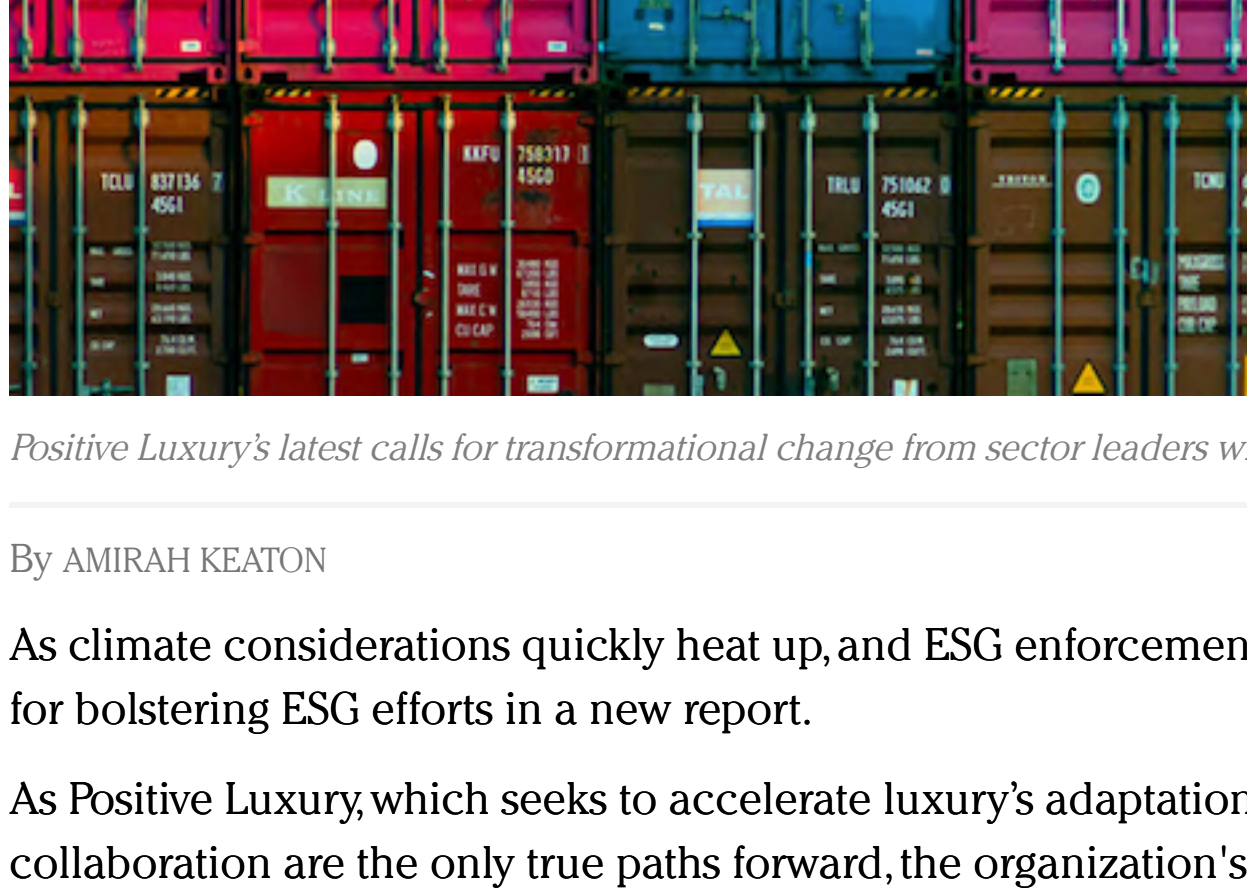


CEOs spend just 1pc of time interfacing with suppliers: report

January 23, 2023



Positive Luxury's latest calls for transformational change from sector leaders within the next five to eight years. Image credit: Positive Luxury

By AMIRAH KEATON

As climate considerations quickly heat up, and ESG enforcement legislation looms, Positive Luxury is making the business case for bolstering ESG efforts in a new report.

As Positive Luxury, which seeks to accelerate luxury's adaptation to the new climate economy, posits that innovation and collaboration are the only true paths forward, the organization's **The Way to Win: 2023 Predictions** mirrors this ethos, bringing five of the best sustainability specialists together for crucial corporate reflections. Therein, experts sound the alarm on what is at stake for the planet, providing case studies to contextualize what a responsible future for luxury could very well look like.

"Increasing collaboration with suppliers is not a new concept, but is one that will gain momentum as under the U.S. Securities and Exchange Commission (SEC)'s March 2022 climate-related rule **proposal**, many companies would be required to disclose their Scope 3 emissions on a mandatory basis for the first time, as early as for fiscal year 2024," said Amy Nelson-Bennett, co-CEO at **Positive Luxury**, London.

