

Changing Markets

Unwrapped



Annual Report 2020

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Our mission

The Changing Markets Foundation was formed to accelerate and scale up solutions to sustainability challenges by leveraging the power of markets. Working in partnership with non-governmental organisations (NGOs), other foundations and research organisations, we create and support campaigns that shift market share away from unsustainable products and companies and towards environmentally and socially beneficial solutions.

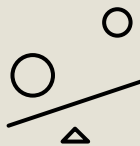
Our approach is based on two key ideas:



Sustainability is an urgent challenge to which most solutions already exist



Market forces can be leveraged to drive rapid and self-reinforcing change towards a more sustainable economy



Changing Markets was formed to accelerate this transition.

FOREWORD BY OUR DIRECTORS

Changing Markets in 2020

A turbulent year of crisis and adaptation

Last year sent shockwaves through the system as the world struggled to cope with the spread of the Covid-19 pandemic, which sparked an unprecedented health emergency. Governments ordered everyone to stay at home, while health systems were pushed to the brink under the influx of patients. Lives were turned upside down, and we all had to reassess our priorities and find new ways of working.

For the Changing Markets Foundation, too, this was a challenging year, with our international team unable to get together and all of us missing human contact and interaction - be that with our colleagues, families or NGO partners. But, as we lived through three waves of Covid lockdowns, many of us also came to better appreciate the work we do and the difference it makes. So, let us look at what else 2020 meant for the Changing Markets Foundation, including how we managed to adapt to a difficult situation and achieve significant successes with our campaigns.

One major area we have sought to tackle is the uptick in greenwashing over the past few years, as businesses have responded to people's concern for the planet and desire for 'greener' products. In the UK alone, the market for ethical products has more than doubled in the last decade (from £47.7 billion in 2010 to over £98 billion in 2019), while a growing number of consumers says they are willing to pay a premium for sustainable goods. Companies have been quick to realise that communicating the green credentials of their products or services is good for profits. But unfortunately, they often stop at communicating, instead of truly implementing the changes and solutions needed in their products and supply chains. Both the quantity and sophistication of greenwashing have increased; businesses have often co-opted seemingly independent organisations for greenwashing purposes, making sorting the marketing chatter from the genuinely sustainable a real challenge. Luckily, greenwashing practices have started to attract increased scrutiny from consumers, journalists and legislators. In

one case, European consumer-protection authorities conducted an unprecedented sweep of dubious sustainability claims companies made online, and found the practice of unsubstantiated claims to be ‘rampant’.^a

In our own work, we investigated industry tactics to undermine solutions to the plastic crisis, leading to the creation of our Talking Trash campaign. Our landmark report for this campaign investigated voluntary corporate initiatives to address the plastic crisis, and revealed how these are being used across the world as a distraction tactic to delay and derail ambitious legislation. While the report focused on plastic, and investigated the actions of some of the biggest plastic polluters, these tactics are repeated across different sectors and have become a key component of corporate greenwashing. Companies claim to be voluntarily addressing some of the environmental or social problems they are creating on the one hand, while on the other they lobby against the real solutions behind closed doors. Such smoke-and-mirrors tactics have never been revealed in such a comprehensive way. The report drew enormous amounts of interest from NGOs and the media, and has firmly positioned Changing Markets as an authority on exposing greenwashing tactics through meticulous research and creative campaigning.

Covid-19 set us back on a number of environmental issues, as the majority of focus and energy – especially by governments – went into managing the health crisis. Environmental legislation – including measures to combat plastic pollution – has been delayed, while unfair supply chains have continued to pillage valuable resources from vulnerable communities, despite the initial disruption. Some corporations have also taken advantage of the crisis as an opportunity to lobby against what they consider to be unfavourable legislation. Others have managed to convince governments to prioritise unsustainable extractive practices over the local communities’ food security and workers’ health. This was illustrated by our investigation in Peru – the biggest global supplier of fishmeal and fish oil (FMFO) – which revealed that, at a time when Peru was struggling to cope with one of the worst Covid-19 crises in Latin America, hundreds of fishermen and FMFO workers fell ill, largely as a result of companies’ failure to ensure their safety. The report provided further evidence that the FMFO industry is plagued by corruption and scandals – from underreporting fish catches and overfishing juvenile fish to diverting thousands of tonnes of anchovy, destined for human consumption, to FMFO production.

It is also important to note that Covid-19 did not affect all sectors equally. Some even benefited; for example, food retailers experienced a large increase in demand as restaurants and cafés closed. Last year, a significant proportion of our Fishing the Feed campaign was dedicated to investigating the aquaculture policies and practices of some of Europe’s biggest supermarkets. Our first report in this series, published before the lockdown in March, scored ten UK supermarkets on how effectively they were addressing the ocean-sustainability implications of the farmed seafood they sell, which largely relies on the use of wild-caught fish in feed. Subsequently, using the same methodology, we assessed German and Spanish retailers. These reports called on retailers to commit to phasing out the use of wild-caught fish in aquaculture and to address key fish-welfare issues, such as high mortalities on farms.

The Covid-19 crisis has accelerated concerns around environmental and social issues, with calls from all parts of society to build back a better, more just economic system. One of the main targets here is the fashion industry; the fragility of the industry’s international supply chains was severely tested in the early days of the pandemic. As a result, fashion brands were some of the companies worst affected. We took this into account when preparing our annual Dirty Fashion report, which evaluates fashion brands’ viscose policies and supply-chain transparency. We were happy to see that the frontrunners still take this issue seriously, and that several other brands have signed up to our Roadmap. Of course, much more significant action is needed in the sector, and in 2021 we hope European institutions will agree to an ambitious EU textile strategy that tackles the overproduction and pollution the sector creates.

At the end of a strange and historic year, we are very proud of our team and our agility in adapting to remote working and staying connected during the lockdowns – without ever sacrificing the quality of our work and the incredible impact of our campaigns. We have gone above and beyond, pushing our creativity to find new ways of campaigning and getting our messages across to different audiences during such difficult times. We hope you enjoy hearing about some of our impact in the following pages, and we look forward to a year of renewed ambition and activity to come.



Joakim Bergman, CEO

Nuša Urbančič, Campaigns Director

CHANGING MARKETS IN NUMBERS

CAMPAIGNS
AND INVESTIGATIONS
IN MORE THAN
16 COUNTRIES

CHINA

JAPAN

Where do Austrians stand
on a deposit return scheme?

Genie in a Bottle:
Unlocking the
full potential of
California's
bottle bill

UNITED STATES

What Lies Beneath: Uncovering
the truth about Peru's colossal
fishmeal and fish oil industry

Futter Bei Die Fische: Ein Bericht zum
Umgang von Groß- und Einzelhändlern in
Deutschland mit Wildfisch als
Fischfutter in ihren Aquakultur-Lieferketten

The Hidden Cost of Farmed Salmon:
Exploring why Sainsbury's farmed salmon
supplier MowI doesn't live up to its
sustainable image and what Sainsbury's
needs to do about it

Dirty Fashion: Crunch Time
Where does the industry stand
on stamping out dirty viscose

Talking Trash:
The corporate
playbook of false
solutions to the
plastic crisis

Atrapados: Cómo los
supermercados
españoles abordan el
empleo de pescado
salvaje en su cadena de
suministro acuícola

10 REPORTS
In 7 different languages



>200 stories

Forbes

euronews.

