

2023 BRANDS TO ZERO REPORT

Protecting the planet by reducing the fashion and footwear industry's chemical footprint



BRANDS
to Zero By ZDHC

Contents



SECTION 1

Introduction

- | | | | | | |
|----------|-----------------------------|-----------|-----------------------------|-----------|------------------------------------|
| 4 | Foreword | 7 | ZDHC's 2030 Impact Strategy | 8 | The ZDHC Roadmap to Zero Programme |
| 9 | Signatories & Collaboration | 11 | Resource Efficiency Module | 12 | Our Impact |

SECTION 2

The Brands to Zero Programme & Report

- | | | | | | |
|-----------|--|-----------|---------------------|-----------|----------------------------|
| 19 | The Brands to Zero Programme | 20 | DETOX.Live | 22 | ZDHC Implementation Tokens |
| 24 | Brands to Zero: Assessment and Scoring | 29 | Detox Fashion Radar | 31 | The Road Ahead |



SECTION 1

Introduction

"We're immensely proud of the ZDHC Committed Community's dedication and commitment to phasing out hazardous chemicals from their global value chains. They've achieved this by successfully implementing the ZDHC MRSL, creating a world where better chemistry protects life, land, air, and water."



Klaas Nuttbohm
Implementation Director,
The ZDHC Foundation



Dear Brands,

I am thrilled to announce the successful fifth evaluation of the Brands to Zero Programme with the Brands to Zero Report. The fashion industry faces mounting pressure to adopt sustainable and ethical practices due to environmental and societal concerns. Policymakers are now emphasising the need for greater regulation. The ZDHC Foundation has emerged as an effective industry initiative for sustainable chemical management, establishing itself as a reputable leader. ZDHC's impact and efficacy as a volunteer initiative, with the support of our participating brands, make it a leader in the industry.

The Brands to Zero Programme was created to boost ZDHC's impact in the fashion industry through collaboration and collective action. The 2023 Brands to Zero report showcases progress in advancing sustainable chemical management, emphasising the need for joint implementation and active brand participation in the Roadmap to Zero Programme, as well as upskilling.

The Brands to Zero Programme is a significant investment that benefits both our organisation and the industry. The Programme's value lies in its collaborative efforts to harmonise sustainable practices and ensure accountability for measurable results. ZDHC also enhances the programme's value by linking it with other industry initiatives and

raising awareness of its meaning within the context of the OECD guidance on business and human rights for our industry.

We are immensely proud of the ZDHC Committed Community's dedication and commitment to phasing out hazardous chemicals from their global value chains. They've achieved this by successfully implementing the ZDHC MRSL, creating a world where better chemistry protects life, land, air, and water. I extend my gratitude and congratulations to all participating brands, as their involvement in the Brands to Zero Programme is integral to our ability to identify and communicate progress in the Leader Programme and the Roadmap to Zero Programme.

"ZDHC plays the role of harmonising the efforts and processes of brands towards an industry aligned framework."

Your ongoing commitment has set a remarkable standard for the industry to follow and is crucial to realising our 2030 Impact Strategy. Our goal is to ensure that all chemical formulations used within the ZDHC Community and 70% of those used globally conform to the ZDHC MRSL by 2030. The Brands to Zero Programme made exceptional progress last year, with 36 participating brands and an expected steady growth as 24 Friends of ZDHC are on track to join the Programme by 2025 and Brands keep joining as signatories directly.



There was a notable rise in Friends of ZDHC last year, highlighting the growing need for sustainable chemical management solutions in the fashion industry. Friends of ZDHC are proactively preparing to transition to ZDHC Contributor status, rolling out and implementing the Roadmap to Zero Programme using the ZDHC Gateway and other tools. This supports ZDHC Contributor Brands in reaching non-strategic and long-tail suppliers and fostering their understanding of ZDHC implementation. The community ZDHC builds amplifies each organisation's efforts, resulting in a lasting positive impact on the industry.

This report details ZDHC's successful achievement of harmonised sustainable chemical management across the fashion industry's global value chain, raising public awareness and creating effective collective impact. Our 2030 Impact Strategy will take our impact even further.

Sustainable chemical management is crucial for achieving our impact goals. To reduce industry emissions by 45%, we need to improve production practices and invest in better chemistry. The Resource Efficiency Module (REM) guides suppliers to reduce emissions and conserve water. This enables the ZDHC Community to tackle current and future challenges together.

It's time to acknowledge Brands to Zero leaders and call out those who don't share the mission. The Detox Fashion Radar is a critical aspect of this idea in relation to the Brands to Zero Programme. While currently it only showcases Brands that have achieved Aspirational Level, it raises the question

of who is missing and why. ZDHC is consistently pushing to provide more value to its community by developing an implementation framework to ensure our work remains increasingly meaningful and impactful. Today, our community's progress speaks for itself.

The 2023 Brands to Zero Report emphasises the need for collaboration, shared implementation, and steadfast dedication to sustainable practices in the textile, leather, and footwear industries to tackle challenges and drive advancements towards a sustainable future.

Sincerely,

Klaas Nuttbohm
Implementation Director,
The ZDHC Foundation



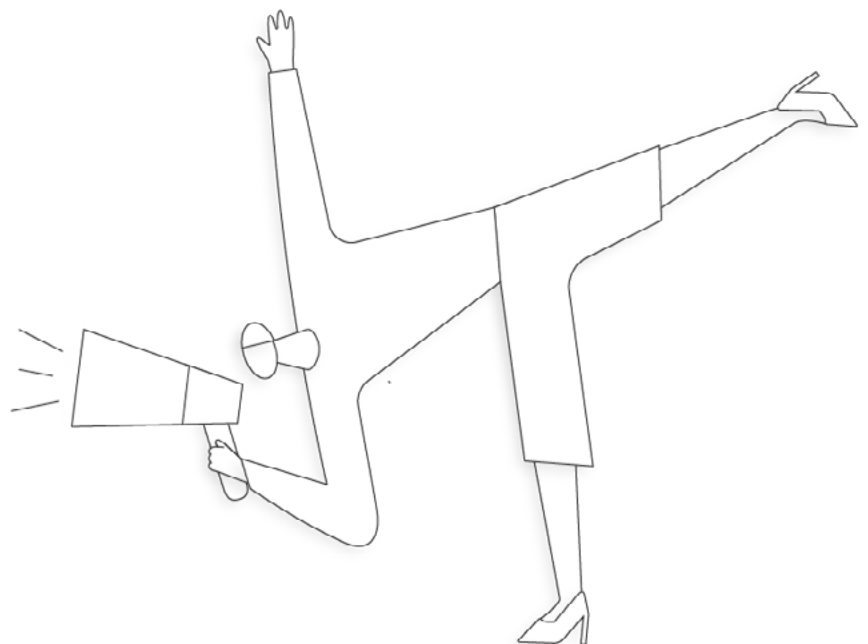
General Disclaimer

Disclaimer:

Whilst ZDHC takes every reasonable effort to make sure that the content of and information contained in this BRANDS TO ZERO REPORT 2023 is as accurate and correct as possible at the time of publication, ZDHC makes no claims, promises, or guarantees about the accuracy, completeness, or adequacy of the contents of this document.

In no event will ZDHC (and/or any related ZDHC majority owned legal entities) or the Directors or staff thereof be liable and ZDHC expressly disclaims any liability of any kind to any party for any loss, damage, or disruption caused:

1. by errors or omissions, whether such errors or omissions result from negligence, accident, or any other cause; and/or
2. from any use, decision made or action taken or any other kind of reliance on the BRANDS TO ZERO REPORT 2023 by a reader or user of it; and/or
3. for any results obtained or not obtained from the use of the BRANDS TO ZERO REPORT 2023.





