



# Case study:

**TENDAM**  
GLOBAL FASHION RETAIL

## Tendam's commitment to the SBTi

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Tendam is a leading apparel retailer, distributing its nine owned brands (including Cortefiel and Springfield) through 1800 points of sales on four continents. PAI Partners and CVC Capital Partners co-own the company.

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The company signed up to the Fashion Pact in 2019 – a global coalition of 78 companies in the fashion and textile industry committed to a common core of key environmental goals in three areas: stopping global warming, restoring biodiversity and protecting the ocean. In accordance with this pact, Tendam committed to the SBTi in January 2020, and had its targets validated in September 2021 as follows:

1. Reduce absolute scope 1 and 2 GHG emissions by 46.2% by FY2030/31 from a FY2019/20 base year.

2. Increase annual sourcing of renewable electricity from 12% in FY2019/20 to 100% by FY2029/30.

3. Reduce scope 3 GHG emissions by 62% per M€ turnover by FY2030/31 from a FY2019/20 base year.

In October 2021, the Net Zero and SBT working group of the iCI led a Q&A session with Tendam, organised by PAI Partners, to gain more insights on this commitment. A summary of this discussion can be found below.

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# Context

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## What were the main steps and challenges in setting targets?

**Measuring:** the first key step for Tendam before setting targets was to collect relevant and accurate GHG data, analyse it, identify the key sources of emissions, and then report. This represented an important challenge given the complexity of its scope 3 – in particular for categories 1 and 4 (purchased goods & services; upstream transportation and distribution).

**Engaging:** setting targets will impact all key operations of Tendam – sourcing, logistics, distribution. Thus, making sure that a clear and transparent communication channel is in place internally – both at executive and operational level – is key to ensure that this important organisational change is well understood and broadly supported.

**Resources:** once a target has been set and teams are engaged, the next step is to integrate actions and initiatives to implement the roadmap to net zero – which is both time and resource intensive. Indeed, it requires to support teams and build a new organisational management for this topic at each layer of the company. Hence the company should anticipate important efforts from the project team – and onboard the appropriate resources (in terms of consulting time and FTEs for instance).

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## What are the resources needed, and what does it mean for the company in terms of decision making?

An added complexity for Tendam is that the company was taking similar commitments to its competitors who are sometimes 20 times bigger, with a comparable amount of work required, but less resources to deliver the roadmap. For Tendam, the most exposed teams are:

**Sustainability team:** missions including centralising GHG data, engaging teams at all levels and setting reduction targets were piloted by the Sustainability team and supported by two consultancy firms.

**Sourcing and supply chain teams:** now that SBT are set, the most important effort required by Tendam to respect those ambitious targets will come from the sourcing and supply chain departments. In addition to their day-to-day job, they now need to look for new types of garments, build product Life Cycle Analysis (LCAs) through a thorough analysis of the product's complete value chain, ask new types of information from suppliers and potentially shift part of the supply chain to less carbon-intensive materials.

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## What is the role played by PAI and CVC?

Challenge the portfolio company and align on priorities: as for all other strategic pillars of a company, the role of a responsible shareholder is to make sure material risks are mitigated and opportunities enhanced. In the case of Tendam, climate change represents both a risk and a business opportunity, and thus PAI and CVC strongly supported the commitment of Tendam to the SBTi, while making sure the reduction roadmap was adapted to the company's needs and resources.

**Data collection:** PAI and CVC have historically collected Tendam's carbon footprint (scope 1, 2 and 3) through their annual ESG reporting, which enabled a review of the reliability and consistency of the data over the years, and track the company's performance in terms of emissions.

**Communicate on what is being done:** GPs also have a role to play in communicating to the broader financial industry on the good practices implemented at portfolio level.

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## What was the strategic rationale put forward by the business?

**Customers:** setting science-based targets is a very powerful way to let customers know Tendam is adapting its operations and business model to the transition to a low carbon economy – and not only broadly communicating on non-strategic initiatives. Reporting is no longer sufficient, adaptation and operational changes are now expected by customers if a company wants to avoid being accused of greenwashing.

