

BETTER CONNECTED

POSITIVE LUXURY HAS ENABLED LUXURY BUSINESSES TO BUILD CREDIBLE CONSUMER TRUST FOR OVER A DECADE THROUGH ITS BUTTERFLY MARK CERTIFICATION AND HAS RECENTLY EXPANDED ITS ESG REPORTING WITH A NEW INDUSTRY-LEADING TECH TOOL. HERE, CO-CEOS **DIANA VERDE NIETO** AND **AMY NELSON-BENNETT** EXPLAIN HOW THE FIRST PHASE OF THE CONNECTED BUTTERFLY MARK WILL FURTHER EMPOWER COMPANIES, CLIENTS AND STAKEHOLDERS BY BRINGING A BRAND'S SUSTAINABILITY PERFORMANCE DIRECTLY TO CONSUMERS THROUGH THE CLICK OF A BUTTON.



What inspired The Connected Butterfly Mark, and how has it evolved out of the existing Positive Luxury Butterfly Mark certification?

DVN: As technology has evolved, so has Positive Luxury and our Butterfly Mark certification. The Connected Butterfly Mark enables businesses to be more transparent and connected, and for consumers to be able to understand the entire ESG journey of a company in one click through a website widget, NFC tag, QR code or hyperlink. When users scan the new QR code, they will see exactly what the company does from an environmental, social governance and innovation perspective; other certifications and accreditations the company might hold, and what the brand is striving to do in a very transparent way. It enables every stakeholder of the group to be more engaged, and understand

the ROI of their sustainability engagement. On the flip side, we have a dashboard that enables brands to understand who is clicking on the QR code, and through which medium, whether a product, website or advertising. The more places you put the QR code, the better it is for the consumer and the brand to really understand what the company is doing.

What we do at Positive Luxury is help companies transition to a new climate economy – and our entire universe is the consumer, employee, legislature, and stakeholder. Today, shareholders are finally understanding that sustainability is imperative for business, and companies that are not activating or operationalizing will become stranded assets. At the heart of Positive Luxury is AI, and we co-created our assessment with different stakeholders including BSI,

Cambridge Sustainability Institute and MIT. That's why when you click on the Connected Butterfly Mark, you can see which other certifications the company has. It is not what we put into it, but what brands already disclose. We make them understand the areas where they're good, but also the areas where they're lagging, and help them remedy that.

Blockchain powers the Connected Butterfly Mark. How long has Positive Luxury been looking into this technology?

DVN: Blockchain is a technology that has been around for many years. In terms of its readiness, it is still in its early development in terms of what functionality it can actually take in the future. The Connected Butterfly Mark is the brainchild of Amy, my Co-CEO, who I am so proud to work with. Amy came from Molton Brown and Clive Christian and has brought a wealth of

innovation while modernising many things we'd already been doing as a business organically. So it's been an absolute honour to work with Amy in upgrading our systems.

AN-B: I am a gamekeeper turned poacher in that I used to run the kinds of companies that we now support. One of the things I was always working on while running luxury businesses was helping them catch up on digital technology. So I have a track record of leveraging technology to help drive growth and convince stakeholders that digital technology is incredibly appropriate for their audience. With this particular tool, we identified early on that we needed to move consumer communications to a much more evidence-based position. We needed to find a way to help luxury clients feel more confident talking about

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sustainability and find a way to protect them from the tendency to lean into greenwashing – to help them avoid making generic meaningless statements or misrepresenting their brand however well-intentioned. The fact that the technology behind this tool is integrated with a very evidence-based assessment process allows us to do just that. The Connected Butterfly Mark has taken around nine months to develop with a very advanced technology agency in Copenhagen called Strøm Works. It's a combination of blockchain and a quantum ledger database structure, which allows us to make sure data is credible and dynamic. Over time, we'll be able to build up very robust sustainability journeys that are date-stamped and validated and eventually expand the tool to provide product-level traceability and more enriched information about every brand's supply chain and value chain. So this is step one in a much bigger project.

Because the Connected Butterfly Mark is so evidence-based, when you're showing this information, you're being incredibly and unusually transparent as a brand. So the first step was to get the first base built and help the companies we support see how this level of honesty in communication can help their business provide not an overly polished picture, but the real picture. The progress each of them is making to get certified is more than good enough and they should be immensely proud of that and feel confident talking honestly about their strengths and areas of opportunities.

How did you develop the tool with Strøm Works and what your brief was to them?

AN-B: We found Strøm Works through the proprietary technology they built around product-level traceability for businesses where purchases are more multigenerational. For example, when consumers want to know who owned their handbag, and where it has been



through its lifespan. The brief was to create something that was consumer friendly, but also respectful of the growing understanding of sustainability practice and ESG. We also wanted to build in educational tools and deep-dive information that a consumer can choose to go into if they wish. So it was a combination of trying to build something sophisticated and credible from both a light-touch sustainability perspective and

a consumer perspective, that would give the company real credit amid the growing interest and understanding of what 'good' looks like in this field. Developing the tool with Strøm Works reminded me of building luxury e-commerce sites in the past in that it needed to look luxury as well. We had to make sure that we were providing an aesthetic that all of our luxury brands

could feel comfortable within. The Connected Butterfly Mark has a usability that feels very elegant. It isn't just a practical tool, it feels like a beautiful experience as well.

How have you seen the luxury consumer's attitude towards digital change over the last two decades?