— ZDHC 2030 Impact Strategy

We're excited to announce our 2023-2030 strategy, which expands our efforts towards phasing out hazardous chemicals from the textile, apparel, leather and footwear industries. Building on our first strategy (2018-2022), we're now shifting gears to accelerate our impact beyond our core industries, sharing our learnings with all manufacturing sectors. The efforts of Brands implementing the Roadmap to Zero Programme have been recognised by UN bodies and international organisations, and pave the way for a broader engagement. We're also adopting an end-to-end approach, which means we're focusing on sustainable chemical management from the farm (like cotton production) all the way to the end of life of products.

Our new 2030 Impact Strategy seeks to collaborate with other organisations and the industry at large to have a greater impact and achieve our aspirational 2030 goal. Its foundation though will remain to be the Brands implementing the Roadmap to Zero Programme and the Signatory Brands leading the way in the Brands to Zero Programme.

For more information, please visit our [website](#).



Our Mission is to lead our global value chains to achieve the highest standards for sustainable chemical management, driving resource efficiency and circularity.

Our Vision is a world in which better chemistry leads to the protection of life, land, air and water.

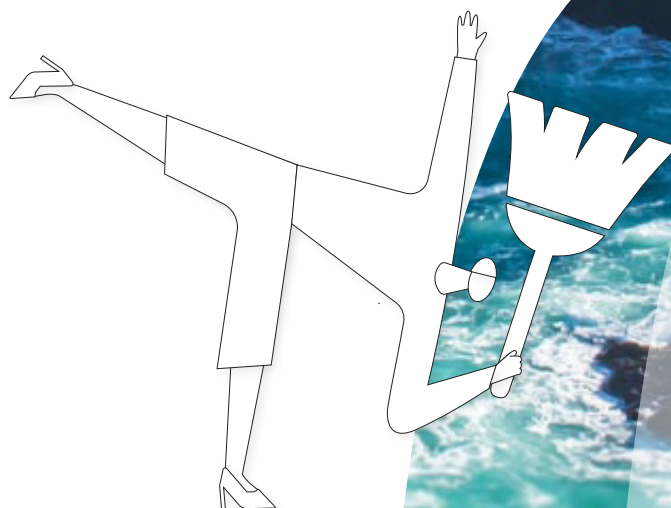


— The ZDHC Roadmap to Zero Programme

Joint implementation - from collaborative engagement to collective impact

ZDHC is a multi-stakeholder collaboration based initiative with a **Committed Community of more t** me provides a clear path to accelerate the implementation of sustainable chemical management by:

1. Creating aligned, industry-endorsed guidelines, platforms and solutions for sustainable chemical management.
2. Driving effective implementation of these guidelines on the ground.
3. Engaging a network of relevant stakeholders to empower every point of the supply chain to manufacture safer products.





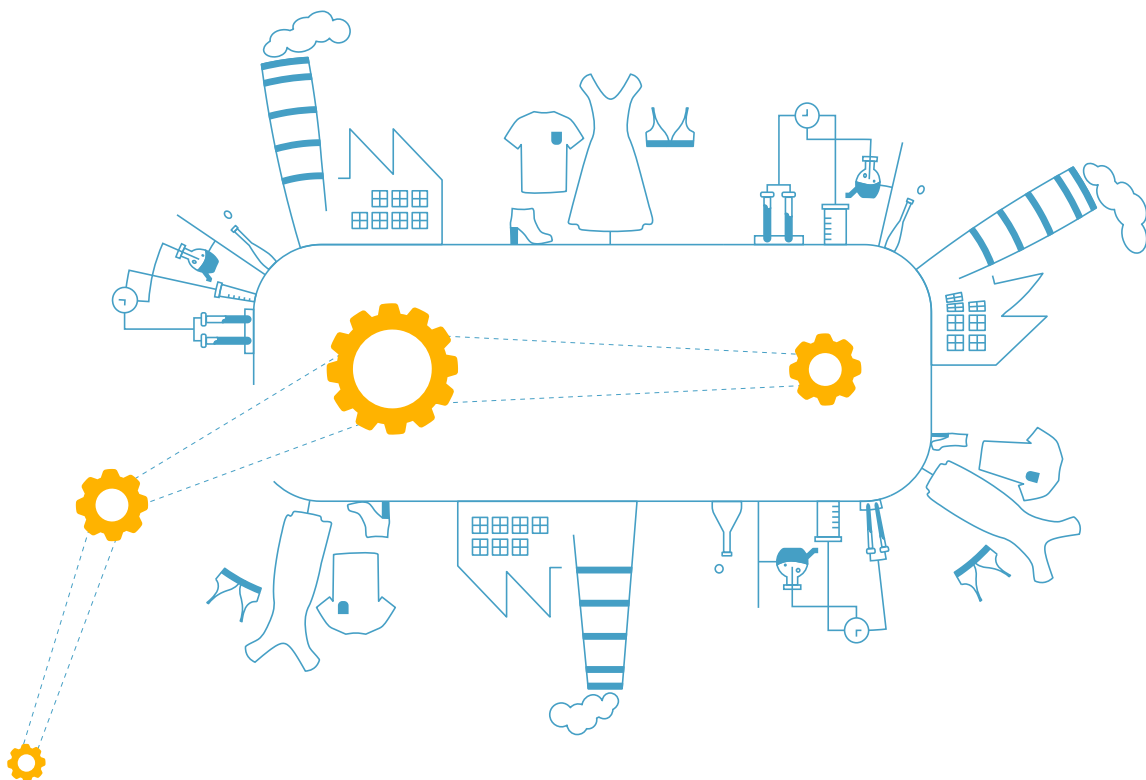
— Signatories and Our Collaborative Impact

We guide value chains towards the use of safer chemistry - for a cleaner planet - and a brighter future

We have formulated our strategy and implementation methods for brands, suppliers and other stakeholders to phase out the intentional use and disposal of hazardous chemicals from the global fashion value chain in close consultation with the ZDHC Community.

base to include 39 Brands, 126 Value Chain Affiliates and 21 Associates. Through collaboration and coordination, brands have been empowered to implement a uniform, system-based approach towards sustainable chemical management. Together with them, we are leading a paradigm shift in the industry. Due to a decision undertaken by our Board of Directors, 27 Solution Providers transitioned from being a ZDHC Contributor to a role as an impact catalyst as an Approved Solution Provider with the Implementation HUB.

ZDHC's critical achievement through the Brands to Zero and Roadmap to Zero Programme has been transformative in the way in which chemistry is managed and monitored. We are moving the industry away from a reactive system that focuses on products and uses RSL (Restricted Substances List) testing, and instead moving it towards a holistic system which proactively manages input chemistry with the use of the ZDHC MRSL (Manufacturing Restricted Substances List) conformance testing. Accordingly, our collective aim remains to prevent harmful chemicals entering the global value chain in the first place.

