



CHANGING MARKETS FOUNDATION

ANNUAL REPORT

2021



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www.changingmarkets.org

Published in June 2022

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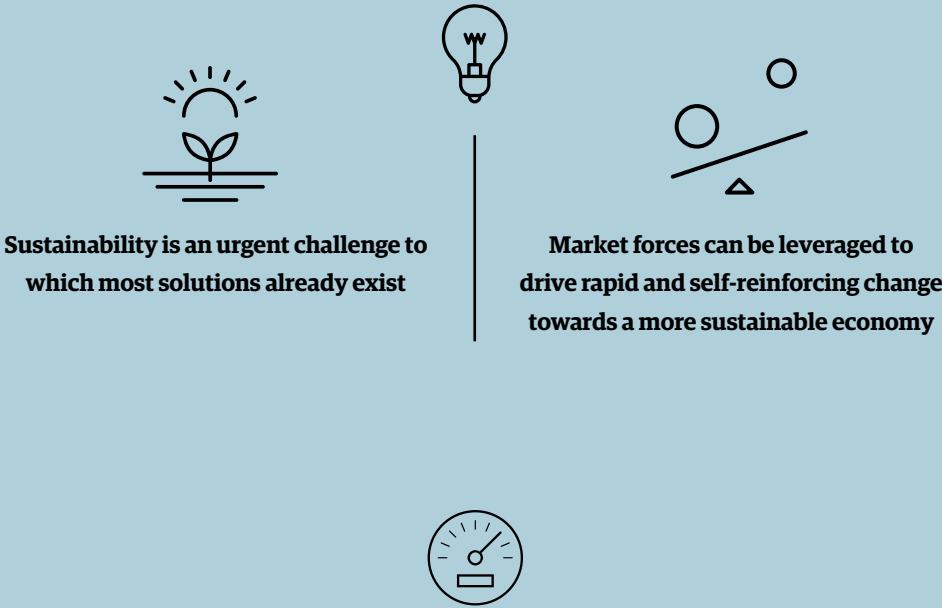
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Our mission

The Changing Markets Foundation was formed to accelerate and scale up solutions to sustainability challenges by leveraging the power of markets. Working in partnership with non-governmental organisations (NGOs), other foundations and research organisations, we create and support campaigns that shift market share away from unsustainable products and companies and towards environmentally and socially beneficial solutions.

Our approach is based on two key ideas:



Changing Markets was formed to accelerate this transition.

FOREWORD BY OUR DIRECTORS

Changing Markets in 2021

Tackling the blindspots

2021 started with more lockdowns, as the world was still in the midst of the COVID-19 health crisis. Although it was difficult, we mostly adjusted to remote working and found our existence in the virtual reality of endless Zoom calls.

In early 2021, we were working hard on the launch of our brand-new campaign, *Fossil Fashion*. Our first report with the same name, launched in February 2021, exposed how the growth of cheap synthetic fibres, produced from oil and gas, has been the main driver of the fast-fashion industry. This very important fact has been flying under the radar and our new campaign really captured people’s imagination and continued to receive significant media coverage throughout the year. We have built on our existing reputation and contacts from the *Dirty Fashion* campaign and analysed how the fashion brands are dealing with their reliance on fossil fuel-based fibres. Our second report *Synthetics Anonymous* revealed that instead of addressing this systemic problem in the industry, the brands were busy greenwashing: 59% of the green claims we analysed were found to be false or misleading. In this campaign we also improvised with creative tactics, including our first photo shoot illustrating how the catwalk turns sour, as the models’ clothes start dripping with oil.

We also continued with our *Fishing the Feed* campaign, which highlighted the impacts this extractive industry is having on West Africa. Together with Greenpeace Africa, we exposed the chain of pillage that connects the extraction of pelagic fish species, which are so crucial for the food security of local populations in West Africa, to European aquafeed companies, sourcing fish oil from the region, which then end up in farmed fish sold in European supermarkets. Supermarkets were a key focus of our work due to their power in the supply chain. We investigated the policies and practices of Austrian, French and Swiss supermarkets and ended the year with the report *Floundering Around*, which presented the analysis of where the European retail sector stands on aquaculture sustainability, covering 33 major European food retailers across five countries.

We also looked at what the sustainability issues around our campaigns could mean for investors. In the case of aquaculture, research organisation, Just Economics, calculated the staggering unaccounted costs to society of salmon aquaculture, which has amounted to over \$47 billion since 2013. We translated this information into an investor briefing, *Investing Into Troubled Waters*, which was launched in the end of July and also initiated the Changing Markets Foundation’s webinar series. In September we published another briefing, looking at the

financial viability of different solutions to the plastic crisis. This came from our deep understanding of the topic and from the need to stop money flowing into the false solutions to the plastic crisis, such as chemical recycling. We discussed the findings at another webinar.

Talking Trash and *Dirty Fashion* were two campaigns that continued to deliver change in 2021. Our initial investigations on plastic in 2020 highlighted industry lobbying against the implementation of deposit return schemes (DRS) and in 2021, we worked together with Spanish NGOs to create pressure and expose key actors that block reform. We were very happy to see that finally Austria, Spain and many other EU countries are adopting good legislation, showing the importance of having overarching ambitious EU rules. On the other hand, the viscose industry has committed voluntarily in cleaning up its manufacturing processes, following the pressure of the brands who signed up to our Roadmap. Although Chinese producer Sateri became the first company that reported achieving this production standard across all its factories, we were involved in another investigation by the Pulitzer Center, which showed that Sateri's suppliers were involved in deforestation. The journalists could only find the supply chain links thanks to our engagement with the brands and our demand that there should be transparency across their supply chains. This again shows the importance of a holistic approach when it comes to the sourcing and production of fibres and the importance of transparency to be able to hold brands to account.

We launched another campaign in 2021 focusing on methane emissions from the meat and dairy industries. This has been an issue that we have followed closely for a long time - ever since our first report, *Growing the Good*, which looked at the overconsumption of animal products in 2018 and made the case for a low-carbon transition in the sector. Last year, scientists reported that concentrations of methane emissions in the atmosphere are growing at an alarming rate and that reducing methane is a crucial measure to slow the rate of warming and stay below a 1.5°C temperature increase; however, nobody was looking at the biggest source of methane emissions: the outsized meat and dairy industry. For this reason, we launched *Blindspot: How Lack of Action on Livestock Methane Undermines Climate Targets* just before the climate conference COP26 in Glasgow, which revealed that meat and dairy corporations are completely ignoring this issue.

Our newly launched campaigns draw attention to the overlooked perpetrators of the climate crisis: the fashion industry, with its dependence on fossil fuels and the meat industry, with its outsized footprint of powerful methane emissions. Overconsumption of meat and dairy in the Global North is often considered as 'too difficult' to combat and a politically toxic issue that policymakers do not want to touch. But it will be a key lever that will determine how far we get in our fight to protect the climate and biodiversity. We cannot stabilise our climate system without significantly reducing our meat and dairy consumption and reducing the amount of land that this sector consumes. Similarly, the fashion industry has largely been let off the hook when it comes to legislation, being one of the least regulated industries in the world. This must change. We are at a crucial crossroads and our system is geared towards high consumption, high emissions and high waste. The pressure must be on the most powerful players to reverse this course.

At the time of writing, 2022 is already well on track, and we are continuing to work on the two biggest campaign challenges: methane and fossil fashion. The stakes are high, and these are decisive years that will determine how hot and hostile our planet will get in the years to come.

We are proud of the achievements of our team, who are hard-working, strategically smart and creative. We enjoy observing how our campaigns grow and amplify in impact, changing the narrative and creating urgency around these issues. We hope that you enjoy reading about our impact throughout 2021 in this report.



JOAKIM BERGMAN
FOUNDER & CEO



NUŠA URBANČIČ
CAMPAIGNS DIRECTOR

Changing Markets in numbers 2021

Wrote & published

11
REPORTS

3
REPORTS SUPPORTED

LAUNCH PARTNERS

26

18
PRESS RELEASES

MEDIA: A RECORD

330+

FT FINANCIAL TIMES Forbes The Herald Daily Mail

THE INDEPENDENT Kronen Zeitung BBC Le Monde THE TIMES 100

l'HUFFPOSTI VOGUE BUSINESS The Telegraph The Guardian

VIDEOS

10+
700,000
WITH OVER
VIDEO VIEWS

5

DIFFERENT
LANGUAGES



GERMAN



ENGLISH



SPANISH



FRENCH



ITALIAN

CHANGING MARKETS MAILING LIST

10

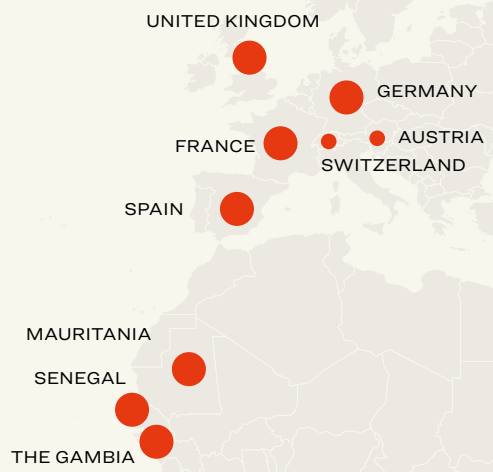
NEWSLETTERS
WITH UPDATES ON
OUR CAMPAIGNS



10,000

NEW FOLLOWERS ACROSS PLATFORMS

INVESTIGATIONS IN NINE COUNTRIES



1
FASHION
PHOTO SHOOT

DIGITAL ACTIONS

2

Action with SumOfUs
calling on Sainsbury's to
phase out the use of
wild-caught fish in feed

Spanish microsite
asking people to engage
with their MPs



Fossil Fashion

The problem

Today's fashion industry has become synonymous with overconsumption, a mounting waste crisis, widespread pollution and the exploitation of workers in global supply chains. Our campaign, *Fossil Fashion*, has sought to expose the lesser-known enabler of the insatiable fast-fashion business model: cheap synthetic fibres, which are produced from fossil fuels, mostly oil and gas. Polyester, the bedrock of the fast-fashion industry, is found in over half of all textiles and production is projected to skyrocket in the future. And yet, as the sector's emissions and reliance on fossil fuels have continued to grow, so too has the growth of sustainability claims made about these products. Greenwashing is rife in the fashion industry and has become a central issue to fossil fashion, with fashion brands making unsubstantiated green claims about products made mostly from synthetic fibres or recycled bottles.