THE INDEPENDENT

Kronen Zeitung

FT FINANCIAL TIMES

Bloomberg

THE TIMES OF INDIA

VOGUE BUSINESS

THE WALL STREET JOURNAL

THE HINDU

l'HUFFPOSTI

talking-trash.com fishingthefeed.com dirtyfashion.info

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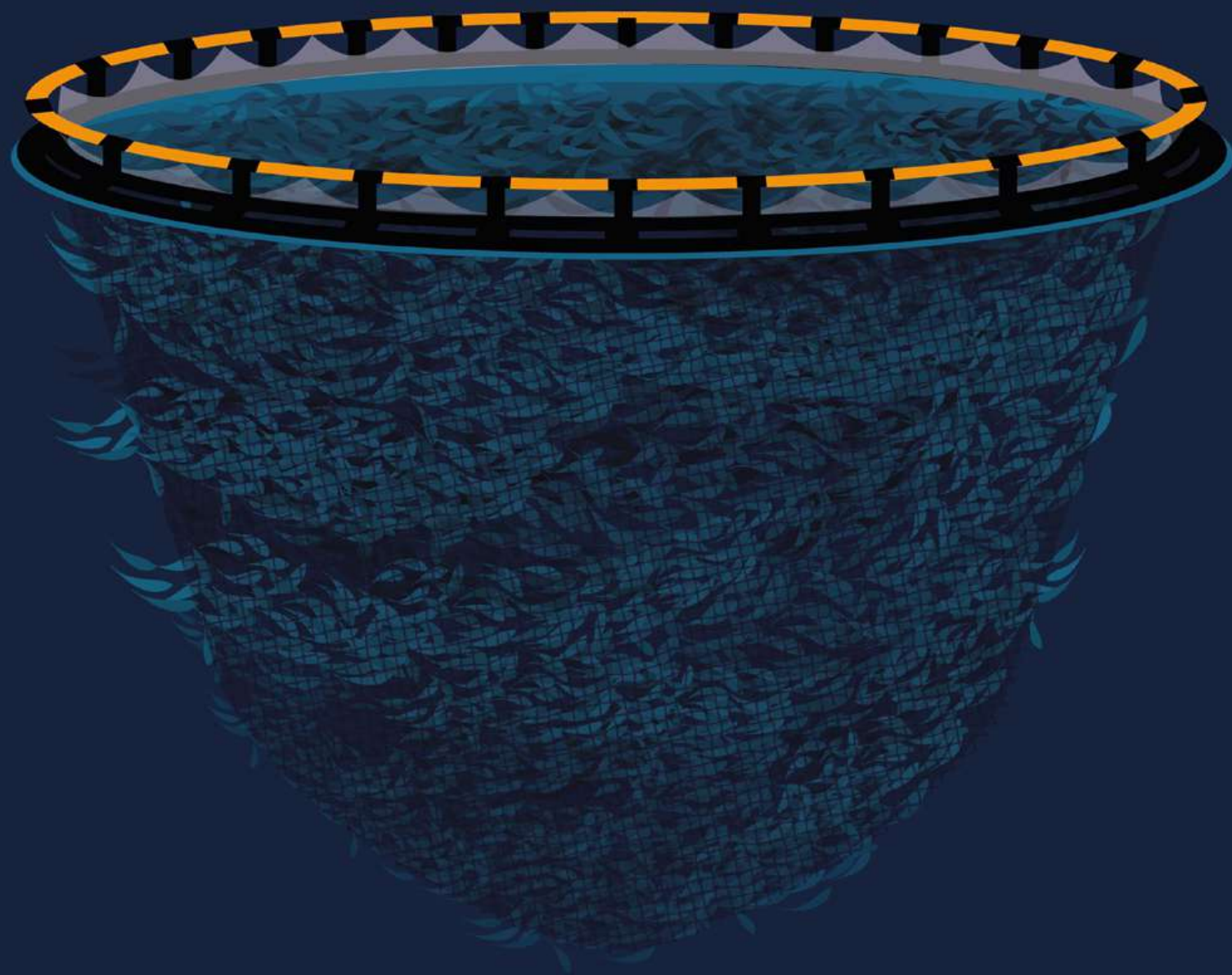
MICROSITES

18 LAUNCH PARTNERS

10 VIDEOS
>260K VIEWS



1.4 MILLION
Social media impressions



Fishing the Feed

Our Fishing the Feed campaign - which seeks to expose the damage wreaked on marine ecosystems and animal welfare by the rapidly expanding aquaculture industry, and to end the use of wild-caught fish in feed - had a busy year in 2020.

The problem

Aquaculture is the fastest-growing food-production sector, and currently accounts for over half of world fish consumption. Every year, almost one-fifth of the world's marine fish catch is taken out of the ocean to feed farmed animals in the form of fishmeal and fish oil (FMFO), more than two-thirds of which is destined for sea-food farming.^b

The species targeted for FMFO production - oily, highly nutritious fish such as sardines and mackerel - are key sources of protein and income for vulnerable communities throughout Africa and Asia, and also play a crucial role in marine food webs. According to scientists, 90% of the fish used to make FMFO could be used to feed people directly instead, which would be a much more efficient and equitable way of providing protein.^c

In 2020, the Covid-19 pandemic highlighted and accentuated unfair competition between FMFO producers exporting to the global market and local fishing communities in FMFO-production hubs. In West Africa, for example, fishmeal factories were allowed to continue operating, while the artisanal fishing sector and women processors were subject to restrictions on their activity.^d

As well as being problematic from an environmental and social perspective, using wild-caught fish to feed farmed fish has worrying implications for animal welfare. On the one hand, there is a 'hidden layer' of cruelty in fish farming, with billions of fish inhumanely slaughtered at sea every year simply to sate the appetite of the aquaculture industry. On the other, there are growing concerns about the impact of fish farming itself on the welfare of the species farmed, with high mortality rates reflecting inadequate fish husbandry - particularly in intensive farming systems, such as those used to farm salmon and prawns. For example, mortality rates on some salmon farms in Scotland - a major supplier to the global market - sometimes run as high as 20%.^e

Fish waiting to be turned into FMFO at a factory in Ullal, Karnataka



Female fish processor in the Gambia
© Tim Webster/Reelmedia Film



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Can sustainable aquaculture feed the world?



By James Richens on Aug 26, 2020

With wild-fish stocks falling, a huge increase in farmed fish will be needed to meet the protein needs of the planet. James Richens reports on how the search for sustainable sources is focusing on the deep oceans, on land and even the laboratory

Aquaculture, the farming of aquatic animals and plants in the sea or inland waters, has a crucial role in meeting the challenge of how to feed a growing population while reducing the environmental impacts of food production, experts say. It can also create jobs and improve security of food supplies at a time of great economic uncertainty due to the coronavirus pandemic.

From 1990 to 2018 there was a 527% rise in global aquaculture production, according to data from the Food and Agriculture Organization (FAO) published in June. In contrast, production from wild-capture fisheries increased by only 14% over the same period.

In 2016, aquaculture overtook fisheries as the main source of fish for human consumption, and accounted for 52% of global production in 2018. The FAO forecasts that aquaculture's share of production will increase to 59% (109 million tonnes) by 2030.

“There is growing evidence that marine aquaculture has substantial potential to produce food sustainably

There are many sustainability benefits driving the growth in aquaculture. Fish is less resource-intensive to farm and has a lower carbon footprint than meat, but with only 65.8% of wild-fish stocks at biologically sustainable levels, according to the FAO, down from 90% in 1974, aquaculture will be needed to make up the shortfall.

“We're talking about millions of tonnes of fish being taken out of the ocean. People in west Africa don't have that fish to spare

In the wild, fish species such as salmon eat a variety of food, including smaller fish. When farmed they are fed fishmeal and fish oil, which contain essential nutrients derived from other fish, in particular omega-3 fatty acids. Around 18% of wild-caught fish – mainly forage fish such as anchovy, sardine and herring – are processed into fish feed.

This practice has been strongly criticised by campaign groups, who argue that these fish are an important source of food for people living in poor coastal communities. A report by Changing Markets Foundation in 2019 accused fish-feed producers, the aquaculture industry and supermarket retailers of “stripping the oceans bare” to meet demand for popular farmed fish products such as salmon and prawns.

“We're talking about millions of tonnes of fish being taken out of the ocean every year,” says Natasha Hurley, campaign manager at Changing Markets Foundation. “People in west Africa don't have that fish to spare.”



Latest News

Policy Watch: Europe's climate ambition in the dock
10/08/2020 16:00

In her monthly column, Angel Mahts looks at rising concern about the adequacy of policies to reduce emissions in the EU, Germany, France and the UK

“The finance sector should be leading in race to net zero – instead it is a laggard”
10/08/2020 16:00