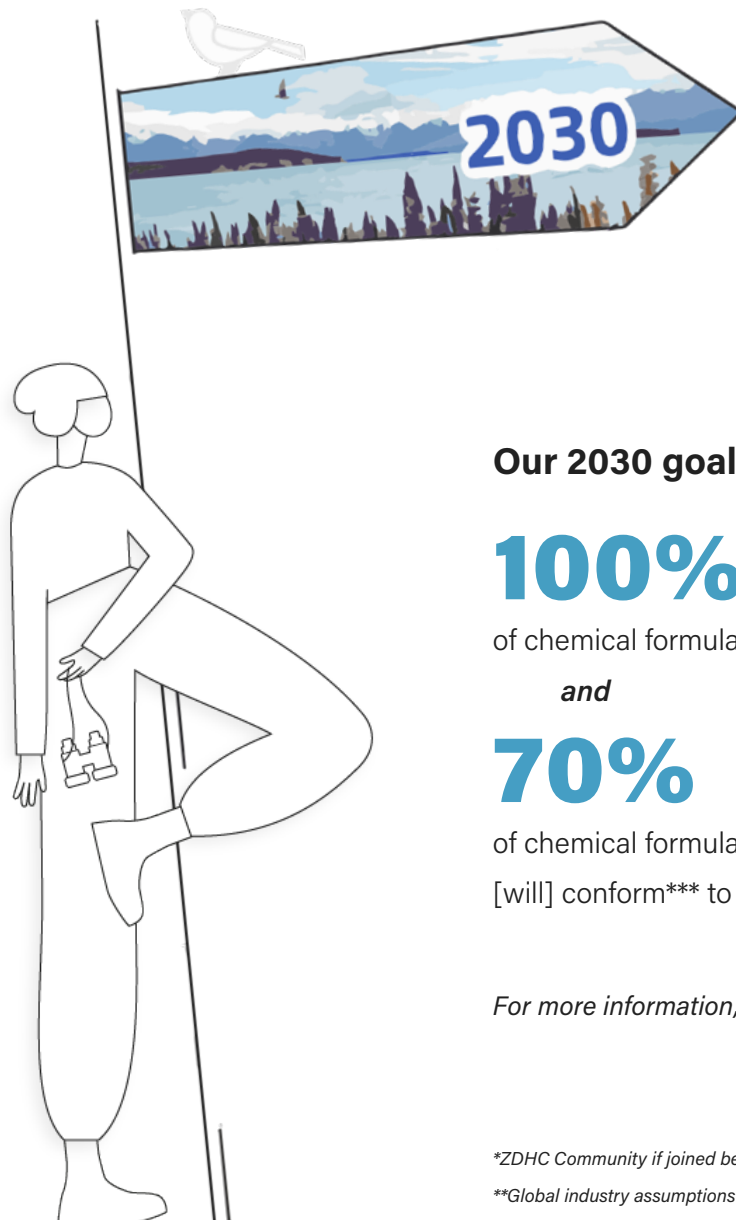




— ZDHC's 2030 Goal

ZDHC's 2030 Goal stresses our ambition for the level of uptake of the ZDHC MRSL by the global industry by the year 2030.

The ZDHC MRSL offers brands and suppliers a single, harmonised list of chemical substances banned from intentional use and discharge during manufacturing and related processes across the global value chain of the textile, leather, and footwear industry.



Our 2030 goal is:

100%

of chemical formulations used in the ZDHC Community

and

70%

of chemical formulations used in the global industry**

[will] conform*** to the ZDHC MRSL

For more information, please visit our [website](#).

*ZDHC Community if joined before 31 Dec 2027

**Global industry assumptions made based on the OAR's OS list

***Conform = in the ZDHC Gateway



Resource Efficiency Module (REM)

To achieve our 2030 goal as set within our 2030 Impact Strategy, it is essential to recognise that sustainable chemical management is a critical component for creating pioneering opportunities that integrate with our impact areas; life, land, air and water.

The goal of decreasing greenhouse gas emissions by 45% requires our most energy-intensive supply chain partners to adopt sustainable production practices. The reduction of emissions and water usage is only feasible if we invest in improved production techniques and chemistry, which is precisely the role of sustainable chemical management in achieving our 45% target.



It provides our suppliers with the necessary guidance to explore additional opportunities for greenhouse gas reduction and water conservation.



In this regard, our Resource Efficiency Module (REM) serves as a vital platform for the ZDHC community. It provides our suppliers with the necessary guidance to explore additional opportunities for greenhouse gas reduction and water conservation.

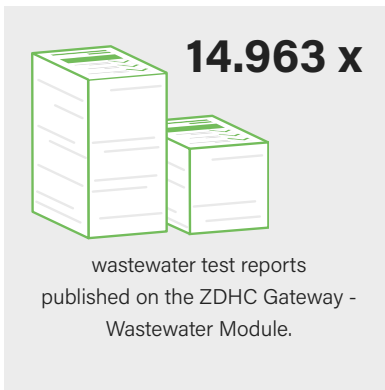
Through our REM, we will collaborate with industry stakeholders to tackle current challenges while also building momentum to address the challenges of the future. By implementing sustainable chemical management practices, **we will enable our supply chain partners to achieve their sustainability goals and contribute to a healthier planet.**





Our impact in 2022

We are proud of the progress we have made in improving production conditions across the globe. Below we report on our impact over 2022:



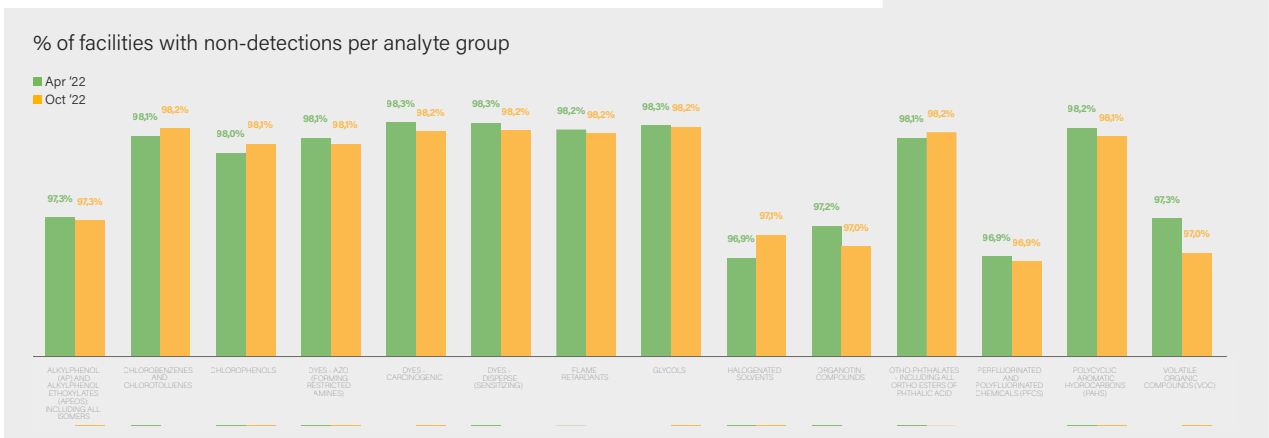
Recent analysis shows that

98%

of parameters met the requirements set by the Wastewater Guidelines for tested ZDHC MRSL parameters in the 2022 reporting period.

Disclaimer: lorem ipsum dolor sit amet, consectetur adipiscing elit, sed do eiusmod tempor minim veniam.

▼



Most significantly, we have witnessed the uptake of safer chemistry among the ZDHC community following the requirements of the ZDHC MRSL, resulting in cleaner production processes and improved discharge of wastewater.

Recent analysis shows that 98% of suppliers who carried out wastewater testing in 2020 had no detections of restricted substances from the ZDHC MRSL parameters for wastewater.



SECTION 2

The Brands to Zero Programme & 2023 Report



"The Leader Programmes work as a flywheel towards zero discharge of hazardous chemicals."



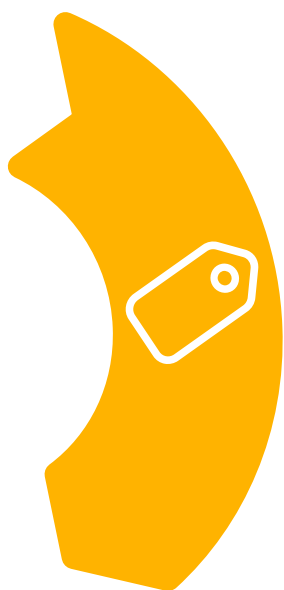
— ZDHC Leaders to Zero Programmes

To accelerate industry wide convergence on ZDHC Guidelines, Platforms and Solutions, and the scaling of ZDHC's positive impact, we have initiated three leader programmes: Brands to Zero, Supplier to Zero and our forthcoming Formulators to Zero.

