



IMPACT REPORT

Vestiaire Collective

[vestiairecollective.com](https://www.vestiairecollective.com)

LONG LIVE FASHION

@vestiaireco

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Executive Summary

Our unique business model reduces environmental impacts by bending a linear fashion model into a circular one, whilst supporting people and the economy

At Vestiaire Collective, our mission is to transform the fashion industry for a more sustainable future. The current dominant model of fashion is linear, creating unnecessary negative impacts on the planet through production and waste. Consumers buy brand-new yet often poor quality items, made from resource-intensive raw materials, to wear a handful of times before throwing them away. We exist to change this. We see the future of fashion as a circular model, where durable and timelessly stylish items are lovingly produced, cherished by their owners and given multiple lives, helping consumers to avoid buying new and to trade up to higher quality purchases.

To investigate the value of our contribution to this circular fashion economy, we have used monetization methodologies to investigate our environmental impact. This is an innovative yet trusted approach and uses currency as a proxy for impact on people, to convert typically non-comparable impacts into the same unit of measurement.

Through monetization, we found that **buying fashion on Vestiaire Collective saves 90% of environmental cost versus buying a new item as part of the linear fashion economy.**

To add colour to these findings, we've taken a deeper dive into our consumer behaviour by running a survey among our community of fashion-lovers.

We found that **the Vestiaire Collective community is using the platform to displace first-hand purchases at a higher rate (70% displacement rate) than in other studies.** We find this particularly encouraging and within this report, have considered hypotheses as to why this could be.

Unlike much of the existing research into the impacts of second-hand fashion, we wanted to go further to consider the behaviour not just of the buyer, but also of the seller. To what extent might their sale actually be fuelling their ability to purchase more first-hand fashion? Through our survey, we found that **only 10% of Vestiaire Collective sellers use proceeds to buy new fashion items.**

Continuing to be ruthlessly critical about determining what impact we can genuinely claim to have had, we also considered the fact that Vestiaire Collective is not the only route available to people for giving their items a second life. However, our survey found that **50% of Vestiaire Collective sellers would not have found a second life for their item if it weren't for the existence of Vestiaire Collective.** This reinforces the importance of our unique brand positioning and tailored offering.

In delivering these environmental benefits through the existence of our unique business, Vestiaire Collective also contributes positively to the economy and to our employees. In the second half of this report, we delve into our socio-economic impacts. Again, we have used monetization methodologies, driving consistency and comparability. Moreover, it's a language that business understands and therefore one which has a strong capacity to incite action.

In this section, we find that we make a significant contribution to the French economy through the wages we pay our people and the relationships we have with our suppliers. We also identify the importance of the considerations we have made around local context in our location strategies, for example, by identifying Tourcoing as an area where our warehouse site could have a particularly positive influence given high unemployment rates. We're now excited to use these initial socio-economic insights to hone our impact further through the sourcing and employment choices that we make from today.

Long term vision towards ESE P&L V.

Our long-term vision is to carry on our work on monetisation and build a comprehensive and solid ESE P&L*

To better showcase our impact on profit, people and the planet, and use it for our overall strategy

The monetisation methods carried out for our impact report support the movement of the market towards triple bottom line accounting (measuring social and environmental performance in addition to financial performance and profit)

To anticipate new regulatory framework

There is potential for this movement to affect accounting rules and the valuation of companies.

To position ourselves at the forefront of impact valuation

Vestiaire Collective's mission is to transform the fashion industry for a more sustainable future and for that we aim at being on the front foot when it comes to dealing with evolving standards and methodologies.

*ESE P&L = Environment Social Economic Profit and Loss



V.

1

Introduction

Welcome to our first impact report

V.

Our mission

At Vestiaire Collective, our mission is to transform the fashion industry for a more sustainable future.

In 2021, we became the first B Corp certified resale platform. It was a huge achievement, but we're not stopping there. We want to build on that momentum.

We know that a more sustainable future requires big changes – systemic changes. While we exist to empower our community to help push these changes, we also know that we need to be steering the change ourselves.

Why impact reporting?

To ensure that we are really making a difference, we've been focussing on measuring the impact of our business – the difference we make to the wellbeing of society – rather than only tracking our activity or our emissions. We don't just want to report on what we are doing. We want to understand what's changing in the world as a result of Vestiaire Collective doing business. From this, we will learn.

And from our learning, we will be able to better steer the systemic change that we all rely on.

To help us do this, we've used a monetization methodology of measuring impacts. More on this on page 6.

A first step

Next year, we will have legal obligations to meet in regards to our reporting. By starting now, we're getting ahead. We're learning about our data collection, uncovering valuable insights and discovering opportunities for improvement ahead of next year.

But to us, this is not just about a 'practice run' or simply doing what's required. It's about digging into the bones of our business to understand what we're doing well and what we could do differently. To deliver our mission, we need to take a data driven approach, to best support our community of devoted fashion lovers, our inspired, committed employees and the planet that houses us all. Alongside this, we are also considering how our actions

contribute to the achievement of the UN's Sustainable Development Goals.¹

In future years, we plan to expand the metrics that we report on and the extent to which we publish these publicly. We believe that transparency is the best way to fuel progression.

With this in mind, alongside this corporate report, we have also summarised some of the key messages into a consumer facing communication. This is presented as an engaging, interactive publication on our website, enabling us to celebrate the successes of our community with them. We are using it to share tips to help our community improve their own impact and also to set an example for other businesses who may want to investigate their impact in a similar way.

Sophie Hersan (Co founder)

Max Bittner (CEO)

Fanny Moizant (Co founder)





What is monetization?

Understanding an organization's overall impact on the world is a complex task. We are looking at two broad areas: Environmental impacts and Socio-Economic impacts. However, it is often difficult to compare the magnitude of these impacts given the varied units of measurement within and across each area. Not only do we have to combine different environmental impacts which cannot typically be measured in a comparable way (for example, how would you compare tons of CO2e with litres of water polluted or biodiversity loss?) but we also need to factor in the social and economic impacts.

To overcome this, we monetize. Converting impacts into one common unit allows us to simply and consistently compare different types of impacts in different local contexts.

Monetization is an innovative but trusted and accepted approach² where money is used as a proxy for deriving the scale of impact on people from business activities. For example, monetization estimates the scale of impact on people from changes to the environment from the production, sale, use and disposal of products. We have applied methods developed by PwC and used by the likes of Kering³ in their EP&L (Environmental Profit & Loss report). More information on how this is done can be found in the next section and on PwC's website.⁴

This method of reporting our impact translates the conversation into a language that businesses understand, helping to incentivise responsible working practices. We hope others will follow in our footsteps.

Monetization in practice

The maturity of the methods used to express impact through monetization vary based on the type of impact being assessed.

Environmental: Monetization is most established in the environmental realm. Environmental impacts are converted into monetary figures using valuation coefficients. These valuation coefficients were developed by understanding how much society would be willing to pay to prevent the environmental damage taking place.

Social: The monetization of social impacts is an emerging field. We have used methods inspired by the Impact-Weighted Accounts Initiative at Harvard Business School to look at selected aspects of employment impact. A compensation approach is used for many of these (e.g how much pay are disadvantaged groups missing out on?).

Economic: Economic impacts already tend to be measured in monetary figures and represent a gain for society (e.g. GDP).

Environmental



Water pollution



Water consumption



Air pollution



GHG emissions



Waste



Land use

Socio - Economic



Diversity



Location



Wage Quality



Induced Economic Impact



Indirect Economic Impact



Innovative



Trusted



Incentivises positive change



The WEF IBC Measuring Stakeholder Capitalism Report⁵ recognised the role of monetized estimates of impact as leading practice in non-financial reporting. A growing number of multinational companies are adopting monetization as a means of making better decisions for sustainable value creation. This includes the 20+ members of the Value Balancing Alliance, such as Kering, L'Oreal and Porsche.

Approach and high level insights

We've used two lenses to assess our impacts and classify them as positive or negative

In this first impact report, we have focussed on our impact for the calendar year 2020. We have used two broad lenses when assessing our impact; Environmental and Socio-Economic.

The environmental lens considers the various impacts of our operations. The socio-economic lens considers how we feed into the economy and the impacts we have on people and communities through our employment. Within each of the lenses, we've considered a number of specific impact areas* and classified them as positive or negative.

Vestiaire Collective's global operations produce positive and negative impacts in the following areas:

Environmental

- Water Consumption
- Water Pollution
- Greenhouse Gas Emissions
- Air Pollution
- Land Use

Social

- Diversity (Nationality)
- Diversity (Gender)

Economic

- Indirect economic impact
- Induced economic impact
- Wage quality (adjusted wages)
- Location

We also combine this monetization methodology with recent research into our consumers' behaviour (survey conducted in 2021) to find that Vestiaire Collective has a positive and crucial influence on the avoidance of significant environmental impacts from first-hand fashion purchases. That is to say, the negative environmental impacts of our business model are smaller than those that would have been caused if consumers chose to invest in first-hand fast fashion.

Whilst we've aimed to cover a good level of breadth, we are aware that these impact areas are not exhaustive. For example, the Impact-Weighted Accounts initiative at Harvard Business School identify 6 aspects to Employment Impact. We have looked at 3 of these within our Socio-Economic lens (in addition to economic impacts); Wage quality, Location and Diversity. Three additional aspects of the impact that a business can have through employment include:

- Opportunity (the extent to which minority groups are fairly represented in higher earning departments or senior job roles)
- Career Advancement (provision of internal promotion / progression resulting in increased earnings)
- Health and Wellbeing (incorporating injuries, workplace culture, benefits, subjective wellbeing etc.).

These have not been covered in our first impact report but may form part of future reporting cycles, as we expand coverage.

Our next steps? To continue to minimise the negative impacts we have whilst maximising our positive impacts; all the while, focussing on empowering our community of devoted fashion lovers to reduce their own environmental impacts and drive systemic change in the fashion industry.

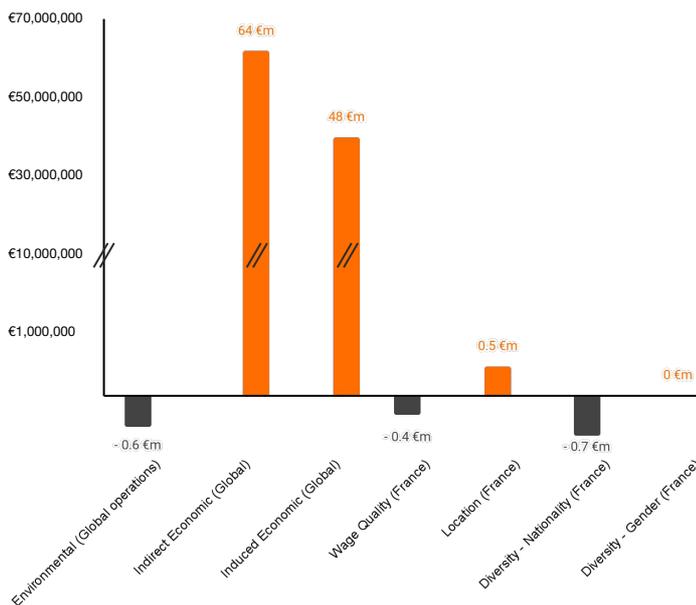


Figure 1

*Environmental and economic impacts were assessed on a global basis whereas wage quality, location and diversity impacts were assessed based on data from France only, as this country hosts the majority of Vestiaire Collective's employees and was therefore selected as the most material area to begin this employment impact analysis. The ambition is to broaden the scope of these analyses in future.



2

Consumer Behaviour

Industry Context

Clothing consumption is set to rise by 63% by 2030⁶, yet we are wearing our items 40% less than 10 years ago.⁷

First-hand, fast fashion is one of the world's most polluting industries, and the negative implications of the production of new fast fashion include climate change, pollution and biodiversity loss. In 2021, the fashion industry and its supply chain was the world's 3rd largest polluter, producing 5% of the world's GHG emissions according to the World Economic Forum.⁸

The Institute of Positive Fashion quotes that the fashion and textiles industry consumes 98 million tonnes of non-renewable resources every year and uses 93 billion cubic metres of water annually.⁹

According to the World Economic Forum, producing just one cotton shirt uses about 700 gallons of water – enough for one person to drink at least 8 cups per day for 3 and a half years!¹⁰ The production of new fibres and manufacture of new clothes has the most significant contribution to fashion's environmental footprint.

Reducing demand for fast fashion is therefore an important goal to help protect our planet and the people on it.

This is where Vestiaire Collective can help: by enabling our community to extend the lives of fashion products which have already been made and by showcasing the benefit of investing in high quality, durable and beautiful products.

As stated by McKinsey & Company (2020) "To align with the 1.5-degree pathway [targeted by the Paris Climate Change Agreement], by 2030 we need to live in a world in which 1 in 5 garments are traded through circular business models."¹¹

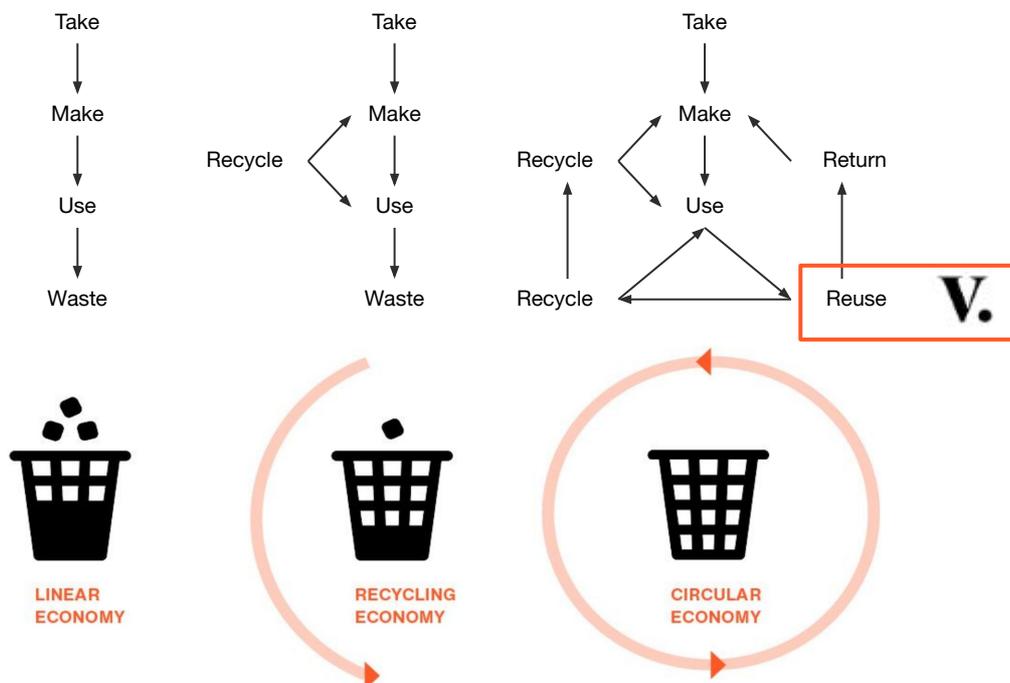
Our role

Vestiaire Collective fights fashion waste by changing the way people consume fashion.

Resale reduces the impact of fashion by:

1. Avoiding the environmental damage caused by the production of fashion items
2. Increasing the utilisation of fashion items

To better understand how we help reduce our community's impact, we surveyed **2,400 Vestiaire Collective members** in December 2021. **57 different countries** were represented by respondents, with the majority in France, UK and US.