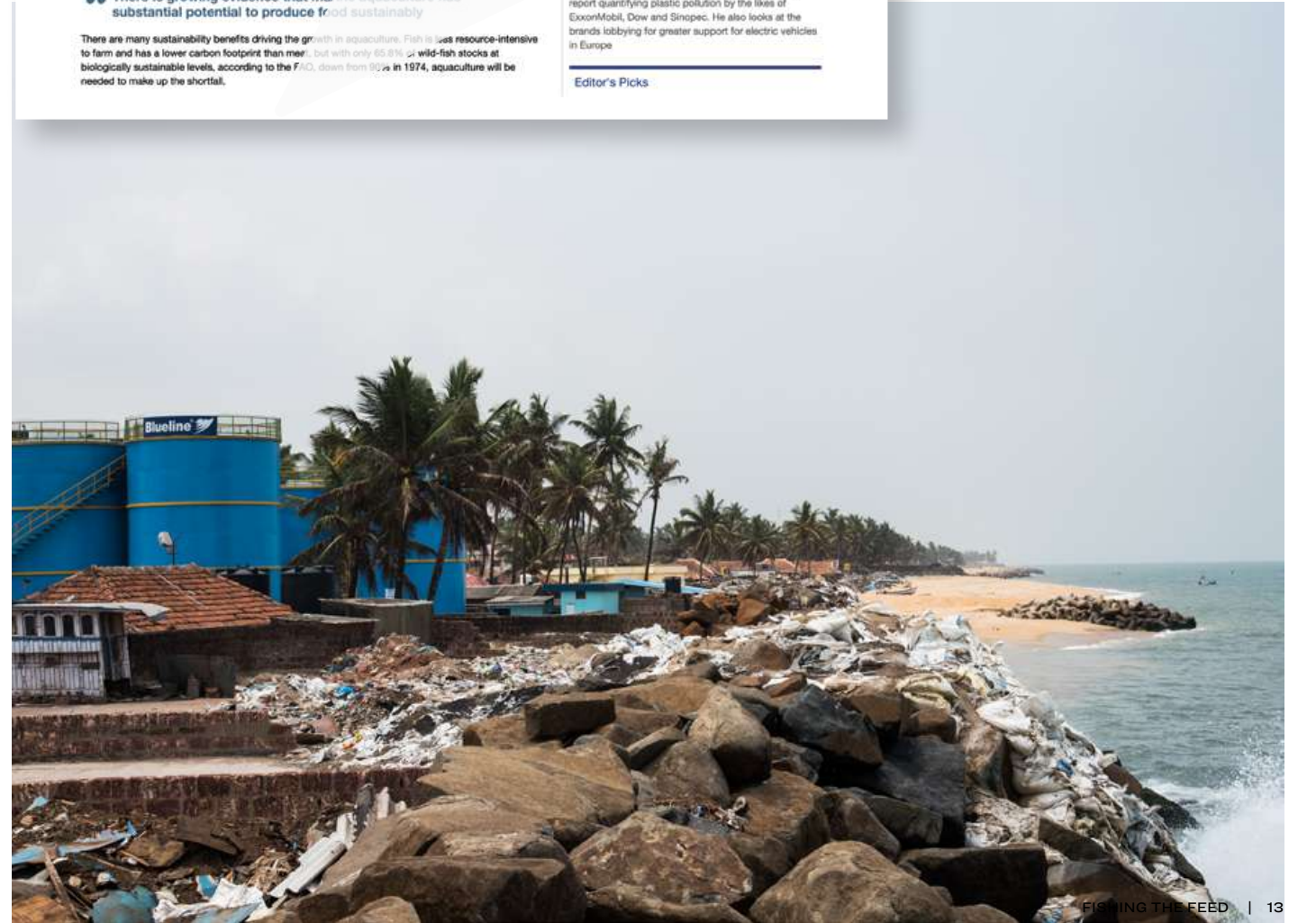
Comment: Emily Keays, CDP's global director of capital markets, says financial institutions should insist that the companies they finance are prepared for the low-carbon transition

Brand Watch: Petrochemical firms and their financiers urged for stoking plastics crisis
10/08/2020 16:00

In his monthly column, Oliver Batch reports on a bevy of new circular packaging initiatives by brands, and a report quantifying plastic pollution by the likes of ExxonMobil, Dow and Sinopec. He also looks at the brands lobbying for greater support for electric vehicles in Europe

Editor's Picks

Fish oil tanks on the beach at Ullal, Karnataka



Our work

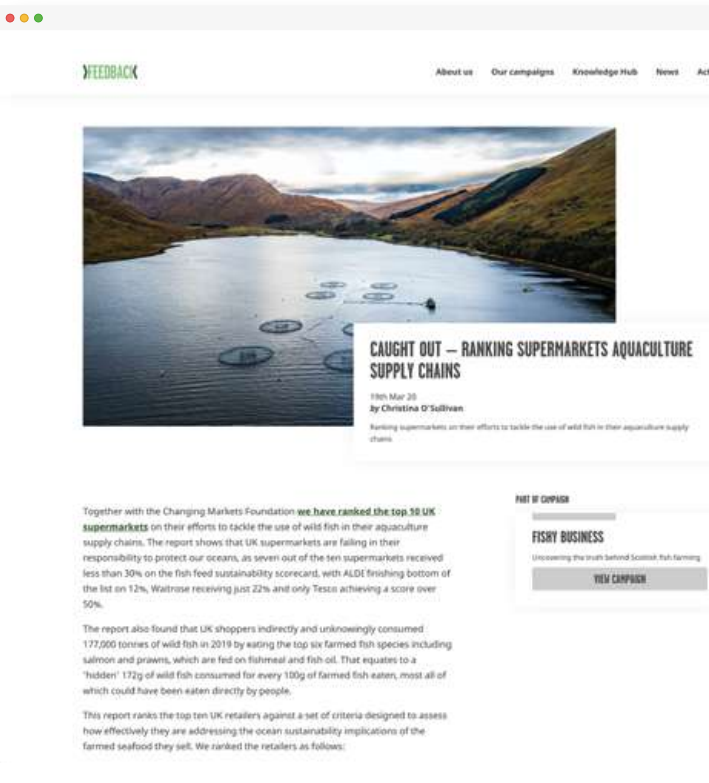
From a hard-hitting investigation in Peru - the largest FMFO producer in the world - to analysis of supply-chain links between the world's FMFO-production hubs and consumer markets in Europe, throughout 2020 we continued to document how the farmed fish that ends up on our plates is tainted by corrupt and unsustainable practices.

Retailer engagement

Building on our landmark *Fishing for Catastrophe* report (published in late 2019), analysis we conducted in 2019 and early 2020 showed that, despite their significant market power, retailers were not taking sufficient action to address the damage caused by irresponsible sourcing of feed and poor fish welfare in their aquaculture supply chains.

In early 2020, we set out to change this. Working with Feedback, we designed a rigorous methodology to assess how effectively the retail sector was addressing the ocean-sustainability implications of the farmed seafood it sells. As part of this, we developed a set of indicators, focusing on two aspects of retailers' business:

- How they set policies and criteria for sourcing farmed fish, and how transparent they are at corporate level, in terms of both the farmed fish they source and who they work with in their supply chain; and
- How they market, position and sell different farmed seafoods in-store.



MEDIA COVERAGE OF RETAILER SCORECARDS





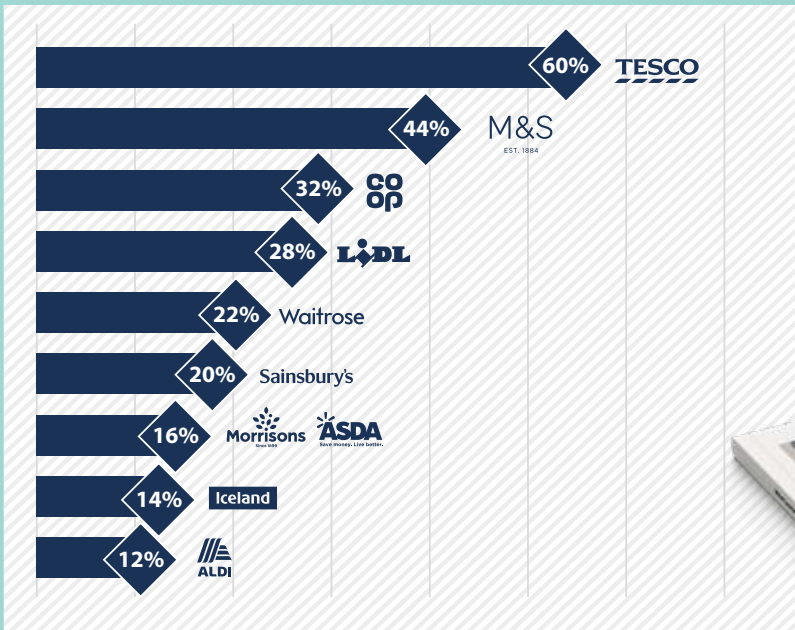
Together with our campaign partners, we then produced three supermarket scorecards – the first in a series – based on responses to a detailed questionnaire from major retailers in the UK (report co-researched and published with Feedback), Germany (report researched and published by Deutsche Umwelthilfe) and Spain. Results in all three countries painted a disappointing picture, with most retailers scoring below 30%.

