

# Creating growth and a carbon-free future: *the example of the luxury sector.*

# *Opening statements*

02

- ➔ **A reminder that it is counterproductive to dissociate economy from ecology**
- ➔ **It is the combination of both that makes the difference, when ecology serves economy, companies all follow**
- ➔ **Fashion has the reputation of being the 2nd most pollutant industry, but really it is mainly because it touches directly every population that it has such a big impact and such a role to play in this transition**

# ***What is at stake?***

## ***CO<sub>2</sub>: what are we talking about?***

### **MAINLY COAL AND TRANSPORT**

**1st energy source: coal accounts for 44% of CO<sub>2</sub> emissions**

**1st sector: transport accounts for 24% of CO<sub>2</sub> emissions**

### **MAINLY NON-EUROPEAN COUNTRIES**

**average CO<sub>2</sub> per capita: 4,4T**

**France: 3,8T**

**European Union: 5,2T**

**China: 7,1T**

**USA: 13T**



# *The fashion and luxury sector, because it is a consumer sector has an undeniable carbon footprint*

04

## FASHION IS A KEY ECONOMIC SECTOR

- 7,8 billion consumers
- 2nd in consumer goods
- 300 million employees and workers
- Global Apparel and Footwear Market: 1240 billion euros
- Luxury Apparel and Footwear market: 106 billion euros, 9% of the overall fashion market
- France: 7 billion euros
- Chanel, LVMH, Kering, L'Oréal Luxe and Hermès : 83 billion euros in 2020
- French luxury Maisons account for 30% of the world luxury market



SOURCES | EUROMONITOR  
IFM 2021  
ELLEN MACARTHUR FOUNDATION



# Fashion and CO<sub>2</sub>

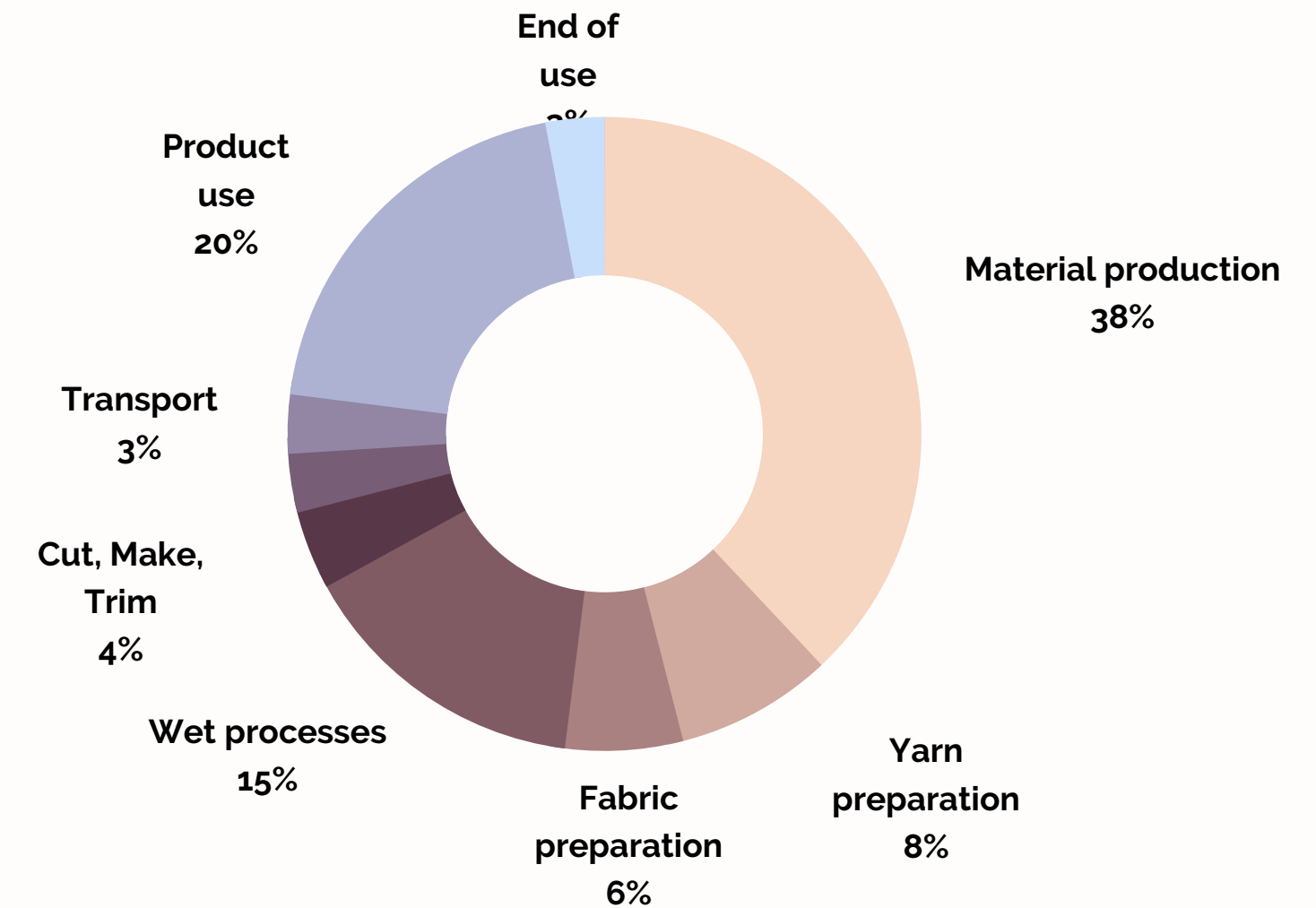
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## FASHION ACCOUNTS FOR 4% OF GHG EMISSIONS