Buyer behaviour

By using Vestiaire Collective, customers often avoid a proportion of the environmental impacts from a traditional linear fashion model, by displacing a first-hand purchase with a second-hand one. Of course, some fashion purchases are impulse buys, but in many cases, a buyer sets out to fill a need. Choosing to fill that need with a pre-loved item as opposed to buying brand new, is the most environmentally beneficial choice. The displacement effect, sometimes called the substitution effect, refers to whether the purchase of a second-hand item replaces the purchase of a new item. Our study found that our community is avoiding first hand purchases at a higher rate than in previous studies, with **70% of items purchased on Vestiaire Collective preventing a first-hand purchase.****

Previous studies* have found that...			
+16 pts vs	+13 pts vs	+18 pts vs	+47 pts vs
WRAP¹⁴	Farfetch¹²	QSA¹³	Barclays¹⁵
2013	2019	2020	2021
54%	57%	52%	23%
of second-hand purchases prevent a first-hand purchase			

We asked our consumers which of the following statements applies to the item they most recently purchased: Buying this second-hand/vintage purchase prevented a first-hand purchase, buying this second-hand/vintage purchase did not prevent a first-hand purchase, I'm uncertain/it's difficult to say if buying this second-hand/ vintage purchase prevented a first-hand purchase. If the individual said they were uncertain if buying this second-hand/vintage item prevented the purchase of a new item, we asked them if it probably prevented or probably did not prevent the purchase of a new item. We took 100% of those who were confident that their purchase prevented on Vestiaire Collective prevented the purchase of a first-hand item and to be prudent, 50% of those who had answered this second question to say that it probably prevented the purchase of a first-hand item. Using this method, we calculated a displacement rate of 70%.

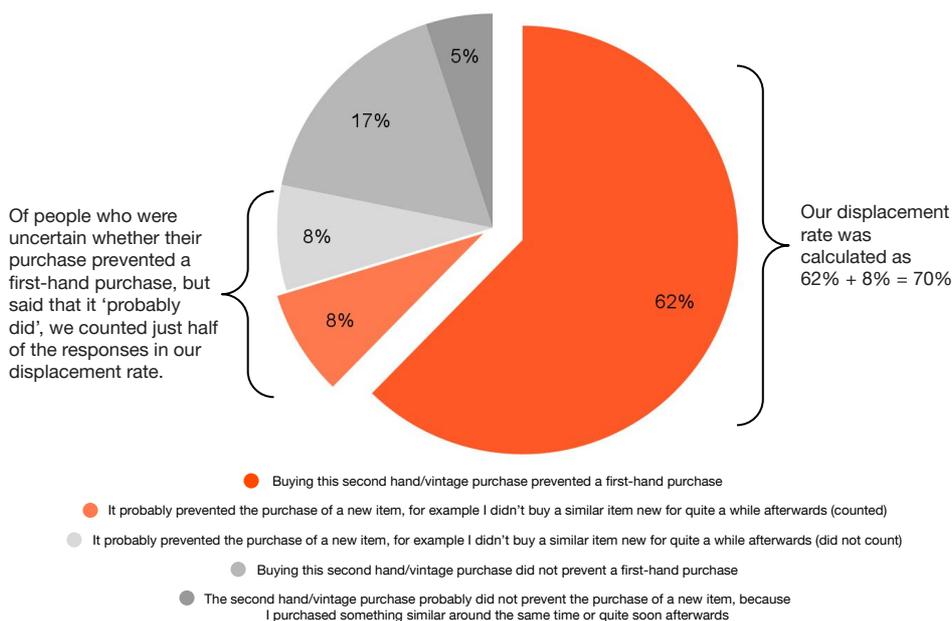


Figure 2

*Studies represent a cross-section of available research and therefore may differ in scope versus Vestiaire Collective's consumer survey, for example with regards to shopping channels and geographies.

** When asked which statement best applies to the item they bought on Vestiaire Collective, 62% of respondents said that the purchase prevented a first-hand purchase. 16% of respondents said that they were unsure but that the purchase probably prevented a first-hand purchase. To be prudent, in our final figure, we only counted half of the respondents who stated that the item probably prevented the purchase of a new item (8%). This methodology for calculating a 70% 'displacement rate' aligns with methodology used by Farfetch in their 2019 study.¹²

Why is our community displacing so many first-hand purchases compared to other groups surveyed?



Our 3 hypotheses:

- 1 Vestiaire Collective enables buyers to trade-up to luxury fashion**
- 2 Luxury fashion is more durable: it maintains its appeal through multiple lives**
- 3 Second-hand is becoming more popular**

Our platform opens up luxury fashion to customers who may not normally be able to afford the pieces first-hand. By shopping second-hand, they can use their budget to trade-up: finding a higher quality item for their money. This is also known as the Upscale Effect, where our community use our platform to upgrade their purchasing power.

↑ The Upscale Effect ↑

Our community use our platform to upgrade their purchasing power

“85% of preowned buyers participate to reduce overconsumption by trading up fast fashion to better-quality items”¹⁶

Authentic luxury fashion is particularly well-placed for a second life. High quality, durable and timelessly stylish pieces last longer and maintain their appeal more effectively than fast fashion. So when a buyer sets out to find the perfect piece to suit their needs, it's easy to see why they might prefer to spend their budget on a second-hand but beautifully well-made luxury fashion item, over a brand new but lower quality piece from the high-street. It's less likely that a worn-out second-hand fast fashion item would tempt them over buying new.

There are two types of durability:

Physical Durability: whereby luxury products are often higher quality, so they last longer and are therefore more suitable for long-term use or circulation.

Emotional Durability: which relates to how long people want to use a product for, e.g. the timelessness of luxury/designer products. Emotional durability is important for resale as people will still be attracted to buy the item even if it's not the latest season's collection.⁷

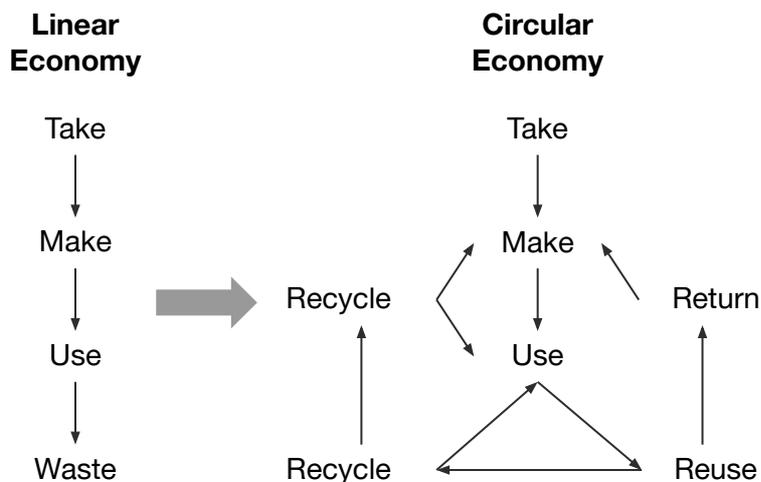
“Resale is expected to grow 11x faster than the broader retail clothing sector by 2025” and “33 million consumers bought second-hand apparel for the first time in 2020”¹⁷. Second-hand has lost its stigma – now it's becoming trendy. Our study is one of the most recent studies conducted on this topic and so the fact that more people are reporting to have bought second-hand instead of first-hand, could also be down to the increasing popularity of second-hand over time.

Whilst fashion resale has been on the rise over the last decade, it has become more prevalent during the pandemic with consumers caring more about minimising spend and maximising sustainability, through limiting fashion waste and owning higher quality pieces.¹⁷

Buyer behaviour

Considering buyers alone is insufficient

Unlike much of the existing research into the impacts of second-hand fashion, we wanted to go further to consider the behaviour not just of the buyer, but also of the seller. After all, our transactions involve both and the impact we create is by connecting buyers who want to avoid first-hand purchases to sellers with items they no longer wear. It's these connections that enable us to bend the linear fashion model into a circular one.

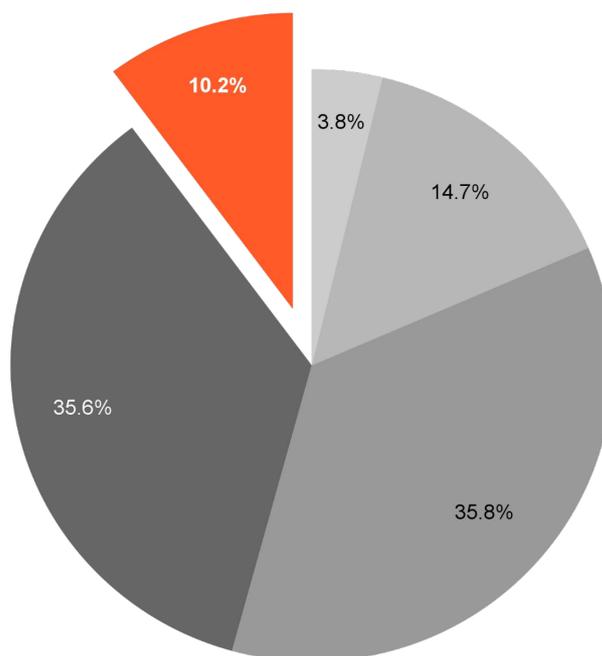


To what extent might a sale actually be fuelling the seller's ability to purchase more first-hand fashion? Could second-hand sellers actually be using the proceeds of their sale to generate the environmental costs associated with the production of first-hand fast fashion?

Through our survey, we were pleased to find that **only 10% of our sellers surveyed use the proceeds of their sale to directly fund new first-hand purchases***. (See figure 3 for details.)

Why did you decide to sell second-hand fashion items on Vestiaire Collective?

- It's a full time / part time job for me
- To earn some money
- To have money available to buy other second-hand items
- To have a sustainable behavior (don't keep items I don't wear in my wardrobe and give them a second life)
- **To have money available to buy new first-hand items**



Our platform is also encouraging our community to preserve their treasures

BCG found that “70% of fashion consumers are encouraged to take greater care of their items thanks to the existence of a liquid second-hand market”¹⁶ This has been referred to as the ‘Durability Boost’. It’s another important effect that we have on our community, incentivising them to prolong the lives of their fashion items.

Global organizations recognise second-hand as a way to save the planet.



To maximise the economic and environmental potential of circular business models, products need to be designed and made to be physically durable, emotionally durable, and able to be remade and recycled at the end of their use. Vestiaire Collective encourages users to buy durable products and take good care of their items to maximise their resale value. 85% of Vestiaire’s customers report that they are buying fewer, but better quality, second-hand items.¹⁸

Ellen MacArthur, 2021

To align with the 1.5-degree pathway [targeted by the Paris Climate Change Agreement], by 2030 we need to live in a world in which 1 in 5 garments are traded through circular business models.

Fashion on Climate, McKinsey & Company and Global Fashion Agenda, 2020

The role of luxury fashion designers

Of course, to maintain the fashion economy and meet the needs of our astute community, we see luxury fashion designers having a crucial role to play.

- Luxury fashion production has to focus on maintaining the highest standards when it comes to quality. This will ensure durable, long-lasting products, fit to be enjoyed over numerous decades
- With regards to style, the pieces that may be most desirable on a resale platform are likely timeless pieces for a capsule wardrobe
- All the while, brands must be driving innovative production methods to minimise their environmental impact.

High-end fashion houses have the greatest opportunity to design pieces which unlock the possibility of multiple lives. We see the future of the circular fashion economy being fed by truly exceptional first-hand pieces, with minimal impact on the planet.

A number of luxury fashion brands have already partnered with us in recognition of this. Together, we are looking at different ways to help them integrate Vestiaire Collective into their offering in order to bolster the circular fashion economy.

Additionality

For Vestiaire Collective, our real impact is the change we have directly enabled

The term ‘additionality’ refers to something which only happens as a result of a certain initiative, and would not otherwise have taken place. For Vestiaire Collective, our ‘additionality’ is the fashion that is given a second life purely due to the existence of our platform. That is, the items which, without us, would not have been sold or donated elsewhere.

We know it’s not fair to assume that we are the only way that people can give their pre-loved fashion a second life. So we asked consumers what they would have done with the items they sold if we didn’t exist. It turns out that Vestiaire Collective is crucial to giving unworn items a second life. This is illustrated in figure 4, where **50% of our sellers said they would not have used another second life route for their items.** These are the items which together, we’ve directly prevented from being left unworn in wardrobes, or even thrown away.

What would you have done with the items you sold if you had not sold them?

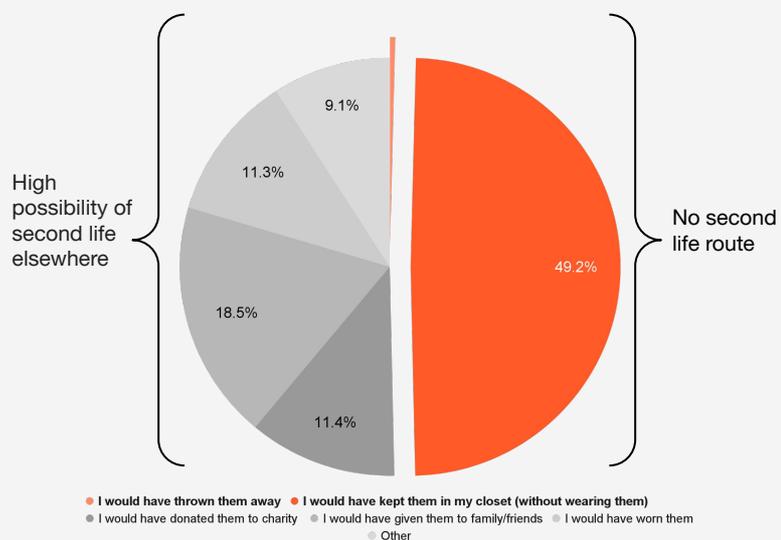


Figure 4

Our community



Our aim is to link our impacts with our community's behaviours on the platform and inspire our community to improve their impact

To do this, we have taken inspiration from the puppets in our new branding, which were developed using insight from previous customer segmentation work.¹⁶ We applied our consumer survey results to the characteristics of each puppet to create a new approach of assessing certain consumer behaviours.

Linking consumer survey results with puppet characteristics to form high level puppet personas:

Drops: Buys and sells through Vestiaire Collective with a preference for unique or limited edition pieces

Hunter: Buys and sells through Vestiaire Collective with a preference for buying cheaper items and giving them a second life, as well as vintage pieces

Miss Classique: Buys and sells through Vestiaire Collective with a preference for good, elegant and timeless pieces, or those with a high resale value

Rich: Only sells and does not buy on the platform

Lady Green: Buys and sells through Vestiaire Collective with a preference for buying sustainable/ethical pieces and selling as a sustainable behaviour

We used our consumer survey to determine a 70% displacement rate for our community as a whole but by allocating survey responses by puppet persona, we could calculate a displacement rate for each.

This analysis shows that consumers who have behaviours and preferences aligned with our 'Hunter' puppet, have the greatest displacement rate. They are likely motivated by saving money and so may be buying with a need in mind, which they can fill at a lower price-point by buying second-hand, as opposed to making impulse purchases.

Consumers who have behaviours and preferences aligned with our 'Drops' puppet, have a lower displacement rate, likely because they search for specific limited edition items and will therefore buy them wherever they find them, be that first-hand or second-hand. For them, Vestiaire Collective increases their chance of finding the item but for them, buying second-hand might be seen as more of a last resort.

This type of analysis could have interesting implications for the way we consider sustainability within our strategy as a whole, and also within our customer strategy.

We are encouraging our community to share sustainable behaviour tips to reduce environmental impact

As part of our consumer communications on impact, we have developed an online quiz to enable consumers to find out which puppet they may best identify with based on their own behaviours and preferences. The quiz uses similar questions to those in our consumer survey.

Upon receiving their puppet result, the quizzier is provided with a view of the sustainable behaviours that we might expect of someone with similar answers ('how their puppet typically acts').

They are also given tips about new sustainable behaviours that could help them improve their impact. The aim is to share the positive behavioural traits of one puppet persona group with others but also a call to action for a better purchasing behaviour; to maximise overall impact of our consumers.

An example of this would be encouraging consumers who share the attitudes and behaviours of 'Rich' (who only sells on Vestiaire Collective but does not buy on the platform,) to try shopping second-hand next time they're after a new item. In contrast, a 'Hunter'-like consumer might want to learn to repair their clothes in order to save even more money, minimising textile waste at the same time.

Displaying impact to drive engagement

In March 2021, we organised the first Vestiaire Collective's hackathon around the question: How can we address sustainability across the customer journey?

3 multidisciplinary teams worked on this question, each assigned to a specific aspect: Carbon Footprint, Circularity and Durability. The solutions were assessed based on 3 criterias: Business, Sustainability and Feasibility.