Our work in 2021

Our work in 2021 exposed a clear correlation between the growth of synthetic fibres and the fast-fashion industry, showing how one cannot exist without the other. Our first report, *Fossil Fashion*, set out these major trends: rising clothing production, with an increasing share coming from fossil fuel-derived synthetics, leading to cheap fast-fashion items that get used just a few times and get chucked away. We calculated that the equivalent of the annual oil consumption of Spain is used to produce synthetics, while the production of polyester alone causes greenhouse gas (GHG) emissions of 180 coal power plants. This overproduction is causing a mounting waste crisis, with more and more clothing ending up in landfills, incinerators and shedding vast amounts of invisible microplastic pollution throughout its life. Coverage of this short report was featured in titles such as *Handelsblatt*, *Kleine Zeitung*, *Le Monde*, *Süddeutsche Zeitung* and *The Independent* to name a few.

In our follow-up report, *Synthetics Anonymous*, which we launched in coalition with seven other NGOs, took on two parts: an analysis of questionnaire responses from 43 different fashion brands on their policies on synthetics; and an online shop sweep of over 4,000 different products from 12 brands to assess their usage of synthetics and any green claims they made about products. We received a high response rate, at 87%, but an underwhelming level of ambition or focus from the brands, none of whom ranked in the 'front runners' category, with the majority

THE MAJORITY OF FIBRE PRODUCTION IS SYNTHETIC AND COMES FROM FOSSIL FUELS

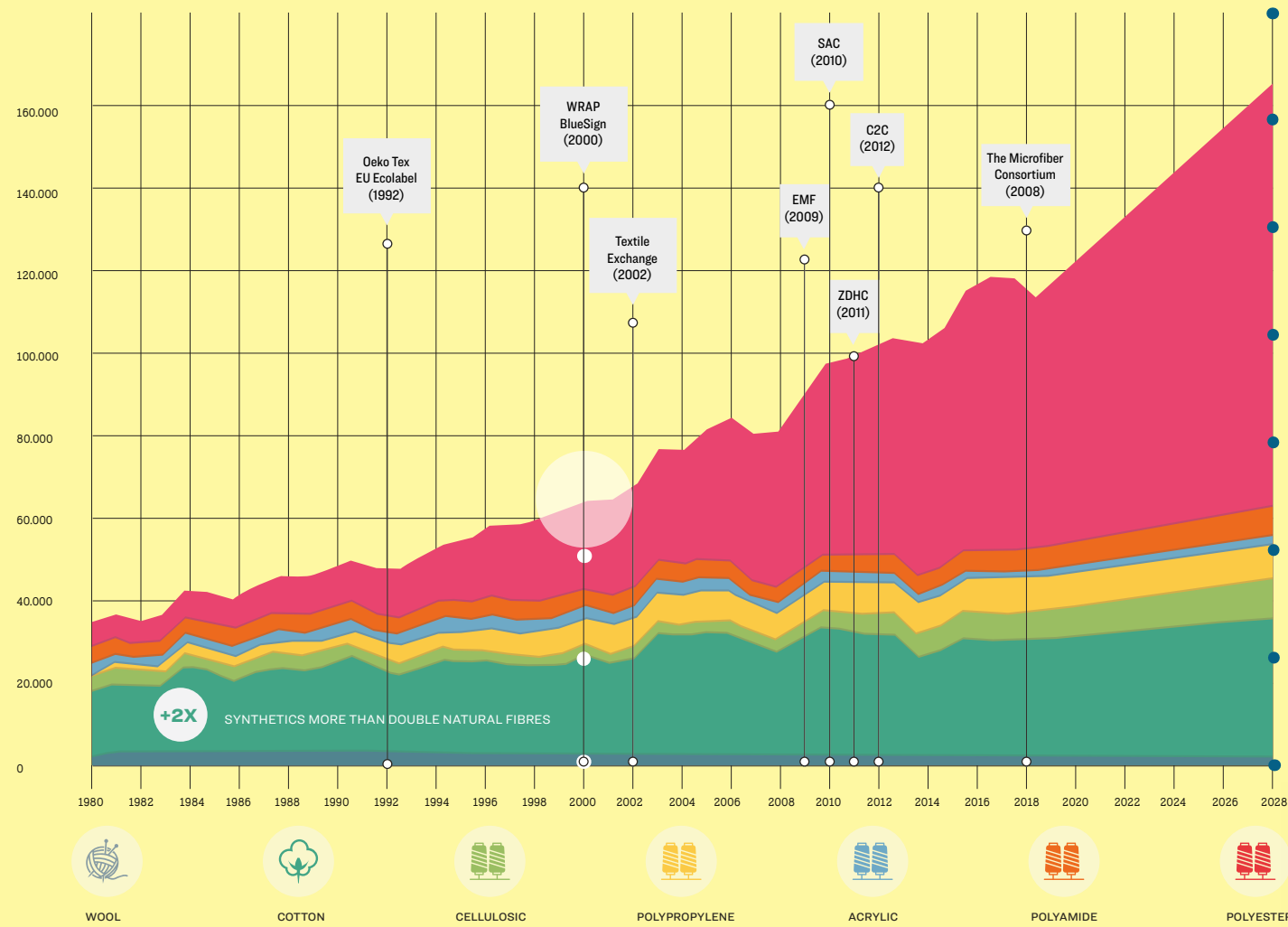
+6X

WORLD FIBRE PRODUCTION BY FIBRE TYPE 1980-2030

THOUSAND METRIC TONS

(Source: Tecnon OrbiChem)

MORE THAN SIX TIMES COTTON PRODUCTION



ignoring issues related to fossil fashion or deepening their reliance. In the product analysis we found that, on average, 59% of green claims were unsubstantiated or misleading according to draft guidelines released by the UK's Competition and Markets Authority. We also gained critical insights into fashion brand's lack of visibility or disclosure of synthetics supply chains; brand's lack of ambition or policies on microfibre pollution; the almost total reliance on plastic bottles for recycled polyester, rather than fibre-to-fibre recycling; and the breadth and variety of ways that companies market their products as sustainable. For the launch, we also engaged a production company to create a short film and photo shoot for us, using live models to mimic a fast-fashion ad, which instead exposes the dirty secret of fossil fashion.

Our campaign findings were picked up by Extinction Rebellion in London, leading to a demonstration outside London's Selfridges department store. Activists covered in oil and baring banners emblazoned with 'Code red for fossil fuel fashion' glued themselves to the shop front, and we were invited to make a speech about our findings, as well as a deeper dive in a follow-up panel online. In November we also joined the Make the Label Count coalition, launched at a panel event in Brussels. The coalition includes fibre industry representatives and NGOs working to ensure that the EU's proposed *Product Environmental Footprint*, as a way of calculating the impact of apparel, takes into consideration key issues around synthetic fibres.

Building on the research in *Synthetics Anonymous*, we released two animated videos in the autumn. The first, *Why making clothes from plastic bottles will not solve fashion's waste crisis*, busted the myths about common greenwashing tactics of turning plastic bottles into clothing. Setting out five key problems with this approach -



from the fact that it undermines closed-loop bottle-to-bottle recycling, to the way it allows brands to greenwash their synthetic collections - we aimed to inform brands, customers, NGOs and policymakers of this false solution.

The second animated video, *How fossil fuels are the backbone of fast fashion*, was launched at a panel event at COP26. For the event, we were joined by prominent fashion and environmental experts to discuss the reliance of the industry on fossil fuels, and to highlight the lack of focus on fashion's large carbon emissions at the high-level COP26 talks. The launch was accompanied by letters sent to the 20 most-prominent fashion brands in our investigations, laying out our findings and requesting their commitment to ambitions and comprehensive emissions reductions targets and cutting their reliance on fossil fuels for fibre.

Outcomes and impact

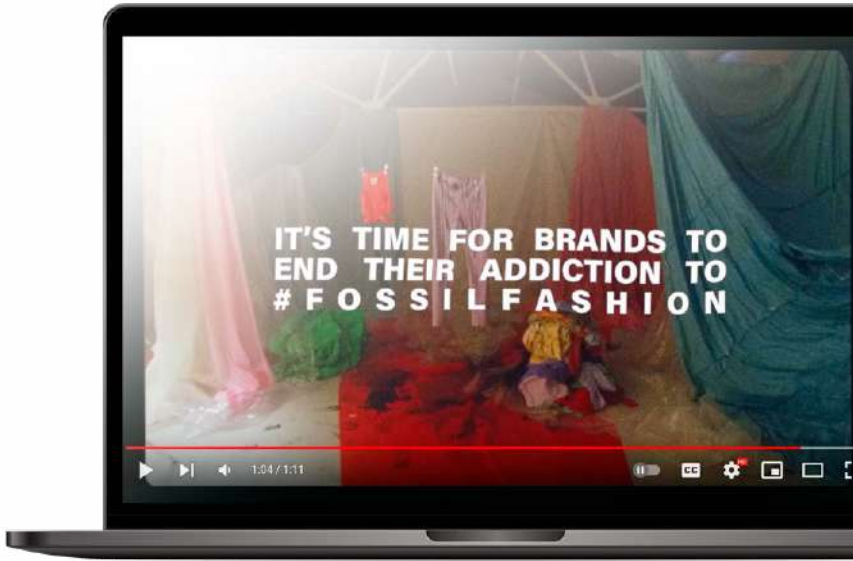
Before the launch of the campaign, fashion had a big plastic elephant on the catwalk - fossil fuel-derived synthetic fibres, which was flying completely under the radar. As a result of our work, more and more actors, from policymakers and NGOs to progressive companies, journalists and influencers, are seeing clearly how synthetic fibres are the backbone of the fast-fashion business model and that tackling fast fashion's destructive course means tackling fossil fuel reliance. With the fashion industry as a hotbed of superficial green claims, our work on greenwashing has become a core unforeseen focus of this campaign, and we have become a trusted source on the topic in fashion and beyond, raising the issue up the agenda with policymakers and companies alike.

