this structure.

Activities: 4/5

Adidas has put in place a number of significant measures to enhance supply chain management, such as: - A supplier social compliance program

- Frequent supplier audits and inspections
- Providing training to foreign purchasers and purchasing agents - Establishing a digital platform called "Workers Voice" for worker reporting
- Cooperating with groups like the Fair Labor Association and Better Work
- Initiatives to raise wages and improve working conditions throughout the supply chain

Strategy: 4/5

Adidas has established a number of ambitious and well-defined objectives for its supply chain, such as:

- By 2025, 90% of strategic Tier 1 suppliers will have received a minimum score of "4S" in their social assessment system (S-KPI).
- In the supply chain, gradually raise worker remuneration. At important Tier 1 suppliers, equal pay for men and women is attained for employees and managers.
- By 2025, establish a human rights and environmental due diligence (HREDD) framework throughout the whole value chain.

The plan is clearly stated and compliant with international norms. Some medium-term objectives, nevertheless, ought to be more specific.

Metrics: 4/5

The report offers precise measurements and well-defined key performance indicators (KPIs) to track supply chain performance, such as:

- The quantity of audits and findings
- The proportion of suppliers meeting specific social performance benchmarks (S-KPI)
- Data on worker compensation contrasted with many standards
- Number of warning letters sent to suppliers - Worker satisfaction with complaint resolution

To illustrate the metrics' evolution over time, historical data is included. Nevertheless, there aren't any KPIs to gauge how successful a certain endeavour is.

Employees

Governance: 4/5

Adidas has put in place a robust governance framework for managing its workforce, with the Board of Directors' Audit Committee in charge of employee matters such as human resource management and diversity, equality, and inclusion (DE&I). To oversee plans and objectives in this field, a DE&I Steering Committee comprising of high-ranking executives has been established. The Executive Board's total variable remuneration is based on the ESG criterion "Share of sustainable articles." This arrangement shows that the leadership team is very committed to employee concerns.

Activities: 4/5

Adidas has put in place several concrete initiatives for its employees, including development and training programs, DE&I initiatives, workplace safety programs, volunteer opportunities, and donation opportunities. The company offers online courses, field training, coaching, and

individual development plans. Launched six "Community Networks" to promote inclusiveness and host events to honor diversity. Adidas has also implemented COVID-19 security measures and provides assistance programs for dependents. These activities demonstrate a comprehensive approach to worker wellbeing and are explained at a high level of detail.

Strategy: 3/5

Adidas has provided a list of staff management tactics, including internal talent development, fostering a happy work environment, and a dedication to diversity and inclusion. Nevertheless, for many of these sectors, precise medium- and long-term quantitative goals are absent. The strategy is more concerned with current projects than it is with well-defined long-term objectives. The organization should do better by establishing more specific and ambitious goals for the future.

Metrics: 3/5

Adidas has released a list of personnel management strategies, which includes cultivating a positive work atmosphere, focusing on diversity and inclusion, and developing internal talent. However, many of these industries lack specific medium- and long-term quantitative targets. The approach is less focused on clearly defined long-term objectives and more on ongoing projects. The company has to improve by setting more ambitious and detailed goals for the future.

Occupational Health and Safety

Governance: 4/5

Adidas has put in place a robust framework for worker health and safety governance, with the Board of Directors' Audit Committee in charge of managing associated risks. Compared to 112 sites in 2022, the company's 2023 implementation of ISO 45001 certified management systems for occupational health and safety represented a considerable rise. This indicates a strong management commitment to incorporating corporate governance with health and safety.

Activities: 4/5

Adidas has put in place a number of tangible measures to promote the health and safety of its workforce, including as employee support programs, COVID-19 safety precautions, and training efforts. A health, safety, environmental, and energy integrated management system (IMS) has also been put into place by the company. Adidas carried out 1,224 audits in 2023, a large number of which included evaluations of health and safety. These exercises show a thorough understanding of health and safety and are thoroughly described.

Strategy: 3/5

In order to manage worker health and safety, Adidas has identified several methods, including incorporating health and safety into its supplier assessment system (S-KPI) and increasing the

number of ISO 45001 certificates. For many of these sectors, however, there are no precise medium- and long-term quantitative targets. The strategy is more concerned with current projects than it is with well-defined long-term objectives.

Metrics: 4/5

A number of significant indicators pertaining to worker health and safety are included in the study, including an occupational illness frequency rate (OIFR) of zero and a lost time incident rate (LTIR) of 0.33 in 2023—an improvement above 0.44 in 2022. Adidas also discloses the quantity of audits carried out and the number of locations with ISO 45001 certification. Nevertheless, there aren't any comprehensive KPIs to assess how well all health and safety programs are working.

Human rights

Governance: 4/5

Adidas has put in place a robust human rights governance framework, with the Board of Directors' Audit Committee in charge of monitoring any threats to human rights. A Human Rights and Environmental Due Diligence (HREDD) system has been put in place by the business to help identify and manage risks along the entire value chain. In order to guarantee adherence to newly developed ESG laws, they have also established an ESG Regulation Board. This arrangement shows how committed the administration is to incorporating human rights into corporate governance.

Activities: 4/5

Adidas has taken several proactive steps to uphold human rights, such as:

- Adding more areas of the company to the HREDD system;
- Putting in place tools to evaluate the risks of child labor and forced labor;
- Planning to conduct 1,224 social and environmental audits in 2023;
- Putting in place a "Workers Voice" platform for workers' complaints in 108 factories.
- Working together with groups like the Fair Labor Association and Better Work

These initiatives demonstrate a thorough understanding of human rights in the supply chain and are well described.

Strategy: 4/5

Adidas has established specific and challenging goals for human rights, such as:

- By 2025, have an HREDD system in place throughout the whole value chain.
- By 2025, attain 90% of strategic Tier 1 suppliers with a minimum Social Rating System (S-KPI) score of "4S".

- Achieving gender pay equity for employees in important Tier 1 suppliers
- Gradually raising the wages of supply chain workers

The plan is clearly laid out and compliant with international norms including the UN Guiding Principles on Business and Human Rights.

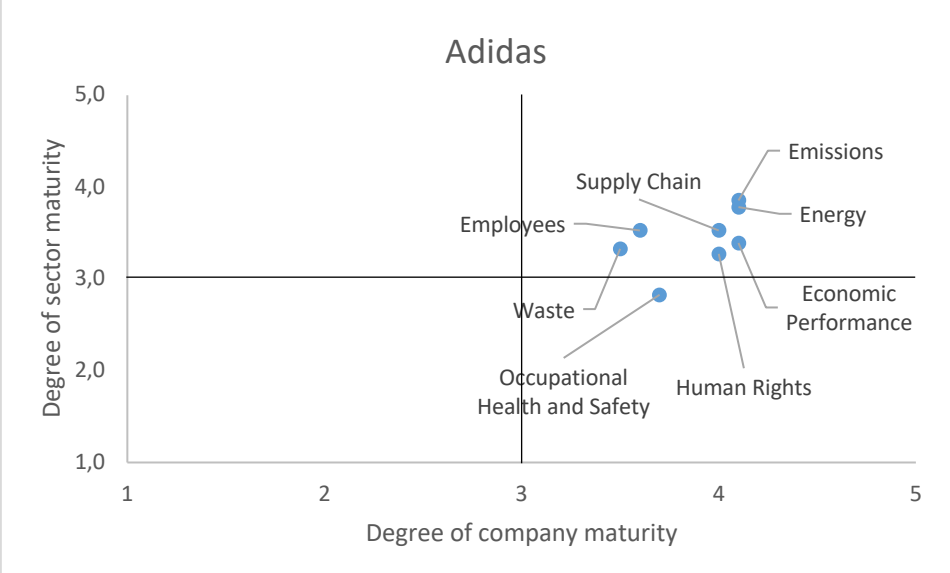
Metrics: 4/5

Several important human rights indicators are provided by the study, such as:

- The quantity of social and environmental audits carried out (1,224 in 2023)
- The proportion of suppliers meeting specific social performance benchmarks (S-KPI)
- The quantity of reports (42,000 in 2023) received via the Workers Voice platform 77% of workers are satisfied with how reports are resolved in 2023.
- The quantity of warning letters sent to vendors

  To illustrate the metrics' evolution over time, historical data is included. To assess the efficacy of all human rights measures, there are, nevertheless, a few key performance indicators that are absent.

Adidas	20%	40%	30%	10%		
	Governance	Activities	Strategy	Metrics	Average	Sector Average
Economic Performance	4	4	4	5	4,1	3,4
Emissions	4	4	4	5	4,1	3,9
Waste	3	4	3	4	3,5	3,3
Energy	4	4	4	5	4,1	3,8
Supply Chain	4	4	4	4	4	3,5
Employees	4	4	3	3	3,6	3,5
Occupational Health and Safety	4	4	3	4	3,7	2,8
Human Rights	4	4	4	4	4	3,3



8# H&M

Economic Performance

Governance: 3/5

The Board of Directors oversees H&M Group's economic performance, supported by the Audit Committee. Regular reviews of financial and operational risks are conducted. However, details on how governance directly influences strategic economic decisions are lacking.

Activities: 4/5

H&M Group focuses on improving customer offerings, integrating digital and physical channels, and optimizing the supply chain. The company invests in innovation and new business models to diversify revenue. Activities are well-aligned with sustainable growth and profitability goals.

Strategy: 4/5

The strategy aims for long-term profitable and sustainable growth. Objectives include doubling sales by 2030 and achieving profitability above 10%. The strategy is clear and ambitious, with a good balance between growth and sustainability.

Metrics: 3/5

Financial KPIs like net sales, operating profit and gross margin are reported. However, some specific medium-term quantitative targets and more detailed metrics to measure progress towards long-term strategic goals are missing.

Emissions

Governance: 4/5

The Board of Directors actively oversees the climate strategy, with biannual updates on key performance indicators. The Head of Sustainability reports directly to the CEO. The governance structure for emissions appears robust and well-integrated at the highest levels.

Activities: 4/5

H&M Group is implementing various initiatives to reduce emissions, including increasing energy efficiency, using renewable energy, and adopting circular business models. The company also collaborates with suppliers to decarbonize the supply chain. Activities are well-aligned with climate goals.

Strategy: 5/5

The climate strategy is ambitious, with science-based targets approved by the Science Based Targets initiative. H&M aims to reduce absolute greenhouse gas emissions by 56% by 2030 and reach net-zero emissions by 2040. The strategy is clearly defined and aligned with global climate agreements.

Metrics: 4/5

H&M reports Scope 1, 2 and 3 emissions, with quantitative reduction targets. In 2023, the company reduced greenhouse gas emissions by 22%. Clear KPIs are provided, though additional interim metrics to track progress towards long-term goals could be useful.

Waste

Governance: 3/5

Waste management seems to be integrated into overall sustainability governance, but specific details on how it is overseen at Board or management level are lacking. More information on the dedicated governance structure for waste would be helpful.

Activities: 4/5

H&M is implementing various initiatives to reduce waste, including used garment collection programs, recycling and reuse projects, and efforts to reduce packaging. The company is also working to develop new materials and production processes that generate less waste. Activities appear well-aligned with waste reduction goals.

Strategy: 3/5

The waste strategy is part of the broader approach to circularity and sustainable resource use. H&M aims to use 100% recycled or sustainably sourced materials by 2030. However, specific and quantified waste reduction targets are lacking.

Metrics: 3/5

H&M reports some waste-related metrics, such as the percentage of recycled materials used (25% in 2023). However, comprehensive KPIs on waste volumes generated and recycled throughout the value chain are missing. More detailed metrics and quantitative targets would be useful.

Energy

Governance: 3/5

Energy management seems to be integrated into overall sustainability and climate governance, but specific details on how it is overseen are lacking. More information on the dedicated governance structure for energy would be helpful.

Activities: 4/5

H&M is implementing various initiatives to improve energy efficiency and increase renewable energy use. These include installing LED lighting in stores, using renewable energy in direct operations, and working with suppliers to promote electrification and clean energy. Activities are well-aligned with emission reduction goals.

Strategy: 4/5

The energy strategy is an integral part of the broader climate strategy. H&M aims to use 100% renewable electricity in its own operations by 2030. The strategy is clear and ambitious, though it could benefit from more detailed interim targets.

Metrics: 3/5

H&M reports the percentage of renewable electricity used in its own operations (94% in 2023) and the reduction in electricity intensity in stores. However, comprehensive data on total energy consumption and more detailed energy efficiency metrics are lacking. More complete KPIs would be useful.

Supply Chain

Governance: 4/5

H&M has a robust governance structure for the supply chain, with Board oversight of risks and opportunities. The company has production offices in sourcing markets to maintain constant dialogue with suppliers. Human rights and environmental due diligence is integrated into decision-making processes.

Activities: 4/5

H&M is implementing various initiatives to improve supply chain sustainability, including programs to increase use of sustainable materials, reduce supplier emissions, and improve working conditions. The company also collaborates with suppliers to develop more sustainable technologies and processes.

Strategy: 4/5

The supply chain strategy aims to create a more sustainable, efficient and demand-driven supply chain. Goals include using 100% recycled or sustainably sourced materials by 2030 and reducing Scope 3 emissions. The strategy is clear and ambitious.

Metrics: 3/5

H&M reports some supply chain-related metrics, such as the percentage of sustainable materials used. However, comprehensive KPIs on all aspects of supply chain sustainability, such as working conditions and suppliers' environmental impact, are lacking. More detailed metrics would be useful.

Employees

Governance: 3/5

H&M has a governance structure for employee-related issues, with global policies and guidelines. However, specific details on how the Board directly oversees employee matters are lacking. More information on governance in this area would be helpful.

Activities: 4/5

H&M implements various employee initiatives, including training and development programs, diversity and inclusion initiatives, and the H&M Incentive Program. The company promotes a culture based on shared values and offers internal growth opportunities.

Strategy: 3/5

The employee strategy focuses on creating an inclusive work environment, promoting diversity, and developing talent. However, specific quantitative medium to long-term goals related to human resources are lacking.

Metrics: 3/5

H&M reports some employee-related metrics, such as total number of employees and percentage of women in leadership roles. However, comprehensive KPIs on aspects like training, turnover, and employee satisfaction are lacking. More detailed metrics would be useful.

Occupational Health and Safety

Governance: 3/5

Occupational health and safety seems to be integrated into overall human resources governance, but specific details on how it is overseen at Board or management level are lacking. More information on the dedicated governance structure for this topic would be helpful.