The winning project was the one imagined by Carbon Footprint team, whose solution is to give visibility to our customers on their impact while shopping on Vestiaire Collective by displaying saved carbon emissions compared to buying the item new, on each product page. This feature will be implemented on the platform in 2022 and we hope that engaging consumers in this way will educate, excite and inspire them.

Puppet Persona	Displacement rate % (buy-side)
Hunter	73%
Miss Classique	72%
Lady Green	70%
Drops	65%
Rich	N/A*



* The 'Rich' puppet persona only sells on Vestiaire Collective and therefore does not displace any first-hand purchases through buying on Vestiaire Collective. This could also be represented as 0%.



v.

3

Environmental Impacts



Environmental costs

To measure our success in fighting fashion waste we want to understand how the impact of our operations compare to the impact of the linear fashion we avoid

It's great that 70% of purchases on our platform are made in place of a first-hand purchase, but we know that this is not the whole story.

We're not in the business of greenwashing.

Of course, matching our discerning buyers with trusted sellers, authenticating rare finds and transporting them from A to B doesn't happen without it's own impact on the planet. While we do everything we can to minimise this impact, we want to go a step further and demonstrate how the overall difference that we make is still a positive one, even when the full costs of our operations are taken into account.

We have calculated the environmental cost of every transaction on our platform

To understand our impact in this way, we have used monetization methodology, as outlined previously, to investigate different environmental impacts.

We have calculated the environmental cost of every transaction on our platform by looking at areas such as greenhouse gas emissions and water pollution produced during transportation, and the land use of our buildings. **The resulting environmental cost is 0.39€ per Vestiaire Collective transaction.** This is less than 1% of the average GMV per product (260€).

As shown in figure 5, the large majority of this impact is related to emissions from the transport of items between customers, or via the Vestiaire Collective warehouse. Using monetization, this pattern remains aligned with the Coopérative Mu results from their 2020 'Life-Cycle Assessment of the environmental benefits of second-hand items'.¹⁹

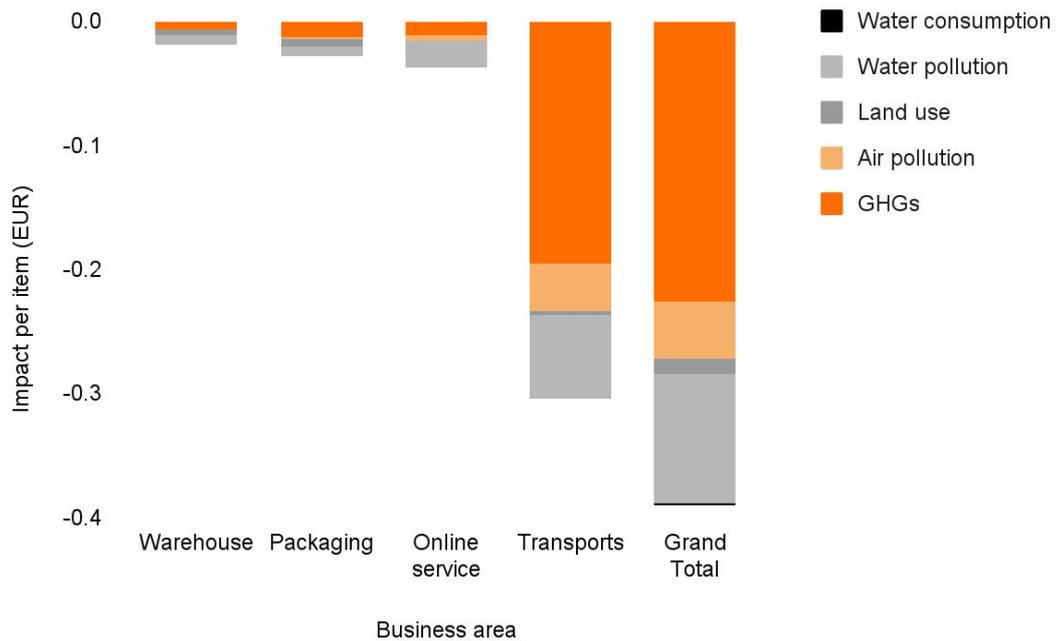


Figure 5



Environmental savings versus the linear fashion model

Comparing the environmental cost of a Vestiaire Collective transaction to the environmental cost of a linear fashion item

The environmental cost of a brand new item in the linear fashion economy*, clocks in at 3.90€ (cradle-to-gate figure using data from Kering's EP&L³). **The environmental cost of 0.39€ per Vestiaire Collective transaction is 10 times less than this, meaning that 90% of the environmental cost of a linear fashion item can be saved by shopping on Vestiaire Collective.**

The higher environmental cost for a linear fashion item comes from the heavy impact of production (for example, the land and water used to grow natural materials such as cotton and wool, and the water polluted from textile treatment) and the waste produced at the product's end of life.

90% of the environmental cost of a new item can be saved by shopping on Vestiaire Collective

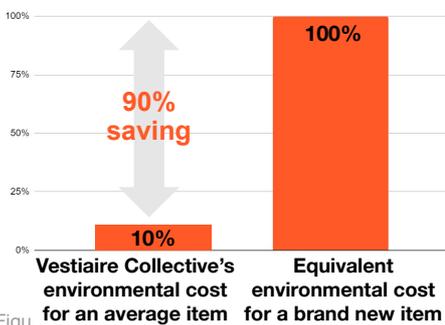


Figure 6

Breaking the saving down by product type

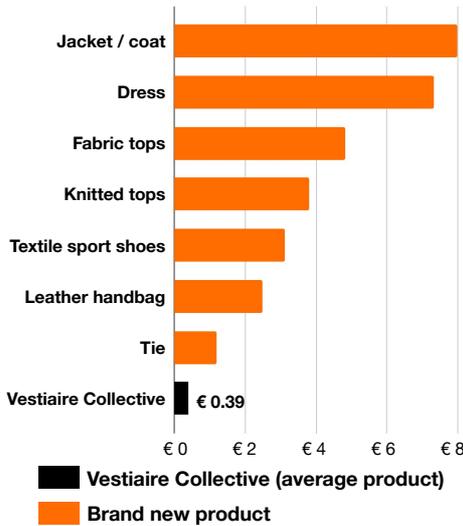


Figure 7

In figure 7 we have broken this environmental saving down by product type. This analysis shows that the average environmental cost for a product sold on Vestiaire Collective is 20 times less than a brand new coat and still three times less than a brand new tie (a relatively small item).

Comparing emissions saved when second-hand items displace first-hand

We also looked into what this means in non monetized terms, to help develop messaging that consumers may be more familiar with. We found that **every item bought on Vestiaire Collective, instead of through the linear fashion model, saves 17 kg CO₂e**. This is equivalent to 100 km driven in an average petrol car.²⁰

Similarly therefore, **1m items bought on Vestiaire Collective instead of through the linear fashion model saves 17,000 tons of CO₂e**. Equivalent to 9,000 return economy flights from Paris to New-York²¹ or the annual emissions of 4,000 French citizens.²²

Environmental impact areas

Vestiaire Collective's monetized impact on the environment can be broken down into 5 categories

The 5 categories of Vestiaire Collective's environmental impact are:

1. Greenhouse gas emissions (GHGs)
2. Air pollution
3. Land use
4. Water pollution
5. Water consumption

Greenhouse gas emissions (GHGs) account for the majority of our impact. These emissions mainly come from the transportation of fashion items from our sellers to their new lives, either via our authentication centre, or directly to the buyer's home. Being a global business comes at a cost in terms of distance to travel. However, it does mean that we have more chance of matching pre-loved items with fashion lovers who can give them a second life. The challenge is now how to do this as efficiently as possible.

The main driver of our water pollution impact is the emission of heavy metals linked to transportation. While these emissions are very small in quantity, they can have significant human health impacts, and, therefore, have a high cost to society.

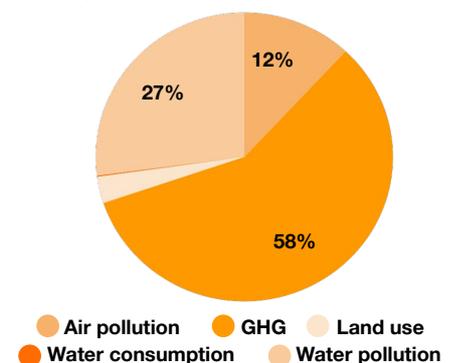


Figure 8

Our impact in each of these environmental indicators is always less than a traditional fashion model

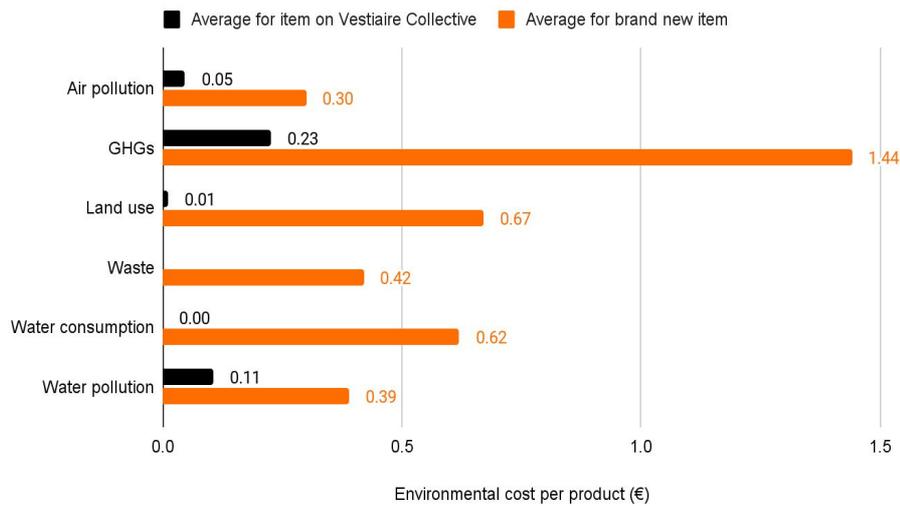


Figure 9

Air pollution: Buying from Vestiaire Collective creates less air pollution per product, on average, in comparison to a brand new item. This is because there is less burning of fossil fuels along our value chain. In particular, emissions in the processing of the raw materials for a new item are avoided.

GHGs: The production of new clothes has the most significant contribution to fashion’s environmental footprint. Therefore, unlike when a new first-hand item is bought, buying from Vestiaire Collective produces less greenhouse gas per item on average because there is no production phase.

Land use: Unlike when a new first-hand item is bought, when an item is bought from Vestiaire Collective the land use impact is significantly less because the land occupation and transformation associated with the raw materials is avoided - either the crops that form the plant fibres or livestock farming for animal products.

Waste: Waste in the linear fashion economy is caused by waste in the production process and the disposal of items at the end of their life. As Vestiaire Collective does not produce new items and gives a second life to items, there is minimal waste created (and therefore Vestiaire Collective’s waste was not explicitly called out in our analysis).

Water consumption: Unlike when a new first-hand item is bought, when buying from Vestiaire Collective, a new item is not produced. Therefore the water consumption cost per product is minimal in comparison. For a first-hand item, a large amount of water is used in growing the raw materials – either watering the crops that form the plant fibres or in feed production/livestock farming for animal products.

Water pollution: Globally, 20% of industrial water pollution is caused by the dyeing and treatment of textiles.¹ When buying from Vestiaire Collective the water pollution cost per product is reduced because there is no contribution to the production of a new item which will be chemically treated. For a product from Vestiaire Collective, the main water pollution impact is from the emission of heavy metals during transportation. Although very small in quantity, the emissions have a relatively high societal cost due to their effect on health.

¹waste impacts, which are called out explicitly in the linear model, are presented across the other categories for the circular model as they were not distinctly called out in the Vestiaire Collective data inputs

Vestiaire Collective's organizational environmental impact

To consider this impact for Vestiaire Collective as a whole, rather than by item, we used sales data. **Sales of approximately 1.5 million items in 2020 brings Vestiaire Collective's environmental cost for that year to 583,000€** (0.39€ x 1.5 million items sold). Figure 10 shows this apportioned by business area. Again, this reiterated the opportunity to reduce overall environmental impacts through a focus on green transportation.

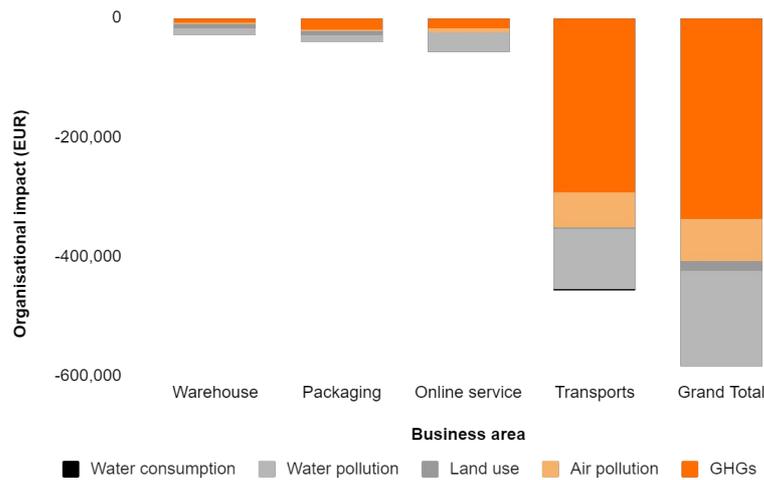


Figure 10

What would the environmental impact of this have been if all these items had been first-hand, linear purchases? The monetized environmental cost of 1.5 million brand new items being bought through a linear model totals **5,830,000€** (3.90€ x 1.5 million brand new linear model items).

This begs the question,

- What if we could actually displace 100% of these first-hand purchases?
- What if we could go further and grow the popularity of the resale market even more, converting fast fashion addicts to become part of our community?

Every year an estimated 120+ billion items of new clothing and footwear are purchased²³. And resale is expected to double its market share between 2020 and 2030, from 9% to 18%²⁴. If resale could displace the production of first-hand items accordingly, in 2030 this would 'cost' the planet less by* **38,000,000,000€**.

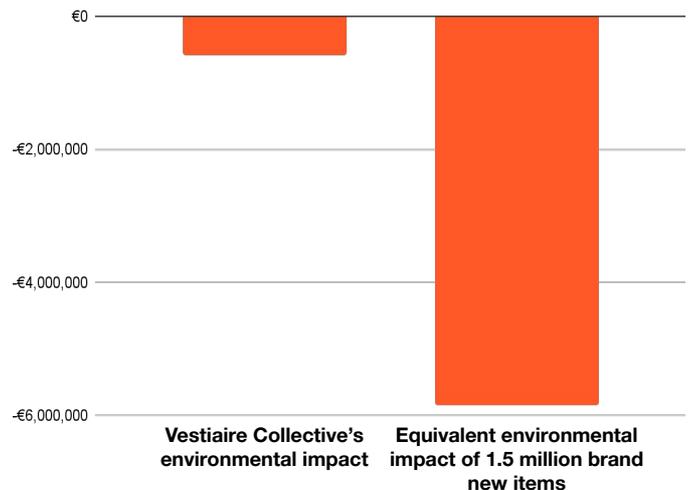


Figure 11

As we've seen, consideration must still be given to whether second-hand sellers use the proceeds of the sale to fund new first-hand purchases. And of course, the ultimate aim should be to ensure production of new items is reduced in line with reduced demand. Overall, we recognise the need for a certain amount of new items to be injected into the market to fuel this second-hand economy, however, there's no denying that the size of the prize for resale is enormous.

*Based on displacing 9% of 120bn items with savings per item equivalent to that estimated for the Vestiaire Collective platform.

In terms of data and calculations

- Update calculations based on new available first hand data (EU PEF*) covering more product categories (more comprehensive and representative than our previous Mu study)
- On an annually basis, update our carbon footprint assessment and integrate Tradesy, which has been acquired in April 2022
- Assess the necessity to conduct a new LCA study of the Vestiaire Collective service including Tradesy
- Regularly conduct consumer insights surveys to update our substitution rate, to then calculate properly our avoided impacts.