THE SCORECARDS

Caught Out (UK)

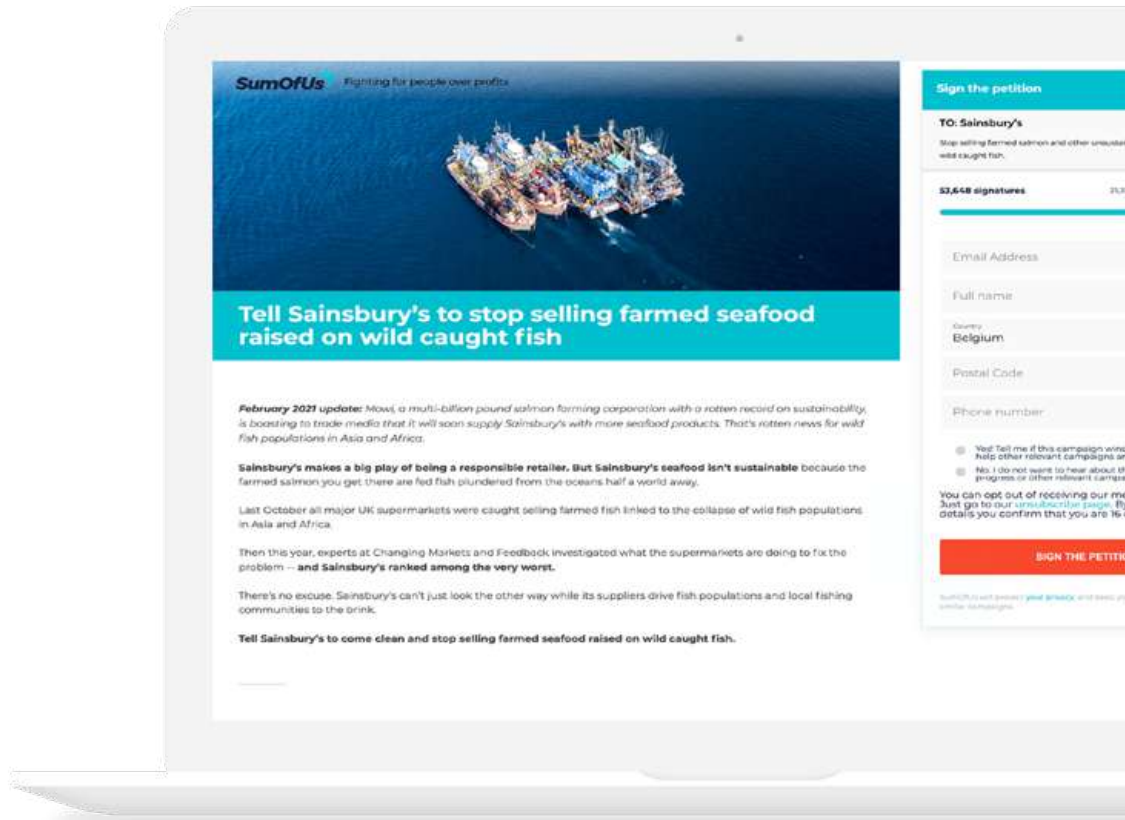
In March 2020, our *Caught Out* report revealed that UK supermarkets were failing in their responsibility to protect our oceans. Seven of the top ten supermarkets we ranked received less than 30% in our fish-feed sustainability scorecard, with Aldi finishing bottom of the list on 12%, Waitrose receiving just 22% and only Tesco achieving a score more than 50%.

The report also found that UK shoppers indirectly and unknowingly consumed 177,000 tonnes of wild fish in 2019 by eating the top six farmed-fish species, including salmon and prawns, which are fed on FMFO. That equates to a ‘hidden’ 172g of wild fish consumed for every 100g of farmed fish eaten¹ – almost all of which people could have eaten directly.¹



¹ Wild fish is used to produce FMFO. This figure is based on the 103,000 tonnes of the top farmed species (salmon, trout, seabass, seabream, prawns and basa) the UK population consumed in 2019. It was calculated by quantifying the wild fish needed to produce the fish oil required for salmon, trout, seabass and sea bream consumed by the UK population. In the model, prawns and basa were fed on fishmeal created in the process of producing fish oil.

With Feedback, we also published another short briefing shining a spotlight on Mowi – the world’s biggest farmed-salmon producer and the main supplier of farmed salmon to UK retailer Sainsbury’s. We found that Sainsbury’s was failing to ensure the sustainability of its farmed fish, leaving it trailing behind its key competitor, Tesco. Our petition with SumOfUs, which called on Sainsbury’s to stop selling farmed seafood raised on wild-caught fish, gathered over 50,000 signatures.²



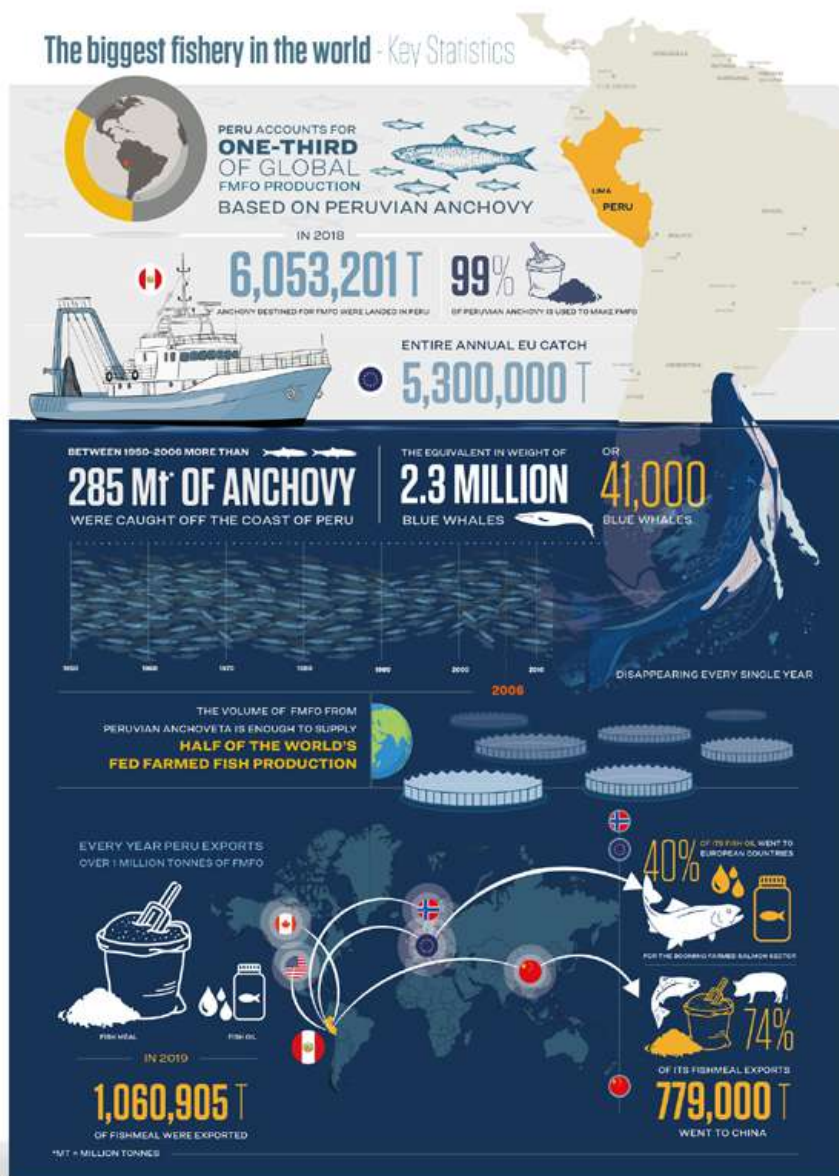
Peru investigation

The Peruvian FMFO industry is the largest producer in the world; it accounts for one-third of global production, and exports approximately 1 million tonnes of FMFO every year. Despite portraying itself as a model of sustainability, our report exposed an industry plagued by corruption and scandals – from underreporting fish catches and overfishing juvenile fish to diverting thousands of tonnes of anchovy, destined for human consumption, to FMFO production.

Based on findings from an investigation carried out between February and October 2020, the report also revealed that, at a time when Peru was struggling to cope with one of the worst Covid-19 crises in Latin America, hundreds of fishermen and FMFO workers fell ill, largely as a result of companies’ failure to follow their own protocols and ensure their safety.



© Rodrigo Abd



Peru's FMFO industry is rife with **corruption**, **environmental** and **other abuses**.

MOWI sourced 40% of its fish oil from Peru in 2019

MOWI is **Sainsbury's** main supplier of farmed salmon in the UK.

We revealed that the producers involved in these environmental and social scandals were selling FMFO to European aquafeed giants - including major players, such as Mowi - which, in turn, sold salmon to retailers including Aldi, REWE, Marks & Spencer (M&S) and Sainsbury's. Our findings provided yet more proof that FMFO production is fundamentally unsustainable, emphasising the need for a rapid phase-out of the use of wild-caught fish to feed farmed fish.



Outcomes and impacts

The year got off to a positive start for our campaign; in February 2020, over 100 civil-society organisations signed up to the *Blue Manifesto*, which included a call for the EU to adopt regulations ensuring that all aquaculture production in EU seas is non-polluting and does not rely on marine animal-derived feed ingredients.

Throughout the year, our research and analysis continued to reach a global audience; our retailer scorecards and investigation in Peru attracting widespread coverage in mainstream and specialist legacy media outlets, including EFE, *The Grocer*, *Bild* and *Business Green*.

Social media also offered a useful platform to ensure our campaign reached a wide audience and that companies took our call to action on board. Our many campaign allies and supporters - including Feedback, Compassion in World Farming, SumOfUs, Framtiden i vare Hender, Deutsche Umwelthilfe and Blue Planet Society - helped to amplify our findings and asks at key moments throughout the year.