Leaders to Zero*: ZDHC Leader Programmes form a flywheel to create a culture of change.

**Please note that starting June 2023, all leader programmes will feature revised terminologies. Please read our [Knowledge Base article](#) for more detail.*

At ZDHC, we compare the energy of the growing interaction between brands, suppliers and ultimately chemical suppliers created by our Leaders to Zero Programmes, to a flywheel. It is vital part of the solution to the epic challenge of eliminating harmful substances from the entire fashion supply chain:



When **brands** demand better chemistry for their products, suppliers meet these requirements (verified through InCheck reports) which in turn accelerates their implementation of the Roadmap to Zero Programme. Success and progress is acknowledged in Brands to Zero.



Suppliers that implement and meet brands' requirements and position themselves as a sustainable facility will naturally gain more business. This will incentivise a 'race to the top' in which providing and using better chemistry will be a competitive advantage in the marketplace.



As **chemical formulators** strive towards the challenges set by brands and suppliers, they will lead the change by increasing their investment in the vital R&D required to replace those chemical substances listed on the ZDHC MRSL Candidate List. Serving this need for their customers will drive the positive change the industry needs to improve sustainable chemicals management practices.



ZDHC Leader Programme Levels*

All participating contributors in the leader programmes are graded into three performance levels: **Foundational***, **Progressive*** and **Aspirational***, being the highest level. Each programme has its own scoring and grading criteria based on its sector specific characteristics. The ambition to progress through the levels serves as an ongoing incentive for our contributors to continually improve their performance in the implementation of ZDHC standards and protocols. More broadly it creates and nurtures a culture of leadership in sustainability and a commitment to ongoing improvement.

**Please note that starting June 2023, all leader programmes will feature revised terminologies. Please read our [Knowledge Base article](#) for more detail.*



Brands to Zero is our leader programme for Contributor Brands. Each year, brands are assessed on their progress in implementing ZDHC Guidelines Platforms and Solutions, according to a set of key performance indicators.

By celebrating the success of the most effective Brands through our Detox Fashion Radar, ZDHC is proactively fostering a culture of progressive and aspirational leadership in the fashion industry.

In our Brands to Zero Assessment 2021, a brand achieves the 'Aspirational Level', the highest of the three possible categories of success, when they, firstly, attain a minimum total score across all KPIs and, secondly, achieve success in a number of critical KPIs highlighted by ZDHC. The KPIs assess the way ZDHC Guidelines, platforms and solutions are embedded into a Brand's corporate strategy, and implemented in their supply chain practices.



Supplier to Zero is our leader programme designed to align and accelerate the implementation of ZDHC Guidelines, Platforms and Solutions throughout the supply chain. It allows us to closely monitor the Roadmap to Zero performance on the ground, at factory level, a vital expansion of ZDHC's reach and ability to effect long-term change.

The programme's Foundational Level provides suppliers an entry-level introduction to the ZDHC Chemical Management System. Suppliers learn how to implement ZDHC Guidelines, Platforms and Solutions. Supplier to Zero is connected to the ZDHC Gateway, allowing Brands to monitor Supplier's progress.



ZDHC Leader Programme Levels (continued)



SUPPLIER

to Zero By ZDHC

Advanced suppliers demonstrate their performance and leadership in the Progressive and Aspirational Levels as verified by independent third parties.

Although Supplier to Zero was launched in 2020, the full rollout of the Foundational Level took place in 2021 and the Progressive Level followed in 2022. We saw a significant increase in the number of brands engaging with ZDHC on the topic and respectively Suppliers participating. 2023 will be the year of launch of the Aspirational level, providing the Supplier to Zero Programme its leader programme profile.

LEADER PROGRAMME FOR CHEMICAL SUPPLIERS

(coming soon)

Our third leader programme is specifically designed for chemical suppliers. The programme will facilitate the holistic evaluation of chemical formulations according to their sustainability ratings. This allows manufacturers and brands to make informed choices in order to implement best practices in sustainable chemistry.

Based on science-based targets, this leader programme will classify chemical formulations:
Foundational Level formulations conform to the ZDHC MRSL requirements.
Progressive Level formulations meet the product performance requirements including limits on chemicals in final products.

Chemical formulations at the Aspirational Level achieve high standards of safe use as measured across key areas, including hazard, water use, energy use, exposure scenarios, recyclability, and waste.



Innovation in action



"If you want to go fast, go alone. If you want to go far, go together. To move towards cleaner and sustainable chemical management within the fashion industry, we need brands, suppliers and formulators to go together. Our Brands to Zero Leader Programme brings brands together to harmonise their approach to guidelines development and joint implementation. Together with the Leader Programme for suppliers and the Leader Programme for chemical suppliers, it combines brands, suppliers and formulators coming together to create our impact for cleaner air, cleaner water."



Lydia Lin
Regions Director,
ZDHC Foundation



Innovation in action



"The ZDHC Brands To Zero Leader Programme is an important component of the ZDHC approach to catalyse widespread adoption and scaling of sustainable chemicals management practices. The Brands to Zero Programme is our mechanism to ensure aligned implementation of the Roadmap to Zero Programme and an important way to recognize brands that are leading the way in supply chain implementation."

Scott Echols
Senior Roadmap to Zero
Programme Director,
The ZDHC Foundation



— The Brands to Zero Programme

The Brands to Zero Programme (BtZ) provides Brands and Retailers with a **harmonised** approach and a clear path to achieving sustainable chemical management in their own corporations and throughout their supply chains.

Alongside this guiding character, the Brands to Zero allows brands to measure and benchmark their implementation progress, and celebrate their role in ZDHC's successes. It is built upon the principles of the OECD Due Diligence Guidance for our industry and enables the ZDHC community to strive for greater joint impact.

Joint implementation

The Brands to Zero Programme marks cornerstones and milestones for the implementation of ZDHC Guidelines, Platforms and Solutions that streamline and create a clear common implementation corridor. This eliminates **duplicative efforts** and supply chain complexity resulting in enhanced supplier engagement and consistent benchmarking of implementation performance.

Implementation leadership

In order to measure the overall impact of ZDHC's efforts it is important to align **implementation** principles and make respective ambitions and achievements comparable. The Brands to Zero Programme makes this possible by providing a consistent and quantifiable assessment. It thereby helps to drive implementation and improvement of ZDHC by providing individual roadmap development plans.

Supporting you to communicate your impact and progress

The Brands to Zero Programme allows Brands and Retailers to concentrate on their engagement with their supply chain. Furthermore, it allows brands to communicate to their own organisation their work and progress in being part of ZDHC's mission to phase out the use of hazardous chemistry.

A report is produced by a third-party assessor (KPMG) for each brand to provide key information on their level of implementation. Each report is based on defined KPIs and metrics.

"ZDHC Guidelines, Platforms and Solutions streamline and create a single common implementation approach"

Overall, this approach **streamlines** the implementation of ZDHC Guidelines, Platforms and Solutions by bringing these individual approaches together. The key is collaboration and reporting. Because if it is not measurable, it is not a joint effort.



— DETOX.Live



The DETOX.Live map, is a revolutionary global map that provides a comprehensive overview of suppliers and their input and output control performance, in line with the ZDHCs Guidelines. The Supplier to Zero programme is at the core of DETOX.Live, enabling industry leaders to showcase their commitment to sustainability and responsible sourcing.

Our map is designed to provide an easy-to-use platform for brands, consumers, the media, and environmental groups to assess the performance of facilities in implementing the ZDHC Roadmap to Zero Programme. Through transparent reporting, DETOX.Live allows the world to track our collective progress towards a sustainable future.