DVN: There's no such thing as a luxury consumer in its entirety today. Consumers are a lot more promiscuous and less loyal to one

particular brand or one particular segment. They are shopping much more transversally. You can buy your basics from Zara and purchase your Balenciaga bag too, and that is true whether you earn £1 million or £100. The luxury consumer is also not an age group anymore. There is an aspirational luxury consumer coming through resale marketplaces like Vestiaire Collective, and luxury rental platforms such as HURR and My Wardrobe HQ. So you don't need to have a lot of money to actually purchase or enjoy luxury. Also, from a payment system perspective, there are now FinTech facilities that enable you to purchase in many instalments. There is a discussion about whether this is good or bad, but the point is that the luxury consumer is now ageless.

AN-B: However you define a luxury consumer or a person of greater affluence, they have always been digital mavens, but it's the industry that has failed to recognise that. A more affluent individual can afford to invest in first-generation leading-edge technology, which they need to support their very mobile lifestyle. In a lot of cases, they tend to be professionals playing with technology. So the consumer has always been at the front, and the industry has been slow to adapt. Our old ways of marketing and communicating have shifted incredibly. We still have brands who either don't understand what it is that consumers are looking for, or they're seeing sustainability as more of a marketing strategy. That's where businesses are still behind. Sustainability is not a differentiator anymore,

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it's very rapidly becoming a hygiene factor, and it's better for you to differentiate yourself right now. The brand has to be improving its sustainability performance and the opportunity lies in how they leverage that in terms of communication and trust building with different stakeholders and the consumer. With this tool, all you have to do is drag and drop a widget on your website, which makes

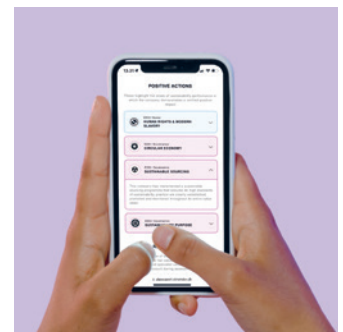
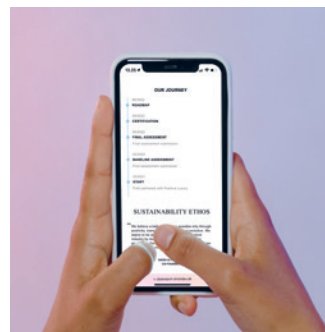
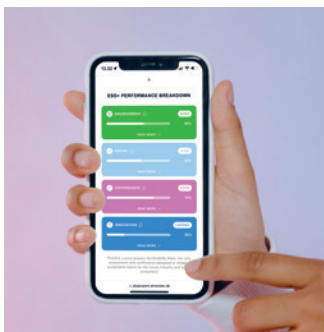
what the Butterfly Mark provides: transparency and a breakdown of these steps. If you go into a store, and the door is wide open with the air conditioning blasting, you think about how that business behaves when nobody's noticing. I always say behaviour is what you do when nobody's looking. Empty promises don't take you very far.

AN-B: When a company paints a 100% positive picture, and only talks about the areas

product-level traceability and talking about supply chains, that will have more educational opportunities in there as well, but it's giving people good copy that meets their current attention spans. It's the right level of content to make sure everybody's got a good, strong, fundamental understanding.

I come from the beauty industry which has a strong reputation within the world

AN-B: The update to our assessment framework is important for lots of different reasons. It's a brilliant opportunity for us to improve the intelligence and data we provide our clients with to help them with the growing volume of disclosure requirements, legal compliances and regulatory issues. That was a headache I know very well from the beauty industry. It will also allow us



marketing your business so easy. Brand equity is changing – businesses need to keep track of that because sustainability and consumer ethics are shaping brand perceptions. It's a different ballgame out there.

How can consumers differentiate between greenwashing and legitimate sustainability credentials?

DVN: Like anything, you have to read the small print. Claims, aspirations and targets are all well and good, but what we're looking for is action. Brands today say they want to be X, Y and Z in 25 years, but we don't know if we are going to have a world in 25 years, so what are you doing now to get there? We know what we need to do, so we are asking brands what steps they are actually going to make. This is

in which they excel, that's not balanced, and it's also unnecessary. We all know that perfectionism isn't really possible.

Can you tell us a bit about the educational content on the Connected Butterfly Mark?

AN-B: Our current framework consists of four pillars and a series of 29 drivers that the team consider to be the absolute fundamentals of ESG best practice. Helping consumers understand even just that level of detail is already progress. We provide an explanation of what each of those pillars or drivers is and why we should care about them. That's essentially what the educational content in the tool is for now. We may build a much more direct educational tool in the future. If we're providing

of greenwashing, performance statements and all sorts of things that come with the industry. It's interesting working with clients to break what are very long-held habits. It's a big change for companies in terms of how they communicate their brand values, but it's also an opportunity for them to stand out because the old ways are what everybody's doing. Not enough people have adopted the new ways yet.

What else are you looking forward to in the future at Positive Luxury?

DVN: As Amy will know, I am in love with our new assessment. Every two years, we update our assessment to make sure that there's nobody left behind and in fact, all our clients are very secure and future-proofed.

to take our Connected Butterfly Mark to the next stage because when we improve our framework, we will provide data for product-level traceability. So just creating something that's more fully formed is incredibly exciting. The world of certification is still pretty traditional with a lot of people looking backwards. We're looking at where you need to be in the future, how we can help you get there, and how we can coach you. We're becoming a very technology-driven business. It needs to underpin everything we do for credibility and ease. Diana loves to build a fantastic framework and a good assessment so we each bring a slightly different perspective, but we're excited about the same work. ●

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