*PEF = Product Environmental Footprint

Actions to improve impact

- Apply our sustainability and climate strategies to decrease our carbon and environmental impacts
 - Reach a net climate benefit by 2025, i.e. reach an equilibrium between our direct and avoided emissions
 - Cut down our environmental impacts as much as possible.
- Continue to raise awareness on our community on the benefits of second hand purchasing
 - A large part of our environmental footprint relies on our users' behaviour
 - Second-hand can only be sustainable if buyers reduce their first-hand purchases.



4

Socio- Economic Impacts



Socio-Economic Impact Overview

In delivering environmental benefits through the existence of our unique business, Vestiaire Collective also contributes to the communities in which we operate

For Vestiaire to achieve its mission – transforming the fashion industry for a more sustainable future – having inspired, strong communities and committed employees is crucial. Therefore, how we contribute through our supplier spend, wages paid and employment opportunities is really important.

The socio-economic impacts that we've assessed can be split into two sub-categories;

Economic impacts:

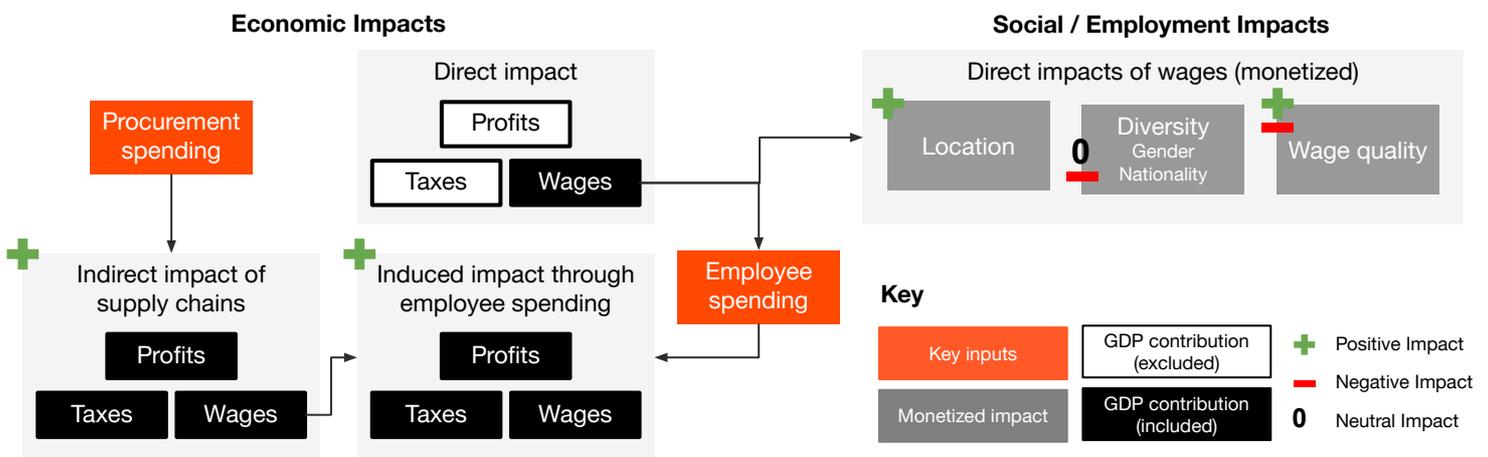
- **Indirect economic impact** (contribution to GDP through spend with suppliers)
- **Induced economic impact** (contribution to GDP through employee wages)

Social / Employment impacts:

- **Location** (an organization's contribution to local employment opportunities)
- **Wage quality** (the degree to which an organization's wage practices meet living wage standards and are within reasonable bounds given local income satiation levels)

- **Diversity (nationality and gender)** (how closely an organization's demographics reflect the demographics of the local population)

The economic impact of a business can be seen as the anchoring of wider societal impacts; a basis from which external societal costs or benefits (environmental or social) adjust the value that a business creates. A sustainable business should create economic value at a significantly larger scale than the external societal costs it incurs. This is true for Vestiaire Collective, based on the current analysis.



Again, we have used monetization methodology to enable consistency and comparability. As well as this, it is a language that business understands and therefore one which has a strong capacity to incite action. It enables us to move towards integrated reporting and triple bottom line accounting, where planet and people are considered alongside profit.

The methods of social / employment impact monetization have been carried out by PwC and build upon the Harvard Business School's Impact Weighted Accounts Initiative methodology for 'Accounting for Employment Impact at Scale'.²⁵ They enable us to compare different facets of social / employment impact in one unit, namely Euros.

Whilst we have currently examined metrics relating to the impact of Vestiaire Collective's location, wage quality and diversity (gender and nationality) in France, we hope to expand this analysis further in the future to cover a full range of employment impact metrics and on a wider geographic area.

The decision was made to begin with these three employment impacts based on a combination of estimated materiality to Vestiaire Collective and data availability.

Examples of potential future focuses include other aspects of diversity such as ethnicity or disability, and the opportunity that different minority groups have to progress and thrive within our firm, across job categories and management levels.

Conducting analysis into our overall employment impact by assessing a fuller suite of social metrics would improve our ability to benchmark against others, since existing data in this space is more comparable when aggregated, or relies on ethnicity inputs (which we did not have available for Vestiaire Collective's workforce at the time of our analysis).

This section will begin by contextualising and outlining the indirect and induced economic impact of Vestiaire Collective before briefly outlining the methods and interpreting the results of the location, wage equality and diversity analysis.

Economic Impact

The UN's 2030 Agenda for Sustainable Development and the 17 Sustainable Development Goals (SDG) recognise four principal themes of sustainable development: peace, prosperity, people and the planet. The SDGs recognise that economic activity is required to deliver the advances in wellbeing that drive prosperity, but that the economic activity must be in harmony with the goals of peace, people and the planet.

The predominant metric used for guiding economic policy for human development has historically been gross domestic product (GDP). GDP is limited in making no adjustment for the negative impacts of pursuing prosperity alone: environmental damage and social inequalities.

Monetizing the impacts of environmental damage and social inequalities and comparing these against the scale of economic activity generated by a business, provides an integrated view of the value that is created by a business.

This integrated view is found in many of the leading sustainability reporting standard setters (GRI, ISSB, WEF IBC), reported against widely by many companies.

Techniques for measuring the GDP contribution of organizations are long-established. The direct impact is calculated as the sum of the earnings of a business, the compensation it pays to its employees and the taxes it pays to government.

However, businesses also contribute to the economy in less direct ways: through supporting supply chains for the procurement of goods and services and through the spending of employees. In economic impact assessment these GDP contributions are known as indirect and induced impacts.

We have estimated our indirect and induced contributions to GDP. The induced impacts are based on our direct wages as well as the impact of the wage spend of our suppliers.

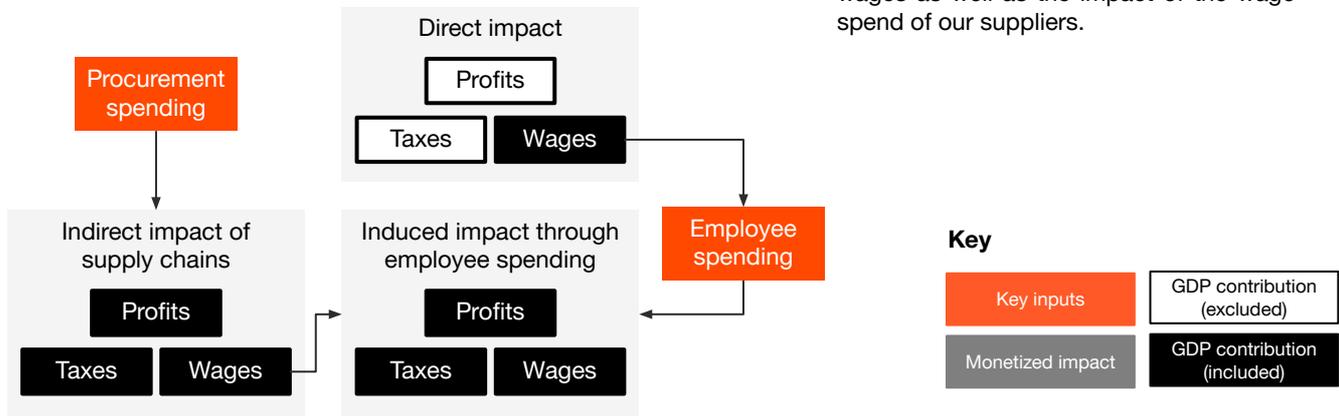


Figure 12

Indirect Economic Impact

We contribute to prosperity through our supplier spend

Economic contribution to GDP is a measure of the impact a business has on the prosperity of the communities where it operates.

Indirect economic impact highlights the value Vestiaire Collective creates in its upstream supply chains by stimulating that economic activity.

Indirect economic impact at a glance:

Vestiaire Collective's overall indirect economic impact is 64€m. This is equal to the contribution that we make to the revenue of our direct suppliers through our procurement spending. The GDP contribution generated by that spend is distributed along our upstream supply chain across different geographies. Vestiaire Collective's indirect economic impact is concentrated in France, where the **GDP contribution was over 45€m in 2020.**

This impact in France is equivalent to **10% of the economic impact of the fashion shows and events that make up Paris Fashion Week²⁶.**

60% of Vestiaire Collective's indirect GDP contribution comes from the profits, wages and taxes generated by Vestiaire Collective's direct suppliers – the first tier of the supply chain (T1) – including logistics providers, IT tools and other support services. The remainder comes from further along the supply chain, the suppliers to Vestiaire Collective's suppliers (T2+).

Methodology overview:

Vestiaire Collective's procurement spend was calculated for 2020 and inputted into a Multi-Regional Input-Output (MRIO) model.

The MRIO model records the flow of goods and services between different sectors within the global economy. This means we can see how the production of goods and services increases as a result of Vestiaire Collective's procurement.

This results in an increased contribution to GDP of Vestiaire Collective's suppliers (and suppliers' suppliers), which makes up Vestiaire Collective's indirect economic impact.

Vestiaire Collective's indirect contribution to GDP by country (2020)

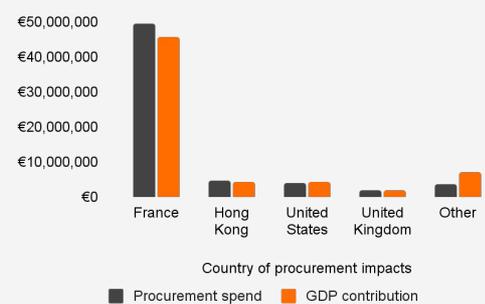


Figure 13

Vestiaire Collective's indirect contribution to GDP by supply chain tier (2020)

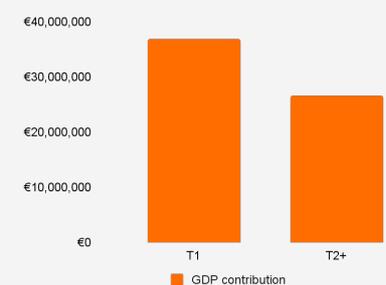


Figure 14

Induced Economic Impact

Vestiaire Collective's induced economic impact is 48€m in 2020. This is approximately double Vestiaire Collective's total wage spend of 23€m. Impact is concentrated in countries where Vestiaire Collective pays direct wages and in higher wage economies that are prominent in Vestiaire Collective's supply chains.

The sum of Vestiaire Collective's indirect and induced economic impact is, therefore, 112€m. This is a significant contribution to the importance of the fashion industry in France, which as an ecosystem contributes 3% to French GDP²⁶.

As Vestiaire Collective's impact reporting expands, this will provide a benchmark for broader monetized environmental and social impacts.

Methodology overview:

Vestiaire Collective's wages and procurement spend were calculated for 2020 and inputted into a Multi-Regional Input-Output (MRIO) model.

The MRIO model records the flow of goods and services between different sectors within the global economy. This means we can see how the production of goods and services increases as a result of the wage spending of employees.

This results in an increased contribution to GDP across the economy, which makes up Vestiaire Collective's induced economic impact.

Vestiaire Collective's induced contribution to GDP by country (2020)

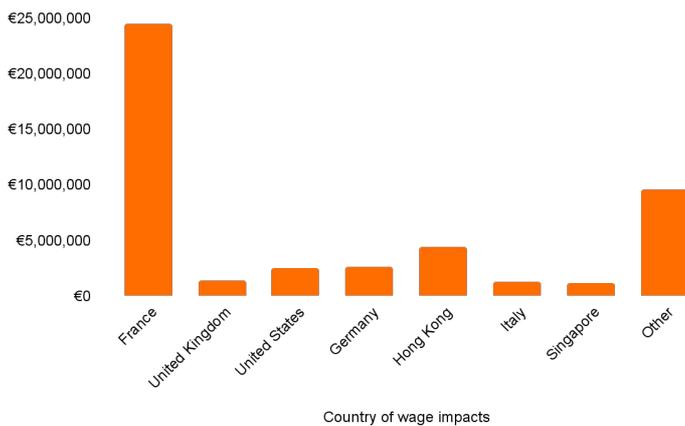


Figure 15

Vestiaire Collective's economic impact (2020)

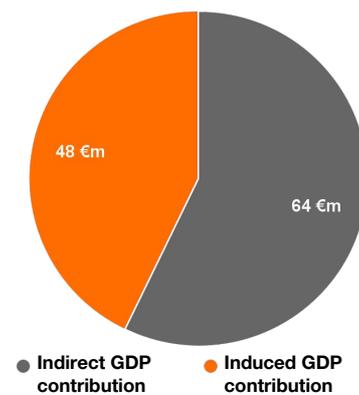


Figure 16

In terms of data and calculations

- Refine the methodology in order to allow comparisons of socio economic and environmental impacts, to understand the relative scale of all impacts and what the overall picture looks like
- In the longer run, include induced and indirect economic impacts data in a proper ESE P&L*

*ESE P&L = Environment Social Economic Profit and Loss

Actions to improve impact

- Set up an integrated responsible procurement policy in order to ensure the 112 €m (indirect and induced) we inject in the economy support our values and ambitions
 - Environmental, social and compliance criterias to choose our providers
 - Have a regular discussion with our providers and challenge them to improve their practices.



Social / Employment Impact

The employment offered by businesses affects society in a number of ways. Some of these impacts are felt by employees whereas others are felt by the wider community.

Examples of employment impacts felt by employees:

- Wage quality (the degree to which an organization's wage practices affect employee wellbeing)
- Health and wellbeing (incorporating injuries, workplace culture, benefits, subjective wellbeing etc.)

- Career advancement (provision of internal promotion / progression resulting in increased earnings)
- Opportunity (the extent to which minority groups are fairly represented in higher earning departments or senior job roles)

Examples of employment impacts felt by the wider community:

- Diversity (minority groups who may be less likely to be hired by the business)
- Location (the effect on local unemployment based on where a business chooses to locate itself)

Conclusion

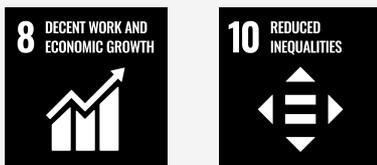
A good picture of employment impact should consider impacts from both of these categories. We have been able to look across both categories for Vestiaire Collective's first impact report (by assessing location, diversity and wage quality in Vestiaire Collective's French operations). However in the future, we plan to fill the gaps by expanding our analysis to cover our operations globally as well as more of our employment impacts.



Figure 17

Location Impact: Overview

Why look at this?



- Incentivises firms to create jobs in areas where they will have the most impact to people
- Locations with high unemployment rates tend to have fewer job options available so the jobs that are available have a greater impact
- Vestiaire Collective adds value to the communities in which we operate

Result: + 537,008€

The monetized impact we created in 2020 through our jobs in France is valued at 537,008€.

How is it calculated?

- What is the unemployment rate in the area?
- What is the average salary paid to Vestiaire Collective employees in the area?
- How many jobs do Vestiaire Collective provide in the area and therefore if they pulled out of this location, how many people would become unemployed (based on unemployment rate)?
- What is the social security net that those unemployed people would have to fall back on? (i.e. unemployment benefits)
- How much more money are those people receiving, above unemployment benefits, as a result of being employed by Vestiaire Collective?