Activities: 3/5

H&M mentions the importance of occupational health and safety, but provides few details on specific initiatives implemented. A focus on workplace safety is cited, but information on concrete prevention and training programs is lacking.

Strategy: 2/5

A clear and detailed strategy for occupational health and safety is not presented. This aspect seems to be part of a broader approach to employee wellbeing, but specific and quantified goals for improving safety are lacking.

Metrics: 2/5

H&M provides few metrics related to occupational health and safety. Key KPIs such as injury rates or safety training hours are missing. More comprehensive metrics would be necessary to evaluate performance in this area.

Human Rights

Governance: 4/5

H&M has a robust governance structure for human rights, with a dedicated policy and due diligence processes integrated into the risk management system. The Board oversees human rights risks and the company has a systematic approach to assessing and managing impacts.

Activities: 4/5

H&M implements various initiatives to respect and promote human rights throughout the value chain, including programs to improve supplier working conditions, women's empowerment initiatives, and projects to combat forced and child labor. The company also collaborates with international organizations and trade unions.

Strategy: 4/5

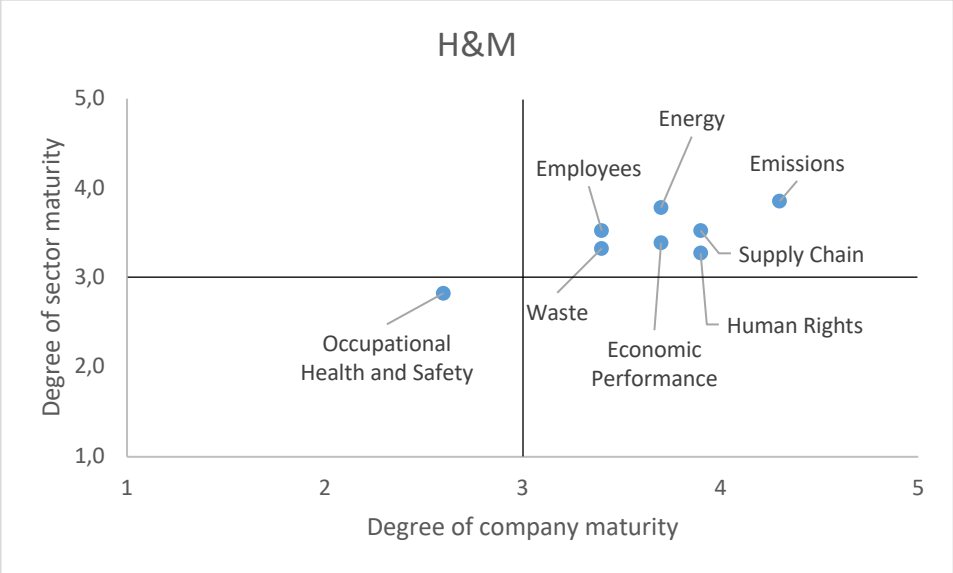
The human rights strategy is an integral part of H&M's sustainability approach. The company commits to respecting human rights in line with the UN Guiding Principles and has specific goals in areas such as fair wages and freedom of association. The strategy is clear and aligned with international standards.

Metrics: 3/5

H&M reports some human rights-related metrics, such as the number of supplier assessments conducted. However, comprehensive KPIs on all aspects of human rights throughout the value chain are lacking. More detailed metrics and quantitative targets to measure progress would be useful.

H&M	20%	40%	30%	10%		
	Governance	Activities	Strategy	Metrics	Average	Sector Average
Economic Performance	3	4	4	3	3,7	3,4
Emissions	4	4	5	4	4,3	3,9
Waste	3	4	3	3	3,4	3,3
Energy	3	4	4	3	3,7	3,8
Supply Chain	4	4	4	3	3,4	3,5
Employees	3	4	3	3	3,4	3,5
Occupational Health and Safety	3	3	2	2	2,6	2,8
Human Rights	4	4	4	3	3,9	3,3


H&M
H&M
Sector average
Economic Performance
Emissions
Waste
Energy
Supply Chain
Employees
Occupational Health and Safety
Human Rights
5
4
3
2
1


H&M
Degree of sector maturity
5,0
4,0
3,0
2,0
1,0
1
2
3
4
5
Degree of company maturity
Energy
Employees
Emissions
Supply Chain
Waste
Human Rights
Economic Performance
Occupational Health and Safety

#9 Lululemon

Economic Performance

Governance 3/5:

Lululemon's board of directors oversees business strategy and economic performance. The board's audit committee reviews quarterly and annual financial results. However, not many details are provided on specific governance of economic issues beyond these basic aspects.

Activities 4/5:

The company focuses on revenue growth through retail expansion, e-commerce, and product innovation. In 2022 they opened 81 new company-owned stores and launched new product lines like footwear. They are also investing in international expansion, particularly in China. Economic activities seem well aligned with the overall strategy.

Strategy 4/5:

lululemon's "Power of Three x2" strategy aims to double revenues by 2026 through product innovation, market expansion, and improving the customer experience. They have clear goals for revenue and margin growth. The economic strategy is well articulated and ambitious, though they could provide more details on intermediate objectives.

Metrics 3/5:

The company reports key financial metrics like revenue, gross margin and net income. However, the impact report does not include many detailed economic KPIs or specific quantitative targets beyond general growth objectives. They could improve by providing more granular economic metrics and targets.

Emissions

Governance 4/5:

The board's Corporate Responsibility, Sustainability and Governance committee oversees climate strategy and performance. A cross-functional Climate Council has been established to guide strategy and collaboration on climate goals. Climate governance seems solid, with clear responsibilities at board and executive levels.

Activities (5/5):

lululemon is undertaking numerous initiatives to reduce emissions, including: transitioning to renewable electricity in owned facilities, partnering with suppliers to improve energy efficiency, optimizing logistics to reduce transport emissions, and innovating low-impact materials. Activities are well aligned with goals and cover major emissions sources.

Strategy 5/5:

The company has ambitious targets approved by the Science Based Targets initiative, including a

60% reduction in Scope 1 and 2 emissions and a 60% reduction in Scope 3 emissions intensity by 2030. They aim to become a net-zero emissions company by 2050. The climate strategy is clearly articulated with short and long-term goals.

Metrics 4/5:

Lululemon reports detailed Scope 1, 2 and 3 emissions, broken down by category. They track progress towards their science-based emissions reduction targets. They also provide data on energy consumption and renewable electricity use. Metrics are comprehensive, though they could add some additional KPIs on specific reduction initiatives.

Waste

Governance 3/5:

Not much information is provided on specific waste governance. It seems to be overseen as part of broader sustainability governance, but details on specific roles and responsibilities for waste management are lacking.

Activities 4/5:

Lululemon is working to reduce waste through various initiatives, including: optimizing product packaging, launching a "Like New" resale program, donating excess products, and improving recycling in stores and distribution centers. They are also exploring circular business models. Activities cover several areas of waste generation.

Strategy 3/5:

The company has a goal to reduce single-use plastic packaging by 50% per unit by 2025. They also aim to achieve "zero waste" in distribution centers. However, the overall waste strategy could be more comprehensive, with additional goals covering other areas of waste generation.