With DETOX.Live, brands can showcase their industry connections and the location where their products are produced and processed. Our platform allows for a deep dive into detailed information about a brand's supply chain activities, providing an unprecedented level of transparency and accountability.

Why is DETOX.Live so important ?

DETOX.Live is designed to promote and enhance transparency on supply chain performance on sustainability: A critical success factor in the global, collaborative effort to phase out hazardous substances from the industry. The public map not only gives our industry frontrunners a platform to position themselves, but builds capacity and encourages not only facilities but also consumers to join the path of sustainability. Instead of maintaining a published Supplier list on their own website, we provide brands the opportunity to use the credible ZDHC Gateway system to show their critical stakeholders and customers where their clothes are made and the impact the brand makes on a global level!



How DETOX.Live works



Search for Suppliers on a global map

Search filter on the map allow to efficiently search for individual suppliers in a global supply chain based on their sector, the materials and processes they use, and most important their sustainability attributes and their Supplier to Zero engagement. Viewers can utilise the filter options and easily find the right supplier that meets your specific needs and values.



Our Data

The data on the DETOX.Live map is consolidated and crosschecked in accordance with the ZDHC Guidelines for Suppliers Input and Output Control. This includes adhering to the ZDHC Wastewater Guidelines and the InCheck Solutions Guidelines. The results displayed on the map depend on whether the self-assessment or test reports were verified by ZDHC accepted Wastewater Test Laboratories or InCheck verifier, as well as the availability of the ZDHC Check tools used.



Showing Brand x Supplier Connections

We've received strong recommendations from various ZDHC stakeholders, prompting us to enhance our program's impact by increasing transparency. As a result, DETOX.Live is enabling brands to disclose where they manufacture their goods and with which Suppliers they are working together with, to the broader public.

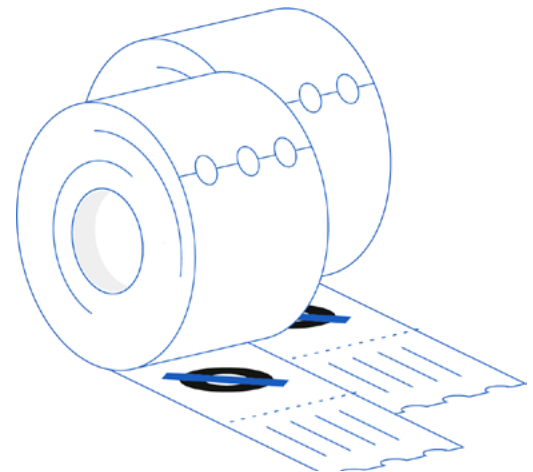
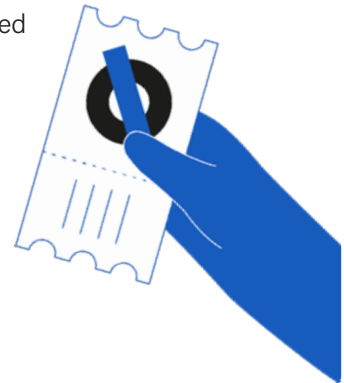
Moreover, a 'zoom-in' functionality is available on our platform, which allows visitors to access extra information on specific suppliers profile on a granular level.



ZDHC Implementation Tokens

In the past years, ZDHC has been heavily investing in infrastructure to enable the global scalability and implementation of the Roadmap to Zero Programme at a moderate cost. To further remove financial barriers around implementation and focus supply chain investments on specific areas of improvement (as identified in the annual Brands to Zero assessment), the ZDHC Board and ZDHC Management have decided to introduce a system of Brand Implementation Tokens (BIST). These BIST are included in Brands' annual Contribution Fees and can be spent e.g. on Supplier to Zero certificates for the Foundational level and the ZDHC Academy "Introduction to ZDHC" e-learning.

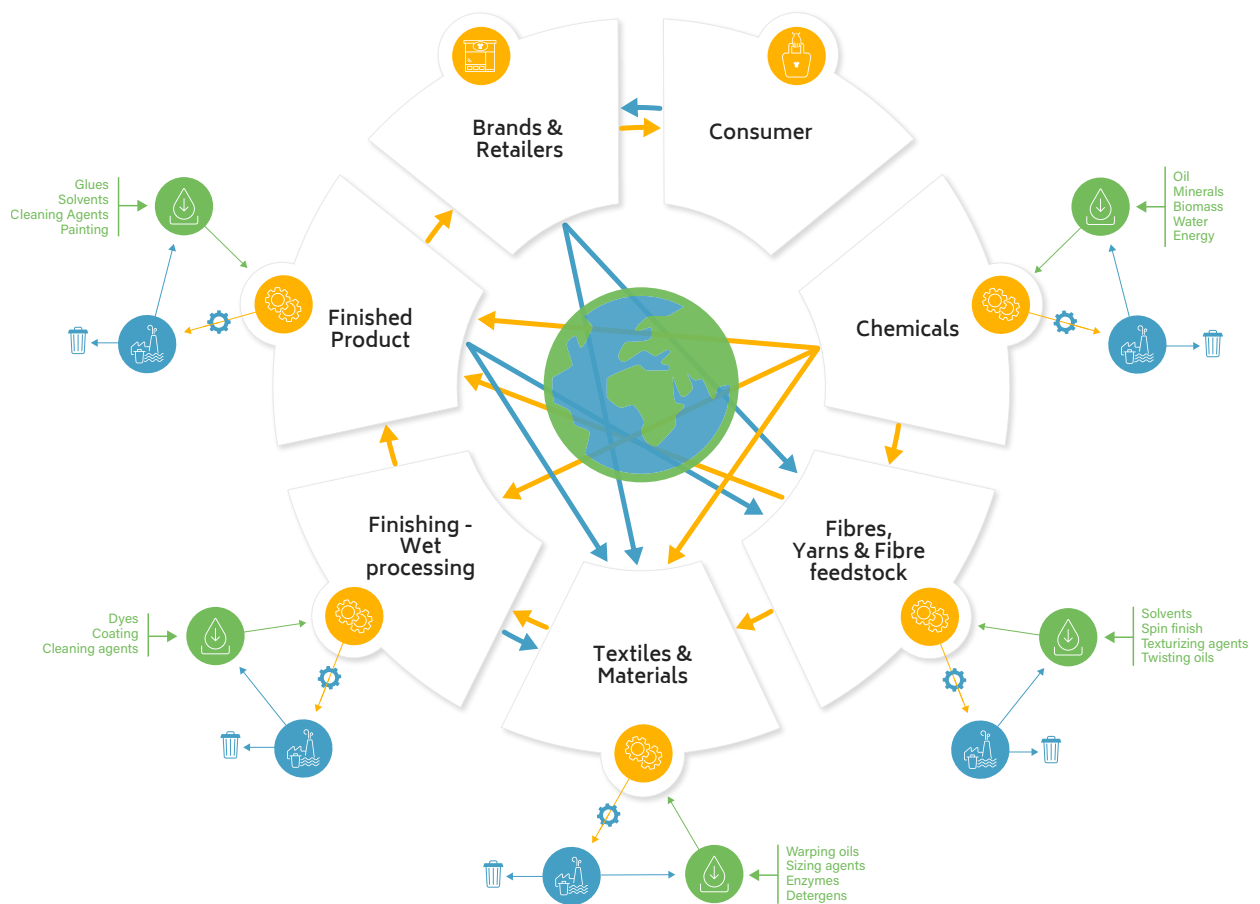
2021 was the first year in which tokens were available to ZDHC Contributor Brands and over 45% of Brands used them. In 2022, this number increased to 70% and number of tokens used for Supplier to Zero tripled, while the number of e-learning participants increased to nearly 1000 participants!