Context

- Whilst Vestiaire Collective's actual location impact in Paris is much higher than in Tourcoing, this is due to:
 - Higher number of jobs Vestiaire Collective provides in Paris (almost 4 times as many as in Tourcoing)
 - Higher salaries paid for jobs in Paris
 - If Vestiaire Collective employed as many people in Tourcoing as in Paris, and salaries were evenly split across the two locations, Vestiaire's location impact would be ~70% higher in Tourcoing vs. Paris
- Location strategies in future could consider unemployment rate of local areas
- Aim not just for presence but consider types of jobs and wages of these



Location Impact: Detail

We add value to the communities in which we operate

At Vestiaire Collective we are working to understand how we can have the most impact through the strategic decisions we make. By looking at unemployment rates and areas where this is particularly high, we can locate our operations to make the most difference.

Tourcoing was an area of particularly high unemployment due to the decline of the textiles industry towards the end of the 20th century. Contributing to reduced inequalities, Vestiaire Collective provides decent work and economic growth by ensuring that employment opportunities are reaching individuals in regions that need them the most, including but not limited to cities such as Tourcoing.

The textile revolution put Tourcoing on the map, but economic decline in Northern France in the latter half of the 20th century led to increased unemployment. By placing our warehouse in the city, we've been able to provide employment to those in need of opportunity.

Pierre Bouchez,
Operations Director Tourcoing

Location impact at a glance:

Monetizing location impact measures a firm's contribution to local employment opportunities and incentivises firms to create employment opportunities where they are most needed.

Another way to think about this: If Vestiaire Collective pulled out of a particular location, we would expect a percentage of the employees from that office/warehouse to find other jobs with different local employers. However, a percentage of them would not be able to find other jobs and would become unemployed, relying on a social security net (i.e. unemployment benefits).

Monetized location impact is derived from the amount of money, above the social security net, that those individuals receive by being employed at Vestiaire Collective rather than being unemployed.

In France, we've created jobs in Tourcoing, where the unemployment rate is 12.3% as well as in Paris, where the unemployment rate is 6.4%.

The monetized impact we created in 2020 through our jobs in France is valued at 537,008€.

Methodology overview:

If the firm provides optionality by bringing new jobs to an area of high unemployment and makes a significant contribution to the existing job market, then the location impact of the firm increases.

A high unemployment rate indicates low optionality in a particular location (i.e. the variety of jobs available is limited). Therefore, the jobs that are available have greater impact to people. Vestiaire Collective's impact on a particular location is derived from:

- Their contribution to lowering the unemployment rate (number of jobs)
- The additional income an individual receives from being employed by Vestiaire Collective versus if they were to require a "social security net"

Further considerations:

Overall location impact in a specific area depends not just on local unemployment rate but also on the number of jobs provided and the salaries of those jobs. This highlights the need for firms to consider how they can maximise the quality and number of jobs offered in areas of low unemployment, not just their ultimate presence in that location.

Whilst our location impact in Tourcoing is significant due to the low unemployment rate of the area, our location impact per employee is still higher in Paris. This is due to the higher average salary of roles in Paris.

Unemployment Rates (2020) in France, Tourcoing and Paris

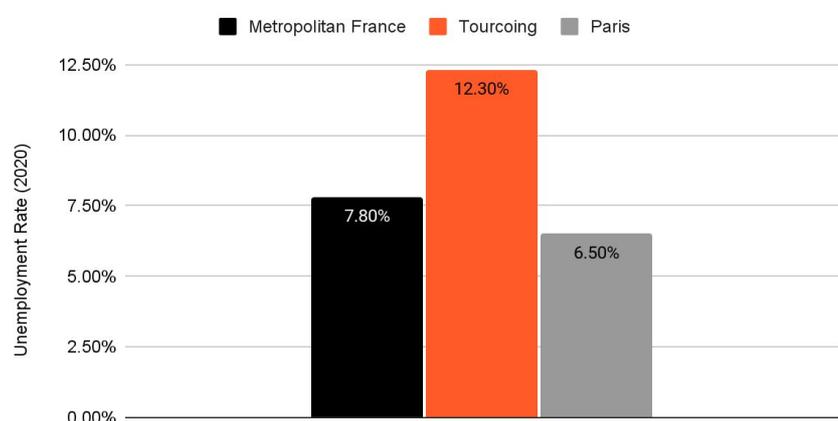


Figure 18

Data sources for Figure 18:

Tourcoing unemployment rate derived from: https://hauts-de-france.dreets.gouv.fr/sites/hauts-de-france.dreets.gouv.fr/IMG/pdf/suivi_du_taux_de_chomage_2020_t4.pdf

Paris unemployment rate derived from: <https://www.insee.fr/en/statistiques/serie/001665449>, <https://www.insee.fr/en/statistiques/serie/001665449>

Metropolitan France unemployment rate derived from: <https://www.insee.fr/en/statistiques/serie/001515842>

Why look at this?



- Assesses extent to which wages paid are having a positive impact on wellbeing
- Assesses the degree to which organizations' wage practices meet living wage standards and accounts for situations where an extra euro does not provide the beneficiary with a full euro of utility (i.e. wellbeing benefit)
- Simply looking at 'average salary' does not give insight into whether proportions of the workforce are earning below a 'living wage' – this measure incentivises firms to pay a living wage to all

How is it calculated?

- What is the sum of all wages paid by Vestiaire Collective (France, 2020)?
- Apply two negative adjustments;
 - One based on wages which are below the estimated living wage
 - One based on a proportion of the wages paid above local satiation point which do not benefit subjective wellbeing

Context

- 21.5m€ is within the range provided in existing datasets* (17.8m€ - 60.6m€), although lower than the average within that, which was 23.1m€
- Average adjustment is -1% of total salaries paid whereas Vestiaire Collective's adjustment is -2%
- Businesses use this analysis to prioritise paying all employees a 'living wage'

*Existing datasets are based on a wide variety of companies which may not necessarily be comparable to Vestiaire Collective.

Result: - 350,053€ adjustment to leave + 21,503,991€

Wage quality impact

It's important that the wages we pay are fair

As well as considering our impact upon the location of local communities through unemployment rates and our contribution to employment opportunities, it is also important for Vestiaire Collective to look at the quality of the wages we pay our employees as this will subsequently impact their standard of living.

Wage quality at a glance

The wage quality dimension of social impact considers the degree to which organizations' wage practices meet living wage standards. It also takes account of situations where an extra euro does not provide the beneficiary with a full euro of utility (i.e. someone earning a high wage does not get the same benefit from an extra euro in the pocket as someone on a lower wage).

The positive impact we created in 2020 through the wages we paid our 497 employees in France is valued at 21,503,991€.

The monetization method for wage quality impact uses a compensation approach to measure the quality of wages paid by an organization. This measure is more useful than firms simply reporting the 'average salary paid' in their organization as this provides limited insight into whether there are portions of the workforce earning below a living wage.

Instead, this methodology incorporates benchmarking at the living wage, therefore incentivising firms to pay salaries that are at least equivalent to this.

It also considers the marginal impact of income, that is, the extent to which additional pay can be less effective at improving an individual's wellbeing once above a certain salary level (the 'satiation point')²⁸. This incentivises firms to focus on the wages to mid- to low-level employees (the portion of the population which has been historically disenfranchised from the gains of economic growth).

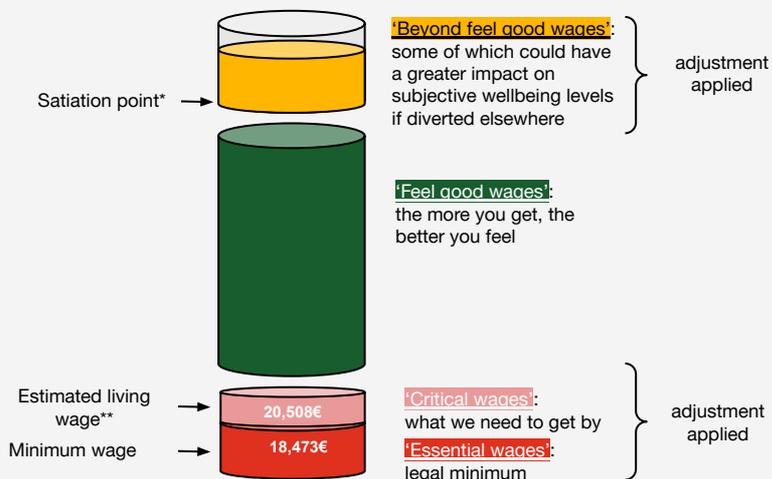


Figure 19

* Satiation point = the salary above which, an increase in salary does not produce a proportional increase in subjective wellbeing (life evaluation)

** Official living wage data is not available for France and so we used a figure derived from Valuing Nature's Living Wage World Dataset (see appendix for details).²⁹



Our 21,503,99€ adjusted wages figure is calculated by taking the total wages paid in France in 2020 and making two subtractions.

The first subtraction is the ‘living wage adjustment’; it penalises the firm for any salaries which are considered below a ‘living wage’ (in this case, an estimated living wage²⁹ as the term does not strictly apply in France) yet still recognises a benefit for paying staff above a legal minimum wage.

The second subtraction is the ‘marginal utility adjustment’; removing a proportion of the wages above a certain level (the satiation point) which according to research³⁰, would no longer have an impact on the employees’ subjective wellbeing. Above the satiation point, whilst the power of every euro to increase subjective wellbeing does not completely evaporate, it does incrementally decline. (In itself, paying above the satiation point should not necessarily be considered a negative thing.)

These penalties are summed and visually illustrated on figure 20. The negative adjustment (wage quality impact) is -350,053€ which signifies the negative impact of wages below the estimated living wage and those which do not increase wellbeing in a proportionate way. (See appendix for the method behind calculating these and a more in depth explanation of the wage quality impact.)

Our total wages figure adjusted for wage quality in France is equal to 98% of the total salaries we pay in that country. The tenet used for this measure is that organizations should aim for as little erosion as possible of total salaries paid.

The focus should initially be on ensuring all employees earn a wage which is satisfactory to live on, before paying wages which exceed the satiation point.



Figure 20

Our analysis revealed that in France in 2020, according to the data, 22 Vestiaire Collective employees were paid less than an estimated ‘living’ wage. 16 (73%) of these employees were based in Tourcoing, and 6 in Paris. 13 (59%) were female and 9 male. (We excluded interns and apprentices from this calculation due to the varied rules applying to their pay.)

This analysis was important in recognising that more could be done to ensure we are consistently paying a living wage, i.e. the minimum income necessary to meet basic needs such as food, housing and clothing. In this way, we are increasingly contributing to the SDGs of no poverty and zero hunger¹ by ensuring our employees can meet their basic needs.



Diversity impact: Overview

Our strength comes from our diversity

Building a diverse and inclusive workforce is crucial for tackling inequality. Reducing inequalities within and among countries is important, especially as the pandemic has likely reversed progress in reducing financial and gender equality. In addition to the fact that this is the right thing to do, diverse workforces can also provide a source of competitive advantage; they help to fuel innovation and can provide a better understanding of the needs of consumers. Research has shown that diverse companies are more likely to outperform less diverse peers on profitability.³¹

It is important for us to look closely at inequality and our impact in this area to see where we can do better, and what action we need to take.

Diversity at a glance

Our diversity measure is derived from first considering how closely a company’s demographics reflect the demographics of the local population.

For this first impact report, we conducted this analysis on Vestiaire Collective’s business in France (as the most material country of employment); ideally, we want the demographics of Vestiaire Collective in France to reflect the demographics of the French population. The goal is parity.

The monetary impact of any discrepancy is derived by calculating the pay which minority groups are missing out on by being underrepresented in a company.

If the company is employing in parity with the wider population (or if they are over-indexing on the minority group) then there is no negative monetary impact. **Therefore the best possible impact using this methodology is 0€.**

Methodology overview

Whilst a common way of looking at diversity impact is to create minority groups based on a combination of ethnicity and gender characteristics (e.g. considering minority groups such as ‘Asian females’), we were restricted by a lack of available ethnicity data. For this first impact report, we therefore used data available on gender and nationality.

Due to obvious limitations with using nationality data as a proxy for ethnicity, the characteristics were not combined with gender to produce singular minority groups and instead, the analysis was run twice; once using minority groups based solely on gender (females), and once using minority groups based solely on nationality (non-French nationalities).

In our analysis, the demographics of the Vestiaire Collective employees in France were compared to the demographics of the broader population in the country. This enabled us to identify the percentage of our workforce in France which we would expect to be made up of a particular minority group, if we were to achieve parity with the broader country’s population split. The number of missing employees for each underrepresented group is then multiplied by a wage penalty, producing a monetary value that reflects the impact for the respective underrepresented group. This figure is represented as a negative monetary figure to signify the extent to which the underrepresented minority group is not receiving pay, and is based on average Vestiaire Collective wages in France.

Diversity impact by Nationality: Overview

Why look at this?



- Reduce inequalities
- Aim is parity with local population
- Some nationalities are under-indexed at Vestiaire Collective versus the local population (France, 2020)

How is it calculated?

- What percentage of the local population is in the minority group (various non-French nationalities)?
- What percentage of Vestiaire Collective’s employees belong to the various non-French nationalities?
- If fewer employees of these minority groups at Vestiaire Collective than we would expect (compared to local population,) use average Vestiaire Collective salary to determine the money that non-French nationalities are therefore not receiving as a result of under-indexing at Vestiaire Collective

Context

- Usually assessed on gender x ethnicity minority groups (e.g. Asian females); no ethnicity data meant we ran on gender and nationality separately
 - Therefore lack of comparable data for benchmarking
 - Future focus: collecting ethnicity data

Result: **-731,785€**

Diversity impact by Nationality: Detail

Overall, Vestiaire Collective have more employees of non-French Nationality than would be expected when considering the percentage of the total population in France (all ages) who are immigrants. However, when looking in more detail, the picture changes.

Instead of grouping all immigrants, we looked at the make-up of France in terms of different nationalities based on Insee statistics⁵³. Based on these percentages, we then took the ‘missing’ employees for each nationality group at Vestiaire Collective and multiplied by the average salary paid to Vestiaire Collective’s employees in France to determine the wages that those people of non-French nationality are hypothetically missing out on from us.

Using a lens of nationality, the impact of the difference between our workforce make-up in France compared to the French population in general is -731,785€.

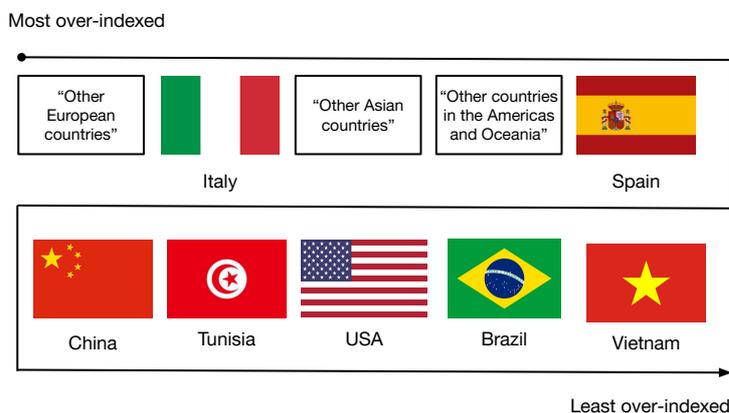
This is 3% of the total wages paid to Vestiaire Collective employees in France in 2020.

Nationalities which are **underrepresented** in Vestiaire Collective’s employee base in France are:



Whilst some non-French nationalities were over-indexed at Vestiaire Collective, it is important to note that the methodology used to determine monetized diversity impact takes this to be neutral in terms of impact; a credit is not provided to the monetary figure. However, it is helpful to identify these over-indexed nationalities and it may be interesting to conduct further analysis on this in the future to help inform a fair and diverse location and employment strategy.

Nationalities which are most **over-indexed** in Vestiaire Collective’s employee base in France are:



Further considerations

Identifying under-indexed groups can be helpful to direct attention to unconscious bias in recruitment processes. It may be possible to help address the balance through unconscious bias training, or implementing policies around ‘blind CVs’ (i.e. removing names during screening to avoid assumptions that may be made related to these). Attention may also be given to where jobs are advertised to ensure under-indexed groups have access to these.