(For apparel and footwear)

Mostly because of material production and product use.

Fashion is not the 2nd polluter: « The Biggest Fake News in Fashion » by Vanessa Friedman in The New York Times (2018).



SOURCES | MCKINSEY 2020

# ***What should we change?***

06

**This carbon footprint is due to multiple factors, now clearly identified and on which all the major players are working individually and collectively.**

- **How we make products**
- **How we consume**
- **We are going from hyper consumption to a qualitative consumption**
- **We are now aiming for value vs volume**
- **Consumers are expecting this change**

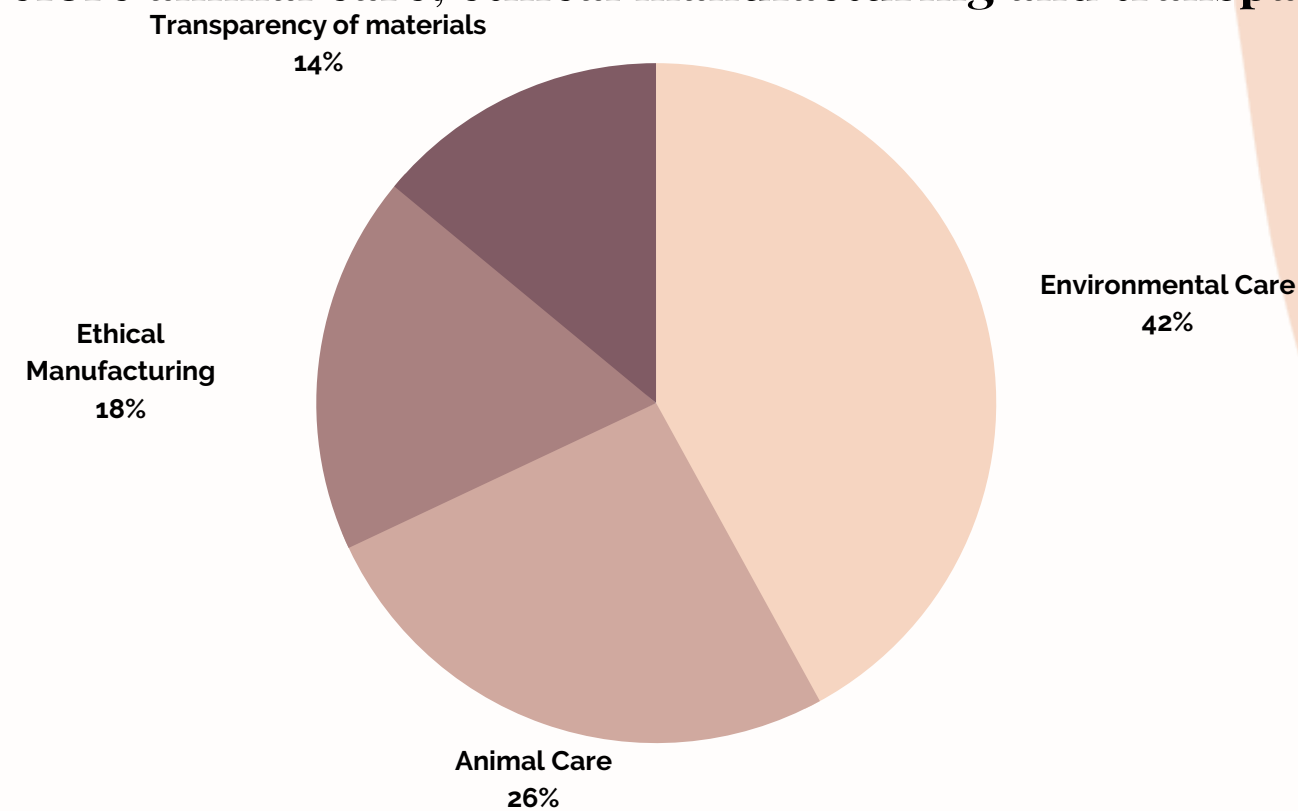
# *What should we change?*

07

## CONSUMERS ARE ASKING FOR RESPONSIBLE FASHION

“Sustainable fashion” google request is more frequent than “fashion” alone.

Environmental care is the top driving factor for buying sustainable luxury goods before animal care, ethical manufacturing and transparency of materials.



## DRIVING FACTORS FOR BUYING SUSTAINABLE LUXURY GOODS WORLDWIDE BY GENERATION IN 2018

SOURCES | BCG: FONDAZIONE ALTAGAMMA 2018

# *Key drivers*

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- **Ecodesign**
- **Traceability**
- **Quality and ethical sourcing**
- **Innovation**
- **Recycling - Upcycling - Hiring - Second hand: new business models**