— ZDHC Systems Map - Chemicals

The Systems Map visualises the different elements which are part of the value chain



The fashion value chain is deeply interconnected. Our systems map shows how every element is linked within the system through flows of material, commercial and manufacturing activity and environmental impact. When all the parts of the value chain coordinate and work together, a circular approach can be established. At ZDHC, one of our core strategies is to drive coordination, collaboration and circular thinking across the value chain in order to accelerate the industry-wide implementation of sustainable chemical management processes. This is how we will achieve our ultimate goal of significantly reducing our impact on the environment. We drive systemic change, at scale through collective action.

- The manufacturing flow
- The recycling flow
- Input
- Process
- Output
- The kind of chemicals used in the circular process
- Waste Management Companies
- Waste Treatment



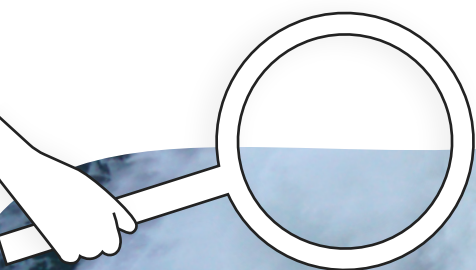
— Brands to Zero: Assessment and Scoring

An annual assessment process evaluates the progress of each brand

Brands to Zero Programme provides ZDHC Contributor Brands and Retailers (“Brands”) with a sustainable chemical management approach in a clear, harmonised pathway with the goal of transforming collaborative implementation into collective chemical and environmental impact. All ZDHC Brands are subject to an annual assessment process which evaluates the progress of each brand against ZDHC-set KPIs. The objective of the assessment is to harmonise the implementation of the ZDHC Roadmap to Zero Programme, measuring and benchmarking brand performance and thus supporting their improvement.

The results are based on a quantitative, point-based evaluation of a Brand’s effort to implement best chemical management practices on both a corporate and a supply chain level and their success in aligning with ZDHC Guidelines. Critical KPIs further determine if a Brand reached the Progressive or Aspirational Level, still allowing the point-based benchmarking in order to inspire continuous improvement.

Whereas most segments’ KPIs provide a pathway and allow Brands to define their speed and ambition of implementation according to capacities and capabilities, there are essential KPIs, e.g. on policies. Not meeting the expectation of e.g. a clear commitment to ZDHC Guidelines, e.g. the ZDHC MRSL, leads to negative scoring and not meeting the Foundational Level.





The Brands to Zero 'Assessment Questionnaire' is structured into four segments. These are:

Context Questions

Context Questions help the Assessors understand both the scope of the Brands to Zero assessment, and the way in which the Brand approaches the respective topics. This will subsequently influence the KPIs, and the Brands to Zero scoring.

Calculation Model

The Calculation Model Segment quantitative assessment determines the coverage of ZDHC implementation at the supply chain level. This segment has been revised to enable a high-level comparison in brands' supply chain implementation approaches. The Calculation Model is directly linked to Monitoring Questions of the Corporate Level and the Supply Chain Performance Segment.

Corporate Level

The Corporate Level Segment evaluates the Brand's performance with regards to relevant commitments made, setting them into practices and supply chain engagement. Based on the OECD Guidance, goals and strategies set, implementation plans, enabled staff and responsible business practices or decision making are evaluated here, as well as standard operating procedures.

Supply Chain Performance

The Supply Chain Performance Segment focuses on the brand's general approach to each of the ZDHC's Guidelines, Platforms and Solutions. KPIs offer implementation pathways to reduce duplicative efforts and confusion in the supply chain, as they offer options according to the Brand's ambitions and abilities. This segment deals with the Brands' adoption practices, and how they monitor the implementation scale of ZDHC in their supply chain. Furthermore, this segment evaluates the follow-up and corrective action practices that Brands have in place if the suppliers do not meet the expectations.





Brands to Zero Segments

1. Context Questions

Context Questions do not impact the actual Brands to Zero scoring. The information gathered is used by the Assessors to better understand the scope of the annual Brands to Zero assessment and how the brand approaches the broader topics that impact the KPIs which impact the Brands to Zero scoring. Answers to the context questions are displayed in the Assessor's Final Report.

Scoring: No scoring

2. Calculation Model

The Calculation model informs the basis for assessing the Brand's efforts in implementing ZDHC Guidelines, Platforms and Solutions in its supply chains. It analyses a Brand's statements on the scale of implementation, meaning what portion of the supply chain is covered, either by the Brand's own implementation efforts or the efforts of other brands or self-motivated supplier facilities.

ZDHC expects Brands to have set implementation goals or targets in accordance with ZDHC Guidelines, Platforms and Solutions also expects Brands to set up the monitoring systems and standard operating procedures (SOP) necessary to either understand the state of implementation or measure their success.

The Brands to Zero assessment itself doesn't differentiate between the types of Brands and Retailers that are ZDHC Contributors - but in the benchmarking this is illustrated by the Brand's applicable category. Therefore, to ensure the Brands to Zero produces an objective report of a brand's scale of implementation, the Calculation Model follows a sequential approach to breaking down a brand's internal calculation method so that it can be assessed objectively.

The Calculation model is designed to:

1. Confirm Product Portfolio and Scope
2. Confirm Implementation Scope and Approach
3. Outline Brand's internal Calculation Model
4. Translate into numbers of Supplier Facilities or Business Volume

Scoring: No directly attached scores. Directly impacting scores in Supply Chain Performance Segment.



KPIs, Metrics & Scoring: High-level overview

In the Brands to Zero Programme, the performance on each KPI is assessed by points. The assessment is divided into four segments. Two of the four segments impact scoring directly: the Corporate Level Segment, in which you can reach 218 points, and Supply Chain Performance Segment, in which brands can attain 325 points. The information below explains the degree to which each element is weighted.

3. Corporate Level

Performance Area	Scoring percentages
<i>This segment consists of multiple performance areas:</i>	
Corporate Policy and Strategy	20.6%
ZDHC Commitment	18.34%
Internal Enablement	6.8%
Supply Chain Engagement	40.36%
Business Integration	13.76%

Scoring:
Maximum points to achieve: 218

4. Supply Chain Performance

Performance Area	Scoring percentages
Chemical Management Practices	33.84%
ZDHC MRSL	15.38%
ZDHC Gateway Chemical Module	24.61%
ZDHC Wastewater Guidelines	12.30%
ZDHC Wastewater Module	13.84%

Scoring:
Maximum points to achieve: 325



— Updates from 2023 Assessment

KPIs Update:

Shortly after the Brands to Zero (BtZ) reports are published, the ZDHC team engages with the Assessors, the individual Brands and the Brand Advisory Group to reflect on the past assessment for the purpose of improvements of KPI phrasing and guidance on interpretation and evidence provided. Further, ZDHC Guidelines, Platforms and Solutions launched in the first half of 2023 are taken into consideration for defining respective new or updated Brands to Zero KPIs.

A Brand Advisory Group Task Team is formed to discuss and advise on changes to the Brands to Zero KPIs, the Brands to Zero Guidance or the Brands to Zero Platform.

Based on the consultation process illustrated above, the following amendments were made to the Brands to Zero KPIs:

Selection of the new KPIs introduced this year:

Supply Chain Transparency has received a more prominent position. In the past years it served as a Context Questions, as an indicator for KPMG in the further interpretation of other KPIs. Hence, it was decided to have it a full scored Corporate Level KPI and an indicator for the Brands that have achieved Aspirational Level - rewarding those with state of the art approaches to transparency.