As discussed, it is more typical to use ethnicity as a characteristic to examine diversity. Due to a lack of available data, we were unable to categorise Vestiaire Collective’s employee data in 2020 by ethnicity. As nationality data was readily available, this was used to test the diversity impact methodology.

The collection of ethnicity data would be required to enable diversity impact to be run on this characteristic. Doing this would also enable diversity to be run on minority groups made up of gender and ethnicity characteristics combined, which would facilitate benchmarking against existing datasets.

**Other...Countries” categories replicate categories used by Insee

Diversity impact by Gender: Overview

Why look at this?



- Reduce inequalities
- Aim is parity with local population
- Females are not under represented at Vestiaire Collective (France, 2020)
- 0€ is the best possible result (no credit is given for overrepresentation of minorities as goal is parity)

Result: **0€ (best possible result)**

How is it calculated?

- What percentage of the local population is in the minority group (female)?
- What percentage of Vestiaire Collective's employees are female or identified as one?
- If fewer female employees at Vestiaire Collective than we would expect (compared to local population,) use average Vestiaire Collective salary to determine the money that females are therefore not receiving as a result of being underrepresented at Vestiaire Collective

Context

- Usually assessed on gender x ethnicity minority groups (e.g. Asian females); no ethnicity data meant we ran on gender and nationality separately
 - Therefore lack of comparable data for benchmarking
 - Future focus: collecting ethnicity data
- To develop, we could look at monetized impact 'Opportunity'; how are Vestiaire Collective's female employees distributed across higher earning departments and across more senior roles?
- Important to also consider gender pay gap

Diversity impact by Gender: Detail

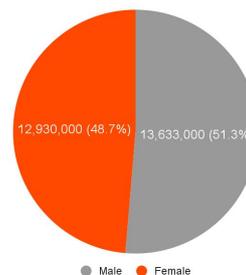
Diversity impact with a Gender lens

To look at the monetized impact of Vestiaire Collective with regards to gender, we looked at the male/female split of the working population in France, with a view that a company should aim to present parity with this in it's employee base.

Taking a Gender lens, the difference between Vestiaire Collective's workforce make-up in France compared to the working population in France is outlined in figure 21. Whilst females are a 49% minority in the working population in France, they make up a majority of 60% at Vestiaire Collective in 2020.

The monetization methodology aims to measure any negative impact caused by a firm which does not fairly represent minority groups within their workforce. This is quantified by calculating the expected salaries that any underrepresented minority group is not receiving as a result of not being employed at the firm (to the extent that would be expected for parity with local population demographics).

Working Population in France: Gender Split



Vestiaire Collective: Employee Gender Split

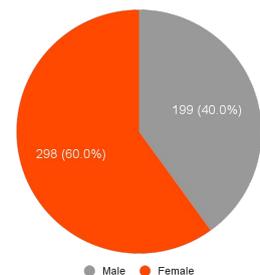


Figure 21

Given that Vestiaire Collective's employee base in France is made-up of a female majority, when taking a gender lens, Vestiaire Collective has no underrepresentation of the minority group (females). Because our employee base in France is >49% female, we are awarded a monetized impact result of 0€.



Further considerations

Despite having no underrepresentation of females at Vestiaire Collective in France, it is important to note that our 'Index de l'égalité professionnelle' shows a gender pay gap of 29.5% in 2020 and 29.7% in 2021, in favour of males.³²

An important aspect of gender diversity is the extent to which females are represented throughout the various departments and hierarchical levels of the organization. For example, at Vestiaire Collective, we are aware that female representation is typically lower in more senior job roles. In future we hope to investigate metrics related to this idea of 'opportunity' in more detail. Adding this aspect into our monetized impacts would enable us to examine the effect of how our female employees are distributed across higher earning departments and across more senior roles.

McKinsey have suggested that the large number of women in fashion hides the issue of underrepresentation; whilst the fashion industry has typically been female-dominated, discrimination at the top remains with only 14% of major fashion brands having a female executive in charge.³³ Moreover, in the French technology industry, women remain underrepresented. Although they make up 42% of the startup workforce, only 28% of the total are Directors and Members of Executive Committees.³⁴

Our monetization methodology for the present analysis was limited to the use of binary terms for gender identity. We hope that this can be improved in future by broadening this out. This would rely on being able to access suitable, publicly available data for the population in France.

Gender: more perspectives to look at

Besides measuring our social impacts through monetisation, we also want to improve our 'Index de l'égalité professionnelle' score, covering a broader range of criteria, in order to be the fairer and most diverse employer as possible.

Figure 22 displays our 'Index de l'égalité Professionnelle' score and the average index over the last few years.

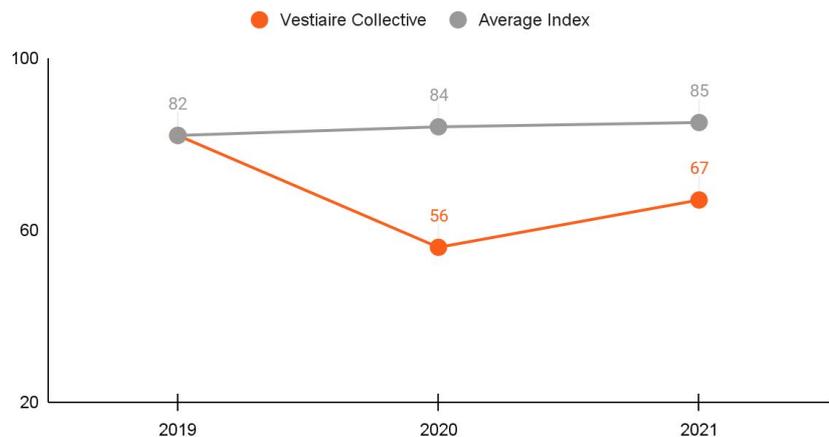


Figure 22

Where we're good		
<p>Promoting rate Score: 15/15</p> <p>Next:</p> <ul style="list-style-type: none"> Understand on which job position women have been promoted How the promotion was decided (process) 	<p>Gender in 10 higher wages of the company Score: 10/10 (4 women and 6 men)</p> <p>Next:</p> <ul style="list-style-type: none"> Add an analysis on the 50 higher wages Add more granularity 	
<p>To be improved</p> <p>Wage gap Score: 37/40</p> <p>Next:</p> <ul style="list-style-type: none"> Specific attention to levels of responsibilities, age, gender, maternity leave 	<p>To be significantly improved</p> <p>Individual wage increase Score: 5/20</p> <p>Next:</p> <ul style="list-style-type: none"> To be deep dived with qualitative research 	<p>To be addressed urgently</p> <p>Wage raises after maternity leave Score: 0/15</p> <p>Next:</p> <ul style="list-style-type: none"> Legal obligation in France since 2006 Address paternity leave

In terms of data and calculations

Extend the social analysis to all sites (not only France)

- **Location:** by collecting and processing data on the number of jobs created and unemployment rate in each area where we are settled.
- **Wage quality:** by collecting and processing data on wages paid to all employees globally and wage quality thresholds per country
- **Diversity:**
 - Conduct a comprehensive D&I assessment on gender x ethnicity within the whole company
 - Progressively integrate the assessment of diversity of origins: ethnic, social, geographic (urban vs rural) ; and also the feeling of inclusion within Vestiaire Collective
 - Assess the opportunity impact based on data job department / seniority level positions / number of promotions

Actions to improve impact

- **Location:**
 - Make sure all benefits are accessible to every employee regardless of geography (Wages, Nurseries, Days off, ...)
 - Introduce location thinking when opening new hubs (Link with Responsible Procurement for warehouses)
- **Wage quality:**
 - Adjustment of lowest wages
 - Look into various qualitative salary gaps per Location ; Gender (per department and hierarchical level) ; Ethnicity ; etc.
- **Diversity**
 - Improve our gender equality index score
 - Be exemplary as a fair and diverse employer
 - Be the leading voice of Women in tech



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Appendices

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Appendix 1: Consumer Behaviour

Consumer Behaviour: Methodology and data sources

To investigate buyer and seller behaviour, as well as additionality, we conducted a consumer survey in December 2021 with Kering. The aim of this survey was to refine our avoided impact data calculation, investigate overconsumption and to defend Vestiaire Collective's model within the second-hand industry plus the necessity of the industry as a whole. These are the questions, and highlighted answers, that we used to calculate our displacement rate, investigate what sellers would have done without Vestiaire Collective (to calculate additionality), and to understand motivations for selling on Vestiaire Collective.

Buyer Behaviour: Displacement (70% of items purchased on Vestiaire Collective preventing a first-hand purchase)

Which of the following statements best applies to this item [purchased on Vestiaire Collective]?

Buying this second-hand/vintage purchase prevented a first-hand purchase (62.3%)

Buying this second-hand/vintage purchase did not prevent a first-hand purchase (16.8%)

I'm uncertain/it's difficult to say if buying this second-hand/vintage prevented a first-hand purchase (21%)

You said it was difficult to say if buying this second-hand/vintage item prevented the purchase of a new item. Which of the following best applies to this item?

It probably prevented the purchase of a new item, for example I didn't buy a similar item new for quite a while afterwards (76%) - half of these responses were counted to calculate the displacement rate

The second-hand/vintage purchase probably did not prevent the purchase of a new item, because I purchased something similar around the same time or quite soon afterwards (24%)

Seller Behaviour: Additionality (50% of our sellers said they would not have used another second life route for their items)

What would you have done with the items you sold [on Vestiaire Collective] if you had not sold them?

I would have donated them to a charity (11.4%)

I would have given them to family/friends (18.5%)

I would have thrown them away (0.4%)

I would have kept them in my closet (without wearing them) (49.2%)

I would have worn them more (11.3%)

Other – written responses included selling elsewhere (9.1%)

Seller Behaviour (Only 10% of our sellers surveyed use the proceeds of their sale to directly fund new first-hand purchases)

Why did you decide to sell second-hand fashion items on Vestiaire Collective? Please choose the main reason.

It's a full-time/part-time job for me (3.8%)

To earn some money (14.7%)

To have money available to buy other second-hand items (35.8%)

To have money available to buy new first-hand items (10.2%)

To have a sustainable behaviour (don't keep items I don't wear in my wardrobe and give them a second life) (35.6%)

The survey was emailed to 46,000 Vestiaire Collective consumers. Consumers include both buyers and sellers, with different levels of maturity (from occasional to regular and new to old users). 17% of respondents were both buyers and sellers, 56% were buyers only, and 27% were sellers only.

The survey had a response rate of 5.1% with 2,363 responses in total.

Assumptions and considerations:

The assumption behind the positivity of our displacement rate is that from a sustainability perspective, preventing a first-hand purchase is seen as desirable in order to avoid the large environmental impacts that are derived from the production of new fashion items. We recognise that more research may be needed to shape and quantify the link between reducing demand for first-hand items and reducing production.

When calculating additionality, the idea of the item being given a second life or not was based on first-order effects in the near future. That is, if the item would have otherwise been donated to charity, the assumption was that it would have been bought by someone who would wear it or donated to someone in need. If the item would have otherwise been given to a friend/family, the assumption was that those people would have worn it and not left it unworn in their wardrobes, or thrown it away. For those who answered 'other', the option was available to provide a written explanation of what they would have done. The majority of these people said that they would have sold the item on a different online platform. For people who said that they would have kept the item in their wardrobe without wearing it, the assumption was that it would be kept there indefinitely and not given a second life whilst in their ownership for the near-term.

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Appendix 2: Environmental Methodology

Environmental: Methodology and data sources

How we determined environmental costs

In 2020, Coopérative Mu carried out an assessment of the environmental footprint of our operations.²² This assessment followed a life cycle analysis (LCA) methodology, covering all the stages of a sale: online deposit and purchase, the shipping of the package, warehouse and packaging activities.

The outputs of this work included life cycle inventory and life cycle impact assessment data that were leveraged for this impact report. PwC valuation coefficients were applied to these datasets across the impact areas of greenhouse gases (GHGs), air pollution, water pollution, water consumption and land use.

The valuation coefficients convert the measurable environmental outcomes of our operations, expressed in kgCO₂e or m³ of water consumed, into monetary terms, expressed in Euros. These monetary values represent the cost to society of the environmental impacts.

The valuation coefficients have been developed by PwC over the last decade and incorporate science-based estimations of the changes in the natural environment that result from the environmental outcomes, as well as the subsequent impact on people’s wellbeing. Quantifying the change in people’s wellbeing typically relies on non-market economic valuation techniques that look to understand people’s preferences and experiences. For example, asking people directly or indirectly for their willingness to pay to reduce risks to their wellbeing.

The PwC approaches³⁵ have been extensively peer reviewed and are recognised as market leading. These were the only monetary valuation methods recommended to be considered for the development of the Natural Capital Protocol by its Methodological Review Panel.

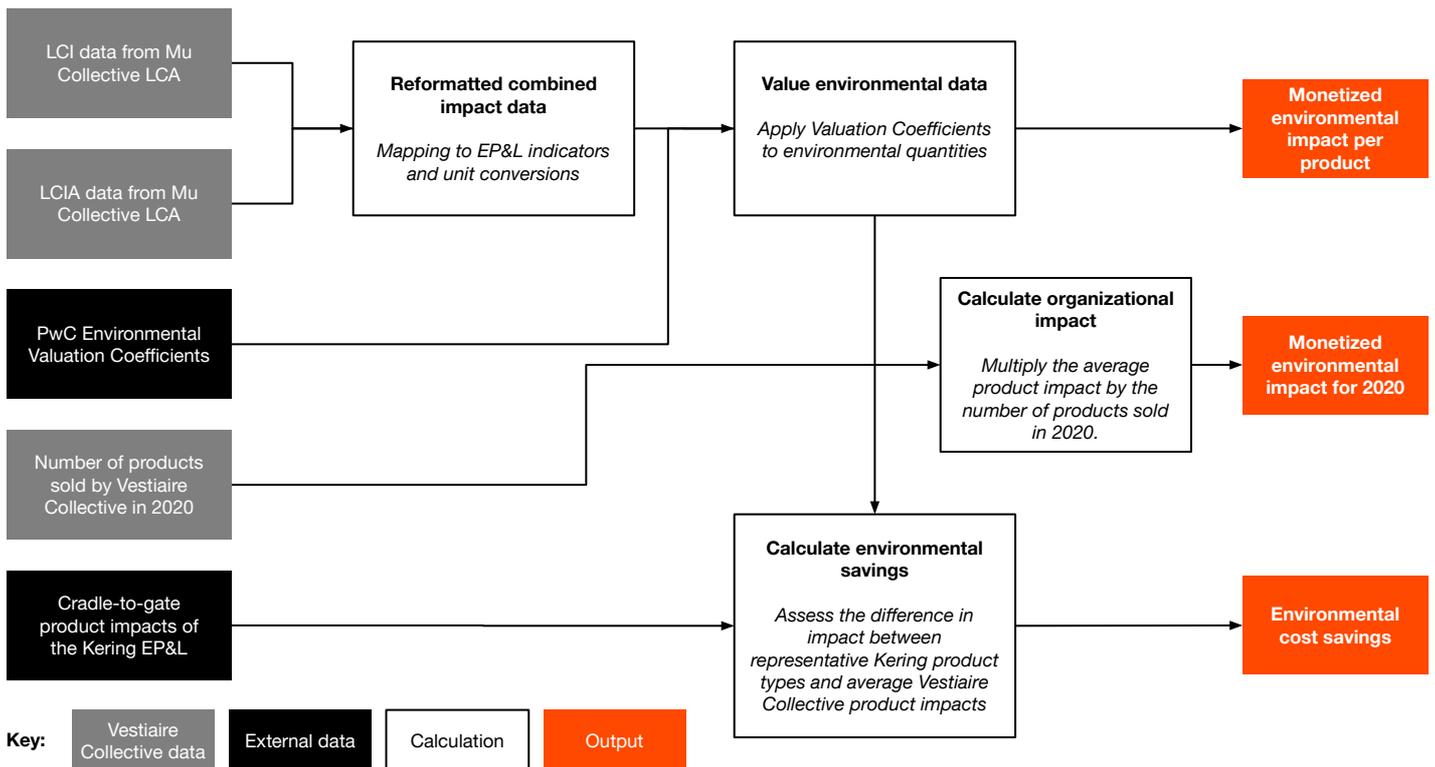
The analysis of our environmental impacts also included a comparison of our business model with that of linear fashion. Considerable attention is required when selecting a counterfactual to ensure that the comparison is fair. For this report we have chosen to compare our monetized impact against the cradle-to-gate product impacts of the Kering EP&L, as reported in their use and product end of life study³ (noting that we have not included any use phase or end of life impacts in our comparison*).