Given our previous work on fashion, brands have been more open to responding to our enquiries and requests with our questionnaire for



Synthetics Anonymous achieving an 87% response rate and our letters to CEOs at COP26 getting a 60% response rate. Our engagement with companies has helped to raise the issue of fossil fuel reliance and to make it an issue they can no longer overlook. Likewise, we have had positive interactions with policymakers in the EU ahead of the announcement of the *EU Textiles Strategy*, ensuring that our findings and research feed into this crucial legislation. Media attention on our findings has been unprecedented, with nearly 150 stories in 2021 alone with coverage in the *Daily Mail*, *Forbes*, *Handelsblatt*, *Le Monde*, *Süddeutsche Zeitung*, *The Guardian*, *The Telegraph*, *Vogue Business* and many trade and industry titles. Our statistic of 59% of green claims being misleading or unsubstantiated has been continually referenced in coverage and social media.

Our campaign has proven particularly popular on social media, with our videos receiving hundreds of thousands of views and being picked up and disseminated by sustainable fashion influencers such as Aja Barber, Livia Firth and Lucy Siegle.



A strong focus of our work has been the *EU Textiles Strategy*, which was announced in March 2022 and represents the biggest ever effort to regulate fast fashion. A significant campaign success has been to see the wording of the strategy include several key messages of our work: The inherent link between synthetics and overproduction, the problem of synthetics for microfibre pollution, plans to crack down on greenwashing and highlighting the problem of downcycling plastic bottles into clothes. Implementation is key, but we are encouraged by the ambition of the strategy so far.



Quotes

'[The apparel industry] is one of the most lightly regulated industries in the world. What we need now are mandatory measures. We see it working in the plastics space, and it's time for the fashion sector to follow.'

George Harding-Rolls in *The Guardian*



"Unless the fashion industry's addiction to synthetics is broken, their quest for cheap clothing will create untenable volumes of waste and emit more carbon than the planet can handle."

Urska Trunk in *iNews*



"There is so much greenwashing regarding circularity – a much needed business model we all need to adopt, but made nearly impossible in the fashion industry by the vast amount of synthetic fibres used."

Livia Firth in *EuroNews*



'It's time to end fossil fashion. It's so last season, it's so last decade.'

George Harding-Rolls in *Business of Fashion*



Fishing the Feed

The problem

Over half of the fish that we eat comes from aquaculture, which is the fastest growing food production sector. In a context of a growing global population and diminishing wild fish stocks, aquaculture (or fish farming) is often touted as a healthy source of protein and a solution to the problem of overfishing. However, aquaculture tends to hide the ugly truth that most of the industry today relies on the significant inputs of wild-caught fish. Around 14% of total marine catch is being converted into fishmeal and fish oil (FMFO) for the aquaculture industry. This is a significant share, given that the Food and Agriculture Organization says that 94% of fish populations are either overfished or fished to the maximum sustainable levels. This is not just an environmental problem, but also a social one, as it is driving the diversion of valuable food sources from coastal communities in the Global South. Scientists say that 90% of fish that is converted to FMFO is food-grade quality, which means that it could be used to feed people directly.

Aquaculture is also associated with significant animal welfare issues. On the one hand, using wild-caught fish to feed farmed fish represents a 'hidden layer' of cruelty in fish farming, as billions of fish are inhumanely slaughtered at sea every year to be transformed into feed. On the other hand, there are growing concerns about the impact of fish farming itself on the welfare of the species farmed, with high mortality rates reflecting inadequate fish husbandry - particularly in intensive farming systems, such as those used to farm salmon and prawns. For example, mortality rates on some salmon farms in Scotland - a major supplier to the global market - sometimes run higher than 20%. Exposing fish welfare shortcomings and high mortality rates on fish farms, have also played a key role in our campaign in 2021.

Our work in 2021

In 2021 our *Fishing the Feed* campaign continued to publish ground-breaking investigations and campaigned for retailers to commit to phase out the use of wild-caught fish and adopt better fish welfare standards and greater transparency. In addition to this, we have published reports coming from our investor engagement work.

Investor work

Our first report launched in 2021 was the economic analysis commissioned for Just Economics, which calculated the unaccounted economic, environmental and social costs of salmon farming. The report entitled *Dead Loss: The High Cost of Poor Farming Practices and Mortalities on Salmon Farms*, estimated that salmon aquaculture has produced private and external costs of \$47 billion since 2013, with around 60% falling to producers and 40% to wider society. The estimated cost of mortalities was \$15.5 billion with the top ten salmon producers responsible for over 100 million salmon deaths and escapes since 2013.

The report received wide-ranging media coverage and was later used to reach out to investors and ask them how they are addressing these significant financial and reputational issues. This was a follow-up of our previous investor questionnaire, where we asked the investors how they were addressing some of the key risks in aquaculture. Between now and 2030, it is projected that investment in aquaculture could range between \$150–300 billion; however, the aquaculture industry is exposed to material environmental, social, and governance (ESG) risks from the use of wild-caught fish in feed and from high mortality rates that stem from poor fish welfare, which are likely to affect return on investments and cause reputational damage.

Our report, *Investing in Troubled Waters: The Material Risks of Fish Mortality and the Use of Wild-Caught Fish in Feed for the Aquaculture Sector*, published in July 2021 together with Feedback, the Coalition for Fair Fisheries Arrangements and Western Sahara Resource Watch, is an analysis of responses to a questionnaire sent to 23 investors. It revealed that none of the investors and lenders to aquaculture requires companies to report on fish mortalities, none has robust policies to ensure investees reduce mortality rates on fish farms and no investors have criteria in place to require a reduction or a phase-out of the use of wild-caught fish in feed. Following the publication of the report, we organised a webinar in September 2021, where representatives of Aqua-Spark, Changing Markets, Planet Tracker and Storebrand discussed the main issues raised in our report and how to put the aquaculture industry on a more sustainable track.

Investigations

In June 2021, we published our latest investigation with Greenpeace Africa revealing the devastating environmental and social consequences of sourcing wild-caught fish from West Africa. The report entitled *Feeding a Monster: How European Aquaculture and Animal Industries are Stealing Food from West African Communities*, has shown that over half a million tonnes of fish that could be used to feed 33 million people, were extracted from the ocean in West Africa and diverted to animal feed. This is catastrophic, as the region is already struggling with food insecurity.

The report revealed how West African production of FMFO has grown more than tenfold in the past decade and highlights how Europe is a major market for West African fish oil to feed its fast-growing aquaculture sector. Companies involved in the production and trade of West African FMFO are selling to the big European aquafeed giants, which have supply chain links to major European retailers, including Aldi, Carrefour, E.Leclerc, Lidl, Mercadona, REWE, Sainsbury's and Tesco.

Retailer reports

Over three-quarters of Europeans (77%) buy their fish from either a grocery store, supermarket or hypermarket. With their enormous financial heft and role as intermediaries between consumers and

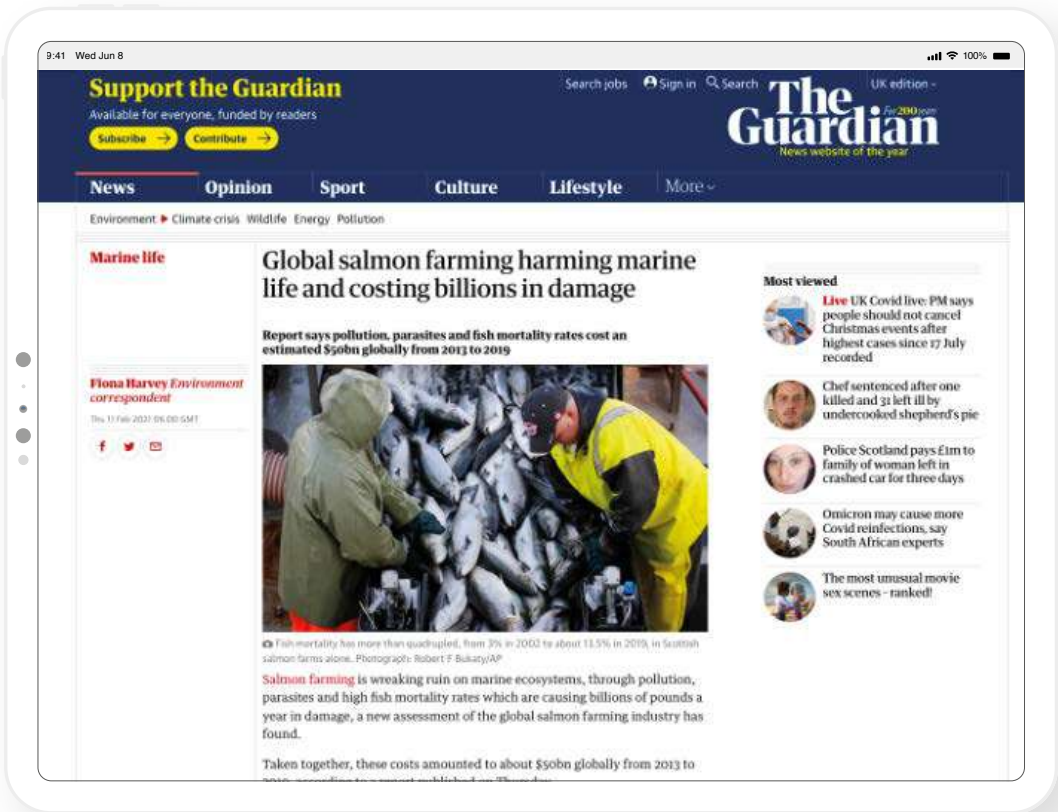
the fish farming industry, supermarkets are the most powerful players in the market and should drive forward transformative change in the aquaculture sector.

In 2021, we continued our work on exposing the lack of action on this important issue by European retailers. Following up on our work from 2020 where we assessed retailers' aquaculture sustainability policies in Germany, Spain and the UK, we continued our assessment of retailers' policies in other key European countries. In February, we published a Swiss retailer report in cooperation with OceanCare. The report entitled *Überfischung2: Wildfisch als Fischfutter in Aquakulturen – Schweizer Detailhändler im Vergleich*, showed that none of the main seven Swiss retailers is taking sufficient action to address sustainability risks related to either the use of wild-caught fish to feed farmed fish or welfare issues on the farms themselves. The Coop ranked highest of all the retailers, but with a score of just 35%; at the bottom end of the chart, Volg and Spar scored just 8% and 6%, respectively.