"In a 2030 vision CEOs will need to spend as much time with key suppliers as they do with shareholders & investors."

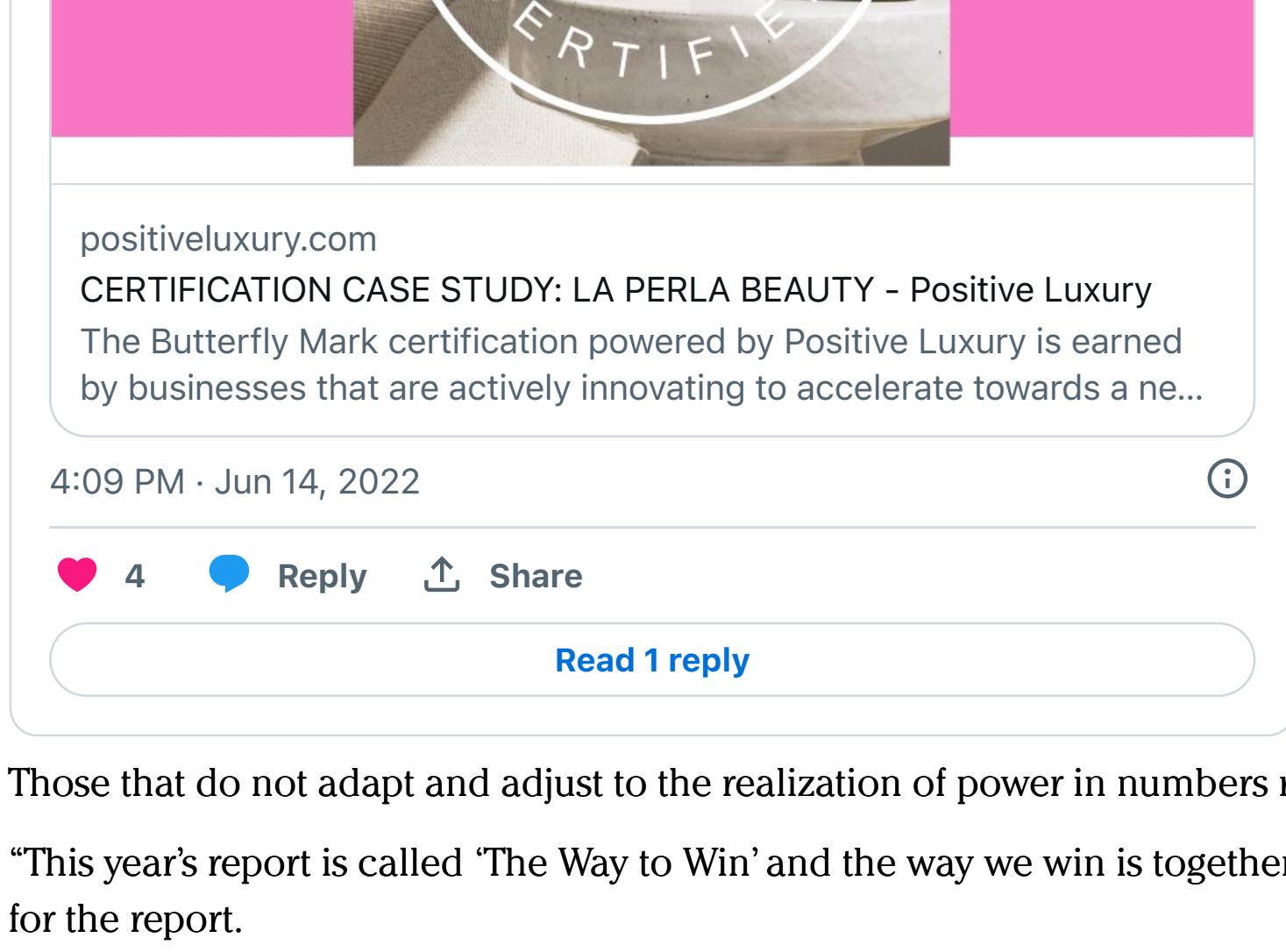
Ways to Win

Under close consideration as part of Positive Luxury's latest is a serious crisis of climate.

The organization drives home the point that, without the onset of collective, transformational change in the next five to eight years from sector leaders, society will face a much greater demise than those to be found amid bottom lines and balance sheets.

This timeframe is based on consensus out of The United Nations COP27 Climate Change Conference – the UN's Intergovernmental Panel on Climate Change has warned that greenhouse gas emissions must decline 45 percent by 2030 to limit global warming to 1.5°C, a rise that is predicted to impart devastating impacts on the planet inclusive of widespread drought, famine and habitable land loss.

Thus, business as usual appears out of the question, as not only will finite natural resources not be available to brands in the near future, but luxury will be forced to find new alternatives to old supply chain structures.