The Kering EP&L also focuses on the environmental impact of luxury fashion and uses the same valuation methods across the same impact areas. Where we have made a comparison to specific product types described in the Kering report, this uses average product impacts for our business as we were not able to differentiate our product level impacts by product type.

Assumptions and considerations:

The disposal of waste can drive a number of impacts including the release of GHGs and other air pollutants, leachate of pollution into water bodies and soils, and disamenity around disposal sites. In the Kering EP&L these impacts are given their own impact category and presented separately from the impacts of other GHGs, air pollution, water pollution, water consumption and land use. It was not possible to separate out the effect of waste disposal in the Coopérative Mu data and, therefore, waste disposal is not presented separately in Vestiaire Collective’s operational impacts.

This study of the environmental costs of fashion has a focus on luxury. The impacts of fast fashion may look different, reflecting significant differences in fast fashion value chains and consumer behaviour. As a further point of comparison, this would be an important area for future investigation.



*In effect this assumes that the use phase impacts are similar for a product in its first life compared to its second life. This is a reasonable simplifying assumption, especially as data was not available relating to Vestiaire Collective’s consumers’ use of their second-hand items. However, it does not account for potential differences, such as different lengths of useful life for first and second-hand items.

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Appendix 3: Socio-Economic Methodology

Socio-Economic data inputs and principles

Wherever possible, data was obtained for the 2020 calendar year. The following fields were collected from HR for the socio-economic impact measures:

- Anonymised Unique Employee ID
- Office Country
- Office City
- Gender
- Nationality
- Occupation Category
- Salary (Euros)*
- Actual Wages Paid (Euros)*
- FTE

* Salary and wage data scope

Data provided from HR	Salary (Euros)	Actual Wages Paid (Euros)
Impact measure used for	Wage data used for social impact (Wage quality, Location, Diversity)	Wage data used for Induced Economic impact
Summary	Basic salary before tax	Gross salary received during the year before tax
Annualised?	Yes - i.e. contractual salary. Doesn't take into account whether the employee only worked part of the year for Vestiaire Collective.	No - if someone only worked 6 months on an annual salary of 50,000€, this would show as 25,000 €
Adjusted for FTE?	Yes - If someone was 0.5 FTE on a 50,000€ annual salary, this would show as 25,000€	Yes
Bonus / commission?	No - excluded	Yes - included
Unpaid leave / unpaid sickness?	Not accounted for	Accounted for (i.e. subtracted)

Nine records were excluded from analysis where data was unavailable for the employee in one or more of the following fields; Nationality, Salary, Actual Wages Paid. One record was also excluded due to a response of 'Neutral' in the Gender field, as the methodology used for diversity analysis was limited to binary terms. This was noted as an important development area for future analyses. 10 records were therefore excluded in total from the original dataset of 587 records to leave 577 records.

Location, wage quality and diversity impact measures were calculated for Vestiaire Collective employees based in France, as opposed to the global employee population. 85% of Vestiaire Collective's employees were based in France in 2020.

The methodology for assessing these 3 measures at Vestiaire Collective builds on principles set out in working papers from the Impact-Weighted Accounts initiative at Harvard Business School; 'Accounting for Employment Impact at Scale' (2021)²⁸ and 'Accounting for Organizational Employment Impact' (2020).³⁶ The methodology was refined by PwC and tailored to suit our available data.

Indirect and induced economic impact measures were not restricted to France and were calculated on a global basis.

Indirect and induced economic impact: Methodology

The indirect and induced economic impacts have been estimated using a Multi-Regional Input-Output (MRIO) model which describes the flow of goods and services between different sectors within the global economy, through a record of their interdependent economic relationships. This type of model can be used to see how the activity of one organization can stimulate activity and value creation in the wider economy.

For the indirect analysis we have looked at how our procurement spending stimulates activity in our supply chains and for the induced analysis we have estimated the effect of our wage spend and the wage spend of our suppliers.

Data sources:

Cost data for 2020 was obtained from the Accounts team. This covered costs from all regions of operation for Vestiaire Collective in 2020. The procurement spend (in Euros) was isolated and aligned to the sector categorisation used in the MRIO model. This built on the work carried out by Aktio in estimating our spend-based carbon footprint.

Data on wage spend ('actual wages paid') for the calendar year 2020 was obtained from HR. This included wages of all employees globally in 2020. Actual wages paid were taken before tax. They included bonuses and were reflective of the actual time that the employee worked within the 2020 calendar year as well as any part-time working (i.e. they were not annualised and part-time workers were not adjusted to 1 FTE).

The economic modelling made use of the Exiobase 3 MRIO tables³⁷. Exiobase 3 was developed in the European Commission Development of a European Service for Information on Research and Education (DESIRE) project and is designed for monitoring sustainability in a broad sense across the global economy.

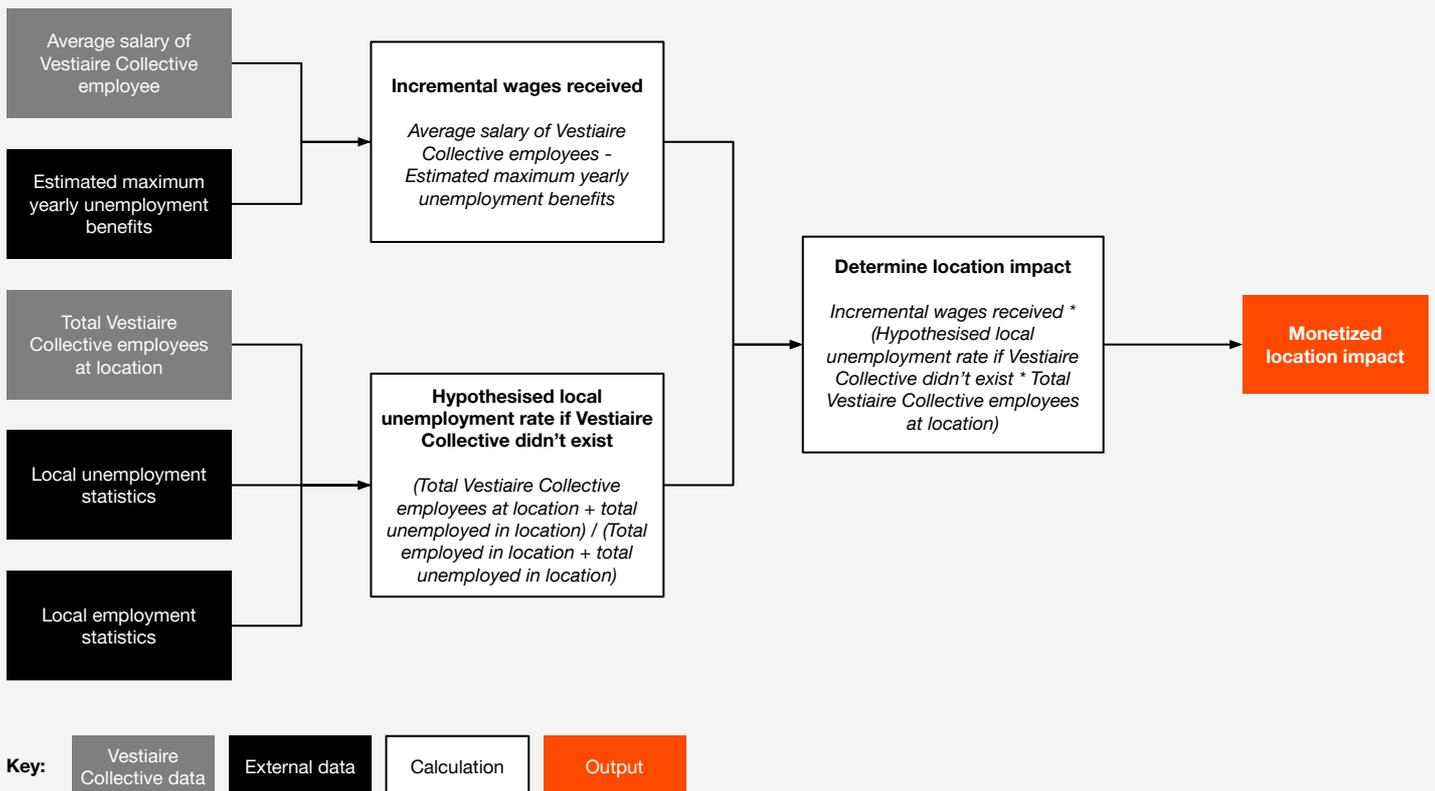
The tables include economic data for 49 regions (27 EU members, 17 major economies and 5 rest of world regions) and 163 industries. Further information on the compilation of the economic data in Exiobase can be found in the special issue of Journal of Industrial Ecology (Volume 22, Issue 3). The latest data release of Exiobase contains a time series of data ranging from 1995 to 2022. For the purpose of this analysis 2020 was chosen as the base year to enable alignment with the spend and wage data.

In order to carry out the induced analysis we incorporated the economic activity of households into the Exiobase MRIO tables. This required further data on household saving and taxation, which was obtained from the OECD^{38,39}.

Assumptions and considerations:

The modelling relies on the accuracy and level of detail of the underlying datasets. Every effort has been made to align sector and country classifications across datasets considering this limitation.

Location: Methodology



Location: Data sources



Local employment and unemployment statistics

Paris: Figures for total number of people employed/unemployed were determined using employment figures and local population data from Insee. The number of people employed in Paris in 2020 was 2,008,887⁴⁰. As data for unemployment rate was unavailable, 2,008,887 was subtracted from the total population of Paris (2,148,271)⁴¹ to give the total number of people unemployed in Paris as 139,384.

Tourcoing: An unemployment rate specific to the Roubaix-Tourcoing region (12.3%)⁴² for 2020 was obtained from Insee. This rate was applied to the total population of Tourcoing in 2020 (99,892) to give the total number unemployed at 12,287 and the number of people employed in Tourcoing at 87,605. The total population of Tourcoing was calculated using extrapolation of historical population data from Insee⁴³ as a direct figure for 2020 was unavailable (see figure 22).

Assumptions and considerations: This method of calculating employment and unemployment rates aligns with methods used by Harvard Business School in similar analyses and was based on the data available. However we recognise that this method assumes that the entire population is economically active. The method could be refined in future by accounting for an inactive population (e.g. students, children, retirees) should that data become available.

Estimated maximum yearly unemployment benefits

Maximum yearly unemployment benefits were estimated in order to determine a figure for a 'social security net'. That is, the monetary figure that a typical Vestiaire Collective employee could receive in France should they not be employed by Vestiaire Collective.

French unemployment benefit contribution calculations were based on methodology available from the European Commission⁴⁴. Estimates were tailored to Paris and Tourcoing respectively. As salary was required as an input to the unemployment benefit calculation and the average salary for a Vestiaire Collective employee in 2020 varied significantly between Paris (circa 44,000€) and Tourcoing (circa 27,000€), these average salaries were used respectively rather than aggregating them.

The resulting estimated unemployment benefits are shown in figure 23, in relation to minimum wage and estimated living wage figures for France in 2020.

Assumptions and considerations:

Using the European Commission's methodology, there are a number of data inputs to a full unemployment benefit calculation in France for which data was unavailable. Therefore assumptions were made in these areas, for example, in regards to the length of time an individual had worked for and their age for example.

Tourcoing population	2008	2013	2019
Population municipale	92,614	93,974	98,656
Population comptée à part	716	663	689
Population totale	93,330	94,637	99,345

Population increases	Population increase	Years	Average population increase per year
2008 - 2013	1,307	5	261
2013 - 2019	4,708	6	785

Average population increase per year from 2008 to 2019 in Tourcoing	Projected population in 2020
547	99,892

Figure 22: Determining the population of Tourcoing in 2020 based on extrapolation of data from Insee⁴³

Social Security Nets				
Metric	Estimated Unemployment Benefits		Minimum Wage	Estimated Living Wage ²⁹
	Tourcoing	Paris		
Figure	20,149.98€	31,059.60€	18473.04€	20,508.12€
Source	Calculation based on claiming Unemployment Benefit in France by the European Commission. ⁴⁴ Average salary of a Vestiaire Collective employee in Tourcoing used as reference salary.	Calculation based on claiming Unemployment Benefit in France by the European Commission. ⁴⁴ Average salary of a Vestiaire Collective employee in Paris used as reference salary.	Monthly figure of 1,539.42€ ⁴⁵ for 2020 multiplied by 12 to manually annualise.	2019 figure from Valuing Nature extrapolated to 2020 using an inflation rate of 0.53% ⁴⁶

Figure 23: The modelling for location impact relies on the accuracy of the underlying HR dataset.

Location: Alternative impact results

Location impacts can also be assessed per employee and against different social security nets.

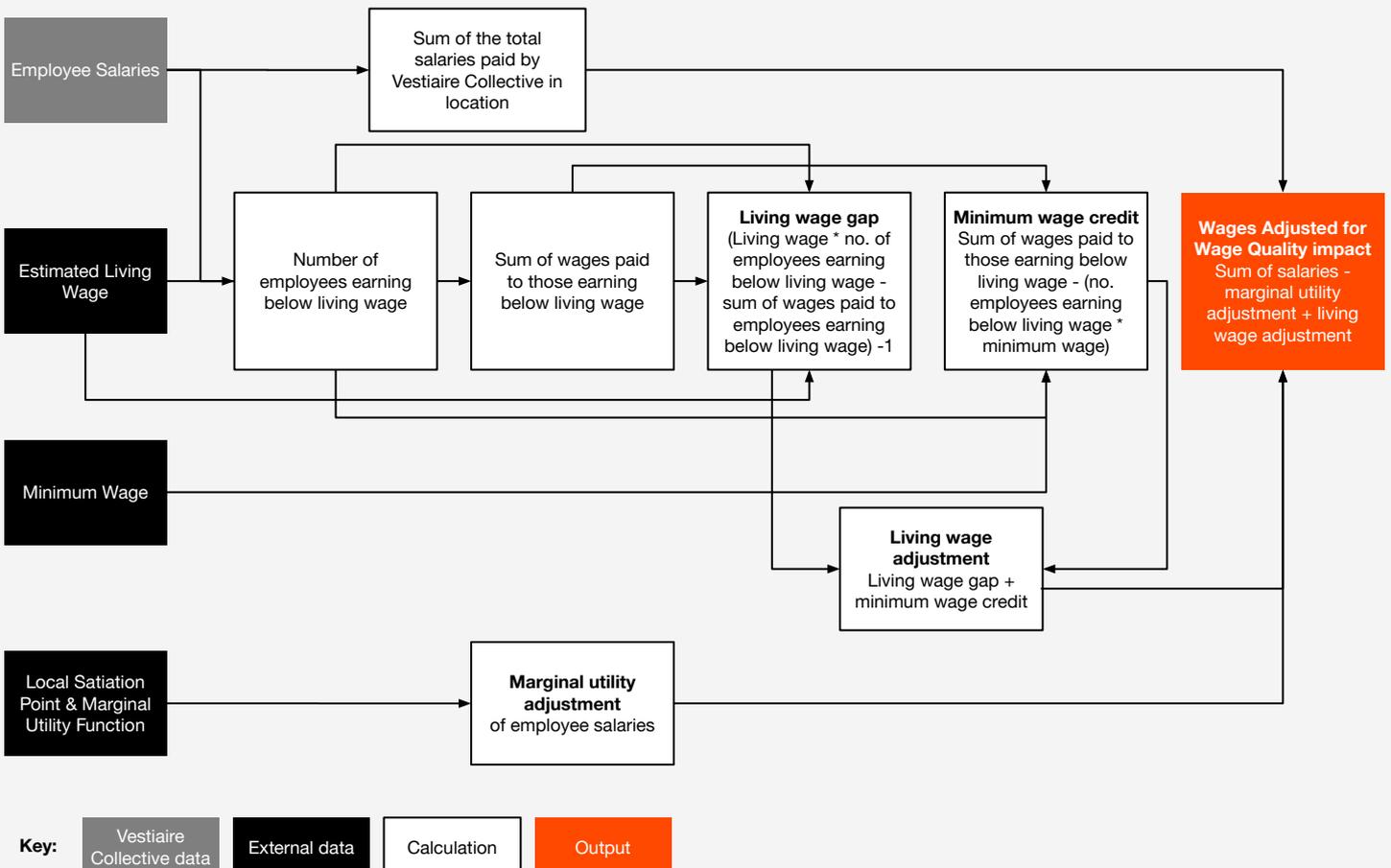
As the average salary in Tourcoing is lower than that of Paris, Tourcoing has a lower location impact per employee. This suggests there may be benefit in improving opportunity for progression in Tourcoing, or employing a greater percentage of the workforce in that location or similar locations.