Despite disappointing results across the sector overall, there were encouraging signs that some retailers had begun to take our call to phase out the use of wild-caught fish in aquafeed to heart. In the UK, Tesco and M&S led the charge on supply-chain transparency and transitioning to alternatives to FMFO - albeit with substantial room for improvement.

MEDIA COVERAGE OF PERU INVESTIGATION



We gratefully acknowledge the support of Open Philanthropy for this stream of work.



Talking Trash

The problem

Production of plastics has grown exponentially over the past few decades, and is set to double between 2016 and 2030.⁸ To date, efforts to address plastic pollution have been woefully inadequate, with only around 9% of all plastic being recycled, 12% incinerated and 79% ending up in the natural environment,^h polluting oceans, choking wildlife, entering the food chain, leaching toxinsⁱ and posing a public-health hazard for people – especially the most vulnerable communities, which often live in areas drowning in plastic waste, or in the vicinity of toxic incinerators.

Unprecedented backlash from citizens and NGOs alike has put major consumer-goods companies firmly in the spotlight as culprits for producing ever more plastic packaging without accountability for what happens to it after it has been used. In response to this scrutiny, companies have been quick to form a glut of voluntary initiatives that aim to tackle the problem, but with a strong focus on ‘end of pipe’ solutions – such as beach clean ups – or switching to supposedly recyclable or biodegradable alternatives that do little to tackle the problem at source. Simultaneously, they have lobbied aggressively against proven solutions to the plastic crisis – such as deposit-return systems (DRS) – using a variety of tactics to delay, distract and derail ambitious legislation to tackle plastic pollution.

Instead of weak voluntary measures, the focus must be on mandatory collection of plastics being put on the market, at rates of 90% or above, for either reuse or effective recycling – which in turn will stimulate product redesign, better collection systems and a true circular economy. Such solutions need to be enshrined in legislation, because the industry has an abysmal track record of decades of broken promises and failed commitments.



Our work

By the start of 2020, research and investigations were underway in 15 countries across five continents to uncover industry efforts to undermine proven legislative solutions to the plastic crisis. In February 2020, we commissioned polling in Austria (through YouGov) to ascertain Austrian attitudes towards a DRS – a proven and highly effective solution to the plastic crisis. The results showed very strong support, with 83% in favour of such a system. We launched the results with Global2000 and WWF, generating broad media coverage in national and regional Austrian media ahead of crucial policy discussions on the issue.

We launched the results of our wider investigations in Austria in May 2020, in partnership with Break Free From Plastic. This report shed light on the ‘plastic pollution lobby’ – the companies and organisations opposing DRS, despite it being the only feasible way to meet EU separate-collection targets. Powerful companies with vested interests – including major retailers Lidl, Spar, Hofer and REWE Group – were lobbying against a government decision to introduce DRS, a push-back coordinated by an influential producer-responsibility organisation, ARA.

In May, we also launched *Genie in a Bottle: Unlocking the Full Potential of California's Bottle Bill* with the National Stewardship Action Council. In this briefing, we highlighted the opportunity to update California's ailing bottle bill by increasing safety and convenience for Californians wanting to redeem their bottle deposits during the Covid-19 pandemic and beyond. We called on legislators to bring the system back to best-in-class level by unlocking \$400 million of unspent funds in the programme to offer more and better collection points, leading to the creation of new jobs and environmental and economic benefits. The briefing also presented the results of our public opinion poll, which showed that 74% of Californians want more action on plastic pollution and 80% want plastic producers to contribute to managing plastic litter.



Talking Trash

In September 2020 we launched our landmark campaign report, *Talking Trash: the Corporate Playbook of False Solutions to the Plastic Crisis*, working with eight NGO partners across nine countries and regions. The report exposed the decades-long campaign by the plastic industry, consumer brands and retailers to delay, distract and derail progressive legislation and systemic solutions to the plastic pollution crisis. By looking at 15 country case studies and analysing over 50 voluntary commitments of the ten biggest plastic-polluting consumer brands, we broke new ground, showing not only that voluntary initiatives have failed to contain the plastic crisis but also that companies have used these initiatives as a tactic to delay and derail progressive legislation – all while distracting consumers and governments with empty promises and false solutions.

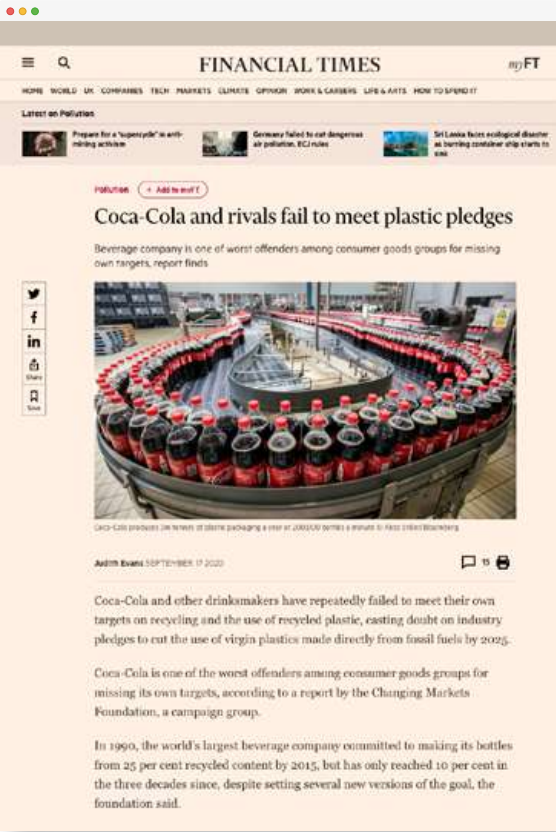
We analysed voluntary commitments of the ten biggest plastic polluters: Coca-Cola, Colgate-Palmolive, Danone, Mars Incorporated, Mondelēz International, Nestlé, PepsiCo, Perfetti Van Melle, Procter & Gamble, and Unilever. We found widely differing levels of commitment, ranging from near zero (Perfetti Van Melle and Mondelēz International) to more impressive-sounding commitments (Unilever, Danone and Coca-Cola). However, even the more ambitious commitments were not commensurate to the severity of the plastic pollution crisis. Most come with serious problems around transparency and accountability, with companies failing to report independently verified data and consistently missing their own targets. Coca-Cola, for example, set itself a goal to start selling soft drinks in bottles made from 25% recycled polyethylene terephthalate (rPET) as far back as 1990 – but, three decades later, their bottles still only contain 10% rPET. Instead, we find a 30-year trail of broken promises, starkly illustrating that regardless of how ambitious voluntary commitments sound, most companies regard them as just paper promises.



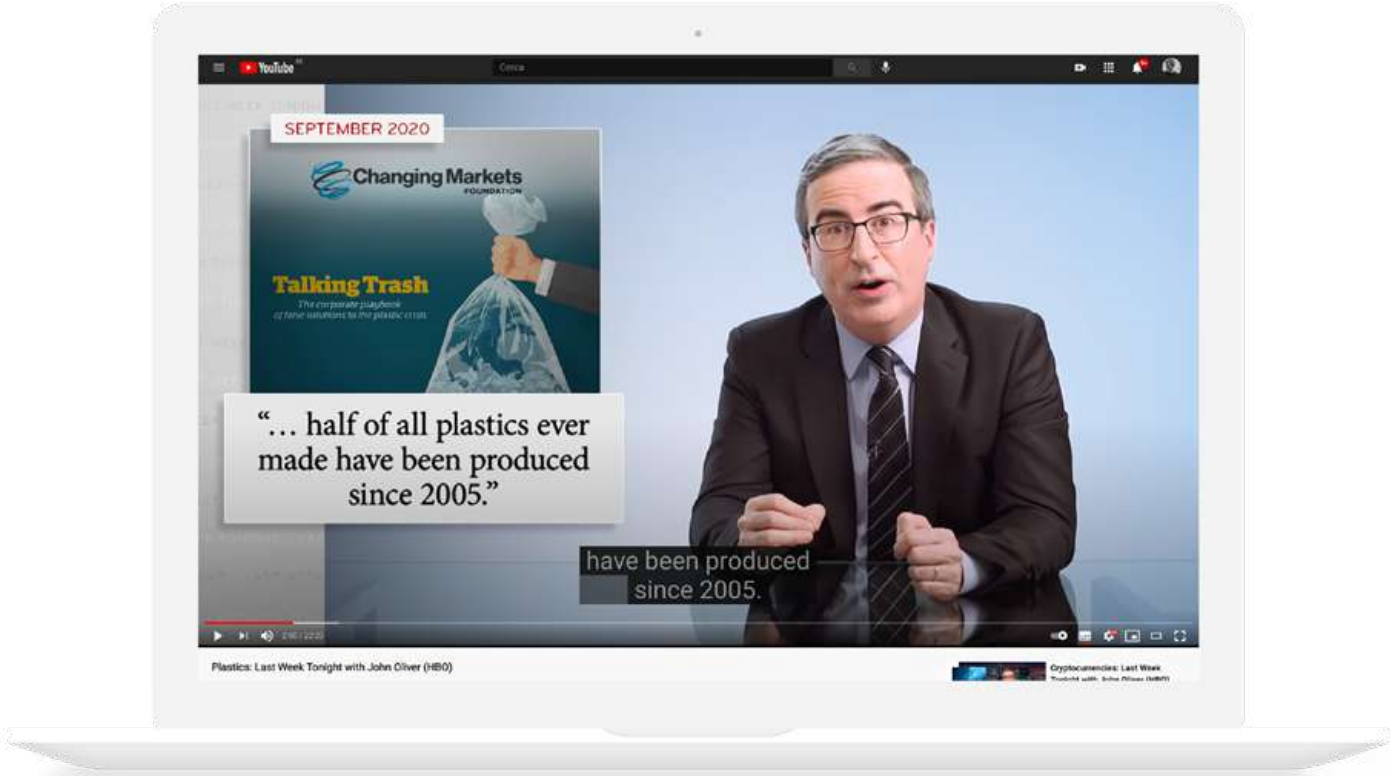
Following the launch, through letters signed by a coalition of 19 NGOs, we called on the companies we analysed to publicly support legislation and adopt our recommendations, and on the European Commission to stand firm in the face of industry tactics.