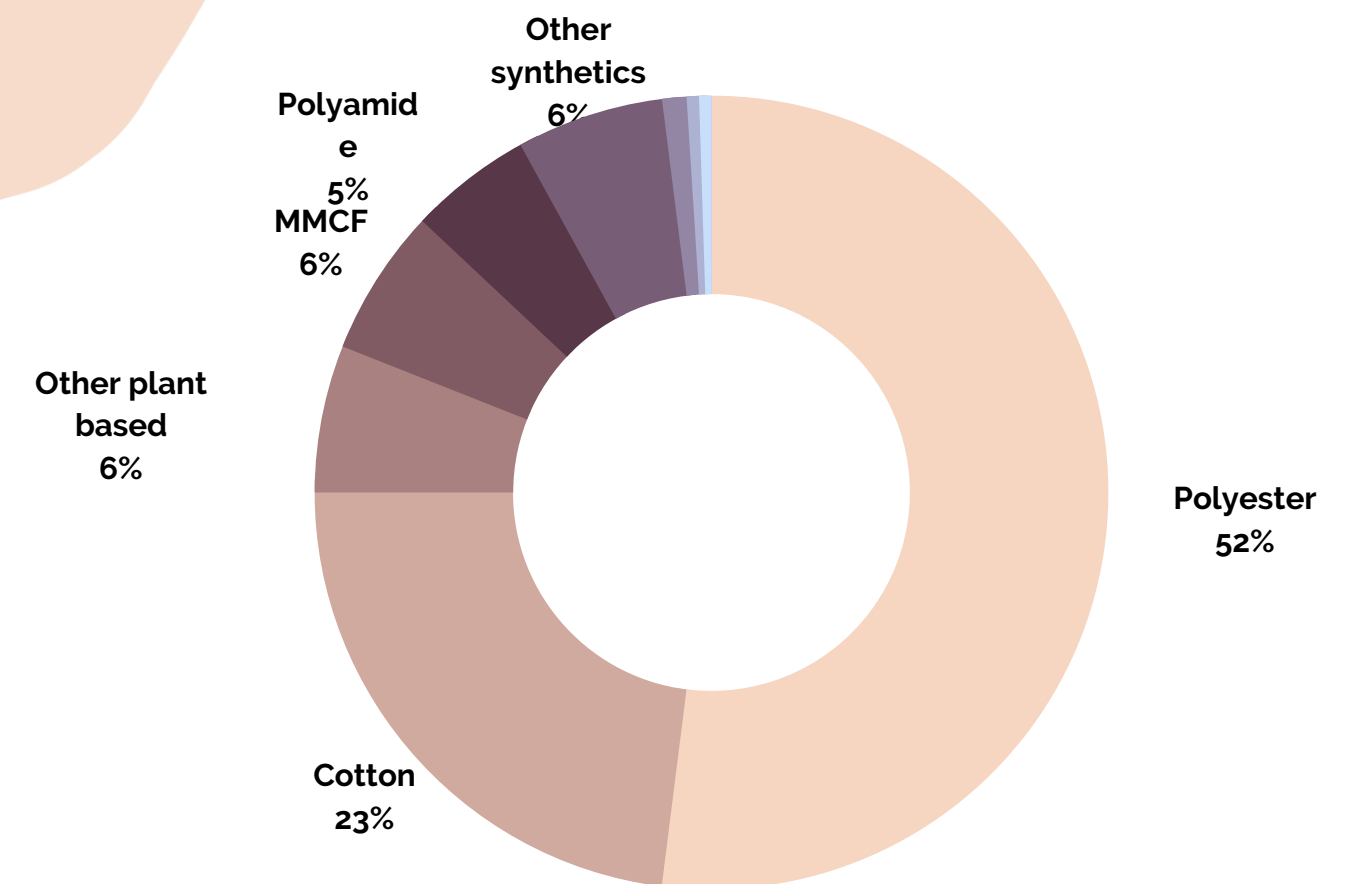


# *A distinction between fast fashion and luxury shall be made*

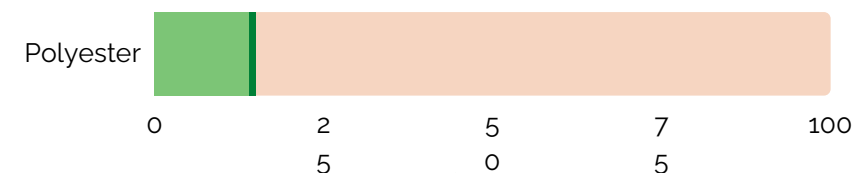
## Luxury has little quantitative impact

- A small share of the fashion market
- No overproduction
- Almost no sales
- Quality materials
- Products durability
- European manufacturing : France, Italy, Portugal
- Naturel fibers

## GLOBAL FIBER PRODUCTION IN 2019: 111 MILLION MT

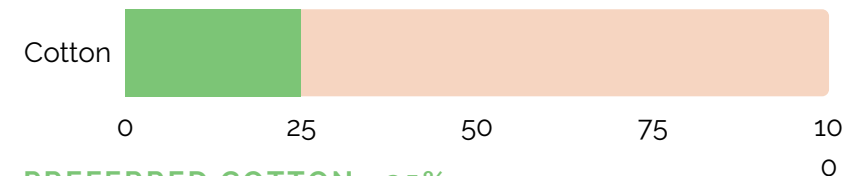


## PREFERRED FIBER MARKET OVERVIEW



RECYCLED POLYESTER : 13%

BIOBASED POLYESTER : 1%



PREFERRED COTTON : 25%

## FIBER EMISSIONS

COTTON : 8,80 KGCO<sub>2</sub>

POLYESTER : 9,66 KGCO<sub>2</sub>

VISCOSE/RAYON : 14,8 KGCO<sub>2</sub>

The Maisons do not advertise this subject on their products, in their shops, in their communication campaigns

# *Luxury has the ability to influence world positions*

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Luxury is an essential actor in the visibility of environmental action.  
Luxury must be exemplary!

“

TODAY, IT IS THE CEOS OF THE LUXURY  
INDUSTRY WHO ARE PUSHING THE  
GOVERNMENT TO ACT [...]  
THE INDUSTRY MAKES SOCIETY WANT TO  
MOVE: IT EMBODIES A GOAL TO BE ACHIEVED,  
IN TERMS OF TRENDS, OF LIFESTYLE

BERTRAND  
PICCARD

”



