

**CRUDE
COUTURE**
M O S C O W

100% POLYESTER



Crude Couture:

Fashion Brands' Continued Links to
Russian Oil

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Executive summary

As the international climate negotiations draw to a close, this investigation underscores the pivotal role the fashion industry plays in perpetuating fossil fuel dependency and signals a concerning lack of action to break ties with Russian oil - through which the fashion brands are indirectly funding petrochemical expansion and the war in Ukraine.

This report serves as a sequel to our groundbreaking investigation “*Dressed to Kill: Fashion brands’ hidden links to Russian oil in a time of war*,” published in November 2022, which unveiled, for the first time, the hidden supply chain connections between major global fashion companies and Russian oil. Our findings revealed that Russia is a key oil supplier for petrochemical companies Reliance Industries in India and China’s Hengli Group. These companies produce polyester

yarns and fabrics sold to garment manufacturers around the world, who in turn produce clothes for many of the world's largest brands. Within our research, 39 out of the 50 brands (78%) and their parent companies, including H&M, Inditex, New Look and Next, were directly or indirectly^A linked to the supply chains of Hengli Group or Reliance Industries. Despite some brands closing stores and suspending sales in Russia following the Ukraine invasion, their reliance on synthetics indirectly contributes to the Russian economy and the ongoing war. Moreover, our prior report highlighted the risk of over 30 major fashion brands sourcing polyester derived from coal in the near future due to their connection to Hengli, which invested \$20 billion in a coal-to-polyester project.

In the “Dressed to Kill” report, Changing Markets urged companies to re-evaluate their supplier relationships and cut ties with synthetic suppliers sourcing oil or gas from Russia or intending to produce synthetics from coal. We also called on brands to decrease their reliance on fossil fuels.

One year later, we present an updated report evaluating if fashion companies have severed connections with contentious suppliers linked to Russian oil and coal. Beyond ethical concerns of indirect war funding, polyester is also both driver and a symptom of the destructive fast fashion model, and brands' dependence on this fibre risks jeopardizing climate targets, as well as exacerbating microplastic pollution, and the waste crisis. With synthetic fibre production projected to increase from 69% of total fibre production to 73% by 2030, it raises critical questions about the fashion industry's role in perpetuating humanity's reliance on fossil fuels and contributing to the plastic pollution crisis.

A Our interpretation of “direct” links refers to those where companies listed Hengli and/or Reliance on their own supplier lists, as opposed to “indirect” links where we made connections through intermediary companies.

We sent a questionnaire to 43 brands, which comprised 39 companies identified in the “Dressed to Kill” report as having links to Russian oil, along with four other influential market players, identified in our previous investigations. The questionnaire inquired whether the companies have stopped sourcing polyester from suppliers using Russian oil and suppliers planning to use coal. Additionally, it examined their stance on aligning with Changing Markets' demands for synthetic fibre phase-out, climate objectives and transparent reporting on fossil fuel usage.

Only 18 out of 43 brands (42%) responded to our questionnaire, and just 11 completed the questionnaires - a 26% response rate, the lowest we've encountered in recent years. Most companies answered questions selectively, instead of responding to the entire questionnaire. The analysis of responses signals fashion's lack of action on breaking ties with suppliers using Russian oil, despite the ongoing war in Ukraine demanding urgent action. It also highlights the industry's reluctance to reduce dependence on synthetic fibres, opting instead to mask this addiction under commitments to boost ‘sustainable’ or ‘preferred’ materials, notably recycled polyester. Unfortunately, the majority of this recycled polyester will be derived from PET bottles, which means that companies are not addressing microplastic pollution and waste problems. Additionally, fashion companies exhibit no noticeable improvements in supply chain transparency, even with impending due diligence legislation on the horizon.

Key findings:

Polyester producers deepen ties with Russian oil in 2023

Following the “Dressed to Kill” report, public sources indicate major polyester producers have deepened their reliance on Russian oil. In March 2023, India became

the largest buyer of Russian crude, with Reliance Industries playing a pivotal role. Together with Nayara Energy, it accounted for over half of India's total crude imports. In other words, Reliance has been war profiteering, buying war-tainted oil at a big discount. Meanwhile, China's imports surged by 11.7% compared to the previous year, with Hengli Petrochemical receiving significant Russian crude shipments in May 2023 according to shipping data.¹

Despite sanctions around the world against Russian oil, these trends solidify the bond between fashion companies, polyester producers and Russian oil. This leads to the continued import of polyester products made from Russian oil into countries that have enforced embargoes against Russia.

Fashion companies show insufficient efforts in cutting ties with Russian oil

- Only 13 out of 43 companies responded to the questionnaire about their potential links with polyester suppliers reliant on Russian oil.
- Two companies stand out by saying that they cut ties with Reliance and/or Hengli. Esprit says it has cut ties with both. G-Star Raw, previously linked to Hengli for recycled polyester, states it has ceased sourcing from Hengli and will further restrict suppliers linked to Russian oil.
- While Hugo Boss hasn't confirmed terminating ties, it told us about its plans to phase out polyester and nylon in all fabrics and linings, including blends, by 2030.
- Four companies - Asda, C&A, Tesco and Zalando - cite a lack of supply chain visibility to justify their inaction. None provided a timeline for complete transparency. The industry's persistent lack of transparency, despite years of calls to change, appears more like a strategy to evade accountability.

- Three companies - H&M, C&A and Inditex - told us about their strategies to transition away from virgin polyester. They mentioned recycled polyester from plastic bottles and next-generation materials, such as bio-based sources or textile waste. However, the urgency of the situation in Ukraine demands immediate action, rendering their future strategies insufficient to address inadvertent funding of Russia during this critical period.
- Although Shein did not respond to the questionnaire, the prolific ultra-fast fashion brand formed a strategic partnership with Reliance Industries in May 2023. Given Shein's daily release of around 10,000 products,² with polyester comprising 64% of their materials mix, the growing dependence of Reliance on Russian oil suggests Shein will be significantly sourcing from conflict oil.³

Polyester from coal not high on fashion agenda

Just 10 out of 43 companies responded to inquiries regarding cutting ties with Hengli and other potential suppliers that plan to produce polyester from coal. Among them, only two companies - Esprit and G-Star Raw - say they have ended their relationship with Hengli.

Recycled polyester distraction

A large majority of companies that answered the question about their plans to phase out synthetics (14 out of 17) plan to shift from virgin to recycled polyester, without making any commitments to reduce or entirely phase out their overall synthetic fibre use. While many brands mention fibre-to-fibre technology as their strategy, none provided a breakdown of this.