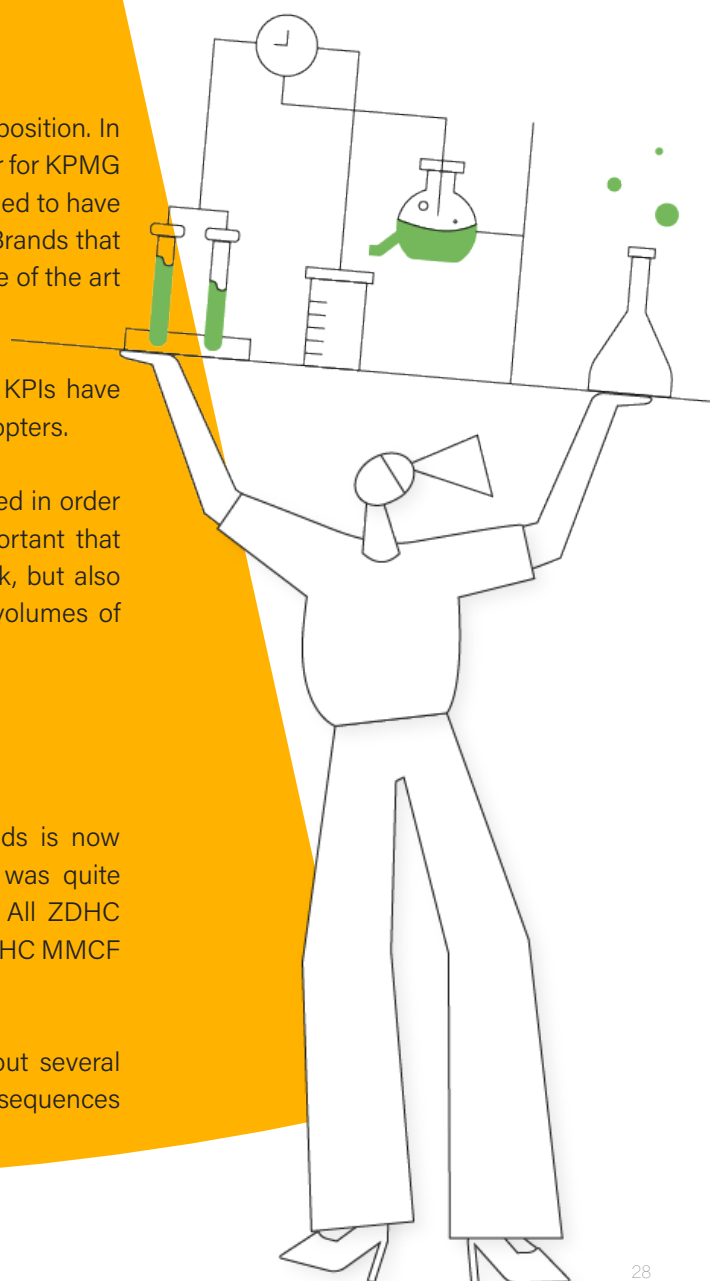
Also Supplier to Zero Progressive Level certificates related KPIs have been implemented, acknowledging and rewarding earlier adopters.

Lastly a new KPI related to the ZDHC InCheck was introduced in order to reflect the monitoring practices of the Brands. It is important that Brands not only monitor if Suppliers use the ZDHC InCheck, but also if they report ZDHC MRSL conformance in numbers and volumes of chemical products.

Reworked KPIs:

The applicability of the ZDHC MMCF Guidelines for Brands is now determined by the Brand's commitment to Canopy, as it was quite difficult to do this based on the Brand's product portfolio. All ZDHC Brands with a Canopy commitment should implement the ZDHC MMCF Guidelines explicitly.

Language improvements have been implemented throughout several KPIs, clarifying terms as recommendation, request and consequences in the CAP questions.



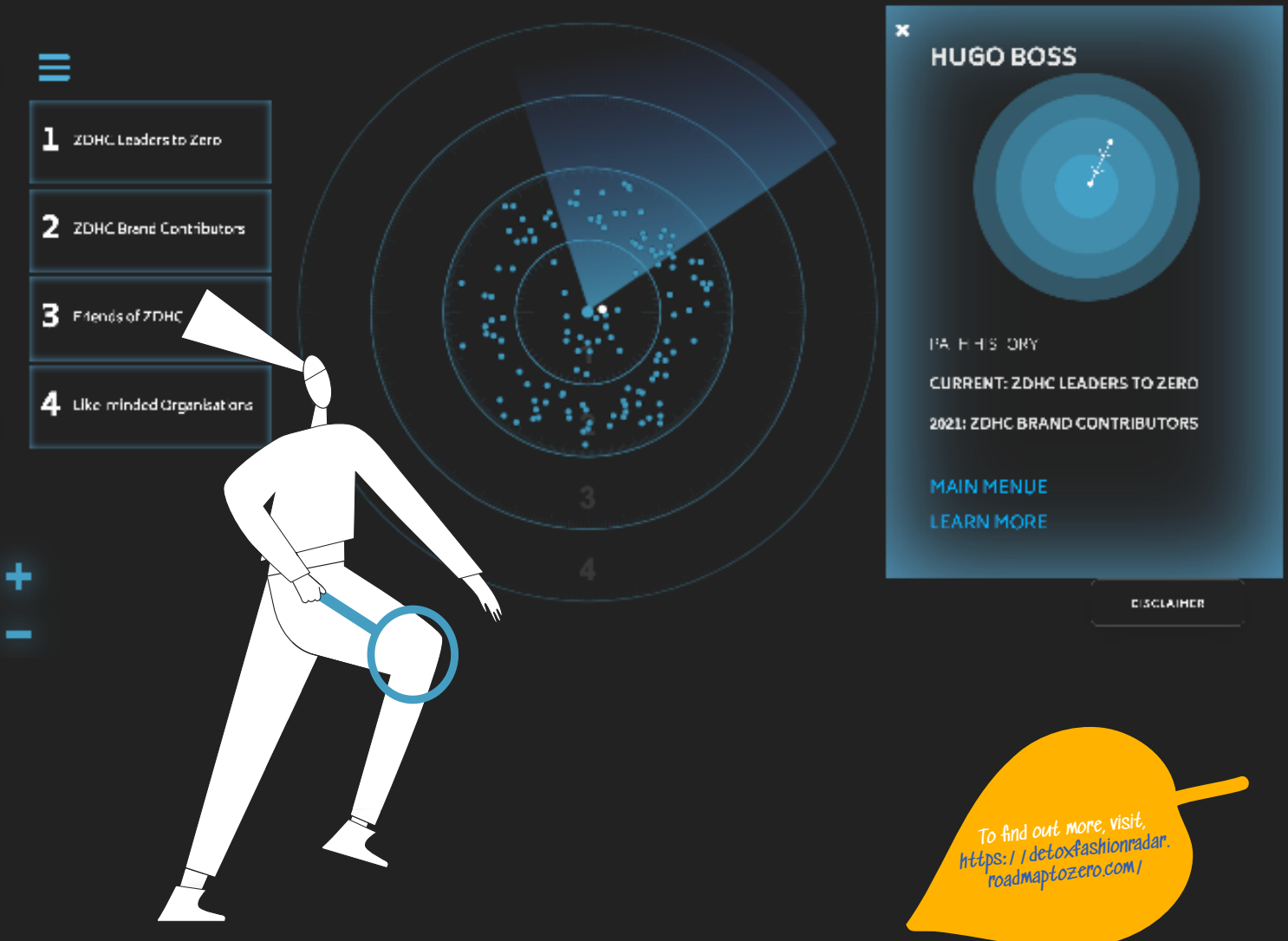


— The Detox Fashion Radar

Just as a ship's radar ensures that a ship navigates safely on its course, manoeuvring through bad weather, difficult waters and low visibility, ZDHC's Detox Fashion Radar too acts as a navigation tool for the industry. Our radar aims to increase the industry's visibility around sustainable chemical management activities which currently remain 'visible' within a limited capacity.