# *A long-standing commitment to a complex subject*

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LUXURY COMPANIES HAVE BEEN PIONNERS SINCE THE 1990'S

FASHION  
PACT



- A complex subject: the entire value chain is targeted. Collections - Materials - Production - Packaging - Transports - Retail - Reuse
- A long-standing commitment strengthened with the COP21 and the Paris Agreement
  - The creation of an Environment Department by LVMH in 1992
  - The first Kering charter in 1996. The group set up a dedicated team for sustainability and a digital environmental reporting platform in 2003
  - The Fashion Pact: 2019 - G7 - a worldwide coalition not only luxury brands
    - 3 priorities: climate, biodiversity, oceans
    - The number of signatories doubled in one year (more than 60)
    - One of the goals is to be carbon neutral in 2050
  - Stella McCartney is one of the responsible luxury pionners, she took the environment into consideration since the creation of her brand in 2001
- Federation de la Haute Couture et de la Mode:
  - The ecodesign tool for creative designers
  - The impact index for fashion weeks

FRANCE : FROM 2022, DESTRUCTION OF UNSOLD GOODS WILL BE FORBIDDEN

# *Strategic In Depth Programs*

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## FOR ALL THE MAISONS

Measuring the carbon impact and an external evaluation (Ademe, Science Based Targets Initiatives..)

## LVMH LIFE 360 :

Four pillars for the next decade: biodiversity, climate change, circular economy & transparency

LVMH plans to reduce its GHG emissions by 50% by 2026

## KERING STRATEGY HORIZON 2025

- Three pillars: Care (reduce the environmental impact, choose responsible and well-managed supply sources, and protect and restore biodiversity), Collaborate (CSR) and Create (Innovation)
- The group plans to reduce by 50% its carbon emissions by 2025
- Environmental P&L (measurement and assignation of a monetary value to the environmental footprint) : commitment to reduce it by 40% across the supply chain by 2025

## CHANEL'S 1.5 DEGREE MISSION

- Decrease their carbon footprint by 50% by 2030
- Decrease emissions from the value chain by 40%
- Shift to 100% renewable electricity in their own operations by 2025

## HERMÈS AND THE UN GLOBAL COMPACT

Joined the United Nations Global Compact, the world's largest corporate sustainability initiative that aims to get companies to align their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption, and to take action that advance societal goals

## THE YOUNG DESIGNERS



# *Multiple initiatives – some examples*

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## KERING

The EP&L: a tool that measures CO<sub>2</sub> emissions, water consumption, air and water pollution, land use and waste production throughout the supply chain. This innovation is listed as open source on its website and on smartphone.

## NONA SOURCE

The first online resale platform which re-values deadstock fabrics and leathers from the most exclusive French Maisons de Couture. Startup supported by the LVMH group.

## CHANEL PERFUMES

A carbon footprint reduced by 40% in 2017 thanks to eco-design for Gabrielle and a biosourced material to replace plastic perfume caps. Developments with a startup Sulapac.

## BERLUTI

The maintenance and repair of products.

## MAISON MARGIELA

The launch by John Galliano of the 'Recicla' line with pieces sourced from second-hand stores or flea markets and upcycled.





# *Multiple initiatives – some examples*

## **BALENCIAGA'S PACKAGING**

FSC certified paper with a minimum of 40% of recycled fibers.  
Plastic packaging with a minimum of 66% of recycled material.

## **PETIT H**

**NEW** products created from non-used materials at Hermès.

## **CELINE**

A production center with the highest standards of sustainable development.

## **MARINE SERRE**

Over 50% of the collection is recycled.

## **SAINT LAURENT**

12 rules for a good environmental management in the shops.

## **ISABEL MARANT**

A new vintage service with a startup Faume.

## **BURBERRY'S LABELLING INITIATIVE**

In 2019, Burberry launched a partnership with the RealReal in order to encourage resale.



# Figures

DIFFICULT TO HAVE EXTENSIVE FIGURES

THE KERING EP&L

It shows no opposition between revenues and a reduced environmental impact.

The impact decreased by 13% in absolute terms between 2018 and 2020.