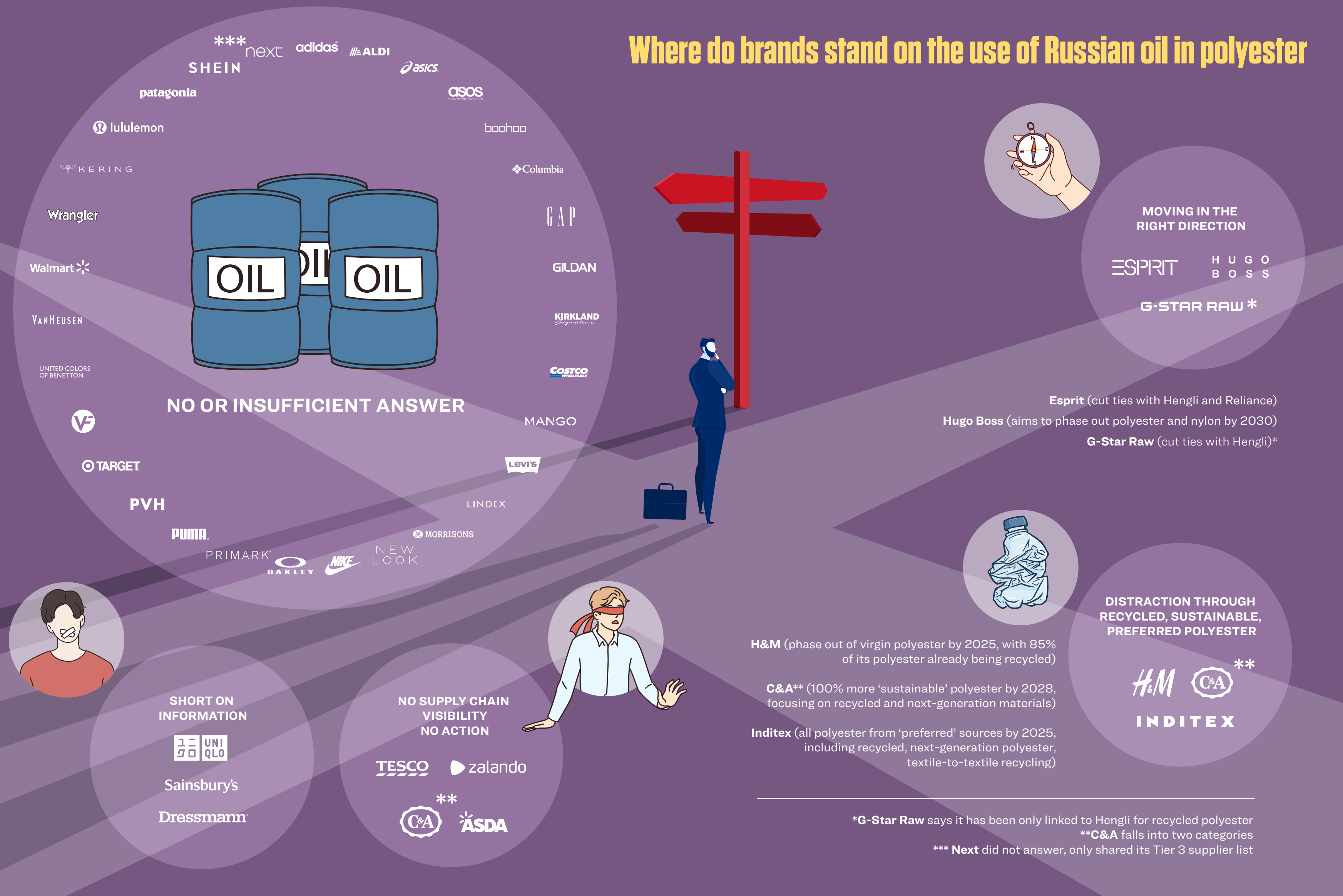
What's next?

On the positive side, global climate talks have brought calls for industries and governments to move away from fossil fuels. Adding to this is an impending surge in global textiles legislation. Over the next two to four years, more than 30 pieces of regulation are expected around the world, targeting import restrictions, product design guidelines, due diligence and more.⁴ Such legislation will force companies to improve their practices in some areas.

On the downside, the legislative landscape is still lacking in addressing the issue of synthetic fibres and ensuring genuine transparency. Despite the EU Textiles strategy acknowledging the link between fossil fuel-based materials and the destructive fast fashion model, current legislative initiatives fall short in calling for a phase-out of fossil fuel-based fibres, such as polyester, within the fashion industry. The legislative discussions on due diligence also fall short in ensuring full transparency in fashion supply chains.

Changing Markets urges fashion companies to end their continued or growing dependence on fossil fuels and prioritize the termination of ties with synthetic suppliers procuring oil or gas from Russia. Finally, we urge fashion brands to commit to phasing out fossil fuels from their supply chains and from their material mix. Specific recommendations for fashion brands, retailers and groups, as well as policymakers, can be found at the end of this report.

Where do brands stand on the use of Russian oil in polyester



Esprit (cut ties with Hengli and Reliance)
Hugo Boss (aims to phase out polyester and nylon by 2030)
G-Star Raw (cut ties with Hengli)*

H&M (phase out of virgin polyester by 2025, with 85% of its polyester already being recycled)
C&A** (100% more 'sustainable' polyester by 2028, focusing on recycled and next-generation materials)
Inditex (all polyester from 'preferred' sources by 2025, including recycled, next-generation polyester, textile-to-textile recycling)

*G-Star Raw says it has been only linked to Hengli for recycled polyester
**C&A falls into two categories
*** Next did not answer, only shared its Tier 3 supplier list



1. Introduction: the scale of fashion's addiction to fossil fuels

A growing number of nations and business leaders are joining calls from scientists and citizens to phase out fossil fuels from our economy.⁵ Yet the fashion industry seems to be overlooked in these discussions. Despite increasing awareness about the environmental impact of the fast fashion industry, our research consistently highlights the industry's continued heavy reliance on fossil fuels, particularly through the growing production of synthetic fibres. Our “*Synthetics Anonymous 2.0*” report, published in December 2022, found that while many other industries are scrambling to decarbonise, one in four of the fashion sector's largest companies are recording a heavier reliance on fossil-fuel-derived fabrics.⁶

Synthetic fibres currently account for 69% of all fibre production, with polyester being the dominant material, found in over half (56%) of textiles in use today.⁷ Accordingly, the textile sector is the third

FAST FASHION AND THE RISE OF POLYESTER

THE MAJORITY OF FIBRE PRODUCTION IS SYNTHETIC AND COMES FROM FOSSIL FUELS

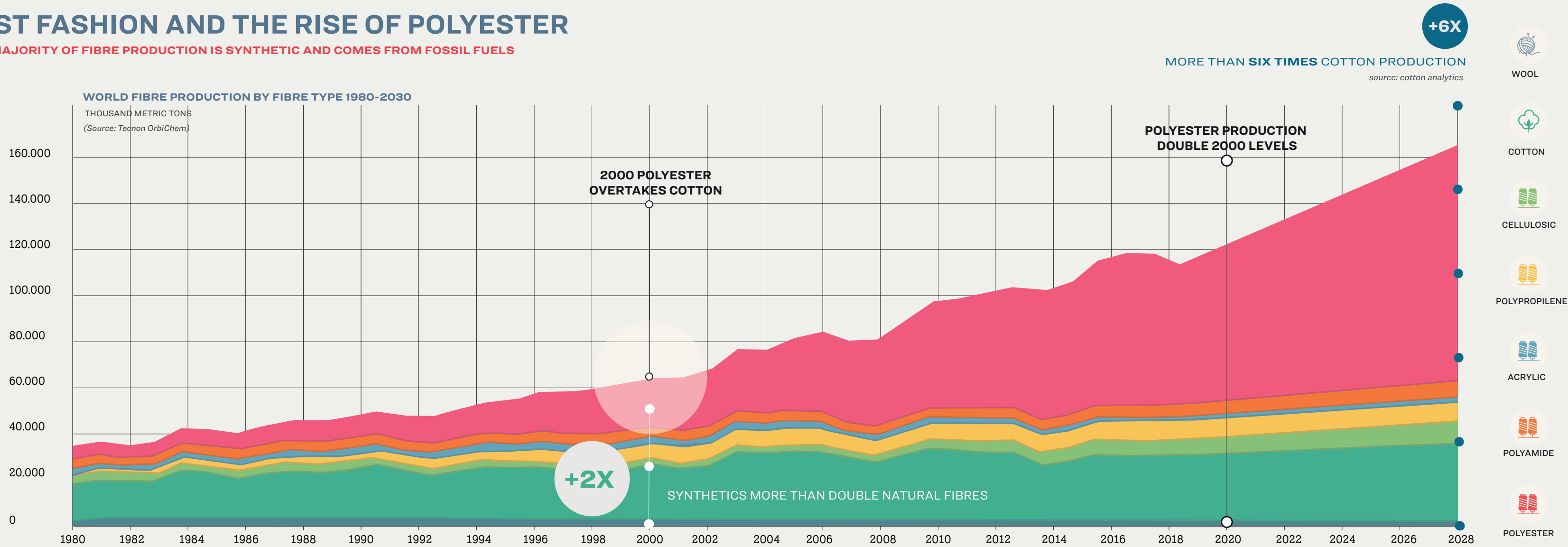


Figure 1. Fast fashion and the rise of polyester

Source: Tecnon OrbiChem, 2021

largest user of plastic and the production of synthetic fibres accounts for 1.35% of all oil use,^B which is higher than the annual oil consumption of Spain.⁸

Furthermore, projections indicate a significant increase in polyester production in the future. Unless the industry takes substantial steps to reduce its dependence on synthetics, it is estimated that nearly three-quarters (73%) of all textiles will be derived from fossil fuels by 2030.