Outcomes and impacts

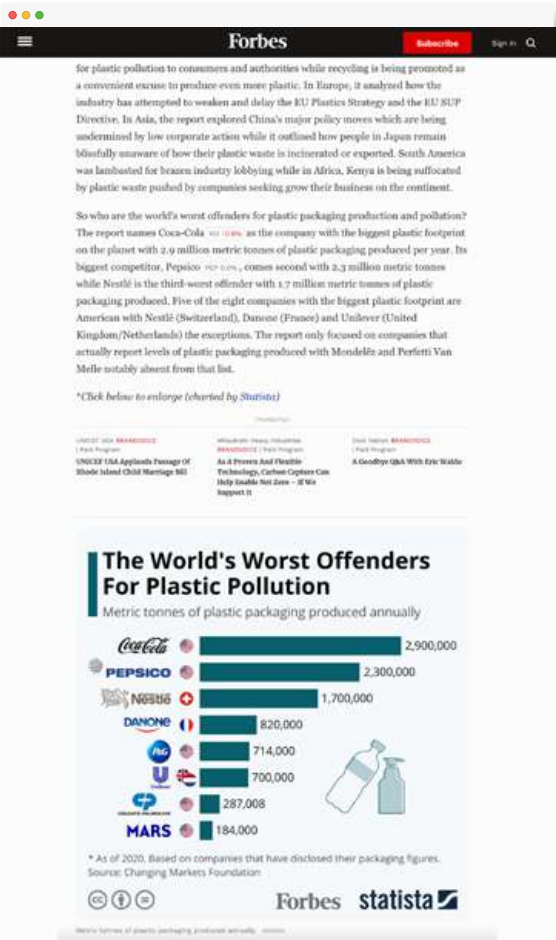
Our findings in Austria received broad media coverage - including in the country's leading newspaper, the *Kronen Zeitung*, as well as *Der Standard* and *Wiener Zeitung* - establishing a clear mandate for a deposit system and exposing the opponents ahead of key policy talks. Thanks to the combined efforts of our coalition, broad support was expressed for the system, and environment minister Leonore Gewessler confirmed plans to introduce DRS in September 2020 - including targets for refillables. In a further win, Lidl Austria - one of the targets of our report - publicly reversed its opposition to DRS, becoming one of the first retailers to openly support it. Unfortunately, the plans for DRS were later glossed over, due to excessive industry lobbying in the interim. We are continuing to apply campaigning pressure on the situation in Austria to push for successful implementation of DRS.



Our work in California also established a clear mandate and economic argument for modernising the bottle bill. Although the opportunity to gain legislative traction in 2020 was reduced due to the Covid-19 pandemic, our findings were published in key outlets read by state legislators, such as *The Sacramento Bee* and *CalMatters*.



Talking Trash featured on Last Week Tonight with John Oliver



Talking Trash generated unprecedented news coverage, including in *The Financial Times*, *The Times*, *Forbes*, *Bloomberg*, *The Independent* and a live interview on *Euronews*, with additional coverage across the world - from Kenya and Poland to Germany, India, Spain and Portugal. Our launch video received nearly 200,000 views and the microsite nearly 10,000 hits in the first few months, and the report was even recently featured on John Oliver's *Last Week Tonight*, with over 4.1 million weekly viewers.

In response, Coca-Cola admitted it had failed to deliver on its promises of recycled content, and other major brands doubled down on their commitment to voluntary action to address the crisis. In response to our letters, we engaged with several of these companies to push forward our recommendations and encourage them to publicly support legislative ac-

DIRTY FASHION

Dirty Fashion

The problem

Viscose is a cellulose-based fibre made from a wide range of plant types, such as trees, bamboo and cotton linters. Along with other man-made cellulosic fibres (MMCFs), such as lyocell and modal, viscose is the third-most-used fibre (after polyester and cotton). While it is often billed as the ‘fibre of the future’ and a good, sustainable replacement for other fibres, most viscose on the market today is still produced using heavily polluting processes. The fibre-production process relies on a number of toxic chemicals – such as carbon disulphide, sodium hydroxide and sulphuric acid – which, if not managed properly, can be detrimental to the health of ecosystems and people.

Following our investigations into polluting viscose factories and engagement with clothing companies that wanted to find a solution to polluting viscose manufacturing, in 2018 we developed a *Roadmap towards Responsible Viscose and modal Fibre Manufacturing*, which provides a blueprint for responsible viscose manufacturing. The *Roadmap* outlines a set of principles for brands, retailers and producers to move towards a closed-loop manufacturing system, where emission controls and chemical recovery rates are in line with best practices – the so-called EU Best Available Techniques (BAT).

The size of the global viscose-fibre market is increasing. It is therefore important that the industry commits to a closed-loop system and puts an end to polluting practices.

Our work

In December 2020 – almost three years since the first fashion brands and retailers signed up to our *Roadmap* – the Changing Markets Foundation launched *Dirty Fashion: Crunch Time*, which evaluates where the global textile industry now stands in the transition towards responsible viscose. The report examines the policies and practices of 100 brands and retailers and some of the world’s biggest viscose manufacturers, including Aditya Birla Group, Asia Pacific Rayon (APR), Lenzing, Sateri and Tangshan Sanyou, ENKA and the Chinese Collabora-

tion for Sustainable Development of Viscose (CV) initiative. The report concludes that, while responsible viscose manufacturing is firmly on fashion brands' agenda, legislation is needed to cement this progress and prevent backsliding.

The findings of the report are reflected on our Dirty Fashion micro-site, which, in addition to our brands categorisation table, ranks brands according to their progress and evaluates some of the world's biggest viscose manufacturers.



Our poster ranking brands on viscose



Outcomes and impacts

Before the launch of our Dirty Fashion campaign, little was known about the environmental impacts of the production of viscose fibre and the supply-chain links between viscose factories and major fashion brands. Dirty Fashion placed the environmental challenges linked to the production of viscose fibre firmly on the industry's agenda, generating serious commitments to responsible viscose production from clothing brands and manufacturers, as well as higher levels of transparency. A further strength of this campaign is that it not only showcases frontrunners' good performance but also exposes the laggards' lack of action, including some well-known high-street and luxury brands.

