

ZALORA

# Sustainability Strategy

2020 - 2025

Shaping a Sustainable  
Fashion Ecosystem

#makeadifference

MARCH 2020







# Introduction

ZALORA is all about connecting people to the limitless world of fashion and we aim to do so in a responsible and sustainable way. We are committed to shaping a sustainable fashion ecosystem and we are passionate about making a positive difference in the way we conduct our business. We are conscious about our own social and environmental impacts and we are careful about making business decisions that affect People and the Planet. We also recognize our unique position in the market to influence the fashion industry to operate in a more sustainable way. In this way we aim to inspire our Customers with a wide range of Sustainable Fashion choices, driving a Circular Fashion Movement in our region.

ZALORA's Sustainability Strategy for 2020 to 2025 is founded upon our core values and is centred around four key sustainability pillars: Environmental Footprint (our Operations), Sustainable Consumption (our Brands and Customers), Ethical Sourcing (our Supply Chain), and Responsible Workplace and Community Engagement (People). The Strategy establishes ZALORA's targets for each of the pillars, and sets out our focus areas and initiatives for 2020.

ZALORA's Sustainability Strategy is aimed at driving us to achieve more. As we achieve, we will regularly review our targets so that we are constantly on a path to becoming more sustainable.

**The journey starts here!**



# Our Sustainability Principles



ZALORA is committed to shaping a sustainable fashion ecosystem. Our Sustainability Strategy is tailored to address the unique challenges of fashion e-commerce in South East Asia.

1

## FIRST THINGS FIRST

Focus on ZALORA's direct impact before looking at the wider sphere in which we operate. We will prioritize the issues directly related to our immediate business activities.

2

## SET THE BASE

We need to understand our impact to know where we can make the greatest difference. We will start by assessing where we are at in the journey.

3

## BE AUDACIOUS

Face our biggest challenges head on and set high targets. We will focus on making the biggest and most immediate impact.

4

## LEARN, TEST, AND REVISE

We will constantly seek to improve our knowledge about sustainability, regularly testing our progress against the Strategy, and revising the plan where necessary.

5

## HONEST REPORTING

We are committed to transparency in everything we do and will regularly report on our progress.





MINIMIZE ZALORA’S ENVIRONMENTAL IMPACT

We will prioritise the environmental impact of our own operations, starting by reducing the impact of our packaging, warehouses, and transportation all along our supply chain. We will also aim to better understand our global impact on climate change by measuring our carbon footprint and defining long term carbon emission reduction goals using Science Based Targets.

2022<sup>1</sup> TARGETS

100% of our packaging<sup>2</sup> incorporates sustainable materials.

Zero waste to landfill from our Warehouses.

20% reduction in CO2 emissions from our transport compared to 2020.<sup>3</sup>

2025 TARGETS

40% reduction in plastic packaging volume compared to 2020.

80% of renewable energy used in our warehouses.

100% offset of carbon emissions from our operations and transport.

OUR 2020 FOCUS

Packaging:

- Map and measure all packaging procured by ZALORA across our countries.
- Create a sustainable packaging plan to achieve 2022 and 2025 packaging targets.
- Incorporate sustainable materials in all our delivery flyers.
- Assess recycling channels in all our markets and implement initiatives to increase recycling of our packaging by Customers.
- Assess the packaging used by ZALORA’s private label vendors to identify eco-design opportunities.

Warehouses:

- Measure warehouse waste generation and energy consumption and implement regular monitoring and reporting for all warehouse locations.
- Develop waste reduction and recycling plans for all warehouses.
- Develop energy consumption reduction plans for all warehouses.
- Conduct feasibility study on renewable energy options for all warehouses.

Transport:

- Map and measure ZALORA’s transportation impact across our supply chain.
- Roll-out a slow delivery option.

Offices:

- Develop and implement ‘Green Office’ Guidelines in all countries.

ZALORA Global Carbon Footprint:

- Measure ZALORA’s carbon emissions across all activities to identify our greatest environmental impacts.

<sup>1</sup> Our 2022 and 2025 targets are end of year targets.  
<sup>2</sup> Refers to delivery and internal packaging directly procured by ZALORA  
<sup>3</sup> Per items delivered. This target is subject to further adjustment through our Science Based Target setting.





## INSPIRE OUR CUSTOMERS TO MAKE SUSTAINABLE FASHION CHOICES AND TO PARTICIPATE IN THE CIRCULAR FASHION MOVEMENT

We aim to drive a Circular Fashion Movement in Asia by providing our customers with options to extend the life-cycle of fashion items and diverting fashion from landfill. We also aim to inspire a shift towards conscious shopping by increasing our sustainable fashion assortment.

### 2022 TARGETS

15%

of active customers participating in Circular Fashion initiatives.

20%

of ZALORA's product assortment meets our sustainability criteria.

### 2025 TARGETS

30%

of active customers participating in Circular Fashion initiatives.

50%

of ZALORA's product assortment meets our sustainability criteria.