As well as increasing, the extraction of fossil fuels for fashion is getting dirtier,⁹ including fracked gas and contentious sources such as Saudi Aramco, the world's biggest greenhouse gas emitter.^{10 11} There are even projects in the pipeline to produce polyester from coal in the coming years (see Box 1). In 2015, polyester production for textiles alone was responsible for emissions of over 700 million tonnes of carbon dioxide equivalent (CO₂e)¹² - similar to the annual greenhouse gas (GHG)

B According to Carbon Tracker, plastic production accounts for 9% of current total oil demand, which the Ellen MacArthur Foundation projects will grow to 20% by 2050. Production of synthetic fibres for the textile sector accounted for 15% of plastic production according to the International Energy Agency.



Credit: Shutterstock



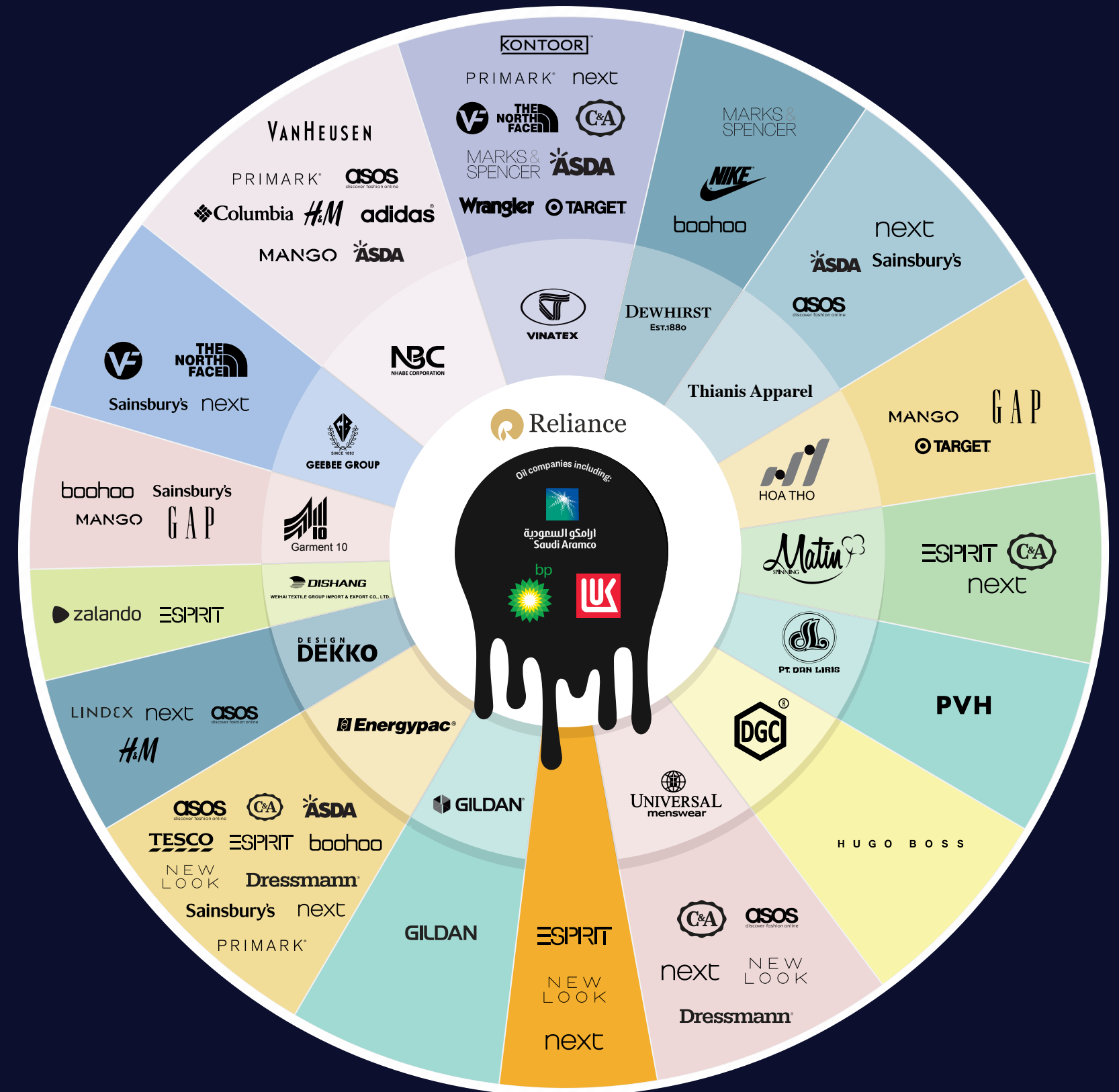
emissions of Mexico¹³ or 180 coal-fired power plants. This is projected to nearly double by 2030, reaching twice the GHG emissions of Australia.^C

These alarming statistics underscore the urgency of addressing fashion's addiction to fossil fuels, especially in the context of the climate emergency. The situation is already dire, but if the plans to expand the sector's reliance on plastic go ahead, the emissions could grow rapidly and undermine climate commitments of fashion brands.

^C According to the Materials Systems Laboratory, the global impact of polyester fabric will grow from roughly 880 million tonnes of CO₂ equivalent (MtCO₂e) in 2015 to a projected 1.5 billion tonnes CO₂e by 2030. An estimated 80% of polyester production goes into textiles, meaning emissions from polyester will reach 1.2 billion tonnes CO₂e by 2030 (<https://matteroftrust.org/wp-content/uploads/2015/10/SustainableApparelMaterials.pdf>). In 2018, Australia's total production-based emissions, including forestry, land use and land-use change, were 537 MtCO₂e (https://en.wikipedia.org/wiki/List_of_countries_by_greenhouse_gas_emissions).

Credit: Shutterstock

Supply chain links between Reliance Industries and major global fashion brands



Direct links were found for brands which have published Hengli or Reliance on their supplier lists. Indirect supply links are included for brands sourcing from manufacturers which are supplied in turn by Hengli or Reliance.

Box 1. Recap: Insights from last year's 'Dressed to Kill' exposé

Our groundbreaking investigation *"Dressed to Kill"*, published in November 2022, shed light on polyester supply chains and a connection that had remained largely unnoticed: the inadvertent funding of Russia's war in Ukraine through the global fashion supply chain. For the first time, this investigation traced the intricate web of the polyester supply chain, exposing how the modern fashion industry is inadvertently relying on discounted Russian crude, which is being shipped in growing volumes to Indian and Chinese polyester producers.

Over the course of a year-long supply chain investigation, we examined the routes through which polyester, the fashion industry's favourite fibre, is sourced and produced (see the full methodology in the annex of the *"Dressed to Kill"* report). Using shipping tracking, supplier lists published by brands or by the Open Apparel Registry, information published by fashion brands, direct disclosure to us through our questionnaire and enquiries with companies on supplier lists, we discovered an alarming fact: 78% of the brands included in our research (39 out of 50) were directly or indirectly linked to the use of Russian oil in their polyester-based products.

The investigation focused on two major polyester manufacturers: India's Reliance Industries and China's Hengli Group. Reliance claims to be the world's largest integrated producer of polyester fibre and yarn, with a capacity of 2.5 million tonnes per year.¹⁴ Its operations are highly vertically integrated, from oil refineries and gas production, polyester production, fabric manufacturing to retail. Hengli is also vertically integrated, focusing on the full production chain in oil refining, petrochemicals, polyester new materials and textiles. With 120,000 employees, Hengli operates one of world's largest purified terephthalic acid plants with an annual production capacity of up to 12 million tonnes, and one of the world's largest functional fibre production bases.¹⁵ Both companies were found to be sourcing growing volumes of Russian oil to create their polyester yarns and fabrics. These products then find their way into garments manufactured for some of the world's largest fashion brands.