Metrics 3/5:

They report data on single-use plastic packaging use and waste diversion rates in distribution centers. However, comprehensive waste metrics across the company are lacking. They could improve by providing more granular data on waste generation and disposal across all operations.

Energy

Governance 3/5:

As with emissions, energy governance seems to fall under broader sustainability oversight by the board committee. However, not many details are provided on specific energy governance beyond this.

Activities 4/5:

Key activities include transitioning to renewable electricity in owned facilities, implementing energy management systems in stores, and partnering with suppliers to improve energy

efficiency. They are also exploring solar panel installation at distribution centers. Activities cover both direct operations and the supply chain.

Strategy 4/5:

lululemon has achieved its goal of using 100% renewable electricity in owned facilities. They are now working to increase renewable energy use in the supply chain, with a goal of 15% of supplier electricity coming from renewable sources. The energy strategy is clear, though they could set additional goals for energy efficiency.

Metrics 3/5:

They report total energy consumption and renewable electricity use in owned facilities. They also provide some data on supplier renewable energy use. However, they could improve by providing more detailed metrics on energy efficiency and consumption across different parts of the business.

Supply Chain

Governance 4/5:

lululemon has a Responsible Supply Chain Steering Committee that oversees development and implementation of the supplier climate and energy roadmap. The Responsible Supply Chain program is built on three pillars: monitoring, integration and collaboration. Supply chain governance seems solid.

Activities 5/5:

The company is undertaking numerous activities to improve supply chain sustainability, including: supplier assessments against the Vendor Code of Ethics, supplier training and capacity building programs, partnering with suppliers to improve energy efficiency and renewable energy use, and initiatives to improve supply chain worker wellbeing. Activities are comprehensive and well aligned with goals.

Strategy 4/5:

lululemon aims to achieve Fair Labor Association accreditation by 2024. They have goals to increase use of preferred materials, reduce supplier freshwater use intensity, and implement the ZDHC MRSL. The supply chain strategy is clear, though they could add some more ambitious goals in some areas.

Metrics 4/5:

They report various supply chain metrics including: percentage of suppliers assessed, non-compliance rates, preferred material use, supplier water use, and ZDHC MRSL compliance. Metrics cover several areas of supply chain impact, though they could add some additional KPIs on issues like worker wages.

Employees

Governance 3/5:

The board's People, Culture and Compensation committee oversees talent management, succession planning, and diversity and inclusion. However, not many details are provided on day-to-day governance of employee issues beyond this board level.

Activities 4/5:

Key activities include training and development programs, diversity and inclusion initiatives, expanding employee benefits, and wellbeing programs. They are also working to improve pay equity and increase diverse representation in leadership roles. Activities seem well aligned with employee goals.

Strategy 4/5:

lululemon aims to increase representation of racially diverse employees in stores to 40% and in leadership roles to 30% by 2023. They also have goals for pay equity and providing learning and volunteer hours to employees. The employee strategy is clear, though they could add some more ambitious goals in some areas.

Metrics 3/5:

They report data on employee diversity, pay equity, and learning/volunteer hours. However, some key metrics like employee turnover or engagement scores are missing. They could improve by providing a more comprehensive set of employee-related KPIs.

Occupational Health and Safety

Governance 2/5:

Not much information is provided on specific occupational health and safety governance. It seems to be overseen as part of broader sustainability and human resources governance, but details on specific roles and responsibilities are lacking.

Activities 3/5:

lululemon mentions implementing COVID-19 safety protocols and providing mental health training to store managers. However, few details are provided on other occupational health and safety activities beyond these initiatives.

Strategy 2/5:

A clear overall strategy for occupational health and safety is not presented. There are some elements related to employee wellbeing, but specific health and safety goals and action plans are lacking.

Metrics 1/5:

No specific occupational health and safety metrics like injury rates or lost work days are reported. This is an area where reporting could be significantly improved.

Human Rights

Governance 3/5:

Human rights seem to be overseen as part of the broader Responsible Supply Chain program. The board's audit committee oversees human rights risk assessment. However, they could provide more details on specific human rights governance.

Activities 4/5:

Key activities include supplier assessments against the Vendor Code of Ethics, supplier training programs on worker rights, and initiatives to improve supply chain worker wellbeing. They are also working towards Fair Labor Association accreditation. Activities seem well aligned with human rights commitments.

Strategy 3/5:

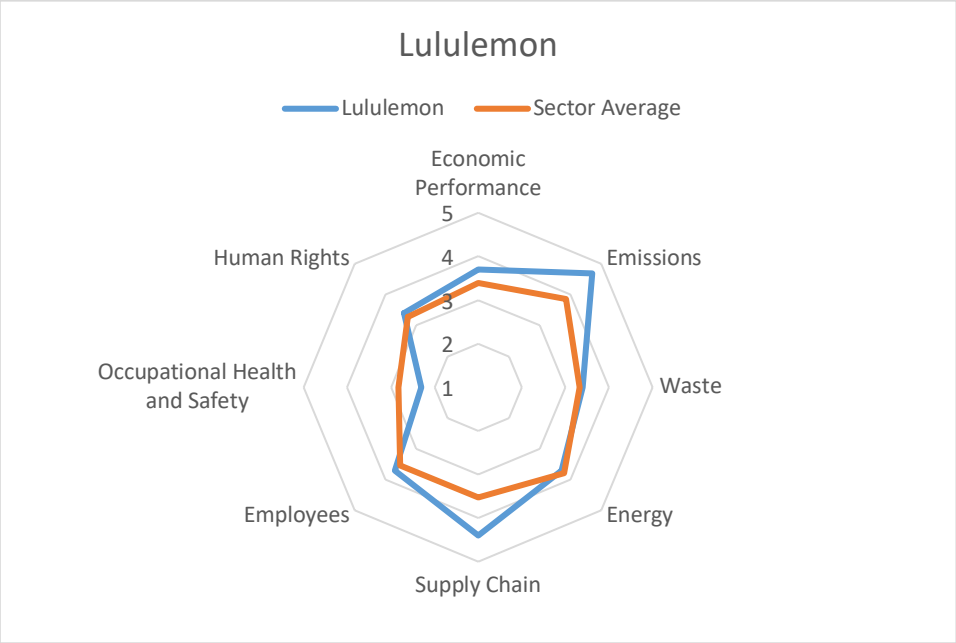
lululemon commits to respecting human rights in line with international standards. They aim to achieve FLA accreditation by 2024 and have goals to improve working conditions in the supply chain. However, the overall human rights strategy could be more clearly articulated with additional goals.