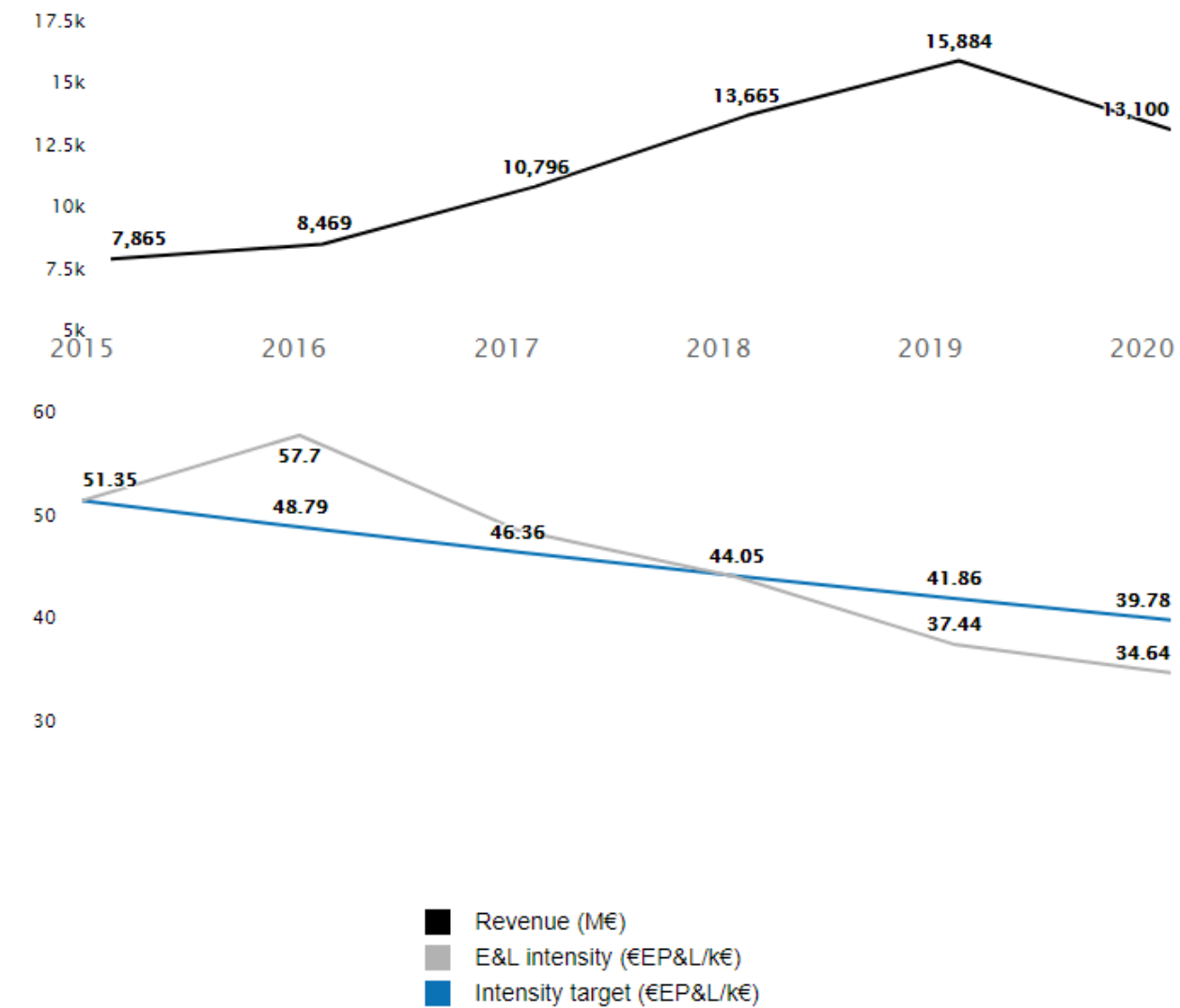


Figure 1 : EVOLUTION OF THE EP&L IMPACTS RELATIVE TO REVENUE (Link to data [↗](#))

# ***Sustainable fashion : much more than CO<sub>2</sub>***

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## **A DEEP INVOLVMENT OF LUXURY**

**GENDER EQUALITY:** Chanel foundation, Cartier women' initiative, L'Oreal-Unesco for Women in Science, Women@Dior mentoring, Saint Laurent's pledge against violence, Kering and baby leave.