Through our radar, participating brands in the Brands to Zero Programme and the Roadmap to Zero Programme can transparently display their journey towards reducing and phasing out harmful chemicals from their entire supply chains.

As part of the annual Brands to Zero assessment, ZDHC conducts a brand performance check. Brands that achieve the Aspirational Level in our programme are represented in the inner circle of our radar as part of ZDHC Leaders to Zero. Brands that attain the Progressive or Foundational Level are displayed in the following ring as part of ZDHC Brands Contributors, while Friends of ZDHC are in the subsequent ring as Friends of ZDHC. Brands that do not engage with ZDHC but do implement some level of sustainable chemical management in their supply chains through other comparable tools and solutions, appear in the outermost ring as Like-minded Organisations. With the radar's Path History function, users can track the progress of Brands on the radar through time.





Brand Leaderboard

As part of Brands to Zero, brands and retailers harmonise expectations towards suppliers and remove obstacles to allow responsible chemical management to thrive throughout their value chains. While all ZDHC Contributor Brands are recognized for their leadership within the industry, ZDHC measures and benchmarks the implementation performance within the Brands to Zero.

We are pleased to announce that these brands have achieved the 'Aspirational Level' in the ZDHC Brands to Zero Assessment 2023* by accelerating their implementation of sustainable chemical management across their value chain.

By committing to sustainable chemical management, embracing the implementation of sustainability throughout their corporate cultures, and actively monitoring goals and results, the following brands stood out as best practices and performance leaders committed to detoxing fashion industry.

*The reporting period of the Brands to Zero Assessment is defined as the previous calendar year. Therefore, the 2023 assessment focuses on implementation efforts of the reporting year 2022.



BRANDS TO ZERO ASSESSMENT 2023 Aspirational Level





The Road Ahead

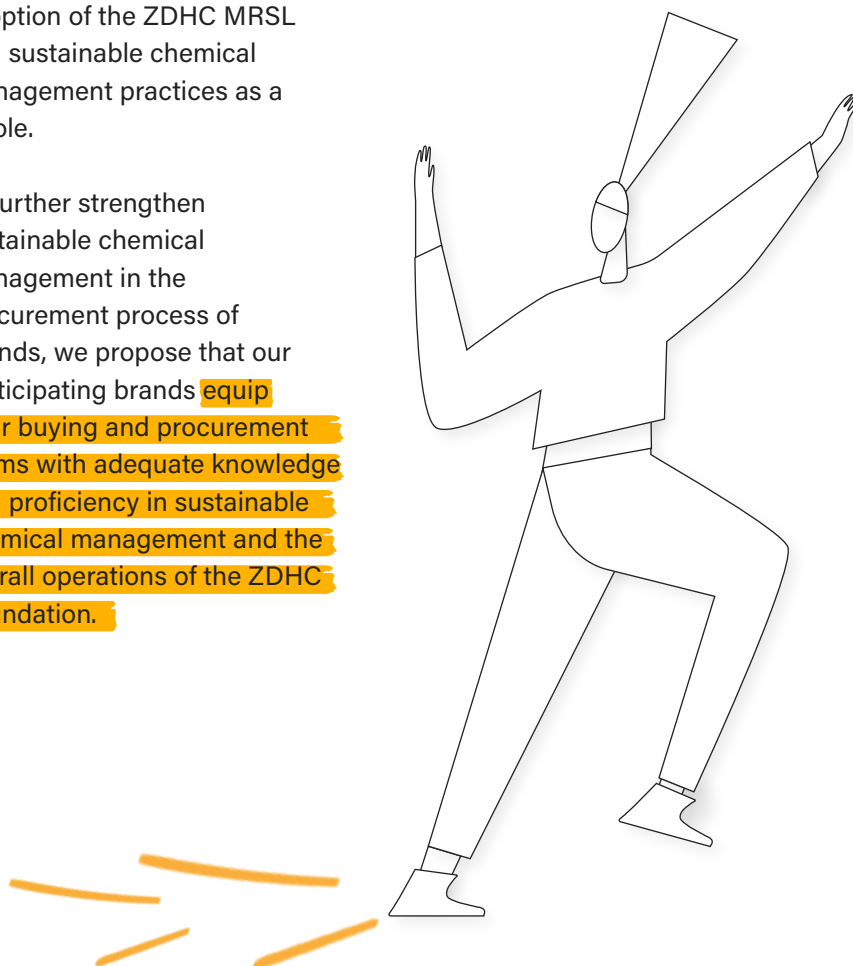
As we conclude our evaluation of our Brands' progress towards sustainable chemical management, it is evident that continuous improvement is key. While we commend the efforts made by Brands in setting up and conveying sustainable chemical management criteria to their suppliers, **we believe that there is still scope for improvement.** That is why, as we move forward, we would like to encourage all Brands to take an increasingly active role in supporting the development journeys of their suppliers through our solutions and platforms.

As Brands continue to introduce new requirements, it is vital for them to work in tandem with their suppliers to develop their sustainable practices. In order to optimise their positive impact across the entire supply chain, Brands must focus on every step of their suppliers' sustainability journey. This means that instead of simply meeting key performance indicators at the end of the journey, **Brands must proactively support and facilitate their suppliers' complete journey and transition towards sustainable chemical management best practices.**

To achieve this, **it's imperative for brands to integrate sustainability, specifically sustainable chemical management, into their procurement reviews.** By doing so, not only will we be able to move towards adopting increasingly sustainable purchasing practices, but we will also be able to better prioritise the importance of sustainability and procurement within the context of social compliance. In addition to concentrating on priority areas such as coal phase-out, it is crucial for brands to allocate their attention and resources towards broader adoption of the ZDHC MRSL and sustainable chemical management practices as a whole.

To further strengthen sustainable chemical management in the procurement process of Brands, we propose that our participating brands **equip their buying and procurement teams with adequate knowledge and proficiency in sustainable chemical management and the overall operations of the ZDHC Foundation.**

We have observed that this is an area where most brands encounter challenges, and as a solution, we have identified three key performance indicators, within our Brands to Zero Programme, that could prove vital to the successful integration of sustainability practices into their business practices.





One of the three key performance indicators mandates that the procurement team be acquainted with ZDHC, as well as the Brand's objectives, timelines, and benchmarks. The second performance indicator assesses not just the timely delivery, reasonable pricing, and superior product quality of a supplier, but also their adherence to sustainable chemical management practices throughout their supply chain. The third and final key performance indicator offers incentives that are tied to the supplier's overall performance, which includes their commitment to sustainable chemical management best practices.



Looking towards the future, we strongly believe that the integration of sustainable chemical management into procurement and supply chain management still has a long way to go. In light of this, we are proud to maintain our leadership on the issue of sustainable chemical management through our industry work and collaborations with organisations such as the Organisation for Economic Co-operation and Development (OECD).

As efforts like our recent webinar on the OECD guidelines for responsible business conduct provide a valuable opportunity to increase awareness around the environmental aspects of due diligence, and we urge all our stakeholders to take part and actively engage in such discussions.

it is imperative that we continue to work towards the common objective of eliminating the intentional use and discharge of harmful chemicals. Achieving this objective necessitates the collaborative efforts of all industry stakeholders, including Brands, suppliers, civil society organisations, and governments on a global level. We, at the ZDHC Foundation, are steadfast in our dedication to collaborating with all parties involved to create a more sustainable and accountable future for the textile, apparel, and footwear sector.

And for that, we deeply thank you for your continued support and unwavering commitment.

Sincerely,

Klaas Nuttbohm
Implementation Director,
The ZDHC Foundation



ROADMAP TO **ZERO**



For more information, please visit:

- ▷ [Roadmap to Zero Programme](#)
- ▷ [Brands to Zero Programme](#)
- ▷ [Detox Fashion Radar](#)