Many companies in India and China cashed in on the war and resulting sanctions against Russia by importing discounted Russian oil to produce refined products such as diesel and

exporting them to destinations with sanctions against Russia. This has been under on-going media scrutiny.^{16 17} The fact that part of the Russian oil ends up in the production of plastic, such as polyester, received less attention. Reliance Industries increased its Russian oil imports twelvefold after the full-scale invasion of Ukraine until July 2022, boosting its revenue from the oil-to-chemicals business, including polyester production, by a remarkable 56.7% in just one fiscal quarter. These profits will be invested in expanding Reliance's polyester capacity, further fuelling the fashion industry's addiction to synthetics.¹⁸

Similarly, China's crude oil imports from Russia hit a record high with a 55% increase in May 2022. Hengli has longstanding collaborations with Russian oil giants in refinery operations, oil exploration, production, and the trading of oil and petrochemical products.¹⁹

Despite the fact that more than half of the fashion brands that we investigated in our *"Dressed to Kill"* report suspended or withdrew their Russian operations after the invasion of Ukraine, our findings reveal a harsh truth: by relying on synthetic materials, these brands continue to contribute to the Russian economy, indirectly funding the war in Ukraine. This revelation also contrasts with the sustainability commitments and high-profile green claims made by many of these brands, casting a shadow over the credibility of their environmental pledges.

Our report also revealed that major fashion brands are at risk of sourcing polyester made from coal. Hengli has invested in a \$20 billion project to produce polyester from coal in coal-rich Shaanxi province, which the company aims to have running by the end of 2025.²⁰ This means that despite their climate pledges, over 30 brands in our research that source from Hengli, are at risk of selling polyester produced from coal in the near future, further challenging the industry's environmental efforts.





2. Where do polyesters producers stand now: The ongoing relationship with Russian oil

Even after the publication of our report, public sources shows that the two polyester producers persist in their reliance on Russian oil and have even increased it. In March 2023, India bought a record 51.15 million barrels of crude oil from Russia, making it the largest buyer of seaborne crude from Russia. Reliance Industries plays a major role in this trade. Together with Nayara Energya, the leading petroleum company in India, Reliance Industries accounted for more than half (52%) of the total crude oil imports from Russia, solidifying its position as a major

consumer of Russian oil.²¹ According to government data, India saved roughly \$2.7 billion by importing discounted Russian oil in the first nine months of 2023.²² Simultaneously, China capitalised on the opportunity presented by cheap Russian crude, importing record volumes of oil in the first half of 2023. China's crude oil imports from Russia surged by 11.7% compared to the previous year, reaching 11.4 million barrels per day.²³ In May 2023, Hengli Petrochemical, a key player in the Chinese market, received 6.44 million barrels of Russian crude, as reported by ship tracking data from Reuters.²⁴

These trends reveal the persistent connection between fashion companies that source from these polyester producers and Russian oil and violation of growing sanctions imposed on Russia by governments worldwide. The profits made through this trade also drive further investments into the production of polyester, exacerbating the problem (see section 1.2 above).



Credit: Shutterstock

Box 2. The growing clampdown on Russian oil

Global sanctions on Russia strengthened significantly after its war of aggression against Ukraine, started in February 2022, and the illegal annexation of Ukraine's territories. In an attempt to cut Russia's income from oil and gas, the US and UK banned all Russian oil and gas imports.²⁵ The EU imposed a ban on crude oil and refined petroleum products, coal and other solid fossil fuels. As part of the economic sanctions, the EU has imposed a number of import and export restrictions on Russia. This includes banning imported goods from Russia worth €91.2 billion, including steel, iron, gold, synthetic rubber and plastics and cosmetics.²⁶

To prevent Russian oil from coming to the EU through the back door and to tighten sanctions on Moscow's energy sector, the EU started cracking down on India's resale of Russian oil as refined fuels, including diesel, in Europe. India has become a significant buyer of Russian crude oil, with refiners selling fuels into Europe after processing the discounted crude.²⁷ Josep Borrell, the EU's high representative for foreign policy, stated that member states must take steps to stop diesel or gasoline from India produced with Russian oil from entering Europe.

However, as our report exposed, Russian oil finds its way into Europe through other unconventional routes, such as textiles. This underscores the need for a comprehensive approach to curbing the influence of Russian oil in various sectors, including the production of plastic for textiles and other applications. Government vigilance needs to address these backdoor channels to ensure the effectiveness of sanctions and maintain the integrity of policies.



3. The brand questionnaire: revisiting where brands stand on their use of Russian oil and coal

Methodology

In October 2023, the Changing Markets Foundation, along with partners Stand.earth, Zero Waste Alliance Ukraine and Zero Waste Society, reached out to 43 global clothing brands and retailers through email questionnaires. This initiative aimed to gather information about the companies' efforts to sever ties with polyester suppliers using Russian oil or coal in their production processes.

The selection of these brands and retailers was based on our previous research in the “*Dressed to Kill*” report, which identified 39 companies directly or indirectly linked to Russian oil. Additionally, we included four influential market players engaged in our “*Synthetic Anonymous*” report: Kering, Shein, Patagonia and Lululemon.

Our questionnaire focused on the following topics:

- Have companies taken steps to cut ties with polyester suppliers using Russian oil (such as Reliance Industries and Hengli)? If not, do they have a clear plan with a defined timeline to do so?
- Have companies taken steps to cut ties with suppliers producing polyester from coal or planning to do so (including Hengli)? If not, do they have a clear plan with a defined timeline to do so?
- Are companies willing to commit to Changing Markets’ demands related to synthetic fibre phase-out, climate targets and complete transparency on fossil fuel usage?

Of the brands contacted, 18 out of 43 (42%) responded to our inquiry to some extent, though this includes six brands that only provided selective and incomplete answers in emails and Next, which provided no answers and only sent its tier 3 suppliers list. Only 11 companies (26%) responded to the questionnaire, the lowest response rate we have received in the past years, despite the concise length of the questionnaire and frequent reminders to the companies.

The remaining companies (58%) didn’t answer at all. This includes the four new companies that were added to the initial 39 companies.

3.1 Where do brands stand on moving away from Russian oil in polyester supply chains?

Only 13 out of 43 companies responded to inquiries regarding their associations with polyester suppliers reliant on Russian oil. Among them, only four indicated “yes” to taking the necessary steps to sever ties with these suppliers: Esprit, G-Star RAW, Hugo Boss and Tesco. However, further elaboration from these companies suggests that not all of them are disengaging completely.

Lack of supply chain visibility

Several companies said they have not taken the necessary steps to sever ties to controversial suppliers and justified this with lack of visibility into their supply chains. Asda, for instance, stated that it cannot trace the origin of fossil fuels in its supply chain, and is unable to confirm whether it is tied to Reliance and Hengli. It could not define a timeline for being able to trace its supply chain.

Similarly, C&A justified its inaction by citing challenges in obtaining full disclosure and transparency on the oil source, despite mapping its supply chain for all synthetic producers in 2023. Zalando answered that it is currently mapping fibre sources down to the raw material level but is not in a position to define a timeline yet. According to the company, any further visibility of the supply chain will be updated on the Open Supply Hub.

Despite checking the “yes” box, Tesco’s answer implies it doesn’t currently have visibility of suppliers beyond tier 1, meaning direct suppliers or clothing manufacturers. It shared ongoing efforts to enhance transparency but set internal targets for disclosure of mills beyond tier 1 by 2025. It went on to explain that mills need

to abide by minimum environmental and ethical standards, such as HIGG vFEM, SEDEX, SA8000 or HIGG vFSLM.

These responses are concerning given our ability to uncover supply chain links within a year. The industry's lack of transparency, despite years of calls to change, is more than disappointing. It almost appears that this is a strategy through which fashion brands and retailers conveniently avoid accountability.

Falling short on information

Several companies inadequately addressed the question.

Dressmann replied that it does not have any “direct” presence in or business with Russia. However, it left out any insights on the use of Russian oil in the Varner group which it is part of.

Sainsbury's response lacked clarity regarding its ties to Russian oil. The company simply said it is working towards full transparency in its supply chain as an ongoing commitment to reduce social and environmental risk.

Uniqlo's comprehensive reply about supply chain management didn't directly address our question, focusing instead on general commitments, including end-to-end management of its supply chain, quality, procurement, production, environment and worker-rights standards across all stages of production, including specifying raw materials and fabrics. It added that “Fast Retailing is strongly opposed to war, conflict, and violence of all kinds.”