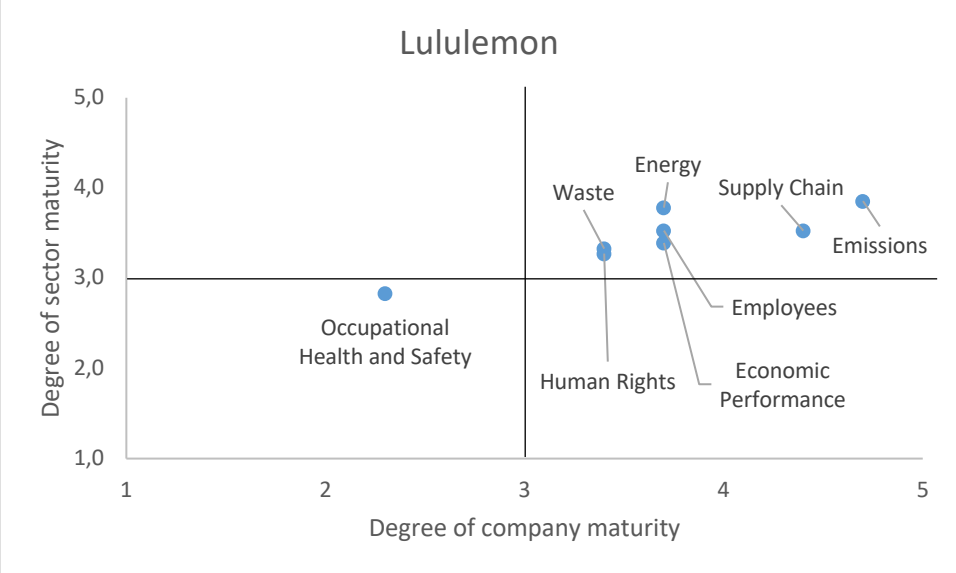
Metrics 3/5:

They report some human rights-related metrics in the supply chain, like percentages of suppliers assessed and non-compliance rates. However, comprehensive KPIs covering the full range of human rights issues are lacking. They could improve by providing more granular metrics on issues like living wages or freedom of association.

Lululemon	20%	40%	30%	10%		
	Governance	***Activities***	***Strategy***	***Metrics***	***Average***	***Sector Average***
Economic Performance	3	4	4	3	3,7	3,4
Emissions	4	5	5	4	4,7	3,9
Waste	3	4	3	3	3,4	3,3
Energy	3	4	4	3	3,7	3,8
Supply Chain	4	5	4	4	4,4	3,5
Employees	3	4	4	3	3,7	3,5

Occupational Health and Safety	2	3	2	1	2,3	2,8
Human Rights	3	4	3	3	3,4	3,3





#10 Gap

Economic Performance

Governance: 4/5

Gap Inc. demonstrates a solid governance structure for economic performance. The Board of Directors, through the Audit and Finance Committee, closely oversees financial matters, reporting and audits. This committee also handles legal and regulatory compliance, enterprise risk management and internal controls, ensuring comprehensive oversight of economic aspects. The presence of key leaders such as the Chief Financial Officer and Chief Legal and Compliance Officer, who regularly report to the Board, further strengthens control over economic performance.

Activities: 3/5

The company carries out various activities to manage its economic performance. These include conducting annual enterprise risk assessments, implementing internal audit plans and continuously monitoring financial risks. Gap Inc. also engages in responsible purchasing practices and efficient inventory management to optimize financial results. However, the report could provide more details on specific initiatives undertaken to improve economic performance.

Strategy: 3/5

Gap Inc.'s strategy for economic performance seems focused on risk management, operational efficiency and business model innovation. The company aims to balance growth with financial responsibility, as evidenced by its approach to enterprise risk management. However, the report does not provide specific long-term financial goals or a detailed roadmap for future growth, leaving room for a more articulated economic strategy.

Metrics: 4/5

Gap Inc. provides clear metrics on its economic performance. The report includes detailed data on revenues ($14.8 billion in 2023), broken down by brand. The company also reports the number of company-operated stores (2,562) and the percentage of spend allocated to green-rated factories (87%). These metrics offer a good overview of the company's financial health, although they could be enriched with additional indicators of profitability and growth.

Emissions

Governance: 4/5

Gap Inc. demonstrates a strong commitment to emissions governance. The Board's Governance and Sustainability Committee oversees programs, policies and practices related to environmental issues, including emissions. The Chief Supply Chain and Transformation Officer and other senior leaders provide regular updates to the Board on these topics. The company has also

established a Global Sustainability team within the Supply Chain and Transformation department, ensuring that emissions considerations are integrated into business operations.

Activities: 4/5

The company undertakes numerous activities to reduce emissions. These include implementing energy efficiency measures in stores, using renewable energy through virtual power purchase agreements (VPPAs) and on-site solar projects. Gap Inc. also collaborates with suppliers to reduce supply chain emissions, encouraging them to complete the Higg Facility Environmental Module (FEM) and participate in energy efficiency programs. The company is also exploring the use of electric vehicles for distribution.

Strategy: 5/5

Gap Inc.'s emissions strategy is ambitious and well-articulated. The company has set science-based targets (SBTs) aligned with the Paris Agreement, aiming to reduce Scope 1 and 2 emissions by 90% and Scope 3 emissions by 30% by 2030 compared to 2017. Gap Inc. has also committed to achieving net-zero emissions across its value chain by 2050. The strategy is based on three pillars: reduction, conversion and offsetting/insetting, with a particular focus on supply chain emissions.

Metrics: 4/5

Gap Inc. provides detailed metrics on its emissions. The report includes data on Scope 1 emissions (41,942 tonnes of CO2e), Scope 2 (48,519 tonnes of CO2e market-based) and various categories of Scope 3. The company also reports progress towards its goals, such as the 77% reduction in Scope 1 and 2 emissions from 2017 to 2022. However, some metrics are for 2022, indicating a delay in reporting the most recent emissions.

Waste

Governance: 3/5

Gap Inc. demonstrates a commitment to waste governance, although the structure is not as detailed as for other environmental aspects. The Board's Governance and Sustainability Committee appears to have general oversight of environmental issues, including waste management. However, the report does not clearly specify the specific roles and responsibilities for waste management within the organization, leaving room for a more articulated governance structure on this topic.

Activities: 4/5

The company undertakes various activities to address waste, focusing particularly on plastic packaging. Gap Inc. is working to eliminate unnecessary or problematic plastic in consumer packaging by 2025 and in business-to-business packaging by 2030. The company is also

converting necessary plastic packaging to recycled materials and exploring alternatives to plastic accessories and hangers. Gap brand stopped sourcing plastic shopping bags as of September 2023, and Old Navy is transitioning to paper bags.

Strategy : 4/5

Gap Inc.'s waste management strategy focuses on three main areas: elimination, diversion and conversion. The company aims to eliminate and replace plastic packaging with non-plastic alternatives, divert plastic from landfills through recycling when possible, and convert necessary plastic to non-virgin materials. Gap Inc. has set ambitious goals in line with its Fashion Pact commitments, such as eliminating unnecessary plastic in consumer packaging by 2025 and ensuring at least half of all plastic packaging is made from 100% recycled content by 2025/2030.

Metrics: 3/5

Gap Inc. provides some metrics on waste management, but there is room for more comprehensive reporting. The company reports that 47% of unnecessary or problematic plastic in consumer packaging has been eliminated and replaced with paper or other reusable alternatives. Additionally, 80% of all plastic packaging for consumers is made with 100% recycled content. However, the report lacks detailed metrics on total waste generated, recycling percentages or other waste reduction measures outside of packaging.

Energy

Governance: 3/5

Gap Inc.'s energy governance seems to be integrated into its broader environmental oversight structure. The Board's Governance and Sustainability Committee likely oversees energy issues as part of its environmental responsibilities. However, the report does not provide specific details on energy governance, such as dedicated roles or committees focused on energy. This suggests there may be room for a more robust and specific governance structure for energy.