### OUR 2020 FOCUS

#### ***Circular Fashion:***

- Increase our Pre-Loved product assortment.
- Assess options for allowing our customers to resell items purchased on ZALORA.
- Implement clothing donation and recycling options for ZALORA customers in at least one country.
- Engage ZALORA Customers in at least one Circular Fashion event.

#### ***Inspire Sustainable Shopping Choices:***

- Define ZALORA's criteria for sustainable products, develop a verification methodology and communicate these criteria to our Brands.
- Develop a tagging process for all new products meeting our sustainability criteria.
- Develop sustainability product shopping filters in line with our sustainability criteria.
- Launch ZALORA's onsite Sustainability Hub to raise customers' awareness of sustainability and inspire them to make sustainable shopping choices.
- Conduct a survey of ZALORA's customers across the region to understand the appetite for more sustainable fashion.



**HAVE A POSITIVE IMPACT ON THE LIVES OF THE PEOPLE WE TOUCH; DRIVE SOCIAL AND ENVIRONMENTAL IMPROVEMENT IN OUR SUPPLY CHAIN**

We accept ethical responsibility for our private label supply chain and aim to continuously drive positive change through our social audit program and implementing learning opportunities with our private label suppliers. We will also increase the use of sustainable materials in our private label products to reduce our raw materials impact.

**2022 TARGETS**

- 1** private label capsule made from sustainable materials every year.
- 100%** of our private label factories are engaged in ethical sourcing training programs.
- Tier 1** private label factory list is published on our website.

**2025 TARGETS**

- 40%** of our private label products incorporate sustainable materials.
- 100%** of workers in our private label factories are engaged in training programs.

**OUR 2020 FOCUS**

- Factory Compliance Audits:**
- Continue to conduct regular social compliance audits to ensure ZALORA’s ethical trade standards are met in all Tier 1 factories.
- Build Vendor and Factory Compliance System:**
- Conduct a vendor and factory training needs assessment and develop a training plan, delivering at least one training to all private label factories.
  - Organize an annual conference for vendors and factories aimed at improving knowledge of ethical standards compliance.
  - Deliver trainings to key ZALORA business functions to increase social compliance and ethical sourcing awareness.
- Supply Chain Traceability and Transparency:**
- Maintain an up-to-date Tier 1 factory list including subcontractors.
- Sustainable Materials:**
- Conduct an impact assessment of raw materials used in ZALORA’s private label products and identify opportunities for improvement.
  - Implement a plan to increase use of sustainable materials in ZALORA’s private label products and achieve 2022 and 2025 targets.





**BE A POSITIVE FORCE FOR GOOD IN OUR WORK-PLACE AND COMMUNITY**

ZALORA will use its regional presence in Asia to support local causes we care about and to create a positive impact on our People, Community, and the Environment. We will also build our internal awareness and encourage every employee to be part of a force for good.

**2022 TARGETS**

**All ZALORIAN's**  
engaged in sustainability awareness initiatives.

Each key ZALORA location supports at least one local

**Charity**  
per year, giving back to causes and initiatives we care about.

**2025 TARGETS**

**20,000** hours of volunteering by ZALORIAN's per year.

**OUR 2020 FOCUS**

***Responsible Workplace:***

- Continuously monitor and improve the social compliance standards of the foreign and migrant worker labour agencies we engage.
- Conduct an annual mapping of agencies engaging foreign or migrant workers in our facilities across the region.

***Community Engagement:***

- Identify community and charitable causes that mean the most to ZALORA and establish charitable partnerships in each country to support these causes.

***Build a culture:***

- Organize awareness campaigns and events in each ZALORA office to build our internal sustainability culture.



# Culture and Engagement

The key to the long-term success of ZALORA's Sustainability Strategy will be our culture and the ability to engage all ZALORIANS in our sustainability journey. We aim to create an inclusive spirit behind our Strategy that engenders a strong sense of pride in ZALORA's sustainability commitment and encourages all ZALORIANS to contribute to achieving our targets.

This inclusive spirit will be anchored by the creation of Sustainability Committees, and the appointment of Sustainability Champions to help lead key initiatives. We aim to empower all ZALORIANS to make a difference.



# Governance & Accountability

ZALORA holds itself accountable for the delivery of its Strategy through the establishment of Local and Regional Sustainability Committees which are responsible for delivering and reporting on progress to the ZALORA GRC and Sustainability Committee, chaired by the ZALORA CEO.

The ZALORA GRC and Sustainability Committee reports into the GFG Sustainability Committee, and ultimately the GFG Supervisory Board.



# Reporting & Transparency

As a young company, ZALORA is still at the beginning of its Sustainability journey. However, we recognise that transparency is key to creating trust with our Customers, Brand, Vendors, Shareholders and ZALORIANs. Therefore, ZALORA is committed to reporting honestly on progress against our targets. This includes making information publicly available in relation to ZALORA's sustainability values and commitments and publishing an annual progress report.



## Strategy Review

ZALORA's Sustainability Strategy will be reviewed and challenged annually. The next review is targeted for December 2020.