



Parade Sustainability Tool

2022

METHODOLOGY DOCUMENT

Our commitment

At Parade, we have been committed to sustainability since our conception, but did you know there is no set definition for sustainable fashion? This means it is more important than ever for brands to take responsibility for the impact of the products they design, make, and sell. Holistic sustainability is super important, but it can also be tough. That's why we have created a strict methodology to measure our products across a range of topics: Social, Climate, and Circularity. By measuring our current and new products, we can assess their performance across these areas and strategize for improvement. We also understand that sustainability is a dynamic landscape, especially in fashion, and the definition of best practice is subject to change over time. With this in mind, and to drive continual progress, we have committed to updating our methodology every year, so that we can ensure our product measurement is strict enough to match our ongoing company-wide commitment to sustainability. From now on, our brand-new sustainability tool will join our other initiatives such as material innovation investment, the expansion of our Second Life Programme, and carbon reduction commitments to drive our purpose and holistically reduce our impact.

Product score

We measured each of our products against three sustainability categories that we focus on as a brand and combined the scores to generate a single product-level score. The three categories: Social, Climate, and Circularity impact affect different parts of the value chain, and we wanted this to be reflected in the score weighting. Social and Climate impact take place upstream and are more related to production and therefore directly influenced by Parade's business decisions. Circularity and end of life recycling is further downstream and more closely related to systems and consumer behaviour, and we wanted the weighting of the three scores to reflect this.

Social weighting: 40%

Climate weighting: 40%

Circularity weighting: 20%

Social

Social justice and fair work are inextricable from true sustainability, and we wanted to ensure this was recognized in our product-level sustainability tool. There are several ways to incorporate social impact into sustainability metrics. As brand with unwavering focus on upholding fair work principles in our supply chains, we decided to start with the factories that make Parade, assigning a % score against their social certification status.

100% = 3rd party certification achieved (WRAP, SA8000, Fairtrade)

75% = 3rd party audit passed (SMETA)

50% = Internal audits and Parade due diligence

25% = No certification in place and no steps being taken towards achieving certification

There are numerous socially focused standards and certifications that can be implemented to protect people working in supply chains. For us, it was important to aim high and incorporate best practice certifications into our tool, you can read more about these in our **Glossary**.

Climate

Taking climate action and reducing our carbon footprint are key focus areas for Parade: we've got a plan to be climate positive by 2025, we are the first-ever underwear brand to commit to Science Based Targets, and our Universal fabric helped us make the first-ever carbon neutral underwear. Materials and manufacturing are key carbon touchpoints for many brands, and our use of recycled and reduced-impact materials helps reduce the impact of our fabrics, and our material selection is constantly evolving to help us continue to reduce the impact of our designs. At Parade, we understand the value of data as well as company-wide efforts, and we wanted our labelling to reflect this. Our carbon footprint measurements, based on a life cycle approach, revealed that after materials and manufacturing, our product distribution was the biggest contributor to our climate impact, and we want to figure out what we can do to continuously reduce this. So, for Climate, we have gone beyond measuring the carbon footprint for each product and included a grade denoting reduction efforts at any life cycle stage of the product.

100% = Reducing carbon CO₂e product level in last 2 years

80% = Product-level offsetting

60% = Measured

40% = In progress / going to measure

20% = No steps taken to measure emissions

Circularity

Circularity is a crucial sustainability principle and adopting it on a large scale can reduce dependence on natural capital and reduce material and resource waste. We have been focused on helping our customers adopt best practice at the end of useful life through Second Life and our partnership with Terracycle, but we understand the circularity road is long and complex. For this part of the tool, we looked to Ellen MacArthur Foundation's Circulytics tool and used its basic principles to attach circularity data to our products. A product's score is comprised of 2 equal parts:

- **% of product material recycled / bio-based**
 - Here, the product material is assigned two numerical scores relating to the % of recycled / bio-based materials and the % of non-recycled/non-bio-based materials. These scores are fed into the below equation and generate and contribute to 50% of the product's overall score for Circularity
- **% of product recyclability / compostability**
 - The remaining 50% of the product's Circularity score is calculated by assessing the performance at the end-of-life, considering the % of the product that is recyclable or biodegradable once our customers are done wearing it. The scores are also fed into the below equation to generate the remaining 50% of the product's overall score for Circularity

Regarding product recyclability / compostability we recognize the gaps in both recycling infrastructure and some of our products, and we wanted to reflect this by introducing a factor to consider the possible difference in performance / quality of a recycled material.

$$Circularity = \frac{\% \text{ recycled or biobased}}{2} + \frac{\% \text{ recyclable or compostable}}{2} \times \text{quality of recycled material}$$

Anatomy of a score

RE:PLAY

Brief

★★★★★ 2857 reviews

Color : Snow Cone



Our methodology applied

This is a breakdown of how we apply our methodology to our products.

OVERALL: 100% SOCIAL (40% weighting) + 100% CLIMATE (40% weighting) + 68% CIRCULARITY (20% weighting) = **94%**

SOCIAL: 100%

Our Silky Mesh Briefs are produced by Sunwin, a trusted supplier with third-party certification, generating a Social score of 100%

CLIMATE: 100%

In 2021 we relocated our distribution centre and started replacing shipments via air with shipments via ocean. This allowed a carbon reduction and generated a score of 100% in Climate for this year.

CIRCULARITY: 68%

Re:Play is made using recycled materials and can be recycled at the end-of-useful life through our Second Life scheme with Terracycle

Glossary of Terms

SOCIAL CERTIFICATIONS / FRAMEWORKS

SA8000® Standard

The SA8000 Standard is a voluntary social standard certification that is applicable to almost all industrial sectors. The standard was developed by Social Accountability International (SAI), a global, multi-stakeholder organization whose mission is to set global standards that advance the human rights of workers worldwide.

WRAP

WRAP is the world's largest independent certification program focused on the apparel, footwear, and sewn products sectors. Facilities are assessed using WRAP's 12 Principles:

- Compliance with environmental and labour laws and workplace regulations
- Prohibition of forced and child labour
- Prohibition of discrimination and harassment and abuse
- Compensation and benefits
- Healthy and safe working environment and fair working hours
- Freedom of association and collective bargaining
- Customs compliance
- Security

Fairtrade

Fairtrade is an internationally recognized certification that was developed as an alternative to free trade (the loosening of regulations and tariffs to aid globalization). The label allows customers to display solidarity with the producers who produce a product or material and indicates that they were paid fairly for their work. The Fairtrade standards are established by the Fair Labelling Organization and can be applied to food, fibers, factories, and other sectors.

SMETA audit

SMETA (Sedex Members Ethical Trade Audit) is one of the most widely used social audits. SMETA is Sedex's social auditing methodology, enabling businesses to assess their sites and suppliers to understand working conditions in their supply chain.

Carbon Reduction

Carbon footprint calculation and reduction is a broad topic. To calculate our Parade Product Score for Climate, we first had to define what carbon reduction means for us. As well as measuring our products' individual carbon footprint, we want to track our company-wide efforts. At Parade, we feel it's easier to offset carbon than it is to make continual, regular carbon reduction efforts. We believe continually evaluating and restructuring our supply chain is a meaningful and progressive way to reduce our carbon footprint.

Fair Wage

Protecting and promoting social justice in our supply chains is paramount to Parade: we want to ensure the people who make our products are treated and paid fairly. You can't have fair work without fair pay, and using the Global Living Wage Standard, we work with our factory partners to make sure our makers' wages are sufficient to support them and their households.