Those that do not adapt and adjust to the realization of power in numbers risk survival, according to Positive Luxury's latest.

"This year's report is called 'The Way to Win' and the way we win is together," said Diana Verde Nieto, cofounder of Positive Luxury, for the report.

"Innovation on the scale and at the speed that we need requires collaboration and working as a community," Ms. Verde Nieto said. "That is why we have chosen to make collaboration central to the structure of this year's report by bringing together five of the most exciting thinkers currently working in sustainability to show how practical Environmental, Social, and Governance practices can help organizations achieve sustainable economic growth."

Luxury's lessened impact on the environment should be a priority, first and foremost. Associate lead of the nature, partnerships & development team at UNEP FI Romie Goedicke kicks off the report by advocating for nature-positive financial flows.

MANDATORY DISCLOSURE

2023	2024	2025	2026
EU CSRD (Corporate Sustainability Reporting Directive) will be implemented for all companies with a turnover of more than €40 million and a balance sheet of more than €4 million. Companies with a turnover of more than €40 million and a balance sheet of more than €4 million will be required to disclose their Scope 3 emissions from 2025 onwards.	EU CSRD (Corporate Sustainability Reporting Directive) will be implemented for all companies with a turnover of more than €40 million and a balance sheet of more than €4 million. Companies with a turnover of more than €40 million and a balance sheet of more than €4 million will be required to disclose their Scope 3 emissions from 2025 onwards.	EU CSRD (Corporate Sustainability Reporting Directive) will be implemented for all companies with a turnover of more than €40 million and a balance sheet of more than €4 million. Companies with a turnover of more than €40 million and a balance sheet of more than €4 million will be required to disclose their Scope 3 emissions from 2025 onwards.	EU CSRD (Corporate Sustainability Reporting Directive) will be implemented for all companies with a turnover of more than €40 million and a balance sheet of more than €4 million. Companies with a turnover of more than €40 million and a balance sheet of more than €4 million will be required to disclose their Scope 3 emissions from 2025 onwards.

Image credit: Positive Luxury

Ms. Goedicke cites the fact that half of the world's GDP is moderately or highly dependent on nature, and sets a framework for reducing harmful economic activity by generating smarter sources of income – low-interest green loans, environmental impact bonds, and other green financial products are among the examples listed.

Practices like these could work to ensure that the 56 percent rise in financial institutions committing to climate and nature-related targets reflective of their home nation's NDCs, or nationally determined contributions for reducing national emissions, forest management, water scarcity and adapting to climate change-related impacts, continues to increase.

Next, Positive Luxury's cohort drives home the point that companies must also supplement initiatives with org charts that truly support transformation.

The group lends its seal of approval to a particular set of operations positions.

Positive Luxury's report cites analysis from Boston Consulting Group, which found that companies' share prices outperformed the market by more than 130 percent when procurement executives were on the leadership team as strategic decision-makers.

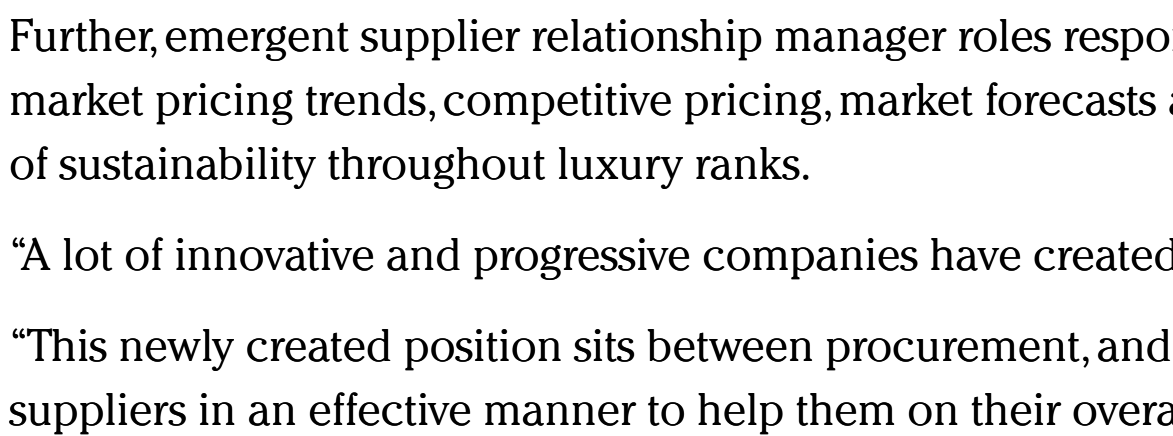


Image credit: Positive Luxury

Further, emergent supplier relationship manager roles responsible for providing inputs and recommendations on product costs, market pricing trends, competitive pricing, market forecasts and developing links with suppliers help to operationalize key facets of sustainability throughout luxury ranks.