In March 2021 we published an Austrian retailer ranking in partnership with the Austrian consumer organisation AK Konsumentenschutz, entitled *Erwischt: Wildfisch als Fischfutter für Aquakulturen!* The report found that none of the main Austrian supermarkets is taking sufficient action to address sustainability risks related to either the use of wild-caught fish to feed farmed fish or welfare issues on the farms themselves. Lidl Austria ranked highest of all the retailers, but with a score of just 33%, while at the bottom end of the chart, Metro scored an abysmal 8%.

In May 2021 we published a French retailer ranking entitled *Dans les Mailles du Filet: Comment les Grandes Surfaces Françaises font face à l'Utilisation de Poissons Sauvages Dans les Chaines d'Approvisionnement Aquacoles*. This report analysed eight of the biggest food retailers in France (Aldi, Auchan, Carrefour, E.Leclerc, Géant/Casino, Intermarché/ Les Mousquetaires (+Netto), Lidl and Système U/U Enseigne) with respect to protecting our oceans and offering their customers sustainably farmed fish and seafood.

This retailer assessment in individual European countries culminated in a pan-European scorecard, providing a comparative review of 49 leading European supermarket chains' policies on farmed fish. We built our analysis on the previous retailer rankings implemented and published in Austria, France, Germany, Spain, Switzerland and the UK between 2020 and 2021 and complemented it with an additional questionnaire to all retailers with a view to have the most up-to-date information about their policies. In November 2021, our report *Floundering Around: An Assessment of Where European Retailers Stand on the Sourcing of Farmed Fish* was published in partnership with six NGOs from across Europe. The report was translated into three languages and launched in five countries. It showed that 76% of supermarkets display a 'near-total lack of substantive policies' to address the lack of sustainability, fish welfare and transparency in their farmed-fish supply chains. Crucially, no retailer has a clear target for the reduction and phased-out elimination of wild-caught fish in feed.



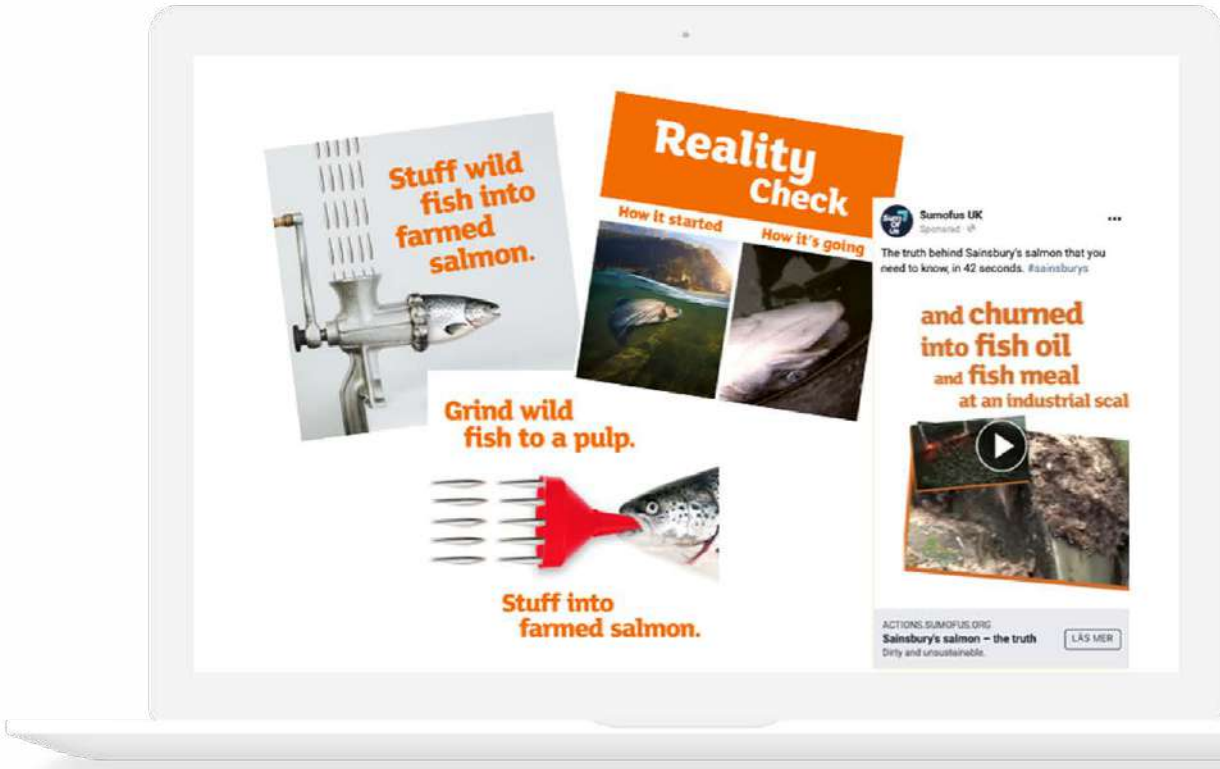
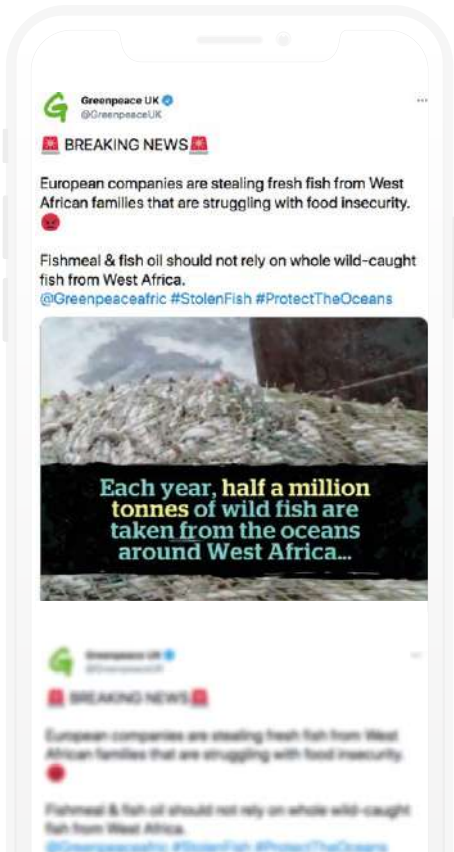
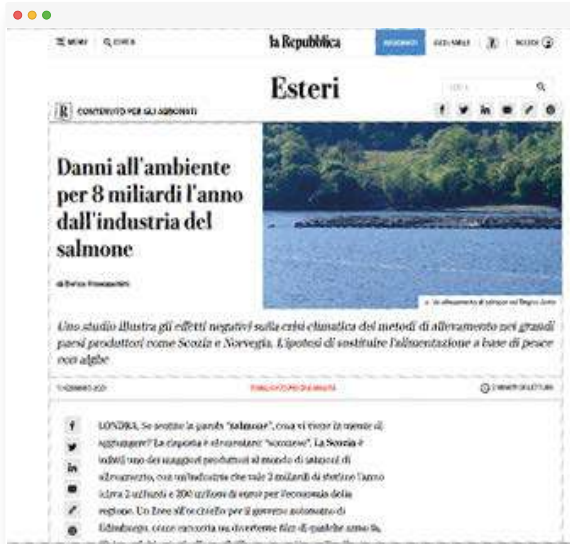
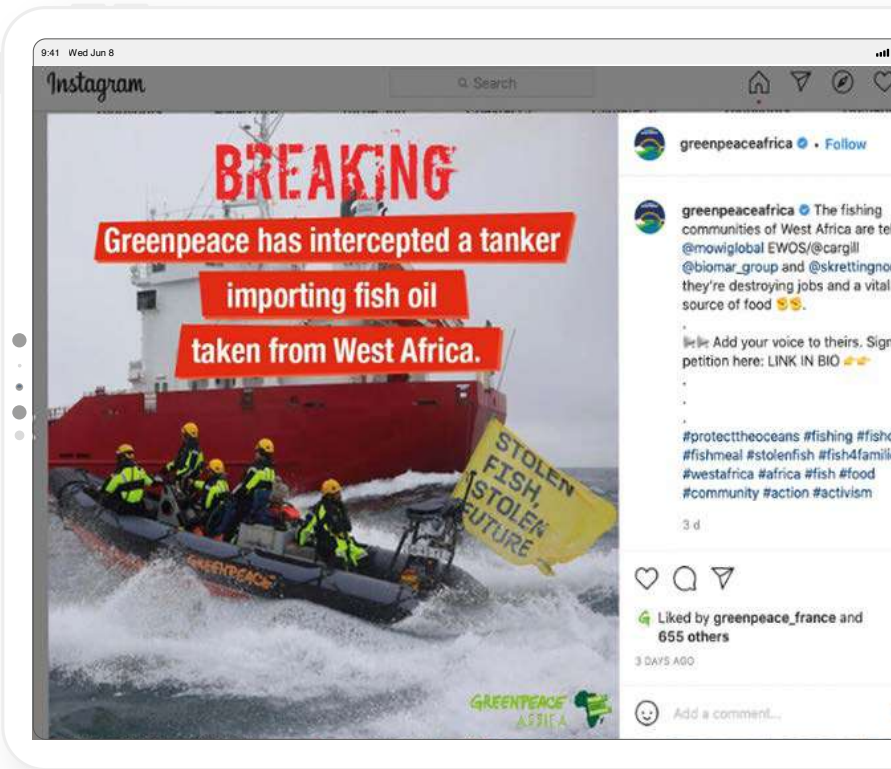
Outcomes and impacts

Throughout the year, our reports continued to reach a global audience through significant media coverage. The Just Economics report, our retailer scorecards and investigations in West Africa attracted widespread coverage in mainstream media, while the investor briefing reached the financial press, such as *Environmental Finance*. Some of the coverage included *Der Standard*, French and Spanish wires *AFP* and *EFE*, *La Repubblica*, *Mail Online*, *Swiss Blick*, *The Guardian* and retail press, such as *Feed Navigator* and *The Grocer*. Our work also featured in several radio and TV reports, such as the *BBC World Service*, *France24* and documentary *Sur le Front* (France 5).

Social media also offered a useful platform to ensure that our campaign reached a wide audience and that companies took our call to action on board. We created three short videos presenting the findings of our reports that were shared widely by our partners and supporters. Our campaign allies ranged from environmental NGOs, such as Greenpeace, Coalition for Fair Fisheries Arrangements, Feedback and Environmental Action Germany (Deutsche Umwelthilfe), to animal welfare organisations, such as Compassion in World Farming, L214 and the Aquatic Life Institute, to petition organisations, such as SumOfUs. Our partners helped to amplify our findings and our campaign at key moments throughout the year.