Companies claiming to sever ties with polyester producers using Russian oil

Four brands stated that they have cut ties with polyester producers using Russian oil.

Esprit stands out by saying that it cut ties with all polyester suppliers mentioned in the report and other media.

G-Star Raw highlighted that it has sourced from Hengli through Jacobros International, a fabric mill used by its garment suppliers. G-Star specified it sources Global Recycled Standard (GRS) certified recycled synthetics via Jacobros. However, GRS certification only guarantees at least 50% recycled content in items, meaning that the remainder might still come from virgin fossil fuels.²⁸ G-Star claims it tracked recycled fibres from Hengli until June 2022, after which none appeared in its new products. The company continues to restrict suppliers from factories linked to Russian oil, stating that its due diligence has not found any other potential link to oil from Russia.

Hugo Boss answered “yes”, but its reply doesn't confirm how it has in fact severed ties with Russian oil. Unlike companies banking on plastic bottles, Hugo Boss aims to phase out polyester and nylon in all fabrics and linings, including blends, by 2030. It aims to replace it with other technologies, including HeiQ AeoniQ™ “to contribute to fighting microplastics”. According to the website, HeiQ AeoniQ™ is a cellulosic filament yarn, matching synthetic fibre properties, and is designed for closed-loop circularity while maintaining consistent fibre quality. It has been endorsed as one of the Canopy Next Generation Solutions providers.²⁹

Finally, Tesco also answered “yes”, but as discussed above, it lacks visibility into its suppliers.

Deflection through focus on plastic bottle strategy

Three companies took a deflective approach, diverting attention from their potential current reliance on Russian oil to emphasise future strategies to transition away from virgin polyester towards recycled polyester from plastic bottles and next-generation materials.

H&M stated its intention to cease sourcing virgin polyester by 2025, with 85% of its current polyester already being recycled. It said that because of the low share of virgin synthetics, its primary focus is to reach full traceability for the recycled materials. However, it didn't clarify its current sourcing practices regarding polyester suppliers linked to Russian oil.

C&A aims to achieve 100% more sustainable polyester by 2028, focusing on recycled and next-generation materials, such as bio-based sources or textile waste.

Without providing insight on its suppliers' links to Russian oil, Inditex outlined its commitment to sourcing all polyester from "preferred" sources by 2025. Examples of these preferred fibres include recycled and next-generation polyester, such as textile-to-textile recycling.

Among the 13 companies that responded, Next did not answer the questions but simply shared its tier 3 suppliers list, revealing that four companies linked to Hengli or Reliance in the previous year continue supplying it: Arvind (India), Hayleys Fabric (Sri Lanka), Gamateks (Turkey) and Matin (Bangladesh).

Unholy alliance

While Shein did not respond to our questionnaire, its ties to Reliance industries are evident. In May 2023, Reliance Industries forged ties with the ultra-fast fashion champion known for mass production of cheap low-quality clothing. This agreement involves Shein using Reliance Retail's expanding sourcing capabilities, logistics infrastructure, and vast portfolio of online and offline stores, marking Shein's return to India after a three-year hiatus.³⁰ It is not clear when the strategic partnership will commence. With polyester accounting for 64% of Shein's material mix³¹ and 95.2% of Shein's clothing containing virgin plastic,³² the forthcoming collaboration with Reliance suggests that a significant portion of its roughly 10,000 daily new product releases could in the future be derived from Russian oil.³³





| Hengli Petrochemical refinery, Changxing Island in Dalian City, northeast China

| Credit: Hengli Group181

3.2 Where do brands stand on moving away from coal in polyester supply chains?

Only 10 out of 43 companies (23%) responded to inquiries regarding cutting ties with suppliers that might produce polyester from coal. Despite four companies checking “yes”, only Esprit and G-Star RAW were able to substantiate their claims.

Esprit, as mentioned previously, says has terminated connections with Hengli, avoiding potential future polyester produced from coal. The company also referred to its 2030 climate action plan and a gradual goal to move to recycled polyester, focused on textile-to-textile recycled polyester. Esprit provided no timeline or target for this move.

G-Star RAW, previously associated with Hengli solely for recycled polyester, stated that since June 2022, its products no longer contain any polyester from Hengli. The brand commits to ongoing due diligence, continuous supply chain mapping, and transparent disclosure of related factories for improved visibility.

Hugo Boss’s affirmative response lacked evidence proving there is no link to Hengli, although our last year’s investigation did not find links between the Chinese supplier. The company is focusing instead on phasing out for polyester and nylon (see chapter 3.1 above).

While Tesco answered “yes”, it provides no explanation or evidence that support this. The company stated that in 2023, it became “one of the first companies globally to have its Forests, Land and Agriculture (FLAG) and non-FLAG net zero target validated by the Science Based Targets Initiative (SBTi)”. Its response focuses on net-zero targets but provides no insight on coal in its supply chain. Since it was one of the few companies last year that openly said yes, they would source from a supplier that produces polyester from coal or have plans to do so in the future, this year’s response indicates this issue might again not be high on its agenda.

Lack of supply chain visibility - lack of action

As with Russian oil, some brands justify their inaction on coal by citing a lack of supply chain visibility.

Asda, as stated above, admitted to lacking a timeline to track its supply chain adequately, rendering it unable to guarantee the absence of coal in its polyester production. Sainsbury’s vague response about working towards supply chain transparency as an ongoing commitment did not address coal-related concerns.

Zalando's "no" response signifies its lack of due diligence on this issue. It said it is still in the process of defining its new group sustainability strategy in which it will address decarbonisation in more detail. The company's mapping of fibre sources only applies to a fraction of its material volumes.

Shifting focus from coal to 'sustainable' polyester

Instead of concrete actions to avoid coal in their polyester supply chains, half of the responding companies emphasised their dedication to recycled, preferred or sustainable polyester, or cited their commitments to phase it out.

In last year's response to our questionnaire, C&A said it would not engage with suppliers producing polyester from coal. It committed to investigating its upstream supply chain upon becoming aware of such issues to report the situation accurately. Despite our report making it clear that C&A risks producing polyester from coal through its connection to Hengli, a year later the company has failed to take decisive steps to sever this tie. Instead, it has shifted its focus towards achieving its goal of attaining 100% more sustainable polyester by 2028, using recycled and next-generation material sources like bio-based alternatives and textile waste.

Similar to its answer to the first question, H&M acknowledged the inability to guarantee the absence of coal-linked producers and stressed the need for accurate data and full traceability. The company instead committed to phase out virgin polyester by 2025 and ensure full traceability for its recycled synthetics.

Inditex reiterated its commitment to sourcing from "preferred" sources by 2025 and moving away from fossil fuels. In addition, it said that it has committed to the Fashion Industry Charter for Climate Action of the UNFCCC³⁴ to phase out coal from owned and supplier sites (tier 1 and tier 2) as soon as possible and latest by 2030, including no new coal power by January 2023 at the latest. The Charter is, however, not relevant in the case of coal phase-out commitments linked to petrochemical companies, which fall beyond tier 2. It also appears these commitments are limited to phasing out coal as an energy source rather than raw material.

The responses from these companies and the silence from others confirm ongoing concerns raised in *"Dressed to Kill"*. Despite fashion brands' climate commitments, over 30 companies included in our research are still potentially tied to polyester produced from coal.

No meaningful response

In addition to the majority of non-responding companies, Adidas and Levi Strauss & Co, although providing some elements in their email, failed to address questions related to coal. Despite last year's assertion that they would not source from a supplier that produces polyester from coal, these brands did not confirm their stance this year.



Air pollution from an industrial site

Credit: Pexels

Box 3. UN High Level Expert Group “Integrity Matters” report and brands’ responses

At the COP27 conference, the UN High Level Expert Group (HLEG) “*Integrity Matters*” report was launched, emphasising the need for comprehensive net-zero commitments from businesses, financial institutions, cities and regions.³⁵ The report outlined key criteria for net-zero pledges, asserting that these commitments must include specific interim targets set at five-year intervals, aligning with the Intergovernmental Panel on Climate Change (IPCC) or International Energy Agency (IEA) pathways limiting global warming to 1.5°C. Pledges must also encompass the entire value chain of a business, accounting for end-use emissions, and must be made public along with the strategies.

