

A scenic view of a vast forested mountain range under a cloudy sky. The foreground shows a rocky outcrop with a few evergreen trees. The middle ground is a dense, dark green forest covering the slopes of the mountains. The background features more mountain peaks, some with patches of snow, under a sky with soft, white clouds.

# Our Commitment to Net Zero

RALPH LAUREN



# We are committed to achieving net zero emissions across our value chain by 2040

---

Today we face a climate crisis. The latest science tells us that we must make significant reductions to global greenhouse gas (GHG) emissions this decade to do our part to avoid the most catastrophic impacts of this crisis. As part of our commitment to the climate goals outlined in the Paris Agreement, our ambitious near-term action to decarbonize our operations and value chain will be matched with long-term ambition. We have joined the growing net zero movement and are setting explicit goals that build on our existing GHG reduction targets to ensure a more stable climate for future generations.

## Our Approach

### **PRIORITIZE GREENHOUSE GAS REDUCTIONS**

We are prioritizing eliminating emissions within our value chain. In June 2020, we set a science-based target to reduce absolute GHG emissions by 30 percent by 2030, in line with the global reductions needed to limit average temperature rise to 1.5 degrees Celsius.

We are also committed to using 100 percent renewable electricity in our stores, offices and distribution centers to address emissions in our owned and operated facilities. We are moving to sustainable production practices for our raw materials and reducing emissions from manufacturing in our product supply chain.

### **INVEST IN CREDIBLE, NATURE-BASED CARBON REMOVALS**

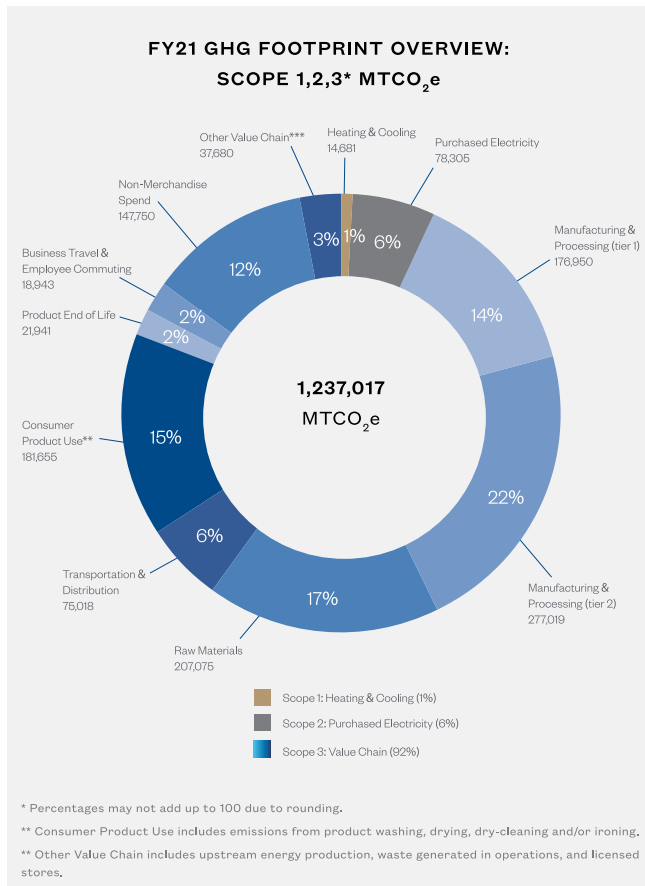
While our reduction efforts will be significant, they aren't sufficient to eliminate all of our GHG emissions. As part of our net zero strategy, we will supplement our reduction strategies with credible and impactful carbon removals. We acknowledge that the markets, initiatives and accounting systems for high-quality carbon removals are quickly evolving. We will continue to monitor and evaluate available options against external criteria to ensure additionality, permanence, robust quantification and verification as well as the delivery of social and environmental co-benefits. We are making our first commitments to carbon removal projects this year with an intention to continue to scale our programs and investments.

Through this aspect of our net zero strategy, we aim to drive the conservation of high-functioning ecosystems such as primary forests, advance regenerative agriculture to sequester carbon while building soil health and support reforestation projects where appropriate. We believe restoring the planet's natural ecosystem cycles and biodiversity are vital to reducing warming and rising atmospheric greenhouse gas trends.



# Reducing Our Emissions

We are committed to reducing our absolute scope 1, 2 and 3 greenhouse gas emissions by 30 percent across our value chain by 2030 from a 2019 base year. To guide our reductions, we created a strategic roadmap in line with our science-based target.



## SCOPES 1 & 2: HEATING, COOLING & ELECTRICITY

Our strategy entails reducing scope 1 and 2 emissions by achieving our commitment to use 100 percent renewable power in our stores, offices and distribution centers by 2025 and through efficient use of energy at our facilities. Scope 1 and 2 emissions from our operations make up approximately 8 percent of our total GHG footprint. Our renewable energy strategy is centered on signing power purchase agreements for new wind and solar plants in North America and Europe. Our remaining global electricity consumption will be matched with high-quality energy attribute certificates. From 2025 onwards, we will continue to implement efficiency measures to further reduce our energy and electricity use while continuing to source 100 percent renewable electricity at our facilities.

## SCOPE 3: MANUFACTURING, PROCESSING AND RAW MATERIAL SOURCING

Our value chain is the greatest contributor to our GHG footprint. We are working across materials sourcing, operations and

manufacturing to reduce our GHG emissions as part of our net zero goal. Our raw materials GHG emissions reduction strategy is focused on switching to preferred fibers with lower embedded emissions than conventionally grown fibers. We are evaluating our fiber portfolio and creating annual preferred fiber usage goals.