In terms of outcomes, we have seen that the Just Economics research was quoted in the decision in Argentina's province Tierra del Fuego not to allow open cage salmon farming. Our investor report and webinar increased the awareness of the unsustainable practices in the investor sector. Two major investors and lenders to the sector, DNB and Storebrand, announced that they would improve their policies and engagement with the aquaculture sector based on our findings. We also formed new alliances with organisations working with investors, such as Planet Tracker, and reached new audiences and new media outlets through publication of several op-eds.

Following the publication of our joint *Feeding the Monster* report, Greenpeace stopped a fish oil tanker importing fish oil from West Africa. There was



wide recognition among the retailers that sourcing fish oil, especially from West African region, is an inherently unsustainable practice; however, none of the retailers took a decisive step to commit to phasing out FMFO and to take significant steps with regard to fish welfare, such as monitoring mortalities and blacklisting farms that consistently have high mortality rates. Although the level of engagement and awareness that it is not sustainable for aquaculture to rely on wild-caught fish has grown, the European retail sector still has a long way to go.

“



'Supermarkets pay lip service to sustainability in their public statements, but refuse to take meaningful action.'

Nusa Urbancic in *The Grocer*



'The fishmeal and fish oil industry, as well as all governments and companies supporting them, are basically robbing local populations of livelihoods and food in contradiction with international commitments on sustainable development, poverty alleviation, food security and gender equality.'

Dr Ibrahim Cisse, Greenpeace Africa in *The Independent*

The Grocer

The INDEPENDENT



Talking Trash

The problem

Our work in 2020 laid the groundwork for a fundamental narrative shift in the fight against plastic pollution. We exposed how major actors in the plastic value chain - such as consumer brands, industry bodies, retailers and even co-opted NGOs - have worked to undermine progressive legislation on plastics. In particular, we exposed how they use their weak voluntary commitments and membership of different group initiatives to create the illusion of change while continuing to churn out single-use plastic. Through our initial research, Spain emerged as a particular battleground as the biggest consumer of plastic in Europe and the second biggest source of plastic pollution in the Mediterranean Sea, after Turkey. Our first investigation revealed how powerful retailers, consumer brands and their industry associations have continued to block proven legislative solutions, therefore we decided to focus on Spain in our work that continued throughout 2021. We also continued to expose false solutions emerging in response to the plastic crisis. Many of them, such as chemical recycling, ocean clean-ups and products made from ocean plastics, do very little to reduce reliance on plastics or fossil fuels at source, and are often backed by those with most to gain from continued plastic production.

Our work

In 2021 Spain was at a key decision point on how it would address the plastics crisis. The new Waste Law and the Royal Containers Decree were under discussion and this was vital for determining how ambitious the transposition of EU waste legislation into Spanish law would be. Our investigation, *More Trash, More Cash: Who is Really Behind the Plastic Crisis in Spain?* revealed how Spanish plastic polluters had successfully prevented any attempts to reform the Spanish waste management system for years. We revealed how they were once again preparing to derail meaningful implementation of new EU targets, adopted in the *EU Single-Use Plastics Directive*, through their latest voluntary initiative - Reciclos, a voluntary return and reward system operated by the industry, and its latest attempt to kill DRS. We exposed the industry's attempts to derail real solutions, such as a DRS and reuse targets, through the workings of a powerful producer responsibility organisation, Ecoembes, which unites the biggest consumer goods companies, such as Coca-Cola, Danone, Nestlé and Unilever, and the biggest supermarkets, such as Alcampo, Carrefour, Lidl and Mercadona. This investigation exposed the inherent problem in Ecoembes' business model, dubbed as 'more trash, more cash', as the greater the tonnage of single-use packaging placed in the market, the higher the organisation's income.



The report also featured valuable calculations from Eunomia Research and Consulting showing the true cost of cleaning up packaging litter - €744 million every year out of the pockets of municipalities and therefore Spanish taxpayers. Up to €529 million of these costs is associated with beverage packaging, such as bottles, cans and Tetra Paks, which could be reduced by up to 80% if the drinks were sold with a refundable deposit.

In April 2021, with support of Changing Markets and Break Free From Plastic, ReLoop launched *What We Waste*, a report tracking 20 years of growth in container wastage and exploring how the introduction of refillables and DRS can reverse this trend. This detailed global survey presented data from 93 countries, over a 20-year period and calculated that 41 billion containers, mainly plastic bottles and single-use cans, are discarded annually in 24 countries across the EU. The majority of these are not recycled and instead are incinerated, buried in landfill or end up as litter on beaches, in waterways or the natural environment. The data also revealed a clear way forward for policy-makers. For the first time it provided a comprehensive understanding of the impact of DRS on drinks container wastage. The report showed that through the implementation of DRS, European countries can cut drinks container waste by 75% and meet key EU plastic targets, as well as herald the way for greater reuse and refill.

A particularly persistent false solution to the plastic crisis is chemical recycling - a



suite of technologies ranging from plastics-to-fuel to high-tech attempts to break down and reconstitute plastics on a molecular level. These technologies are funded and promoted by brands and fossil fuel companies as they allow companies to keep producing plastic and promoting the myth that chemical recycling can solve the waste problem. To help debunk this myth we produced an animated video, *5 Things Plastic Polluters Don't Want You to Know About Chemical 'Recycling'* with Zero Waste Europe and the Global Alliance for Incinerator Alternatives (GAIA). It was translated into five languages and viewed more than 20,000 times and has proven a valuable resource for NGOs pushing back against chemical recycling.

As our research on plastic pollution found a concerning level of attention and funding is still going towards unproven solutions, while major investment institutions lack a full understanding of the problem of plastics pollution and its implications, we decided to also focus on investors. In our briefing for investors, *Hot Tickets and Hollow Promises: Solutions to the Plastic Crisis* we outlined that the three factors of increasing plastic production, growing consumer pressure and regulation becoming the dominant market driver would mean that chemical recycling would become a risky investment, that companies in the separate collection space would likely flourish and that investors should watch for opportunities in the reuse and refill space. Our recommendations on companies to watch in the separate collection arena was underpinned by financial modelling and market data. The briefing was launched to the financial press and accompanied by a webinar that took place virtually in September 2021, with experts from Changing Markets, ClientEarth and ReLoop, alongside investors from Federated Hermes.

In collaboration with Retorna, Surfrider Spain and Friends of the Earth, we launched a campaign site encouraging Spanish citizens to take action and demand their MPs to support the introduction of a DRS and other ambitious measures in the revision of the Waste Law. This work built on our previous report *More Trash, More Cash*, highlighting the broken waste management system and perverse incentives that prevent effective tackling of plastic pollution.

Outcomes and impacts

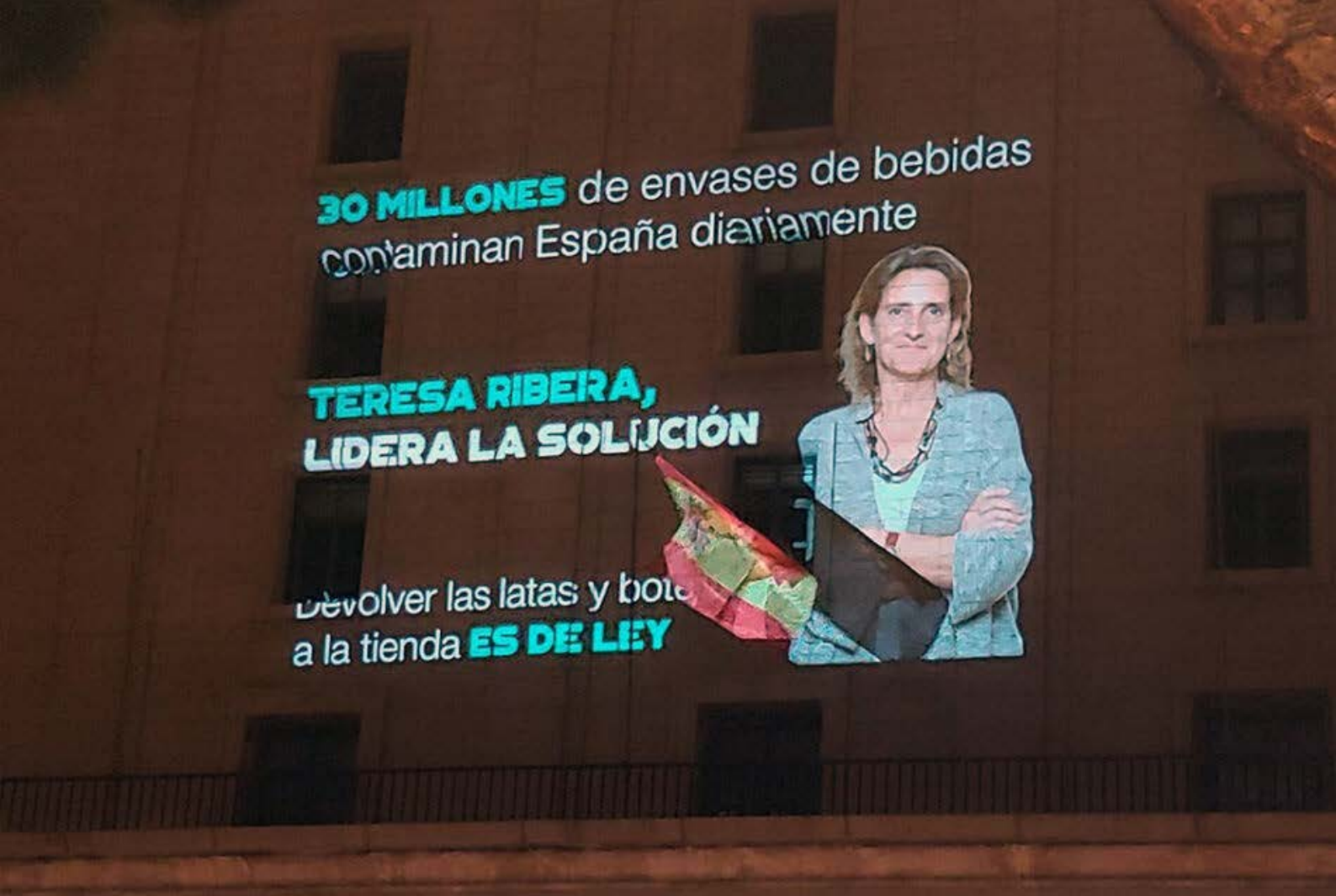
Our investor briefing was sent out to nearly 100 investors and featured in coverage from *BusinessGreen*, *Global Banking and Finance Review* and *New Europe*, helping to inform investors of the trajectory of responses to the plastic crisis.