**Education:** 15 schools and programs created by the French luxury.

**Diversity:** luxury is a very diverse world which is a key success factor.

**Biodiversity:** sourcing and R&D.

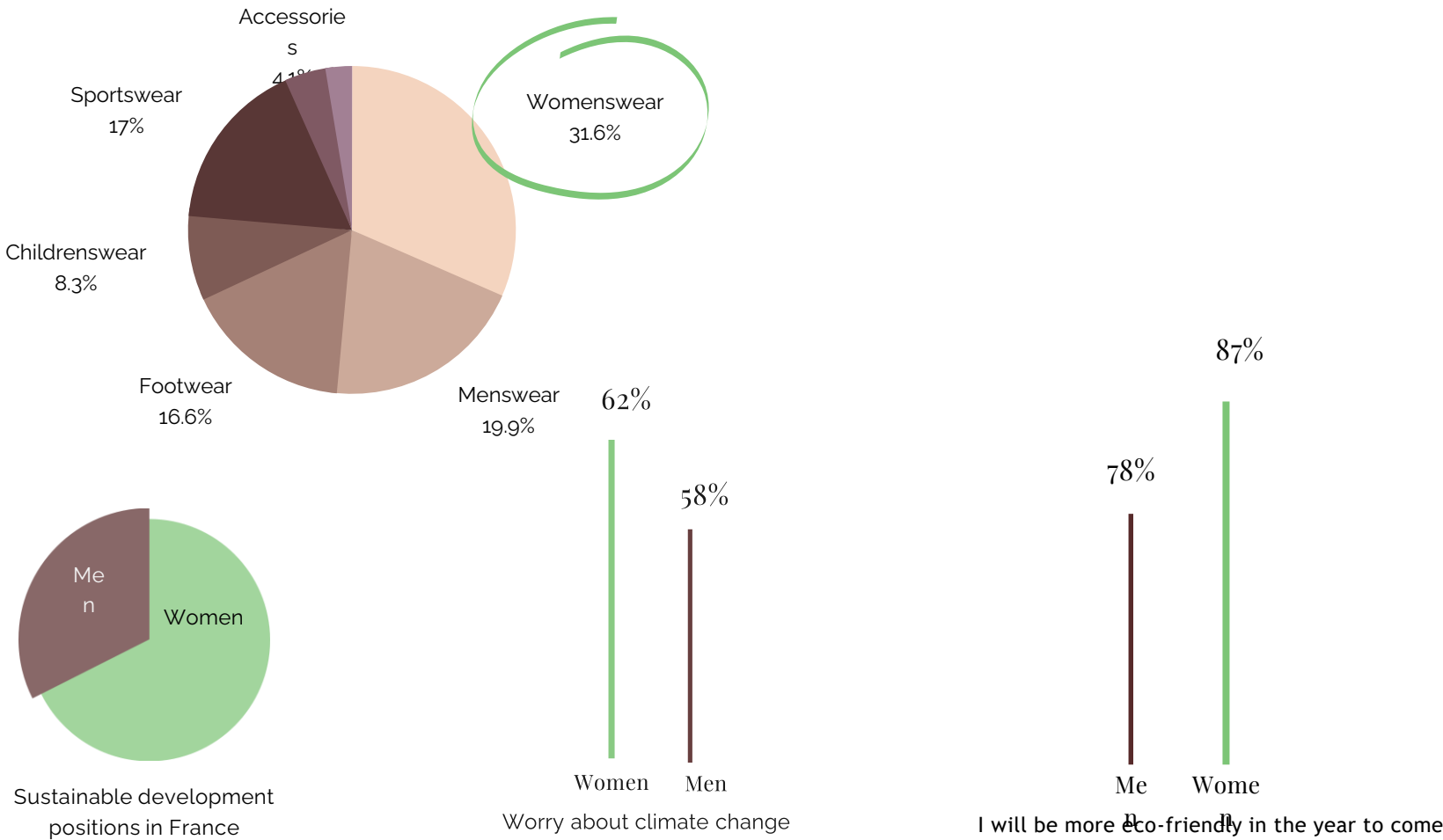
**Ethics in the supply chain.**

# A revolution led by women

## WOMEN ARE WELL REPRESENTED IN THIS SECTOR AS CONSUMERS AND WORKERS

- 63% of Kering's workforce, 73% of LVMH's workforce, 68% of Hermes workforce, they also represent the majority of managers
- Womenswear represents the largest part of the market ( 32%)

## WOMEN ARE DRIVERS IN THIS CHANGE



Ellen MacArthur

Ellen MacArthur Foundation



Stella McCartney

Stella McCartney



Marie-Claire Daveu

Kering



Marine Serre

Marine Serre



Hélène Valade

LVMH



Vivienne Westwood

Adressed the sustainable fashion very early

SOURCES | KERING, CHANEL AND HERMES  
EUROMONITOR 2019 & 2021  
BIRDEO 2019