Activities: 4/5

Gap Inc. undertakes various activities to improve energy efficiency and increase the use of renewable energy. The company has implemented energy efficiency measures in stores, including the use of energy management systems (EMS) and efficiency protocols for lighting and HVAC systems. Gap Inc. has also invested in renewable energy projects, including a 3-megawatt solar installation at the Fresno, California distribution center, and two virtual power purchase agreement (VPPA) projects for wind and solar energy. The company is also exploring the use of electric vehicles for distribution.

Strategy: 4/5

Gap Inc.'s energy strategy aligns with its emissions reduction goals and focuses on two main areas: energy efficiency and renewable energy procurement. The company aims to reduce energy consumption through operations optimization and implementation of efficient technologies. In parallel, Gap Inc. has committed to transitioning to renewable energy, with the goal of sourcing 100% renewable electricity for its directly managed facilities globally by 2030. The strategy also includes efforts to encourage suppliers to switch to more sustainable energy sources.

Metrics: 3/5

Gap Inc. provides some energy-related metrics, but there is room for more comprehensive reporting. The company reports that 58% of electricity used in directly managed facilities came from renewable sources in 2022. Additionally, the solar project at the Fresno distribution center generated approximately 50-80% of the facility's annual electricity needs. However, the report lacks detailed metrics on total energy consumption, energy intensity or specific energy savings resulting from efficiency initiatives. This additional information would provide a more complete picture of the company's energy performance.

Supply Chain

Governance: 4/5

Gap Inc. demonstrates a solid governance structure for supply chain management. The Board's Governance and Sustainability Committee oversees programs, policies and practices related to supply chain sustainability. The Chief Supply Chain and Transformation Officer and other senior leaders provide regular updates to the Board on these topics. The company also has a dedicated Supplier Sustainability team that works closely with suppliers to implement sustainability programs and monitor compliance.

Activities: 5/5

Gap Inc. undertakes numerous activities to manage and improve the sustainability of its supply chain. These include conducting regular supplier assessments based on the Supplier Code of Conduct, implementing capability building programs such as the Workplace Cooperation Program and Supervisory Skills Training, and implementing initiatives to prevent and respond to gender-based violence and harassment. The company also collaborates with suppliers to reduce environmental impact, promoting the use of the Higg Facility Environmental Module and supporting resource efficiency projects.

Strategy: 4/5

Gap Inc.'s supply chain strategy focuses on two main areas: ensuring compliance and empowering women. The company aims to improve working conditions, protect human rights

and reduce environmental impact throughout the supply chain. Gap Inc. has set ambitious goals, such as achieving gender parity at the supervisor level in strategic factories by 2025 and ensuring all suppliers have systems for preventing and responding to gender-based violence. The strategy also includes efforts to increase supply chain transparency and traceability.

Metrics: 4/5

Gap Inc. provides detailed metrics on its supply chain performance. The company reports that 87% of its business spend was allocated to green-rated factories in 2023. 91% of strategic factories have representative workplace committees, and 84% of factories have management systems and training in place to address gender-based violence and harassment. Gap Inc. also monitors supplier participation in various initiatives, such as the Social & Labor Convergence Program and the ILO-IFC Better Work. However, some metrics, such as the percentage of factories that have achieved gender parity at the supervisor level (22%), show that there is still work to be done to reach the set goals.

Employees

Governance: 4/5

Gap Inc. demonstrates a solid governance structure for employee management. The Compensation and Management Development Committee of the Board of Directors oversees matters related to employee engagement, compensation, talent development, and diversity, equity and inclusion. The Chief People Officer and other senior leaders provide regular updates to the Board on these topics. The company also has dedicated teams that handle various aspects of employee management, such as Equality & Belonging and talent development.

Activities: 4/5

Gap Inc. undertakes numerous activities to engage and develop its employees. These include training and development programs such as the Retail Academy, Rotational Management Program and Gap Tech Rotational Program. The company also offers volunteering opportunities through the Take Five program and promotes diversity and inclusion through its Equality & Belonging Groups. Gap Inc. regularly conducts employee surveys to assess engagement and satisfaction, and offers a comprehensive range of benefits for employees' financial and personal well-being.

Strategy: 4/5

Gap Inc.'s strategy for employees focuses on three main areas: employee belonging, customer belonging and community belonging. The company aims to create an inclusive culture where everyone feels they belong and can reach their potential. Gap Inc. has set ambitious goals to increase representation of Black and Latinx employees in leadership roles and is committed to

ensuring gender and pay equity. The strategy also includes developing inclusive products and experiences for customers and civic engagement initiatives for communities.

Metrics: 3/5

Gap Inc. provides some key employee-related metrics, but there is room for more comprehensive reporting. The company reports that 72% of employees who participated in the 2023 survey demonstrated satisfaction by answering "Agree" or "Strongly Agree" to the question "I intend to stay with this company for at least the next 12 months". Gap Inc. also provides diversity data, indicating that 7% of U.S. headquarters employees identify as Black and 11% as Latinx. However, the report lacks detailed metrics on aspects such as employee turnover, training hours or internal promotion rates.

Occupational Health and Safety

Governance: 3/5

Gap Inc. demonstrates a commitment to occupational health and safety, but the governance structure is not as detailed as for other aspects. The company operates in line with national and state OSHA standards, but the report does not clearly specify roles and responsibilities for overseeing occupational health and safety within the organization. It appears that responsibility is distributed among various teams, including Safety and Claims, Internal Audit and Store Compliance Audit.

Activities: 4/5

The company undertakes various activities to ensure employee health and safety. These include incorporating safety criteria into the design and layout of stores and warehouses, training employees on safe work practices, and conducting regular assessments and audits. Gap Inc. uses an integrated approach that includes hazard identification, prevention and awareness, as well as rapid incident response.

Strategy: 3/5

Gap Inc.'s strategy for occupational health and safety seems focused on prevention and regulatory compliance. The company aims to limit risks and liabilities through engineering controls, employee training and regular assessments. However, the report does not provide a clear vision of long-term goals or how the company intends to continuously improve its health and safety practices beyond basic compliance.

Metrics: 2/5

Gap Inc. provides limited information on occupational health and safety metrics. The report lacks specific quantitative data such as injury rates, lost workdays or number of reported

incidents. This lack of detailed metrics makes it difficult to assess the effectiveness of the company's health and safety practices or compare its performance to industry standards.

Human Rights

Governance: 4/5

Gap Inc. demonstrates a strong commitment to human rights through its governance structure. The company has a Human Rights Policy and a Supplier Code of Conduct that form the basis of its strategy. The Governance and Sustainability Committee of the Board of Directors oversees human rights issues. Gap Inc. also has dedicated teams, such as Supplier Sustainability and Human Rights and Labor, that deal with these topics.

Activities: 5/5

The company undertakes numerous activities to protect human rights in its supply chain. These include regular supplier assessments, capability building programs such as the Workplace Cooperation Program and Supervisory Skills Training, and initiatives to prevent and respond to gender-based violence. Gap Inc. also collaborates with NGOs, unions and other stakeholders to address human rights issues.