Our work on plastics has also contributed to tangible legislative change. Thanks to campaigns from Global 2000 and Changing Markets since 2020, Austria's environment minister Leonore Gewessler present-



ed plans to impose a deposit on single-use beverage bottles and to mandate the retail sector to sell more drinks in refillable bottles – a major win for our combined work in the country.

We also celebrated a victory in Spain. On 3 December 2021, the *Draft Law on Waste and Contaminated Soils for a Circular Economy* was approved with the consensus of 80% of the representatives of the chamber, establishing a DRS in Spain. In March 2022, the plenary session in congress approved the Waste Law taking a definitive step towards the implementation of a DRS in stores and supermarkets and thus avoiding 30 million cans, bottles and cartons being wasted every day.



“



'Apostando por políticas de prevención y reutilización podrán reducir el costo de la contaminación por plástico, se generarán nuevos puestos de trabajo y mejores oportunidades para negocios locales.'

Ximena Banegas in *La Marea*



'Effective solutions have thus far been shadowed by emerging and unproven technologies – such as chemical recycling and ocean clean-ups – which do not tackle the problem at the source and are beset with environmental, financial and technical viability issues.'

George Harding-Rolls in *New Europe*

lamarea NEWEUROPE

Dirty Fashion

The problem

Viscose is a popular fibre used in the fashion industry, made from a range of different plants such as trees, bamboo and cotton linters. While it is often regarded as a sustainable replacement for other fibres, most viscose is still being produced using heavily polluting processes. The fibre production process is reliant on a number of toxic chemicals - such as carbon disulphide - which, if not managed properly, can be detrimental to the health of people and ecosystems. The size of the global viscose fibre market is increasing, therefore it is important that the industry puts an end to polluting practices.

Following our investigations into polluting viscose factories and engagement with clothing companies who wanted to find a solution to detrimental practices, we developed a *Roadmap Towards Responsible Viscose and Modal Fibre Manufacturing* in 2018. The *Roadmap* provides a blueprint for responsible viscose manufacturing. It outlines a set of principles for brands, producers and retailers and to move towards a closed-loop manufacturing system, where emission controls and chemical recovery rates are in line with best practices - the so-called EU Best Available Techniques (BAT) - by 2023-2025.

Our work and outcomes

To keep pressure on the industry in their transition to responsible viscose, Changing Markets continued engaging with fashion brands and viscose fibre producers. As a result, in August 2021, a Chinese viscose manufacturer Sateri was the first to achieve compliance with the EU BAT at all their fibre mills.¹ Other major viscose manufacturers, Aditya Birla, Asia Pacific Rayon and Lenzing, report to be on track to achieve EU BAT at all their sites by 2023.

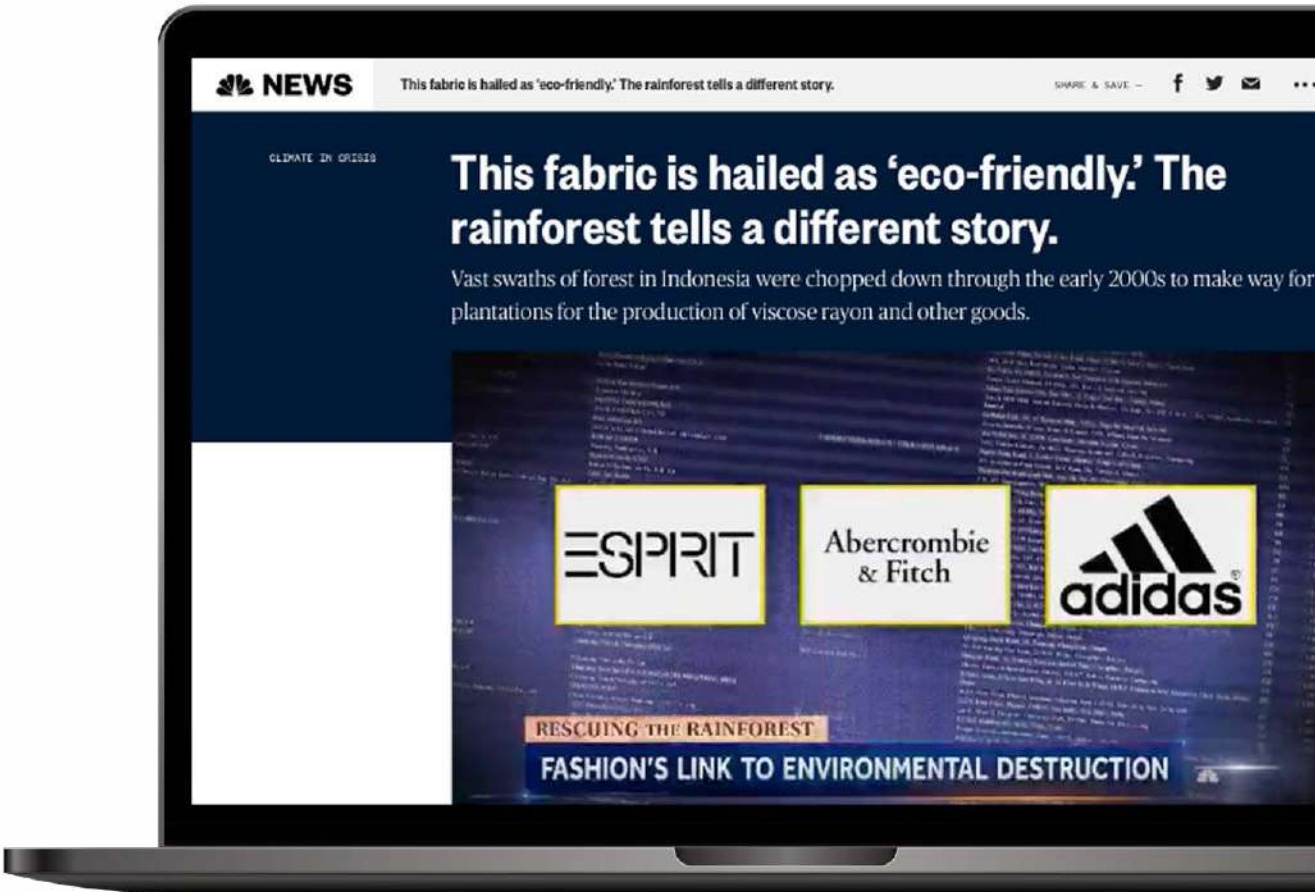
The updates have been reflected on our Dirty Fashion microsite, which features an extended colour-coded table evaluating some of the world's biggest viscose manufactures.



While the campaign generated serious commitments and progress from clothing brands and manufacturers to responsible viscose manufacturing, it continued to highlight that fashion companies need to be more transparent about where their raw materials come from and take responsibility for their sourcing practices. Much viscose is still produced at the expense of massive deforestation in countries such as Indonesia, which was - through the contribution of Changing Markets - highlighted in two big exposés, by *El País*² and *NBC News*.³ The news reports denounce pulp and paper giant Royal Golden Eagle and its subsidiary APRIL, who supply viscose manufacturers Sateri and Asia Pacific Rayon, for large-scale clearing of Indonesian natural forest with high conservation value. This shows the importance of supply chain transparency and a holistic approach to viscose, which must include responsible sourcing and manufacturing.



In addition, an ARTE documentary called *Fast fashion - Les dessous de la mode à bas prix* (Fast fashion - the hidden side of cheap fashion)⁴ that was broadcast in March 2021, was partly based on a follow-up to our 2017 investigation into Aditya Birla's production in Nagda, India. It highlighted that dirty viscose manufacturing is still linked to pollution, widespread diseases among locals living in the vicinity of the plant and lack of access to drinking water. Following engagement with us, fashion brands sourcing from the company undertook an extensive audit at the production site to set out corrective actions.



Changing Markets also called for ambitious textile legislation in the EU by joining the Wardrobe Change Campaign, co-drafting the *Recommendations for the EU Strategy for Sustainable Textiles*, and engaging with EU policymakers on the issue.⁵ The *EU Strategy*, launched in March 2022, reflects many of our demands, while lacking measures on the social aspects, transparency and supply chain traceability. Our campaign will continue calling for strong legislation in the sector. Considering the findings of the two exposés mentioned above, it is crucial that the *EU Regulation on Deforestation-free Products*, which was published in December 2021, includes viscose, modal and lyocell on the list of commodities that could lead to deforestation.

“



“Incluso los tejidos que, en principio, son más respetuosos con el medio ambiente pueden producirse de formas muy destructivas, y no podemos seguir esperando a que las empresas eliminen la deforestación y la polución de su negocio de forma voluntaria”.

Nusa Urbancic in *El país*

EL PAÍS

Growing the Good

The problem

In 2021, temperatures were on average 1.2°C higher than preindustrial levels. The Intergovernmental Panel on Climate Change raised the alarm, calling the current situation '*code red for humanity*' and that rapid and decisive action is needed to keep the internationally agreed threshold of 1.5°C global heating alive. Methane - the second-most important GHG, responsible for about 0.5°C of warming - received renewed attention, with scientists saying that rapid cuts to methane emissions are the most important climate policy in this decade.