For cotton, our highest volume material, we will increase our use of recycled fiber to mitigate emissions associated with cotton production, and we will prioritize the uptake of cotton grown using regenerative farming practices, which will have multiple benefits for carbon sequestration, biodiversity and farmer wellbeing. Similarly, holistic land management and regenerative grazing practices will be a focus for most animal-derived materials, particularly leather and wool. For polyester and nylon, we will increase our use of recycled fiber.

For manufacturing and processing in our value chain, we will collaborate with our suppliers through collective actions and strategic programs that drive GHG reductions in manufacturing facilities. Our programs will be designed to identify opportunities at factories and mills to set emission reduction targets through energy efficiency and renewable energy sourcing. Some of the largest fabric mills in our supply chain are currently participating in the Apparel Impact Institute (Aii) mill improvement program, which focuses on achieving GHG, water and chemical footprint reductions.

In the coming years, we will expand our collaboration with suppliers through programs that drive emission reductions. These programs will further empower our suppliers to establish climate strategy aligned with our objectives and to invest in a more sustainable ways of manufacturing.

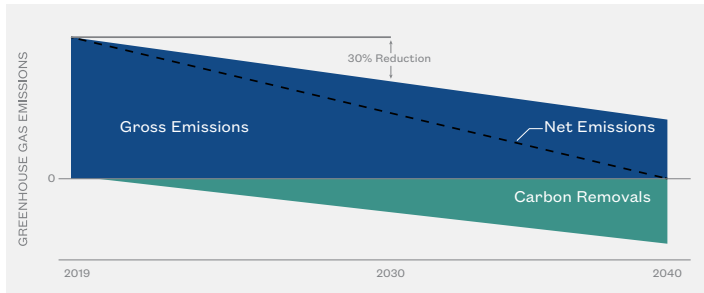
## OUR GREENHOUSE GAS REDUCTION ROADMAP

As we demonstrate meaningful reductions in the largest GHG emissions sources in our value chain, we will continue to refine and expand our program to reduce emissions from other scope 3 sources. To mitigate GHG emissions from our logistics, we prioritize ocean freight and minimize delivery by air freight except in rare circumstances. Our logistics provider selection process includes a sustainability scorecard that measures candidates' sustainability practices, including strategy, performance measurement and continuous improvement plans.

Through our [Circularity Strategy](#), we will offer product recycling, rental, repair and resale solutions and services to our customers to keep our products at their highest value, reducing the need for virgin materials and associated emissions and minimizing waste. After 2030, we will continue to set science-based GHG reduction targets along our net zero pathway to 2040.

# Removing Our Remaining Emissions to Achieve Net Zero

We know that achieving our 2030 GHG reduction target alone is not enough to limit average temperature rise to 1.5°C. According to the Intergovernmental Panel on Climate Change (IPCC) 1.5°C special report we must also reach net zero global emissions by 2050. IPCC defines net zero as being achieved when emissions of GHGs to the atmosphere are balanced by removals.



We have aligned our target with the 10 initial recommendations defined in the Science Based Targets Initiative's [Foundations for Science-Based Net-Zero Target Setting In The Corporate Sector](#). For our emissions that cannot be reduced through our own actions and through collective initiatives, we are committed to supporting projects that remove emissions equivalent to our residual GHG emissions by 2040. We will start by addressing one of these challenging emissions sources: emissions from consumers washing and drying our products. We are setting an interim target of annually removing GHG emissions equivalent to our baseline consumer product use emissions (267,000 MTCO<sub>2</sub>e) by 2030.

## REMOVALS AND NATURE

We believe nature-based climate solutions are a key part of a holistic net zero strategy. While we ramp up our use of regenerative and recycled materials, taking action now to build capacity and supply of these fibers—through investment in our value chain and purchasing carbon removals—will be key to ensuring that fiber from regenerative systems is available in the future.

With over 80 percent of our products made of cotton, protecting and regenerating ecosystems will be core to our carbon removals strategy. In selecting carbon removals projects, we will prioritize land-based interventions that help preserve and enhance carbon stocks both within and beyond our own value chain. As we evaluate these projects, we will be looking at more than just the amount of carbon removed to ensure these interventions lead to:

- Robust social and environmental co-benefits, including preserving the biodiversity of local ecosystems and cultures as well as ensuring equitable access to natural resources
- Additional removals that would otherwise not have occurred
- Permanent carbon storage with mitigation plans for leakage

- Quantifiable and unique removals that can be verified by an accredited third-party

This year we will begin committing to nature-based carbon removal projects. These projects provide incentives for newly adopted regenerative farming practices, allowing farmers to earn income from verified carbon credits. By supporting financial incentives for U.S. growers to prioritize soil health and regenerative practices, we believe we can accelerate progress toward our net zero commitments.

## Looking Ahead

We acknowledge that net zero is an emerging and evolving space. We anticipate adjusting our strategy in response to new guidance and scientific findings. However, we are committed to achieving net zero emissions through verifiable GHG reductions and our focus on lasting carbon removals will not change.

## Key Partners

As part of the [Race to Zero Campaign](#), we have answered the call of Science Based Targets Initiative's [Business Ambition for 1.5°C](#) campaign by pledging to set and achieve a net zero target in line with a 1.5°C future. We will also align our net zero commitment with the Science Based Targets Initiative's forthcoming net zero standard.

We are working with trusted partners to align our commitment with the best practices and emerging guidance for corporations and our industry. This includes joining World Wildlife Fund's (WWF) [Climate Business Network](#), a vehicle for accelerating our climate action by drawing on WWF's thought leadership and peer best practices. We will also continue to engage in collaborative initiatives driving decarbonization within our industry through active involvement in the working groups of the [United Nations Fashion Charter for Climate Action](#).