**Investors:** as climate considerations are becoming central in the financial industry, portfolio companies are expected by their shareholders to actively set reduction roadmaps – also because the climate profile of the company will ultimately have an impact on its value at exit.

**Business readiness:** the historical maturity of Tendam on Sustainability also positioned them well to implement this strategy at the right time – for instance, collecting data and reporting was a process already in place for a couple of years.

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## What peer benchmarking was undertaken?

Benchmarking is an important step when setting SBTs, in particular to create further engagement internally and showcase the importance of this initiative in the industry and the corporate world.

Tendam considered direct peers (in terms of activity and geography); but also the most advanced players in the textile and fashion industry on their climate roadmap – even if much larger or smaller than the benchmark companies. This benchmark was undertaken by the external consultant supporting Tendam, using both the Carbon Disclosure Project (CDP) database and public Sustainability reports.

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# Technical points

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## What key factors were considered when defining the base and target year?

Base year: 2019, when Tendam's first scope 3 assessment was completed

Target year: 2029/2031 for scope 2, 2030/2031 for scope 1 and 3

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## Which scope 3 categories were included? What proportion of the data was based on estimations?

All scope 3 categories must be considered by the company for its first carbon footprint baseline assessment. In the case of Tendam, this baseline analysis was conducted using estimated data based on activity data, as well as money spent on services, which is then converted into GHG equivalent data through adapted emissions factors.

This first baseline assessment enables to identify what is material for the company and what is not: in the case of Tendam, 80% to 90% of scope 3 emissions arise from purchased goods and upstream transport (Scope 3 categories 1 and 4). Doing a more detailed assessment with a focus on those material categories (getting more granularity on the emission factors per specific type of raw materials purchased, looking at the different garments used, and where available use suppliers' carbon footprint) then enables the company to identify the levers to reduce its carbon footprint - incl. by detecting the most meaningful suppliers from an emissions perspective.

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## Which target setting method was chosen and why? (Absolute contraction, physical intensity, economic intensity)

Scope 1 and 2: absolute contraction targets, which will become the only available option to set SBTs for Scope 1 and 2 in the new SBTi guidance (starting in June 2022)

Scope 3: economic intensity targets - to reflect the complexity of this scope, where all stakeholders need to work along the value chain to reduce the intensity of emissions.

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## How can a business reach consensus on the timeframe?

Agreeing not only on the timeframe, but also the level of ambition (1.5°; well below 2°, 2°) takes time and requires

multiple discussions with technical experts and teams internally. For Tendam, as the commitment to the SBTi was made in the context of the Fashion pact, the company aligned with the most ambitious companies in the industry, to set 1.5° targets and thus take 2030 as a deadline to respect those commitments (which is a prerequisite to set 1.5° targets).

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# Next steps

Having SBTs validated by the SBTi is an achievement given the level of analysis and internal engagement it requires, but it also only represents the beginning of a much longer journey for a company. For Tendam, four elements are key to make sure their transition to a low carbon economy continues in the coming years:

**Break silos:** the Sustainability and Supply Chain team cannot handle such a major transition for a business on their own. Coordination on actions; target-setting and a common understanding of the requirements are key among all departments which have a stake in this strategic transition.

**Strengthen teams:** transitioning a whole business model does not only require more time and efforts from certain operational teams and engagement from top management, it also requires increasing resources for the key functions impacted by this major change – in the case of Tendam, the Supply Chain team.

**Use external expertise and be active in the ecosystem:** regulations, technologies, industry initiatives are constantly evolving and improving to drive the switch to a low-carbon economy, and thus “SBT companies” need to stay very active in this ecosystem to understand and use those changes to drive their own reduction roadmap.

**Continuous internal communication and engagement:** to ensure the SBT remains a priority for the company, not only do you need an open line of communication with the board, but at operational level, multiple workshops and sub-committees are being organised on a monthly basis.