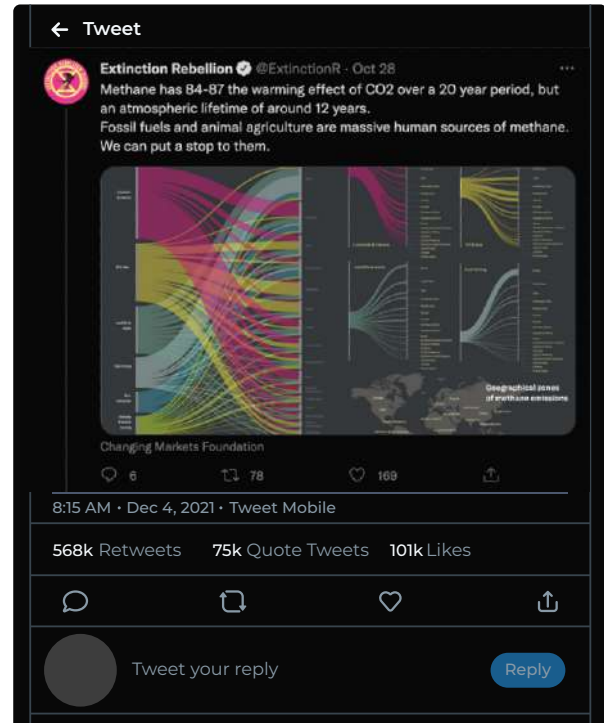
Methane is 82.5-times more potent than CO₂, but only stays in the atmosphere for 12 years; therefore, swift reduction of methane emissions is a key opportunity to slow the rate of warming, while fundamental efforts in society to cut more long-lasting CO₂ emissions continue. The scale of reduction of global methane emissions could decide whether global heating can be kept below 1.5°C and whether tipping points will be reached, which would accelerate irreversible changes to the climate system. Scientists assessed that global methane emissions must be reduced by 45% by 2030 to limit global warming to 1.5°C this century.

While 40% of methane emissions come from natural sources, such as wetlands, the other 60% is man-made. Methane from human activity falls into three main sectors: agriculture (40%), energy (35%) and waste (20%). The livestock sector, and in particular cattle (because of their digestive systems), is alone responsible for 32% of anthropogenic methane emissions and represents the single largest source of methane emissions.

However, despite these stark warnings by scientists, livestock methane remains a blindspot of most climate policies.

Our work in 2021

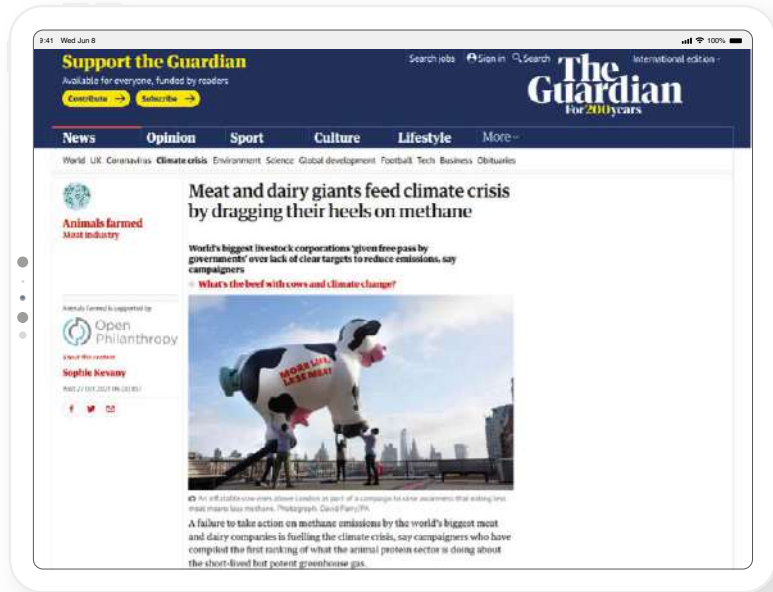
Ahead of the UN Climate Change Conference COP26 in November 2021, we released our first 'flagship' report for this campaign, *Blindspot: How Lack of Action on Livestock Methane Undermines Climate Targets*. The report describes the current state of play when it comes to commitments to tackling methane emissions in livestock agriculture. We analysed the reported methane emissions and related policies in the Nationally Determined Contributions (NDCs) of 18 countries that have the biggest meat and dairy industries (including Brazil, the USA



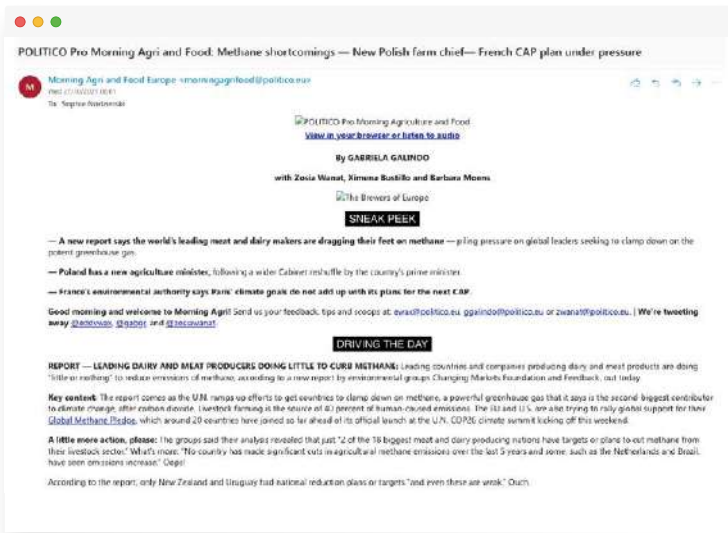
Impact and outcomes

The final few months of 2021 were key to establish Changing Markets as a ‘voice of authority’ on the topic of livestock methane. Our initial strategy was to target both public policy on methane and companies featured in our report and to launch this ahead of the COP26, just before the *Global Methane Pledge* was announced. The *Pledge* is an initiative spearheaded by the EU and US and launched in Glasgow, committing over 110 countries to reduce methane emissions by 30% by 2030. While the *Pledge* is a step in the right direction, it falls short of the scientific assessment made earlier in the year that called for a 45% reduction, which would allow us to meet the Paris Agreement target with more certainty. Our physical presence at COP26 in Glasgow allowed us to coordinate a media reaction to the *Pledge* with, GAIA, and the Environmental Investigation Agency.

Our report *Blindspot* received coverage from prominent media such as *The Guardian* (including in the monthly animal farming update) and the very influential *Politico PROAgri* newsletter. It also received widespread coverage in Spanish-speaking media in Brazil and Latin America, internet-based news platforms such as *Yahoo* and *MSN* as well as food specialist media read by industry players (*Feed Navigator* and *Just Food*).



Following the launch of *Blindspot* in October 2021, we mailed the report out to all 20 companies assessed in the report, alongside a letter requesting further information about their action plans on reducing methane and their investment in methane abatement research, climate emissions abatement technologies and plant-based alternatives to their meat and dairy products. We also wrote to key European Commissioners to demand ambitious action to tackle livestock methane, in the light of the fact that more than half of EU methane emissions come from this sector.



“Most [of the ranked] companies are investing in alternative proteins, but [they are not] looking at alternative proteins as a replacement for animal production,” said Urbancic, who added that meat and dairy corporations were being “given a free pass by governments”.