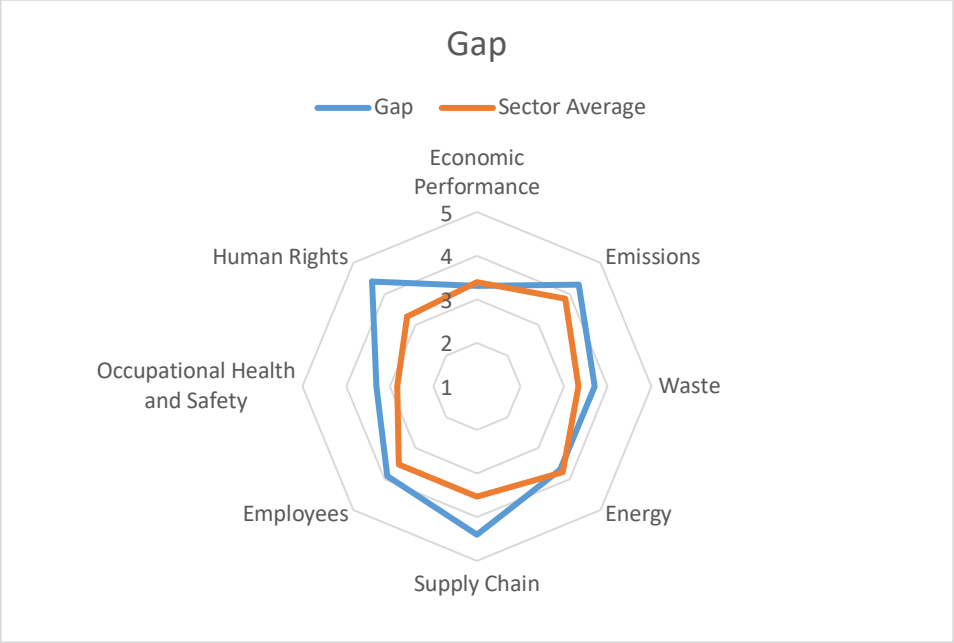
Strategy: 4/5

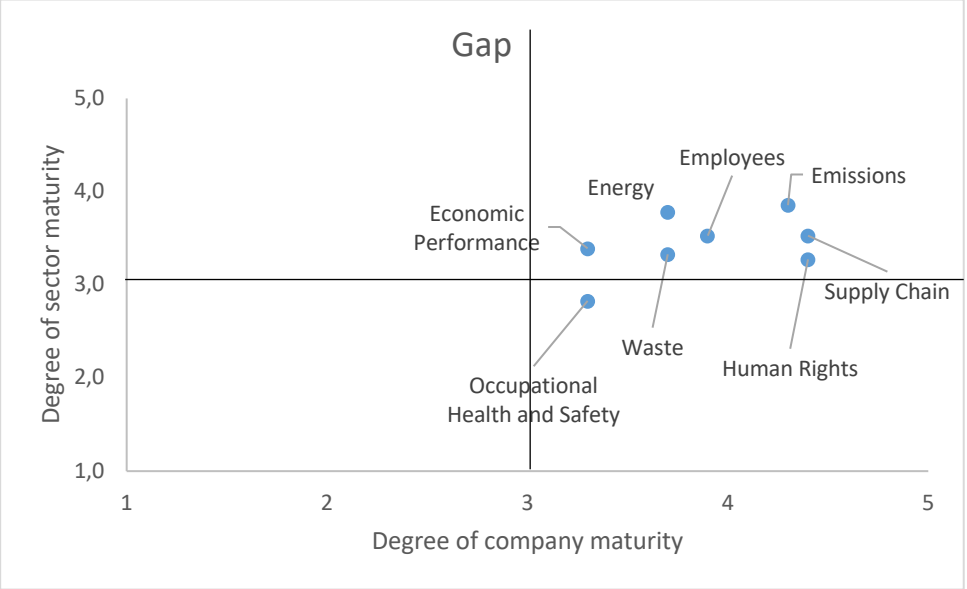
Gap Inc.'s human rights strategy focuses on two main areas: ensuring compliance and empowering women. The company aims to improve working conditions, protect human rights and reduce environmental impact throughout the supply chain. Gap Inc. has set ambitious goals, such as achieving gender parity at the supervisor level in strategic factories by 2025 and ensuring all suppliers have systems in place to prevent and respond to gender-based violence.

Metrics: 4/5

Gap Inc. provides detailed metrics on its human rights performance. The company reports that 87% of its business spend was allocated to green-rated factories in 2023. 91% of strategic factories have representative workplace committees, and 84% of factories have management systems and training in place to address gender-based violence and harassment. However, some metrics, such as the percentage of factories that have achieved gender parity at the supervisor level (22%), show that there is still work to be done to reach the set goals.

Gap	20%	40%	30%	10%		
	Governance	***Activities***	***Strategy***	***Metrics***	***Average***	***Sector Average***
Economic Performance	4	3	3	4	3,3	3,4
Emissions	4	4	5	4	4,3	3,9
Waste	3	4	4	3	3,7	3,3
Energy	3	4	4	3	3,7	3,8
Supply Chain	4	5	4	4	4,4	3,5
Employees	4	4	4	3	3,9	3,5
Occupational Health and Safety	3	4	3	2	3,3	2,8
Human Rights	4	5	4	4	4,4	3,3




Gap
5,0
4,0
3,0
2,0
1,0
Degree of sector maturity
1
2
3
4
5
Degree of company maturity
Economic Performance
Energy
Employees
Emissions
Supply Chain
Waste
Human Rights
Occupational Health and Safety

Conclusion

	Sector Average	*Nike*	*Inditex*	*TJX*	*Cintas*	*Fast Retailing*	*Ross Store*	*Adidas*	*H&M*	*Lululemon*	*Gap*
Economic Performance	**3,4**	3	4,3	4,3	3,5	4,7	2,7	4,1	3,7	3,7	3,3
Emissions	**3,9**	5	4,3	4,3	3,6	4,7	3,1	4,1	4,3	4,7	4,3
Waste	**3,3**	4,8	4,7	4,2	2,6	2,9	3,4	3,5	3,4	3,4	3,7
Energy	**3,8**	5	4,7	4,6	3,7	4,7	3,7	4,1	3,7	3,7	3,7
Supply Chain	**3,5**	4,4	4,7	3,9	2,6	3,9	2,6	4	3,9	4,4	4,4
Employees	**3,5**	5	4	4,0	3,6	4	3,6	3,6	3,4	3,7	3,9
Occupational Health and Safety	**2,8**	5	4,4	2,6	2,6	2,1	2,5	3,7	2,6	2,3	3,3
Human Rights	**3,3**	3,9	4	3,6	2,6	3,6	2,6	4	3,9	3,4	4,4

Leading companies in the sector show considerable interest in developing more sustainable materials, both in terms of production and use. They set ambitious targets for achieving climate neutrality, as evidenced by high scores in several areas.

"***Emissions***" emerges as the most monitored issue by companies, with a sector average of 3.9/5. Companies are investing significantly in technologies and practices to reduce greenhouse gas emissions throughout the value chain, second place is "***Energy***" with a score of 3.8/5, indicating a strong commitment to energy efficiency and the adoption of renewable sources, concludes the podium "***Supply Chain***" with a score of 3.5/5, demonstrates the growing attention to sustainable and transparent sourcing practices by communicating the commitment of the top ten firms to involve their entire production chain by improving global sustainability.

Despite progress on environmental issues, the analysis reveals that social aspects are among the least overseen in the sector. This disparity suggests the need for a greater balance in the overall ESG approach.

