

## CEDAR Consulting

<u>Team Member Name</u>	<u>Year</u>	<u>Major</u>
Member 1: Diego Ellen	2028	International Business
Member 2: Ryan Trimble	2028	International Business
Member 3: Ava Valais	2026	Leadership Management
Member 4: Camille Weber	2027	Sustainability Management
Member 5: Eoin Hartigan	2028	International Business; Finance

**Advisor(s):** Tom Gizzi, Rizwan Mahmoodi and Astrid Schmidt-King

**Topic Title:** Wrapped in Responsibility: Applying Circular Packaging Systems to Fast Fashion

**Audience:** Inditex Board of Directors

### Sustainable Development Goal

SDG #12: Ensure sustainable consumption and production patterns.

### Executive Summary

Zara manufactures and ships over a billion single-use packages per year<sup>1</sup>, the vast majority of which are discarded immediately upon receipt. Zara, a leading global fast-fashion retailer, committed to sustainable packaging in 2020 by replacing single-use plastics with recycled cardboard and paper mailers. However, this recycled packaging remains resource-intensive, with a standard paper mailer requiring 17 liters of water<sup>2</sup> and 4 kg CO<sub>2</sub>e<sup>3</sup>.

In FY2024, Zara's parent company, Inditex, generated €10.2 billion in online sales from 8.1 billion site visits with digital revenue growing 12% year-over-year<sup>4</sup>, reinforcing the brand's environmental footprint is scaling alongside its success. Further, the upcoming EU Packaging and Packaging Waste Regulation (PPWR) introduces heavier reuse requirements<sup>5</sup> and promotes circular packaging systems, meaning Zara's recycled-only strategy will soon fall short of regulatory demands and its 2040 Net Zero goals as stated in its 2023 Climate Transition Plan.

CEDAR Consulting presents Inditex's Board of Directors with an alternative solution starting with the Zara company: a strategic partnership with RePack, a Finnish sustainable packaging leader, to transition Zara's e-commerce packaging to a closed-loop, reusable model. RePack mailers can be reused over 20 times<sup>6</sup>, reducing material use and waste fees while meeting growing reuse regulations. Research from Fraunhofer IBP shows reusable systems can cut lifecycle CO<sub>2</sub>e by up to 60% compared to recycled cardboard<sup>7</sup>, which supports Zara's net zero emissions targets. Leveraging RePack's logistics network would create a cost-saving system that strengthens brand loyalty, especially among eco-conscious Gen Z consumers<sup>8</sup> who continue to be a key demographic for Zara<sup>9</sup> By pioneering circularity, Zara can outpace industry competitors while advancing UN Sustainable Development Goal 12: Responsible Consumption and Production and reducing financial and regulatory risks associated with single-use packaging.