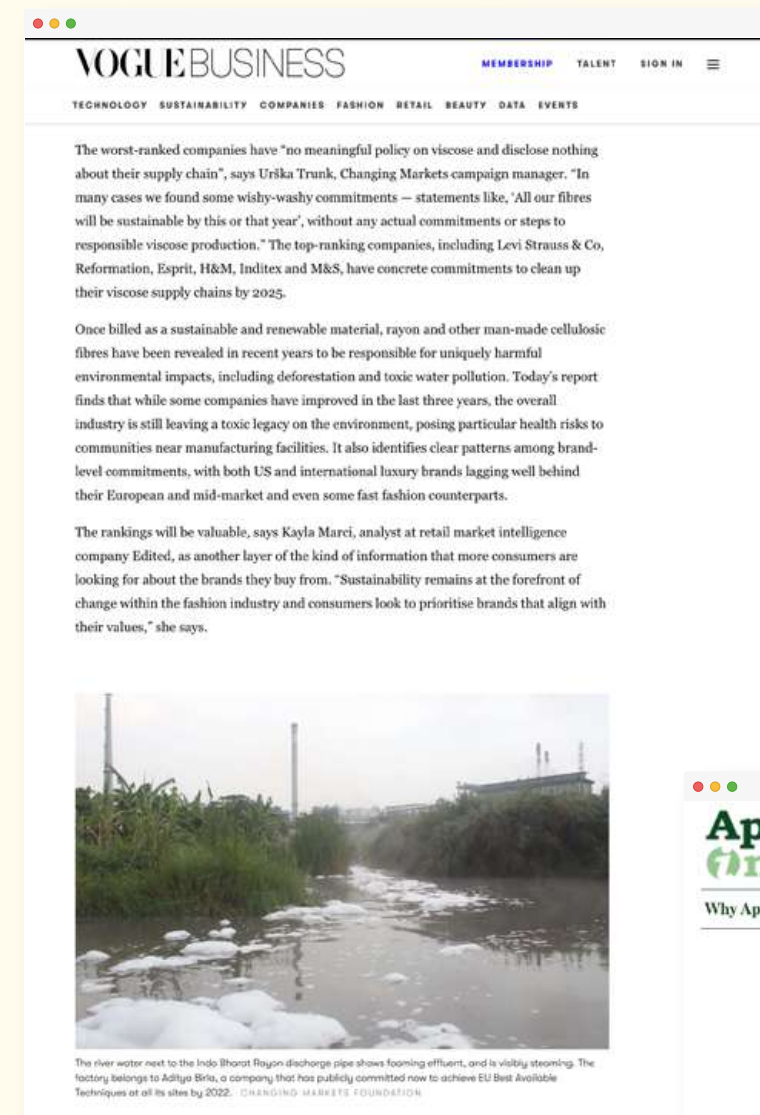
By December 2020, 14 high-street giants – ASOS, C&A, Esprit, George at Asda, H&M, Inditex, Levi's, M&S, Morrison's, New Look, Next, Sainsbury's, Tesco, Puma and Reformation – had committed to our *Roadmap*, sending a clear message to viscose manufacturers that they expect the industry to move to a responsible viscose production by 2023–25. For the first time, two US companies signed up to the *Roadmap*. Several brands also showed marked improvement on transparency; almost all signatory brands now disclose some information about their viscose suppliers. Among the most transparent are ASOS, C&A, Esprit, M&S, Reformation and Tesco, which have published extensive lists of their viscose manufacturers on their corporate websites, including the names – and, in some cases, full addresses – of factories.



As a result of our campaign, viscose manufacturers accounting for over 50% of all global viscose production have either aligned or committed to align their operations with closed-loop viscose production, in line with our *Roadmap*. Aditya Birla and Lenzing have committed to doing so by 2022, and Sateri and APR by 2023. For the first time, in 2020, some of the Chinese viscose manufacturers also broke ranks with CV to make clear commitments to closed-loop manufacturing.

Over the course of 2020, the Changing Markets Foundation also engaged with the Zero Discharge of Hazardous Chemicals (ZDHC) in its process of developing the *MMCF Guidelines* for viscose-fibre producers, with a view to creating unified criteria for measuring output indicators like wastewater, sludge, air emissions and other process-related parameters. Owing notably to our input and *Roadmap*, the ZDHC *MMCF Guidelines* adopted ambition levels in line with our recommendations, and set a timeline for global viscose manufacturers to achieve the EU BAT levels by 2023–25 (between the third and fifth year after the first assessment). While the *MMCF Guidelines* remains weak on transparency and enforcement mechanisms, they represent a good first step in driving best practice in viscose manufacturing.

The campaign also calls for ambitious textile legislation – in the EU and beyond – to ensure the fashion industry becomes circular, respects human rights, creates decent jobs and adheres to high environmental and responsible governance standards throughout its value chain.



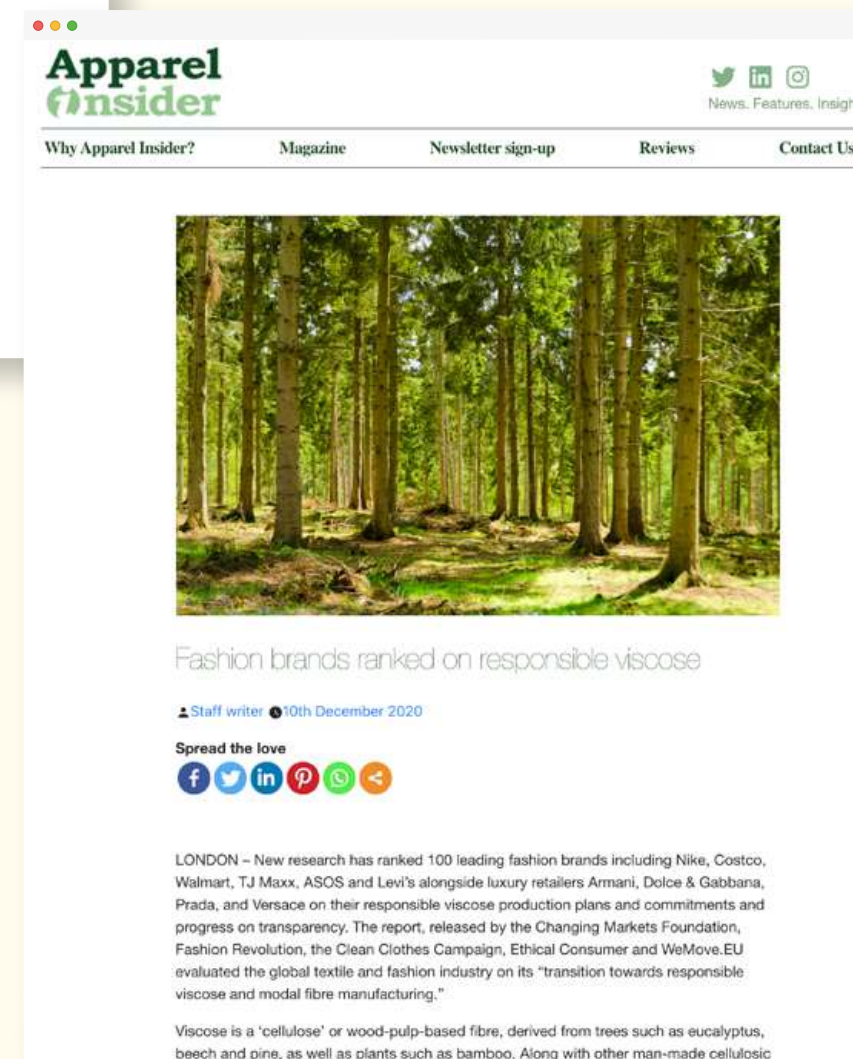
“It is time for EU leaders to step up and make the necessary regulatory reforms, as industry initiatives have clearly failed and the current health economic crises have taken devastating tolls on workers throughout the supply-chain,” said Muriel Treibich of Clean Clothes Campaign. “In an industry known for power imbalances, it will take leadership on EU level to ensure that the textile sector supports workers’ rights instead of actively undermining them.”

**Apparel
Insider**

“

Currently, paying a higher price for a luxury product doesn’t necessarily guarantee better quality of viscose, better treatment of the environment or better treatment of workers,” Trunk says. “We see transparency as something that is indispensable, and luxury brands are not delivering on that front.”