Nusa Urbancic in *The Guardian*

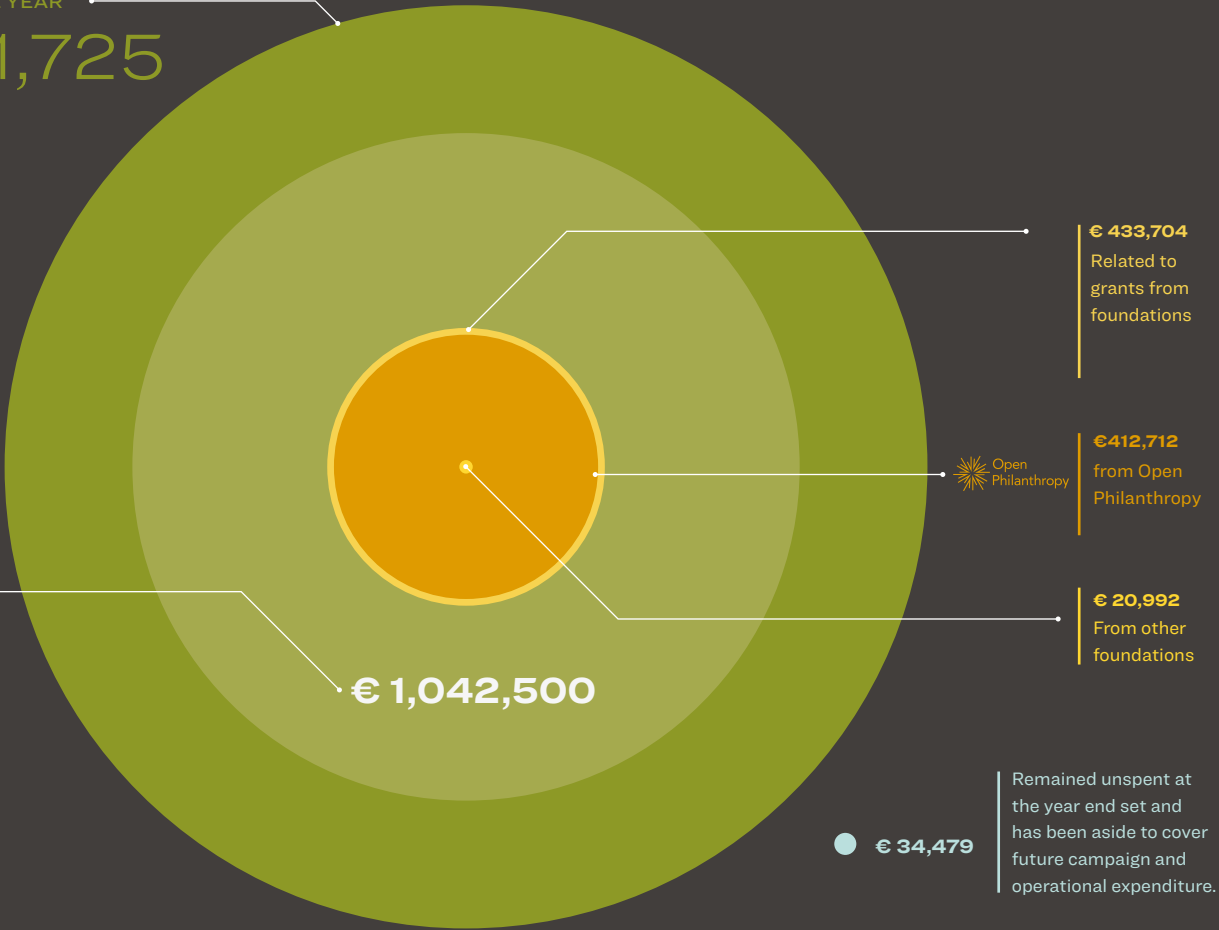


FINANCIAL ACCOUNTS FOR 2021

TOTAL INCOME IN THE YEAR

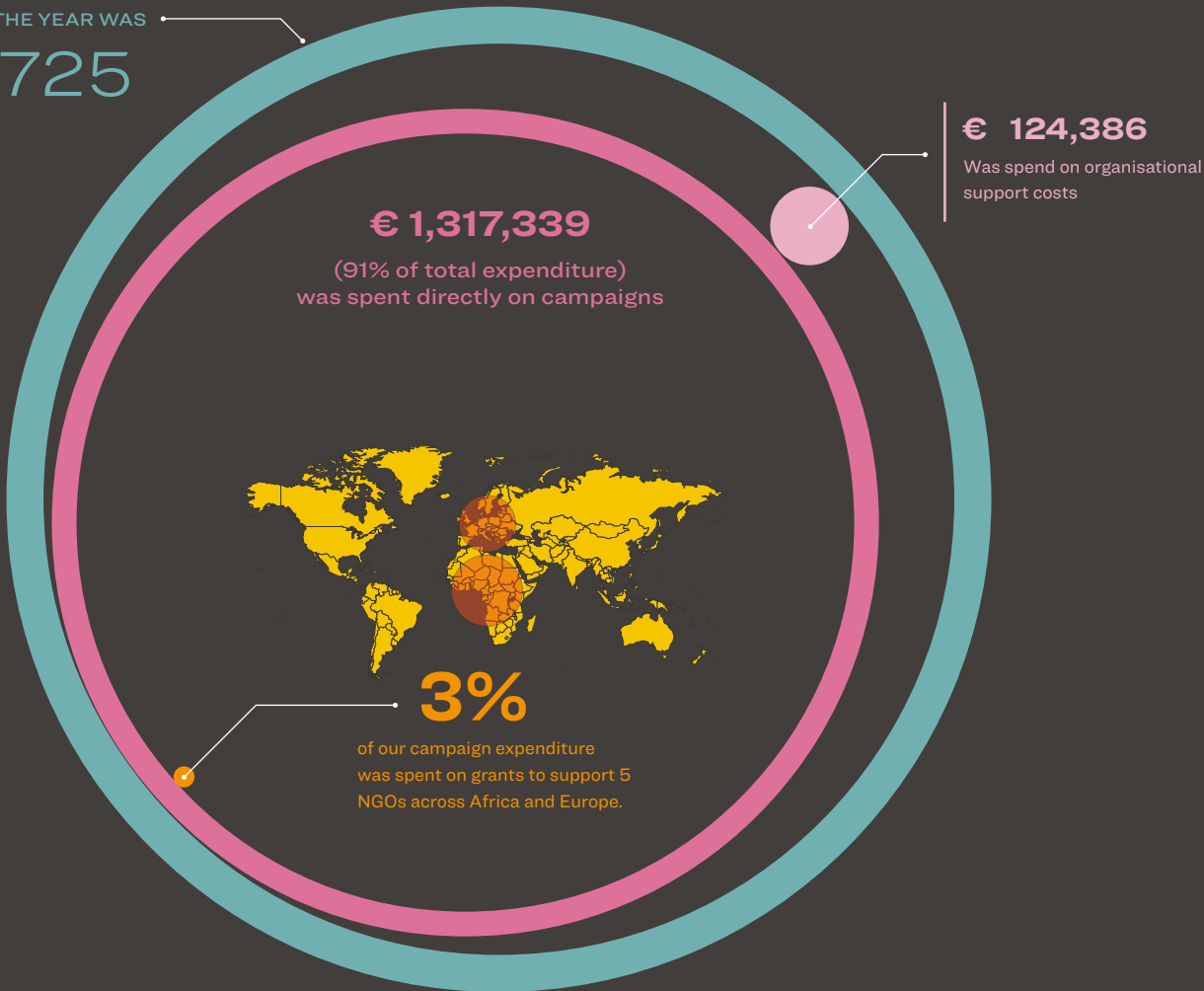
€ 1,441,725

Related to income received in the financial year by the foundation from the founders. They generate their funds from various business activities including investments, book royalties, speaking fees and consulting to companies that have leading sustainability performance.



TOTAL EXPENDITURE IN THE YEAR WAS

€ 1,441,725



INCOME €1,042,500

GRANTS FROM FOUNDATIONS € 433,704

TOTAL EXPENDITURE €1,441,725

€ 34,479
Monies received and set aside for future spend

CAMPAIGN COSTS €1,317,339

€ 124,386
Organisational support costs

STAFF COSTS € 688,664

MEDIA AND COMMUNICATIONS € 350,251

RESEARCH AND INVESTIGATIONS € 238,365

€ 40,059
Grants to other organisations

€ 92,753
Office support costs

€ 31,633
General administrative costs

OUR PEOPLE

10 PEOPLE,
~200 YEARS COLLECTIVE CAMPAIGNING EXPERIENCE
6 DIFFERENT LANGUAGES SPOKEN



JOAKIM BERGMAN - FOUNDER & CEO

Joakim studied law but soon after landed at Greenpeace, where he discovered his passion for campaigns. As Campaign Director of Greenpeace Sweden in the early 1990s, he was involved in some of the organisation's earliest innovations in market campaigns, including on its PVC campaign and its campaign against chlorine bleaching in the pulp and paper industry. He went on to various roles in Greenpeace, including CEO of Greenpeace Sweden, Deputy CEO of Greenpeace International and Board Member of Greenpeace USA and Central and Eastern Europe. In 1996, Joakim established and ran a solutions-focused market campaigning business in Sweden, advising NGOs and progressive companies.

GEORGE HARDING-ROLLS - CAMPAIGN MANAGER

George joined Changing Markets in 2019 after three and a half years working at international sustainability non-profit, Forum for the Future, as a Senior Strategist. At Forum he led digital communications and ran the Futures Centre, a global futures platform tracking developments in sustainability, as well as pioneering the organisation's 'Future of Sustainability' publication series. George hold's a masters degree in French and Chinese from the University of Edinburgh.

MADDY HAUGHTON-BOAKES - CAMPAIGNS ADVISER

Joined Changing Markets Foundation in April 2022 as campaigns advisor. Prior to this she was Campaigns Manager at CPRE, the countryside charity where she worked across several campaigns including for a deposit return scheme in the UK and on issues ranging from nature-based solutions to climate change to racism in the countryside. Maddy's entry to the NGO and charity sector was through the CharityWorks graduate programme in 2015. Maddy has has an MSc in Global Environmental Politics and Policy from Birkbeck College, University of London and studied History and Sociology for her undergraduate degree at Sheffield University.

SOPHIE NODZENSKI - SENIOR CAMPAIGNER

Sophie joined the Changing Markets team in September 2021 as a senior campaigner. Prior to Changing Markets, she worked on a campaign to stop industrial illegal fishing at the Environmental Justice Foundation (EJF), an international NGO that combines investigation and advocacy to improve public policies on human rights and the environment. Specifically, she led EJF's global transparency campaign to improve transparency in global seafood supply chains and worked alongside national advocacy teams towards the achievement of key policy measures, from the European Union to South East Asia. Sophie holds an LLM in International Commercial Law from the University of Kent, and a Licence de droit from Université Paris II Panthéon-Assas in France.

ELAINE GIRVAN - FINANCE AND ADMIN DIRECTOR

Elaine looks after the financial and administration aspects of Changing Markets. She joined Changing Markets in July 2017, having previously worked as a systems accountant in a number of not-for-profit organisations, including the National Theatre and the Alzheimer's Society. As a trained accountant, she has spent much of her career helping and advising organisations on ways to improve their business and financial operations, as well as providing support as they carry out their day-to-day financial activities. After relocating to the Netherlands in 2014 Elaine took the opportunity to return to study; in February 2017 she completed an MSc in Sustainable Development, with a focus on Environmental Governance, at Utrecht University.

URŠKA TRUNK - CAMPAIGN MANAGER

Urška joined the Changing Markets team in January 2017 from the Brussels-based NGO Carbon Market Watch, where she worked as the Climate Finance Policy Officer advocating for more effective and accountable use of climate finance. Her background is in European policy and she holds a master's degree in European Politics and Policies from Katholieke Universiteit Leuven.

XIMENA BANEGAS - CAMPAIGNS ADVISER

Ximena joined Changing Markets in November of 2019, as a campaigns adviser. Her work in advocacy led her to develop campaigns in climate change and recycling in Bolivia, ban shark fin soup in China, anti-trafficking in South East Asia and the latest against deforestation for the agro-cattle industry in the Amazon Rainforest and Chiquitano dry forest. Ximena holds a liberal arts degree in International Studies and Business & Non-profit Management from Earlham College.



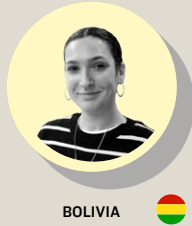
NUŠA URBANČIČ - CAMPAIGNS DIRECTOR

Nuša oversees strategy and implementation for all Changing Markets campaigns, investigations and media work. She joined Changing Markets in April 2015 from Brussels-based NGO Transport & Environment, where she worked as the Programme Manager of the Energy and Fuels programmes for over six years, advocating for more climate-friendly European policy and leading the fuels team. Born and raised in Slovenia, Nuša started her Brussels experience in Greenpeace's Renewable Energy team. Nuša has an MA in International Relations from the University of Ljubljana and an LLM in Human Rights from London University, which she completed part-time alongside working at Changing Markets.



ALMA CASTREJON DAVILA - SENIOR CAMPAIGNER

Alma joined Changing Markets in October 2021 as a Senior Campaigner. Prior to this, Alma worked for over 7 years at WWF-UK and WWF International as a Senior Campaign Manager working on a range of environmental campaigns: engaging the general public to foster political action towards climate change; tackling illegal and unsustainable timber entering the EU market; protecting UNESCO World Heritage sites from harmful industrial activities; stopping deforestation and conversion in our food production; making sure climate and justice was at the heart of the UK Government's COVID-19 recovery package; advocating for protection and restoration of UK seas; and started working on a campaign to fix our broken food system.



PAUL GILDING - FOUNDER

Paul is an independent author, strategy advisor and entrepreneur for a sustainable economy. He has worked with the boards and executives of many leading global companies, including Unilever, BHP Billiton, DSM, Ford and DuPont, and is a widely recognised global authority on the economic and business implications of sustainability and climate change. He is a Fellow at the University of Cambridge's Institute for Sustainability Leadership, where he researches and teaches on the inevitable global economic transformation around sustainability.



AUSTRALIA

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