Monetized Location Impact of Vestiaire Collective based on alternative minimum social security nets

	Impact calculated using Minimum Wage ⁴⁵	Impact calculated using Estimated Living Wage ²⁹	Impact calculated using Estimated Unemployment Benefits ⁴⁷
Tourcoing	92,081.40€	69,755.70€	73,684.66€
Tourcoing (per employee)	852.6€	645.89€	682.27€
Paris	765,559.76€	714,052.88€	447,000.00€
Paris (per employee)	1,968.02€	1,835.6€	1,149.10€
France	857,641.17€	783,808.57€	520,684.66€
France (per employee)	1,725.64€	1,577.08€	1,047.66€

(based on average Vestiaire Collective salary in Tourcoing and Paris respectively as a reference salary)

Wage Quality: Methodology



Wage Quality: Methodology

Step-by-step

1. Total salaries of employees in France in 2020 were summed
2. Minimum wage and estimated living wage figures for France in 2020 were obtained
3. Using the estimated living wage figure, the number of employees at Vestiaire Collective being paid below the estimated living wage was calculated (excluding interns and apprentices due to the varied rules determining reasonable pay for these groups)
4. The salaries of employees who were being paid below the living wage were summed
5. The **living wage adjustment** was created by calculating two components: a) the living wage gap; a negative adjustment for any salaries below the living wage, but balanced with b) the minimum wage credit; typically a positive adjustment to recognise that these wages are still above the minimum wage:
 - a. **Living wage gap:** First, the salaries of all employees earning below the estimated living wage were summed. The difference between this total and what this total would be if they were all paid the living wage was identified. This difference was multiplied by -1 to give a negative figure illustrating the negative monetary impact of paying some employees below living wage.
 - b. **Minimum wage credit:** First, the number of employees earning below the estimated living wage were multiplied by the minimum wage. This figure was then subtracted from the sum of wages paid to employees earning below the estimated living wage to illustrate any credit received from paying employees above the minimum wage despite not paying the estimated living wage. Note: this 'credit' would be negative if any employees are paid below the minimum wage.
6. The living wage adjustment was finalised by summing the living wage gap and the minimum wage credit figures
7. All salaries paid in France in 2020 were run through the marginal utility adjustment process (see the 'Marginal utility adjustment process' for details)
8. Finally, the (negative) living wage adjustment and (negative) marginal utility adjustment were added to the sum of Vestiaire Collective's salaries paid to all employees in France in 2020.

The resulting figure shows wages adjusted for wage quality impact. This could also be viewed as the wages which are having reasonable impact on wellbeing.

Assumptions and considerations:

The modelling for wage quality relies on the accuracy of the underlying HR dataset. Where Vestiaire Collective salary data was used, the assumption was made that all employees in the dataset were employed by Vestiaire Collective for the full 2020 calendar year, as start and end dates of employment were not available in the dataset. It was also assumed that the small number of part-time employees worked part-time due to personal preference.

The calculation for this impact measure would be improved by gathering data on legal minimum and living wage standards for interns and apprentices and incorporating this into the living wage adjustment.

It is possible to compare the resulting figure to total wages paid to create a percentage (intensity). To further explain the wage quality calculation, hypothetically, a company with an intensity percentage of 100% would pay everyone above the living wage and nobody above the satiation point. However this exact situation should not necessarily be viewed as a target state given that paying above the satiation point in itself is not considered a bad thing, and can have related implications for attracting top talent.

Marginal utility adjustment process

The marginal utility adjustment is an input into the wage quality impact calculation.

Research⁴⁸ has suggested a 'satiation point' in salaries, above which, an individual's subjective wellbeing no longer improves in proportion with additional pay. Therefore, in order to determine the impact of wages to an individual accurately, salaries above the satiation point must be adjusted down based on their 'utility', so that they are accounted for more realistically, in line with the actual benefit to subjective wellbeing that they provide. The process below describes how the magnitude of this adjustment was determined.

Data sources for marginal utility adjustment:

Salary Data: Vestiaire Collective salary data for employees in France over the 2020 calendar year

Satiation Point: based on academic paper by Jebb et al. (2018).⁴⁸ This was \$100,000 for Western Europe, based on a life evaluation measure of subjective wellbeing. (Life evaluation being the extent to which people agree that 'I feel like my life is going well'.)

Marginal Rate for Utility Adjustment: provided by Harvard Business School's Impact Weighted Accounts Initiative

Exchange Rates: calculated for 2018 and 2020 based on monthly averages from X-Rates online.⁴⁹

Vestiaire Collective's salary data from 2020 was deflated to 2018 levels using a deflator based on inflation rates for France. For instance, 20,000€ paid in 2020 would have the same purchasing power as a lesser number (19,639€) in 2018. This was done because the paper determining the satiation point for Western Europe was published in 2018 therefore the satiation point needed to be applied to the right level of purchasing power. This deflated salary data for 2018 was then converted from Euros to US Dollars based on the 2018 exchange rate. This is because the satiation point available was given in USD.

Deflated salaries in USD which were above the satiation point of \$100,000 were run through the marginal rate function. This function was used to identify the proportion of the salaries above the satiation point which should be removed (i.e. the proportion of wages which were assumed to not be increasing subjective wellbeing of the employee). This proportion is the 'marginal utility adjustment' required for the wage quality calculation. The remaining salaries are referred to as the 'utility adjusted salaries'. Note that not all salaries above \$100,000 are removed during this process (this can be a common misinterpretation) as some are still increasing subjective wellbeing of the employee. The principle of the function is, for example, that \$1,000 extra when paid above \$100,000, will not have the same proportional increase on the wellbeing of that employee as if \$1,000 extra was paid to someone earning less.

Running salaries through the marginal rate function was done by tallying the number of salaries over the satiation point in increments of \$1,000 and then converting those salaries to a standard utility adjusted salary for that increment. The increments of \$1,000 USD were used as this is how the marginal rate was provided by Harvard Business School's Impact Weighted Accounts Initiative.⁵¹ These adjusted salaries were then converted back from USD into Euros using the 2020 exchange rate in order to determine the marginal utility adjustment figure required for the wage quality calculation (which was being conducted in Euros at 2020 rates).

To determine the final marginal utility adjustment figure of -305,281€ to use in the wage quality calculation, the adjusted salaries were added to the rest of the salaries (i.e. to those which did not require utility adjustment) and then this figure was subtracted from the sum of all salaries paid by Vestiaire Collective to employees in France in 2020.

Wage Quality: Data sources

Estimated living wage (annualised)

Given that France has no official living wage data, we used annualised values from a Living Wage Global dataset (2020) from Valuing Impact which has values estimated for 2019.²⁹ We then extrapolated this using a 2020 inflation rate of 0.53% taken from Statista.⁵¹

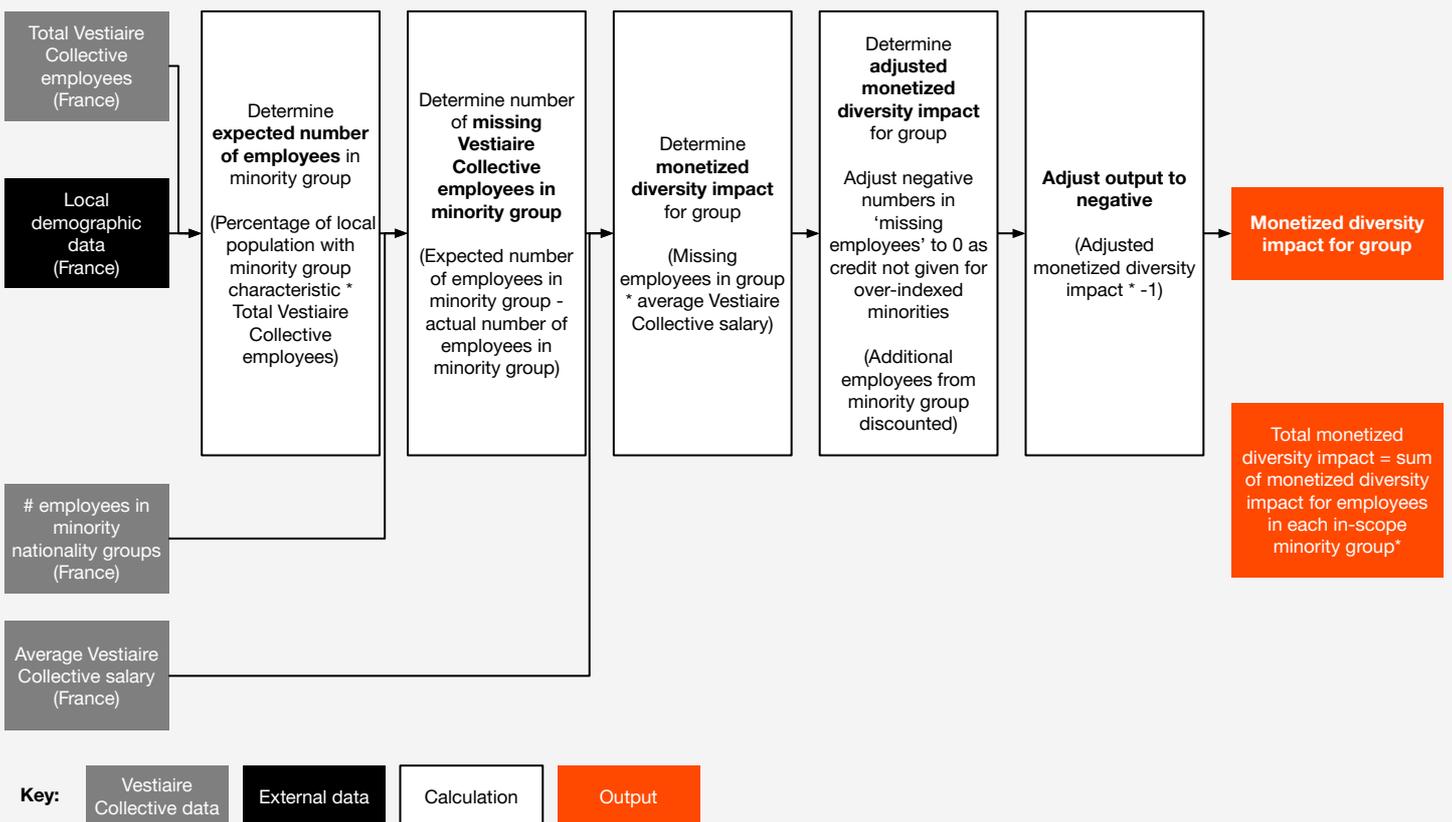
$$0.53\% \text{ of } 20,400\text{€} = 108.12\text{€}$$

$$20,400\text{€} + 108.12\text{€} = 20,508.12\text{€}$$

Minimum wage (annualised)

We calculated the annualised minimum wage for France using the monthly rates as outlined on Insee.⁴⁵ As the gross monthly minimum wage in France in 2020 was 1,539.42€, we multiplied this figure by 12 to get the figure 18,473.04€.

Diversity: Methodology



* Monetized impacts for minority groups of separate characteristic types (e.g. gender and nationality) should not be summed due to duplication of individuals within these groups.

Two characteristic types can only be looked at together if the minority group itself is made up of the two characteristics combined initially (e.g. Female Non-French Nationals).

Diversity (Nationality): Data sources

Nationality data in France

The diversity calculation requires a comparison of the local population demographics to Vestiaire Collective's. To understand the breakdown of different nationality groups in France, population and immigrant data from Insee was used. Firstly, the entire population of France in 2020 was taken as 67,063,703.⁵² Immigrant data then showed that 7.6% of the entire population of France were immigrants in 2020. More specifically, it showed the country of birth of immigrants living in France in 2020 in percentages (e.g. 12.7% of immigrants living in France were born in Algeria).⁵³ Consequently, the number of immigrants by nationality in France was calculated which was required to determine the expected number of employees in that group at Vestiaire Collective.

Assumptions and considerations:

The modelling for both diversity impact measures relies on the accuracy of the underlying datasets.

Due to data limitations, nationality was used as an available lens through which to assess the diversity impact of Vestiaire Collective's employees. This skews the pictures based on country of birth and may miss important impacts based on ethnicity, which could involve larger communities in France.

As the nationality groupings used in Vestiaire Collective's employee data differed from those used in Insee data on immigrants in France, categories were mapped, resulting in the necessary amalgamation of some distinct nationalities into groups.

Diversity (Gender): Data sources

Local demographic data

In order to compare Vestiaire Collective's gender make up with the French population, the number of people in the working population (aged 15-64) in France by gender in 2020 was used.⁵⁴ Using the working age population provided an accurate representation of the workforce, providing a sounder analysis than comparing Vestiaire Collective's employees with the entire population of France.

A

Appendix 4: Other



End poverty in all its form everywhere

By analysing our wages paid and striving to pay employees the estimated living wage, i.e. the minimum income necessary to meet basic needs such as food, housing and clothing, we are contributing to the goal of no poverty by enabling our employees to meet their basic needs.



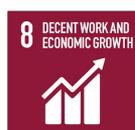
End hunger, achieve food security and improved nutrition and promote sustainable agriculture

By analysing our wages paid and striving to pay employees the estimated living wage, i.e. the minimum income necessary to meet basic needs such as food, housing and clothing, we are contributing to the SDGs of zero hunger by enabling our employees to meet their basic needs.



Achieve gender equality and empower all women and girls

By analysing the gender makeup of our employee base regularly and considering ways to improve the opportunities we offer, we are aiming to empower women and girls.



Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

We consider local unemployment rate when choosing our sites, exemplified by our warehouse in Tourcoing. Contributing to reduced inequalities, Vestiaire Collective provides decent work and economic growth by ensuring that employment opportunities are reaching individuals in regions that need them most.



Reduce inequalities within and among countries

At Vestiaire Collective we are working to understand how we can have the most impact through the strategic decisions we make. By looking at unemployment rates and areas where this is particularly high, we can locate our operations to make the most difference. We chose to place our warehouse in Tourcoing due to the area's high unemployment rate, and we strive for opportunities to reduce inequalities more widely, for example by looking into the diversity of our workforce using a number of demographic lenses.



Ensure sustainable consumption and production patterns

By facilitating the resale of luxury fashion, Vestiaire Collective promote responsible consumption through encouraging consumers to give their pre-loved fashion items a second life. This diverts these items from waste and prevents the purchase of first-hand fast fashion items which incur large environmental costs.



Take urgent action to combat climate change and its impacts

Not only do Vestiaire Collective contribute to combating climate change by encouraging consumers to purchase second-hand (which aims to avoid the environmental costs incurred during the production phase of fashion items), but we are also going further by recognising and acting on the fact that we still have an opportunity to reduce the environmental impact of our operations, particularly in transport.



Conserve and sustainably use the oceans, seas and marine resources for sustainable development

By giving pre-loved fashion items a second life, we are avoiding the negative environmental impacts that the production of fashion garments has on oceans, seas and marine resources. We are fighting against the huge scale of water consumption and pollution involved in the fast fashion industry.



Protect, restore and promote sustainable use of terrestrial ecosystems and sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss

By giving pre-loved fashion items a second life, we are avoiding the negative environmental impacts that the production of fashion garments has on land, primarily by reducing resource use and therefore conserving ecosystems.

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