"A lot of innovative and progressive companies have created a new role Supplier Relationship Manager," Ms. Nelson-Bannett said.

"This newly created position sits between procurement, and leadership to ensure that the company is working with their key suppliers in an effective manner to help them on their overall ESG performance with a focus on emission and water efficiency, modern slavery and social good," she said. "In the luxury sector many progressive companies in the likes of LVMH and Canada Goose are vertically integrated in order to have more visibility and control of their value chain as outsourcing the responsibility of your value chain is an outdated concept," she said.

Upcoming mandates aside, luxury is uniquely resourced to enact these changes, with projected growth of two to eight percent in the year ahead.

Environmental impact

One area of particular focus as of late for luxury appears to be regenerative agriculture.

In honor of World Soil Day, French Cognac brand Hennessy participated in an agroforestry viticulture program, documenting progress in a 47-second promotional video for the environmental initiative featured sketches of the specific efforts being made, focusing specifically on tree-planting. The 2021 program has resulted in the planting of 6,000 native trees of 20 varieties on its La Bataille property in France ([see story](#)).

Burberry's latest, an art installation that covers the South African countryside in its iconic Burberry Check, also embodies this type of restorative effort ([see story](#)).

"[While] it is a little too early to talk about effectiveness, I do think that Burberry ambition to become Climate Positive by 2040 is bold and brilliant," Ms. Nelson-Bennett said.

The initiative at hand falls under Burberry's "Landscapes" series, a corresponding campaign, global in scope, which captures snippets of projects that infuse sustainable elements, all executed on behalf of the brand.

"Burberry is working toward reducing emissions in their own value chain as well as their extended supply chain , aiming to reduce them by 46 percent - from a previous target of 30 percent - by 2030," Ms. Nelson-Bennett said.

"This means Burberry's Science-Based Targets will be aligned to the 1.5°C pathway set out in the Paris Agreement," she said. "The Burberry fund is set up to accelerate the company towards a low-carbon future by investing in nature-based solutions with carbon benefits that restore and protect natural ecosystems and enhance the livelihoods of global communities.

"This can only be a good thing for the industry, the planet and society at large."

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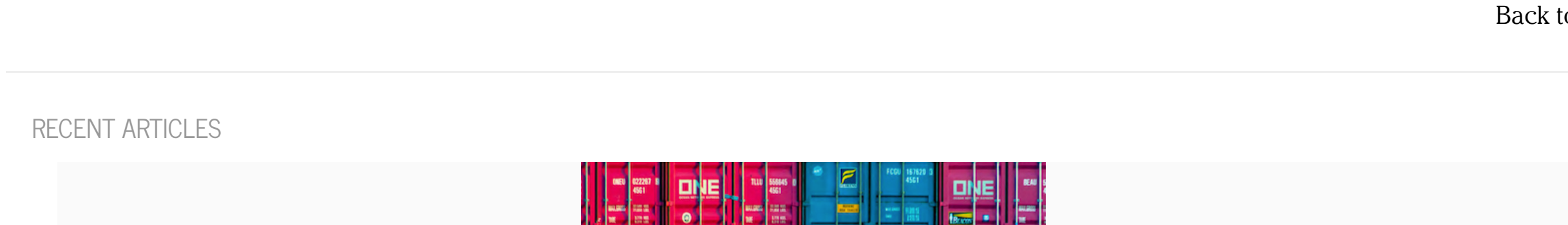
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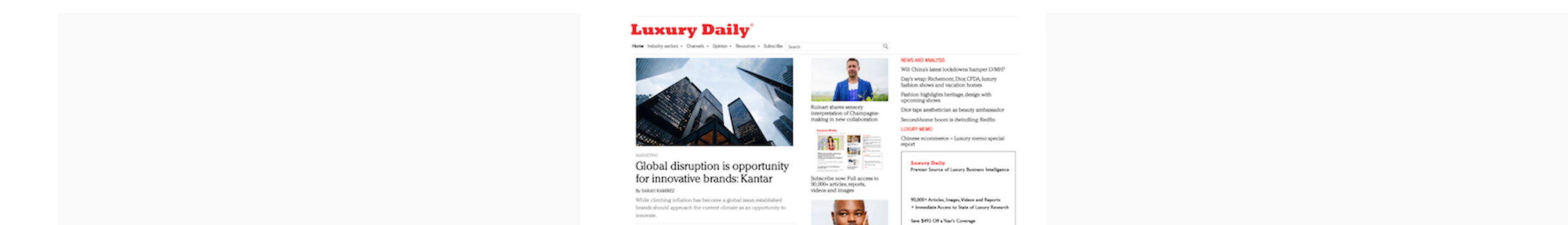
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