The two worst topics per media are "***Human Rights***" with an average of 3.3/5, showing a lower level of maturity than environmental aspects, so more efforts are needed in this area.

At the bottom of the list is " ***Occupational Health and Safety*** " which records the lowest score among the topics analysed, with 2.8/5, highlighting a critical area that requires immediate attention and significant investments.

It is important to note that industry averages are influenced by some outliers values, which distort the overall representation of industry performance. A closer look reveals some significant discrepancies: "***Occupational Health and Safety***" has an average of 2.8 which is greatly influenced by Nike's exceptionally high score (5.0). Excluding this outlier, the industry average would fall to around 2.5, highlighting an even more critical performance in this area.

The same goes for "***Waste***" where the extreme values of Nike (4.8) and Cintas (2.6) considerably influence the average of 3.3. Without these outliers, the average would be around 3.5, providing a more accurate representation of the central trend in the industry.
The above statistical considerations highlight the importance of considering not only averages, but also the distribution of data and the impact of extreme values on their values.
Problems of this type could be solved or reduced with the use of alternative statistical measures, such as median or truncated averages, which can offer a more representative view of the sector's performance. This consideration is particularly relevant for topics with high variability in scores, such as "***Economic Performance***" and "***Human Rights***".
In addition, by analysing the extreme values of the sector, it is also possible to trace the companies that are outperforming or underperforming compared to their competitors, offering further insights for new ESG strategies and actions.

Based on the analysis conducted on the sustainability performance of major companies in the fashion sector, several significant trends and results emerge that deserve to be explored in depth. First, there is evidence of a growing but uneven commitment from the examined companies on ESG (Environmental, Social, Governance) issues. All the analyzed entities show greater attention to sustainability topics, but with very diverse levels of maturity and performance. Some companies like Nike and Inditex stand out for more structured approaches and advanced results, while others still show ample room for improvement. This heterogeneity likely reflects the different speeds at which companies are integrating sustainability into their business models.
A second relevant aspect is the prevalent focus on environmental issues. Most companies concentrate their efforts mainly on reducing emissions, energy efficiency, and waste management. On average, less attention is devoted to social and governance aspects. This imbalance can be explained by the greater tangibility and measurability of environmental impacts, as well as growing regulatory pressures on these issues. However, a truly integrated approach to sustainability would require a greater balance between the different ESG dimensions.
Furthermore, a significant gap emerges between declared strategies and the actual implementation of concrete initiatives, especially on issues such as human rights in the supply chain or diversity. Many companies have defined ambitious goals and detailed policies, but still struggle to translate them into systematic actions along the entire value chain. This gap between intentions and concrete achievements represents one of the main challenges for the sector in the coming years.

A positive trend, on the other hand, concerns the improvement in transparency and reporting of ESG performance. There is a general progress in the quality and quantity of information disclosed by companies, although gaps remain, especially in reporting quantitative metrics and long-term objectives. Growing pressure from investors and stakeholders is pushing companies towards greater accountability on their sustainability performance.

Another element that emerges from the analysis is the difference between reactive and proactive approaches to sustainability. Some companies still show a predominantly defensive attitude, focused on regulatory compliance and reputational risk management. Sector leaders, instead, adopt more proactive strategies of sustainable innovation, integrating sustainability as a driver of value creation and competitive advantage. This distinction is also reflected in the quality and ambition of the objectives and initiatives implemented.

Overall, the fashion sector shows a growing awareness of the importance of ESG issues, but with ample room for improvement, especially in integrating sustainability into business models. The main challenges concern responsible supply chain management, product circularity, and reducing overall environmental impact. In particular, traceability and transparency of the production chain remain a critical issue, as does the adoption of low-impact materials and processes on a large scale.

For the future, it will be crucial for companies in the sector to accelerate the transition towards more sustainable models, investing in innovation, supply chain collaborations, and consumer engagement. Only in this way will fashion be able to adequately respond to growing stakeholder expectations and positively contribute to global sustainable development goals. It will also be fundamental to bridge the gap between leading companies and followers, disseminating best practices and raising minimum industry standards.

In conclusion, the analysis conducted highlights how sustainability is increasingly becoming a strategic factor for competitiveness in the fashion sector. Companies that will be able to effectively integrate ESG issues into their business models, going beyond mere compliance, will be able to benefit from significant competitive advantages in terms of operational efficiency, innovation, reputation, and ability to attract talent and investors. On the contrary, those who fail to adapt to new market expectations risk losing relevance in the medium to long term. The challenge for the sector will be to transform sustainability from a constraint to an opportunity, systematically rethinking products, processes, and stakeholder relationships with a view to creating shared value.

With a view to self-criticism aimed at continuous improvement over time and with a view to providing ideas for future development, the strengths, limitations and possible suggestions for further application and development are analysed below.

Strengths:

1. Synthetic ESG Maturity Assessment: The methodology allows for a concise assessment of companies' maturity in dealing with complex and innovative ESG issues.
2. Effective visual representation: The use of spider graphs and matrices allows an immediate and understandable visualization of the company positioning, even for non-experts.
3. Identification of areas of intervention: The matrix representation highlights 4 areas of action, providing preliminary indications for defining improvement or maintenance strategies.
4. Sector benchmarking: Comparison with the industry average allows companies to understand their relative positioning.

Limitations

1. Subjectivity of analysis: Evaluation maintains a degree of subjectivity linked to the analyst's interpretation.
2. Limited data depth: The analysis relies primarily on publicly available information, limiting the scope for in-depth evaluations.
3. Current reporting still underdeveloped: Legislative Decree 254/2016 imposes reporting obligations only for large companies, limiting the availability of comparable data for the entire sector.
4. Non-invasive approach: A more invasive approach would be necessary for a more detailed analysis, which is the main limitation of the proposed methodology.

Prospects

Against a backdrop of increasing regulatory and market pressures on ESG issues, this methodology has significant development potential. The extension of non-financial reporting obligations to an increasing number of companies, as envisaged by recent regulatory developments, will provide fertile ground for the refinement of this analytical approach.
Next steps to improve the methodology could include:

1. Refinement of evaluation criteria to reduce subjectivity
2. Integration of alternative data sources to enrich the analysis
3. Development of automation tools for data processing
4. Partnering with companies to access more detailed information

Despite the current limitations, this methodology offers a valid starting point for analysing the performance of companies in relation to ESG factors. The approach adopted allows us to highlight the strengths and weaknesses of the fashion industry, providing valuable insights to guide future efforts towards greater sustainability and social responsibility.

The analysis revealed a rapidly evolving sector, with a strong emphasis on environmental aspects, but with significant room for improvement in the social sphere. This disparity underscores the importance of a holistic approach to ESG issues, which balances environmental, social and governance considerations fairly.

The analysis carried out, with its strengths and limitations, is configured as a flexible and potentially powerful tool to guide the strategic decisions of companies and investors. As the regulatory landscape evolves and public awareness of ESG issues increases, this type of analysis is expected to become increasingly relevant and sophisticated.

In conclusion, as the fashion industry continues its path towards greater sustainability, analytical tools such as the one presented in this dissertation will play a crucial role in monitoring progress, identifying areas for improvement, and guiding future strategies. The goal remains to promote a fashion industry that not only creates economic value, but that does so responsibly, respecting the environment and the people involved at every stage of the value chain.

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