Crucially, these plans should not endorse new investments in fossil fuel supply – such as exploration for new oil and gas fields, and expansion of oil and gas reserves and production – and should advocate for the phasing out of existing assets. However, as our findings reveal, the fashion industry is ignoring the part it plays in perpetuating humanity’s reliance on fossil fuels. Numerous fashion companies continue sourcing from suppliers tied to discounted Russian oil, inadvertently fuelling investments in petrochemical expansion and further reliance on fossil fuels for materials. Instead, fashion brands could play a key role by supporting their suppliers in a just transition away from fossil fuel energy sources in the manufacturing of textiles and clothes.

Additionally, “*Integrity Matters*” calls on businesses to halt expansion of coal reserves, new coal mines and existing coal mines by 2030 in OECD countries and by 2040 in the rest of the world. Still, dozens of companies in our research have potential connections to the polyester supplier Hengli, indirectly funding its coal-to-polyester project. Certainty is limited due to their lack of transparency.

This alarming trend highlights the stark contrast between companies’ public commitments and their actual material choices and sourcing practices. This discrepancy underscores the urgent need for greater accountability and immediate action from fashion companies to adhere to the outlined net-zero guidelines and transition away from fossil fuels.

3.3 Where do brands stand on synthetic fibre phase-out, climate targets and transparency on fossil fuel usage?

Lastly, we asked companies whether they are willing to commit to our recommendations in three areas:

- a. **Synthetic fibre phase-out, with the following milestones:** a 20% reduction (from a 2021 baseline) in the use of fossil fuels in materials by 2025 and a 50% reduction by 2030.
- b. **Climate targets:** set ambitious commitments, aligned with the UN report on net-zero targets for non-state actors, to rapidly move supply chains away from coal and other fossil fuels by 2030 and achieve the minimum 55% reduction in GHG emissions. Ensure that reduction targets are absolute, encompassing all supply chain emissions (scope 1-3), and set interim targets for immediate decarbonisation efforts, as well as long term target for 2050. Transparently report annual progress from a set baseline, verified independently.
- c. **Complete transparency on their use of fossil fuels by December 2024:** this should include publicly accessible and transparent information on synthetic materials suppliers, covering all tiers of the supply chain.

Companies provided answers and feedback to the above three recommendations separately.

A. Synthetic fibre phase-out

Seventeen companies and brands answered this question, outlining their strategies regarding synthetic fibres.

Hugo Boss stands out as the sole company aiming for a complete phase-out of polyester and nylon across all fabrics and linings by 2030. However, it doesn't specify its stance on other synthetic fibres. This makes Hugo Boss one of very few companies aiming to phase out (certain) synthetics.

Most respondents (14 out of 17) plan to shift from virgin to recycled polyester, without making any commitments to reduce or entirely phase out their overall synthetic fibre use. Some highlighted prioritising a shift towards textile-to-textile recycling solutions.

In more detail:



- **Adidas:** A commitment to using only recycled polyester by 2024.



- **Asda:** Committed to using more recycled content within synthetic fibres to reduce virgin fossil fuel usage.



- **C&A:** Focused on achieving 100% more sustainable polyester by 2028, including recycled and next-generation material sources.



- **Dressman:** Aiming for 100% preferred fibres by 2025, phasing out conventional synthetics in favour of recycled or bio-based sources.



- **Esprit:** Gradually moving towards recycled polyester aligned with its 2030 climate action plan, with a focus on textile-to-textile recycled polyester but without a specified timeline.

G-STAR RAW • **G-Star RAW:** Committed to sourcing 100% synthetics from recycled input, emphasising fibre-to-fibre input.



• **H&M:** No virgin polyester after 2025 and already using 85% recycled polyester, prioritising textile-to-textile recycling alongside plastic bottle recycling.

INDITEX • **Inditex:** Pledging that all polyester by 2025 will come from “preferred” sources (recycled polyester and next-generation polyester, namely new textile-to-textile recycling technologies), excluding fossil fuels as feedstock.

PRIMARK • **Primark:** Working towards 100% recycled and sustainably sourced materials in clothes by 2030, without being specific about synthetics.



• **Puma:** Aiming for 75% recycled polyester in apparel and accessories by 2025, with recycled polyester already accounting for 48% in 2022.



• **Sainsbury's:** Committed to converting 45% of polyester to recycled sources by the end of 2025, in line with the Textiles Exchange polyester challenge.



• **Tesco:** Focusing on increased use of recycled synthetics by 2030 to align with future EU legislation “to include recycled fibres in all new garments on sale”.



• **Uniqlo:** Expanding the proportion of low GHG emission materials, reaching around 30% recycled polyester in its 2023 products plan.



• **Zalando:** Preferring the phasing out of conventional synthetic fibres in favour of preferred fibres using recycled or waste sources but no immediate plans to phase out synthetic fibres.

Many justified their continued use of polyester for its distinct qualities. Some companies, such as C&A, Asda, H&M and Zalando, highlighted the necessity of synthetic fibres in certain products for functionality and durability.

The shift to recycled polyester, often considered a sustainable solution, presents significant challenges. Although some companies mentioned also using fibre-to-fibre technology, the reality is that 99% of recycled polyester currently comes from PET bottles.³⁶ While this move away from virgin fossil fuels reduces emissions in the



supply chains by up to 32%,³⁷ it is a false solution. This practice disrupts the closed-loop cycle of bottle-to-bottle recycling. Clothes made from these bottles cannot be efficiently recycled back into the same quality material due to limitations in textile recycling technologies and are more likely to end up landfilled or burned. Moreover, textiles derived from plastic bottles continue shedding microplastics during use, laundering and end-of-life, contributing to the scourge of microplastic pollution.

Industry's reliance on plastic bottles could exacerbate the sluggish progression of recycling technologies in the future. These limitations highlight the complexities

and shortcomings of relying solely on recycled polyester as a sustainable long-term solution without commitments to phase out all synthetics.

Two companies, Levi Strauss & Co and United Colors of Benetton, provided insufficient or vague responses. Levi Strauss & Co briefly mentioned plans to reduce reliance on fossil fuel-derived materials without specific details or timelines. United Colors of Benetton vaguely committed to a transition towards “preferred” materials without specifying its approach to synthetic materials.

B. Climate targets

Among the 17 companies that provided responses to this question, several offered unclear or incomplete information, making it difficult to gauge how genuine their commitments are. The many moving parts - whether targets are absolute or intensity-based, the scope coverage, and diverse baselines - also make it challenging to definitively ascertain to what extent their targets align with our recommendations.

No brand has fully met our recommendations yet. Although they disclosed their climate targets, none have committed explicitly to transitioning supply chains away from coal and fossil fuels by 2030, established clear short and long-term absolute targets, and addressed transparent reporting and independent verification of their goals. All responses remain partial and lack complete alignment with our criteria.

H&M is the only brand aligning its goals with the 55% reduction requirement by 2030. The company has committed



to reducing absolute greenhouse gas emissions by 56% by 2030 and 90% by 2040, verified by the SBTi. Hugo Boss affirmed agreement with this entire commitment but did not provide any information about how it complies with it, its own targets or measures, raising doubts about meeting these requirements.

Inditex claims it will reduce emissions by over 50% by 2030 in its operations and value chain compared to 2018, though it's unclear if this denotes absolute or intensity-based emissions. Primark indicated a 50% reduction in its carbon footprint by 2030 across its value chain, without mentioning baselines, similarly leaving uncertainty about whether this involves absolute emission reductions.

G-Star RAW communicated a 42% emissions reduction by 2030 based on a 2021 baseline.

Levi Strauss & Co committed to 90% absolute GHG emissions reductions in its company-operated facilities and 40% absolute reduction in supply chain emissions by 2025. How this translates to its 2030 targets is unclear.