VOGUEBUSINESS



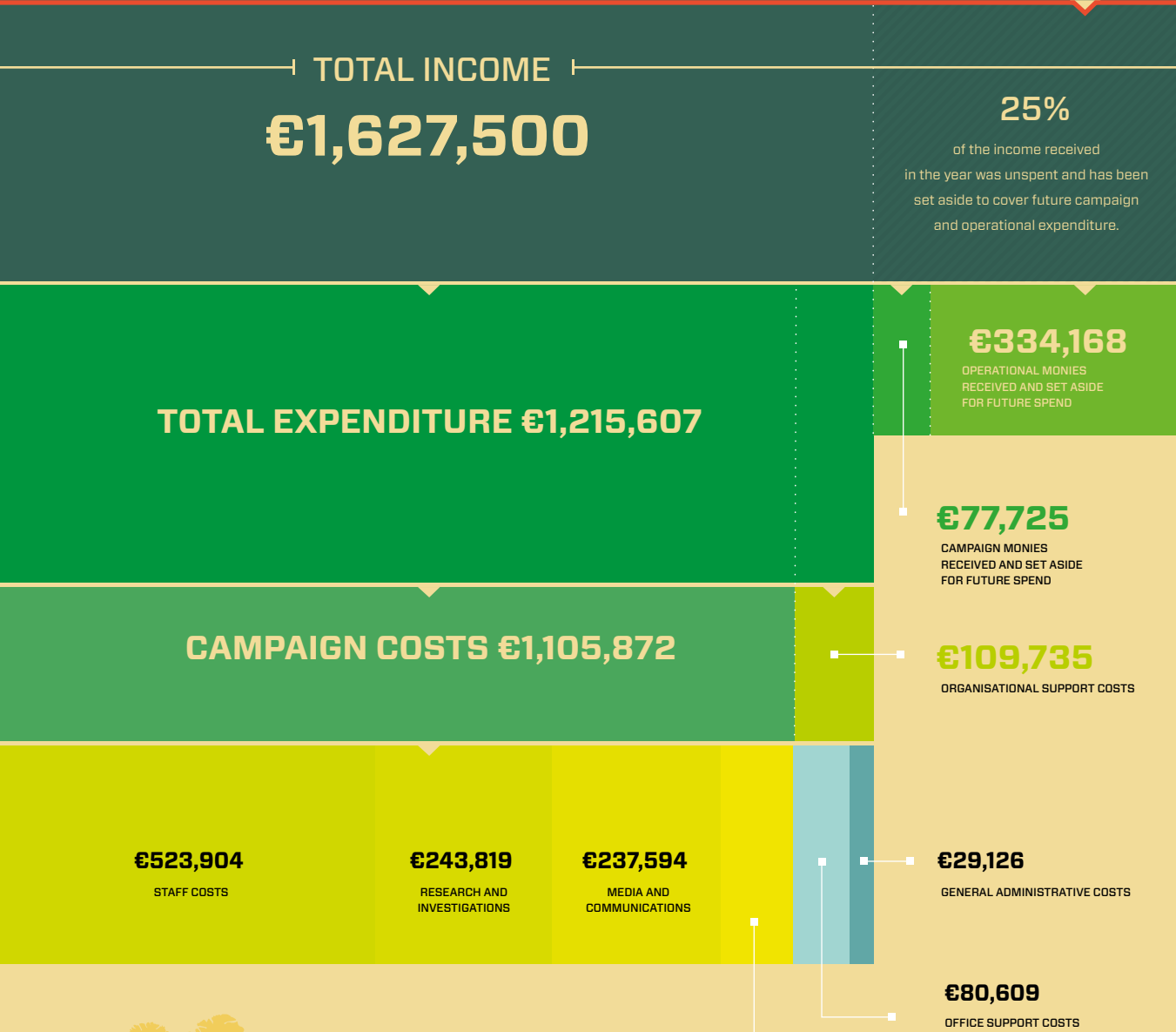


ANNUAL ACCOUNTS

THESE FINANCIAL ACCOUNTS COVER THE PERIOD FROM JANUARY TO DECEMBER 2020

The Changing Markets Foundation generates income through a combination of funds generated by the founders' other activities, including their strategic advice to companies with advanced sustainability performance; other foundations that want to support market shifts as a way of driving change. The foundation maintains full, independent control over its campaigns, their strategy and their direction. This ensures the campaigns stay sharply focused on the purpose of accelerating change on sustainability.

BREAKDOWN



OUR PEOPLE

~200 YEARS COLLECTIVE CAMPAIGNING EXPERIENCE

6 DIFFERENT LANGUAGES SPOKEN



Bolivia



XIMENA BANEGAS

ALICE DELEMARE TANGPUORI

NATASHA HURLEY

RACHEL MULRENAN

GEORGE HARDING-ROLLS

ELAINE GIRVAN

Northern Ireland

United Kingdom

Slovenia

JOAKIM BERGMAN



Sweden

NUŠA URBANČIČ



URŠKA TRUNK



LANGUAGES



SPANISH



CHINESE



FRENCH



ENGLISH



SLOVENE



SWEDISH



Australia



PAUL GILDING



ELAINE GIRVAN

FINANCE AND ADMIN DIRECTOR

Elaine looks after the financial and administration aspects of Changing Markets. She joined Changing Markets in July 2017, having previously worked as a systems accountant in a number of not-for-profit organisations, including the National Theatre and the Alzheimer's Society. As a trained accountant, she has spent much of her career helping and advising organisations on ways to improve their business and financial operations, as well as providing support as they carry out their day-to-day financial activities. After relocating to the Netherlands in 2014 Elaine took the opportunity to return to study; in February 2017 she completed an MSc in Sustainable Development, with a focus on Environmental Governance, at Utrecht University.



ALICE DELEMARE TANGPUORI

CAMPAIGN MANAGER

Alice joined Changing Markets in April 2017 from Bond, the network for international development organisations, where she led a programme of work to build public support for tackling global poverty. An expert in campaigning and coalition-building, she has convened UK-wide coalitions on issues ranging from the sustainable development goals and the effectiveness of aid, to gender equality and electoral reform. At Changing Markets, Alice has worked on our nutrition, fortification and plastics campaigns.



GEORGE HARDING-ROLLS

CAMPAIGNS ADVISER

George joined Changing Markets in June 2019 after nearly four years working at international sustainability non-profit, Forum for the Future, as a Senior Strategist, where he worked on strategic communications and headed up their digital team. He has also held roles at Charitarians, a Beijing-based philanthropy network, and Jellyfish, a leading digital marketing agency. An expert in digital campaigning, George holds a first-class degree in Chinese and French from the University of Edinburgh. George has worked on the fortification, fashion, fisheries and plastics campaigns.



NATASHA HURLEY

CAMPAIGN MANAGER

Since joining the Changing Markets Foundation in 2015, Natasha has played a pivotal role in running our pharmaceutical, fashion and fisheries campaigns. Prior to working at Changing Markets she spent four years at the Environmental Investigation Agency in London, where she was a campaigner on climate change. As EU Policy Advisor at Carbon Market Watch, she played an instrumental role in the campaign to ban environmentally unsound carbon offsets from the EU Emissions Trading System. Her previous roles included three years at a leading public affairs consultancy and a spell with the EC in Brussels.



JOAKIM BERGMAN

FOUNDER & CEO

Joakim studied law but soon after landed at Greenpeace, where he discovered his passion for campaigns. As Campaign Director of Greenpeace Sweden in the early 1990s, he was involved in some of the organisation's earliest innovations in market campaigns, including on its PVC campaign and its campaign against chlorine bleaching in the pulp and paper industry. He went on to various roles in Greenpeace, including CEO of Greenpeace Sweden, Deputy CEO of Greenpeace International and Board Member of Greenpeace USA and Central and Eastern Europe. In 1996, Joakim established and ran a solutions-focused market campaigning business in Sweden, advising NGOs and progressive companies.



NUŠA URBANČIČ

CAMPAIGNS DIRECTOR

Nuša oversees strategy and implementation for all Changing Markets campaigns, investigations and media work. She joined Changing Markets in April 2015 from Brussels-based NGO Transport & Environment, where she worked as the Programme Manager of the Energy and Fuels programmes for over six years, advocating for more climate-friendly European policy and leading the fuels team. Born and raised in Slovenia, Nuša started her Brussels experience in Greenpeace's Renewable Energy team. Nuša has an MA in International Relations from the University of Ljubljana and an LL.M in Human Rights from London University, which she completed part-time alongside working at Changing Markets.



PAUL GILDING

FOUNDER

Paul is an independent author, strategy advisor and entrepreneur for a sustainable economy. He has worked with the boards and executives of many leading global companies, including Unilever, BHP Billiton, DSM, Ford and DuPont, and is a widely recognised global authority on the economic and business implications of sustainability and climate change. He is a Fellow at the University of Cambridge's Institute for Sustainability Leadership, where he researches and teaches on the inevitable global economic transformation around sustainability.



RACHEL MULRENAN

CAMPAIGNS ADVISER

Rachel joined the Changing Markets team in February 2017. Prior to this, she worked in the Public Relations and Advocacy Team at Girlguiding (a UK-based youth charity) and for The Week magazine (a current affairs weekly digest). She holds a first-class degree in History from the University of Manchester and a postgraduate qualification in Journalism from the National Council for the Training of Journalists. Rachel has worked on the nutrition, fortification, carpets and fisheries campaigns.



URŠKA TRUNK

CAMPAIGN MANAGER

Urška joined the Changing Markets team in January 2017 from the Brussels-based NGO Carbon Market Watch, where she worked as the Climate Finance Policy Officer advocating for more effective and accountable use of climate finance. Her background is in European policy and she holds a master's degree in European Politics and Policies from Katholieke Universiteit Leuven. At Changing Markets, Urška has worked on our fashion and fisheries campaigns.



XIMENA BANEGAS

CAMPAIGNS ADVISER

Ximena joined Changing Markets in November 2019 to work on our plastics campaign, having previously worked on campaigns on climate change and recycling in Bolivia, banning shark fin soup in China, anti-trafficking in South East Asia and the latest against deforestation for the agro-cattle industry in the Amazon Rainforest and Chiquitano dry forest. She has worked previously at Amigos Richmond Latino Center, where she fundraised and managed educational, health and outreach programs for Latino youth in the United States. Born and raised in Bolivia, Ximena holds a liberal arts degree in International Relations and Business & Non-profit Management from Earlham College.

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