Sainsbury's directed us to its website, but this provides limited clarity with regards to the targets across its supply chain. For scope 3, its target is a 50% reduction in absolute GHG emissions by 2030, on a 2018/19 baseline. For scopes 1 and 2, by 2035 the company aims to align itself with limiting global warming to 1.5°. ³⁸

C&A communicated that it is not fully able to commit to the above demands, but it has set an absolute 30% reduction target encompassing all scopes by 2030 against a 2018 baseline. The company is currently in the process of revising its targets. Similarly, Adidas aims to achieve a 30% reduction in absolute GHG emissions across its entire value chain by 2030, referenced against a 2017 baseline.

Uniqlo stated that its holding company, Fast Retailing, has committed to reducing absolute GHG emissions from its operations – like stores and main offices – by 90% by 2030 compared to 2019 levels. Additionally, it aims for a 20% reduction in absolute GHG emissions from raw materials, fabric and garment production for Uniqlo and GU products over the same timeframe.

Puma communicated its commitment to reduce absolute scope 1 and scope 2 GHG emissions by 90% and absolute scope 3 GHG emissions from purchased goods and services and upstream transportation by 33% – both by 2030 from a 2017 baseline year.

In some cases, companies set absolute emission reduction targets only for scope 1 and 2, while resorting to intensity targets for scope 3, or entirely omitting them. For example, Dressmann and Zalando both articulated climate goals with absolute emission reduction targets for scope 1 and 2 but focus on intensity targets for scope 3. Zalando committed to reduce scope 1 and 2 GHG emissions by 80% by 2025 against a 2017 base year and to reduce scope 3 GHG emissions from private label products by 40% per million euros gross profit by 2025 from a 2018 base year – an emissions intensity target, which is problematic.

Several companies, including United Colors of Benetton, presented responses that lacked specific commitments or clarity. Tesco's response was vague, mentioning ambitious targets aligned with the Paris Agreement and striving for net-zero emissions by 2050, encompassing scopes 1-3. Asda referenced ongoing efforts in defining its science-based targets. Esprit, similarly, provided no detailed information, stating it is waiting for reporting guidelines from the *European Financial Reporting Advisory Group* and anticipating changes in the EU with regards to the Corporate Sustainability Due Diligence Directive.

For many of these brands, the hallmark of their climate commitment lies in the validation of their carbon emissions reduction targets by the SBTi. A collaborative body forged through a partnership between CDP, World Resources Institute (WRI), WWF and the United Nations Global Compact, SBTi serves as a so-called “gold standard” facilitating businesses to establish emissions reduction targets in line with the latest climate science. Numerous companies - including Inditex, Primark, United Colors of Benetton, C&A, Levi Strauss & Co, Tesco and Zalando - regard the SBTi validation process as a stamp of approval, despite many shortcomings of the initiative.

SBTi was originally conceived to align with the Paris Agreement’s goal of limiting average global temperature rise to well below 2°C, and has validated some companies’ targets in line with this. However, the UN HLEG report “*Integrity Matters*” recommends targets should be aligned with 1.5°C.³⁹ Companies are not required to report their 100% of their scope 3 emissions, where the most significant portion of emissions typically occurs. The SBTi’s allowance for intensity targets as opposed to absolute targets further exacerbates the divergence with the UN HLEG’s recommendations. Intensity targets alone do not ensure a direct reduction in overall emissions but rather focus on emission intensity per unit of output, which can be misleading and fail to address the absolute reduction needed to effectively combat climate change.⁴⁰ Last but not least, SBTi does not oblige the companies to set a specific timeline for the phase-out of fossil fuels, which can perpetuate fashion brands’ reliance on fossil energy, as well as fossil fibres.

C. Transparency on the use of fossil fuels

Lastly, we urged companies to achieve complete transparency on their use of fossil fuels by December 2024. This should include publicly accessible and transparent information on their synthetic materials suppliers, covering all tiers of the supply chain, as well as information on the percentage of synthetics that they use.

From 12 companies that responded, none provided an affirmative answer or sufficient details regarding their transparency plans to assess if they will have complete transparency on their use of fossil fuels by December 2024.

In 2023, most companies that we looked at still only provided tier 1 or tier 2 suppliers, such as garment manufacturers and fabric mills. They did not disclose where these suppliers source the polyester used in their clothing, let alone the upstream suppliers of extracted fossil fuels. Another common trend observed in the answers is the confusion - potentially deliberate - between traceability/visibility and transparency. While supply chain traceability is a fundamental component, it does not equate to full transparency.

For instance, C&A declared its commitment to transparency by maintaining a public supplier list encompassing tier 1 and tier 2 suppliers and disclosing artificial cellulosic fibre producers. However, it remained ambiguous about a timeline for complete supply chain disclosure as traceability advances. Zalando acknowledged a lack of traceability, let alone transparency, to tier 4, offering insights only into tier 1 and core tier 2 suppliers with vague intentions to escalate transparency, without defining timelines or specifics.



| Credit: Flickr

H&M's supplier list includes tier 1 and tier 2 suppliers. With plans to phase out virgin polyester by 2025, the company plans to focus instead on "full traceability" for recycled materials, seemingly sidestepping the intention to enhance overall transparency. Asda mentioned ongoing collaboration with tech partners to enhance supply chain "visibility", yet the implication or intent to leverage gathered data for increased transparency on fossil fuel-based fibres remains unclear. G-Star Raw shared its manufacturing list, and while the list includes some tier 3 suppliers, it falls short of providing adequate transparency regarding the specific fibres being produced.



| Pollution in the textilesupply chain, Phillipines

| Credit: Gigie Cruz-Sy/ Greenpeace

Hugo Boss vaguely suggested it is moving towards more transparency within the next year, but the specifics of this timeline or what it entails aren't clear. Similarly, Sainsbury's mentioned ongoing efforts for full supply chain transparency as part of its commitment to address social and environmental risks, but fails to disclose any details.

Notably, Adidas, Dressmann, Primark, Tesco and Uniqlo failed to provide relevant responses to this crucial question.



4. Conclusion and Recommendations

4.1 Conclusion

More than a year after our groundbreaking investigation into the fashion industry's polyester supply chains, revealing how Russian oil has trickled into our clothes during the time of war, little has changed. Only two brands - Esprit and G-Star Raw - say they made an effort to sever ties with two giant polyester producers that increased their sourcing of Russian oil, while only one brand - Hugo Boss - committed to phasing out polyester. Meanwhile, the fastest-growing fashion brand, Shein, entered into a special partnership with Reliance Industries, enabling its entrance to the giant Indian market, as well as gaining access to cheap polyester, which is so critical for its ultra-fast fashion business model.⁴¹

Polyester is critical for the existence of fast fashion industry, and even more so for ultra-fast fashion brands. A Bloomberg investigation showed that over 95% of Shein's products contained synthetics, while with Pretty Little Thing, Misguided and Boohoo the rate was at 83-89%.⁴² Another investigation showed that polyester made up 64% of the material mix for Shein, 27% for Inditex and 21% for H&M.⁴³ Because polyester is so cheap and versatile, it enables fast and ultra-fast fashion brands to churn out huge volume of cheap clothes, perpetuating the buy-wear-dispose model of clothing that ends up creating mountains of plastic waste.

A number of major brands that responded to our questionnaire - H&M, Inditex and C&A - are only focused on shifting away from virgin polyester. This means that the pollution during the use and end-of-life phases will not be addressed, but at least they are moving away from virgin fossil fuel sources and reducing emissions from their supply chains. Some mentioned that they are also investing into fibre-to-fibre recycling, although none provided a breakdown of this, so we presume that the main strategy will be to rely on recycling plastic bottles to clothes. Plastic bottles are one of the few types of plastic that can actually be recycled in a closed-loop system, and fashion's appetite for PET bottles is breaking this loop. The beverage industry has mandatory targets to collect and recycle plastic bottles and has expressed concerns about the competition for the materials it puts on the market.⁴⁴ Despite this growing appetite, recycled polyester makes up only 14% of polyester production - a drop in the ocean - and voluntary commitments without legislation allow brands to easily switch back to virgin plastic materials.⁴⁵

Another problematic aspect this investigation highlights is the way brands keep hiding behind the lack of transparency and visibility of their supply chains. This is a well-worn excuse for failing to address environmental and human rights violations, as well as low wages and safety regulations in the factories that fashion brands and retailers use. Many brands used the lack of transparency as an excuse

for not severing ties with polyester suppliers that may be using Russian oil or investing in polyester from coal. Changing Markets Foundation has been working in this sector now for more than six years, and this argument is wearing very thin. Through our investigations, we have been able to show where brands source their fibres: our suspicion is that, for some brands, this "don't ask, don't tell approach" might be an intentional strategy.

Finally, our investigation revealed disappointing results when it comes to climate action in the sector. The estimates vary, but the fashion industry could be responsible for up to 10% of global emissions.⁴⁶ Most brands are very profitable, and should be investing into climate solutions, such as phasing out fossil fuels, investing in renewables and supporting cleaner transportation options. It is therefore disappointing to see that no brand has fully met the recommendations set out at COP27 in the UN HLEG "*Integrity Matters*" report. In 2023, despite the increasingly obvious impacts of the climate emergency, only 17 companies responded regarding their climate commitments, and several offered ambiguous or incomplete information. This lack of transparency makes it challenging to ascertain the credibility of these companies' pledges towards reducing emissions.

It's disheartening that some fashion executives seem disconnected from the colossal repercussions climate change holds for every industry's profitability. The impacts of climate change will be profound, and it's critical for all sectors, including fashion, to recognise the imminent risks, embrace genuine commitments to mitigate these consequences, and align its actions to the challenge.

4.2 Recommendations

Brands and retailers

- Synthetic fibre phase-out, with the following milestones: A 20% reduction (against a 2021 baseline) in the use of fossil fuels in materials by 2025 and a 50% reduction by 2030. Brands should start by cutting off suppliers that source Russian oil, or with plans afoot to produce synthetics from coal.
- Climate targets: Set ambitious commitments, aligned with the UN HLEG report on net-zero targets for non-state actors, to rapidly move supply chains away from coal and other fossil fuels and achieve the minimum 55% reduction in GHG emissions by 2030. Ensure that reduction targets are absolute, encompassing all supply chain emissions (scope 1-3), and set interim targets for immediate decarbonisation efforts, as well as a long-term target for 2050. Companies must transparently report their annual progress from a set baseline, verified independently.
- Complete transparency on companies' use of fossil fuels by December 2024. This should include publicly accessible and transparent information on synthetic materials suppliers, covering all tiers of the supply chain.
- Invest in true circularity: This should include production of good-quality garments made to last, longer warranties, offering repairs to customers and promoting reuse. Instead of promoting downcycled materials produced from PET bottles or ocean plastic, invest in viable and environmentally benign fibre-to-fibre recycling technologies. Ensure, too, that any toxic chemicals are eliminated in the design process, as these might get recycled back into new clothes, harming the health of consumers.

Governments and policymakers

- To discourage the continued reliance of the fashion industry on fossil fuel-derived fibres and curb the fast-fashion model, policymakers should introduce a tax on virgin plastic materials.
- So that regrettable substitution with plastic bottles as a feedstock for recycled polyester is not incentivised, policymakers should set small but increasing recycled content mandate and ensure that brands are encouraged to use fibre-to-fibre recycled material.
- Set up an EPR scheme for different types of textiles (for example clothing and home textiles, carpets and mattresses), in which producers are responsible for the management and cost of end-of-life treatments of the products they place on the market. Ensure that EPR proposals have mandatory collection, recycling and reuse targets to improve circularity of the sector, in line with the Joint statement on Extended Producer Responsibility for Textiles.⁴⁷
- Adopt eco-design measures, as well as legislation preventing toxic chemicals to be present or added in the clothing, especially prioritise vulnerable groups, like children. This is also crucial precondition for increasing circularity in the sector, as toxic chemicals in the products might lead to toxic recycling loops.
- Implement mandatory due-diligence legislation, according to which companies are legally required to identify, prevent, mitigate, track and account for environmental, human rights and governance risks and impacts. Due diligence should also mandate high levels of transparency, as companies are often able to hide human-rights violations and pollution scandals behind opaque supply chains and via third-party outsourcing in their supply chains.
- Prevent companies from making unsubstantiated green claims, including around the 'recyclability' of their products, their use of recycled polyester from plastic bottles and the share of recycled polyester in their products. Ensure that there is proper enforcement on the market to prevent misleading green claims.

Annex: Brand questionnaire

Questionnaire:

1. Ties with Suppliers:

1. Have you made the necessary steps to cut ties with polyester suppliers using Russian oil (including but not limited to Reliance Industries and Hengli)?

Yes ☐ No ☐

Explanation:

If not, do you have a clear plan with a defined timeline to do that?

Yes ☐ No ☐

Explanation:

2. Have you made the necessary steps to cut ties with suppliers that produce power from coal or have plans to do so (including Hengli)?

Yes ☐ No ☐

Explanation:

If not, do you have a clear plan with a defined timeline to do that?

Yes ☐ No ☐

Explanation:



Dear Sir, Madam,

We are writing to you from the Changing Markets Foundation, Stand.earth, Zero Waste Alliance Ukraine and Zero Waste Society.

Our report, "[Dressed to Kill: Fashion brands' hidden links to Russian oil in a time of war](#)", published in November 2022, uncovered supply chain links between major global fashion brands, retailers, and Russian oil used in synthetic clothing production. Among our findings, we identified a link between your company and the polyester producers Reliance Industries and Hengli, which have been found sourcing Russian oil for their polyester production. Through this link your company has been found supporting the Russian economy amid war.

In addition, Hengli has invested in a \$20 billion project to produce polyester from coal, which the producer aims to have running by the end of 2025 in coal-rich Shaanxi province.¹ That means that companies sourcing from Hengli are at risk of selling polyester produced from coal in the near future. With time rapidly running out to address the dangerous global rise of temperatures, the UN High Level Expert Group's report Integrity Matters,² launched at COP27, emphasises the responsibility of non-state actors, including businesses, to transition to net-zero, and sets the new standard for corporate climate targets. This transition includes absolute emissions reduction targets aligned with the 1.5 degree temperature goal, as well as phasing out fossil fuels, encompassing coal, oil, and gas.

In light of these revelations, we have outlined specific inquiries in the questionnaire below. We kindly request your response by November 3. Please be aware that we plan to include all brand responses (or lack thereof) in our upcoming report, which we will launch at COP28.

Changing Markets Foundation
1 Mark Square
London, UK
EC2A 4EG

October 23, 2023

2. Robust climate targets:

Already ahead of COP26 in Glasgow, Changing Markets Foundation and partners reached to 20 fashion brands, demanding greater transparency on the use of fossil-fuel based materials in your clothing by December 2022. We are reiterating a call for greater transparency alongside the demand for climate targets and the phasing-out of synthetic fibres.

1. Are you committed to the following demands?

- Synthetic fibre phase-out**, with the following milestones: A 20% reduction set to a 2021 baseline in the use of fossil fuels in materials by 2025 and a 50% reduction by 2030.
- Climate Targets**: Set ambitious commitments, aligned with the UN report on Net Zero targets for non-state actors,³ to rapidly move supply chains away from coal and other fossil fuels by 2030 and achieve the minimum 55% reduction in GHG emissions. Ensure that reduction targets are absolute, encompassing all supply chain emissions (Scope 1–3), and set interim targets for immediate decarbonization efforts, as well as long term target for 2050. Companies must transparently report their annual progress towards a set baseline, verified independently.
- Complete transparency** on your use of fossil fuels by December 2024. This should include publicly accessible and transparent information on your synthetic materials suppliers, covering all tiers of the supply chain.

Yes ☐ No ☐

Explanation:

Group name:

Deadline to receiving your response by November 3, 2023.

Yulia Tymoshenko, Campaign Manager, Changing markets Foundation.
Oleh Tymoshenko, Fashion & IT Campaigns Director, Stand.earth.
Oleh Tymoshenko, Head of NGO Zero Waste Society (Ukraine) and Board member at Zero Waste Society.

¹ 020) China's Hengli makes bold \$20 billion bet to spin coal into fabric. [Online] Available at: <https://www.bbc.com/news/health-61724079>
² https://www.un2.un.org/sites/un2.un.org/files/high-level_expert_group_n7b.pdf
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