

Walpole

British Luxury
Sustainability Manifesto

2024

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With sustainability, as with every other key industry issue, none of us can drive the change we need to see as individuals. But if we come together, work collectively, share best practice, insights, suppliers, challenges, discoveries, then we are incredibly powerful and can build a more sustainable future for British luxury.

Why? Responsibility to create a more sustainable future

- The British luxury sector is one of the fastest growing and most successful industries in the UK, with brands including Alexander McQueen, Burberry, Claridge's, dunhill, Harrods, The Glenturret, Manolo Blahnik, Mulberry, Rolls-Royce Motor Cars and Wedgwood renowned throughout the world. Worth over £81bn to the UK economy, growing at a rate of 11% annually and employing over 450,000 people across the country, British luxury brands represent the highest standards of creativity, innovation and quality.
- With their unique leadership position, rich heritage and prospects for future performance, British luxury brands have

both the opportunity and responsibility to play a key leadership role in addressing the most urgent environmental and social challenges, setting the pace for change and working to create a more sustainable future for all.

- By working collectively we can draw on the knowledge, expertise and creativity of Walpole's 250 member businesses to share best practice, scale practical solutions and direct investment towards tackling the reduction of carbon emissions, reducing the impact on our environment, and create more inclusive organisations to ensure sustainable business growth.

Through Walpole's comprehensive sustainability manifesto we aim to support the British luxury sector to become a world leader in sustainability

What? Establishing British luxury as a leader in sustainability

Aligned to 11 of the 17 UN Sustainability Goals, and in recognition of the global challenges and solutions that will define the next era for luxury, the Walpole British Luxury Sustainability Manifesto, developed with McKinsey & Company, aims to set ambitious industry aspirations to lower carbon emissions, reduce our impact on the environment, foster inclusivity and ensure more sustainable future growth.

Based on four overarching principles and pillars, Walpole's manifesto aims to:

- Lead the transition towards a circular economy
- Safeguard the environment and natural resources
- Advocate equal and respectful working conditions
- Guide partners and suppliers towards sustainable practices

Recognising the substantial progress which has already been made across the industry and building on existing frameworks and initiatives, we have developed a set of sustainability aspirations under these four overarching pillars. The aspirations are not hard targets, acknowledging the diversity of the membership community, but act as a set of ambitious guidelines on where greatest impact can be achieved across the luxury sector. In addition to the aspirations, a ladder of actions supports members with the steps they can take against each of the pillars.

Lead the transition towards a circular economy
Aspirations under the first principle tackle plastic packaging, circularity initiatives to extend product life and waste reduction.

Safeguard the environment and natural resources

These aspirations cover safeguarding the environment and aim to address carbon emissions, renewable energy usage and water consumption.

Guide partners and suppliers towards sustainable practices

The aspirations relate to supply chain collaboration to focus on responsible sourcing and supply chain traceability.

Advocate equal and respectful working conditions

The final set of aspirations aims to champion inclusivity, ensure compliance with human rights and labour laws as well as address the gender pay gap.

FRAMEWORK TO ACCELERATE THE PACE OF CHANGE ACROSS THE LUXURY SECTOR

PILLAR 1

LEAD THE TRANSITION TOWARDS A CIRCULAR ECONOMY



Increase circularity of products and experiences (extending product life, reducing waste) and design all new products with circularity in mind

100% of B2C packaging to be reusable or kerbside recyclable, and minimal non-recyclable B2B packaging in value chain

Zero waste to landfill and incineration across own operations and support for zero waste in value chain

PILLAR 2

SAFEGUARD ENVIRONMENT & NATURAL RESOURCES



50% absolute reduction in scope 1, 2 & 3 emissions by 2030 and net-zero by 2050 or earlier

100% energy from renewable sources in own operations and support for renewables in value chain

Increase resilience to water scarcity and safeguard blue water in value chain

Protect and enhance the natural environment in the UK and value chain locations

PILLAR 3

GUIDE SUPPLIERS TOWARDS SUSTAINABLE PRACTICES



100% sourcing from "responsible" suppliers who comply with recognised standards

100% traceability on full supply chain

PILLAR 4

ADVOCATE EQUAL & RESPECTFUL WORKING CONDITIONS



Demonstrate compliance with human rights and labour laws, and pay living wages in supply chain

Champion inclusivity and draw on the talents of a diverse workforce

50% senior management from under-represented groups¹

Eliminate median gender pay gap

¹Aspiration 12 follows the 2022 Financial Conduct Authority guidance, with a more ambitious target – 50% rather than 40%

Pillar 1

Lead the transition towards a circular economy

FIRST STEPS – Build knowledge on new topics and take action on quick wins

- Identify KPIs to determine circularity of current and new products and experiences – e.g. average use life, recycled material content, recyclability at end of life, waste generation etc.
- Undertake packaging audit across value chain (in own operations, and with all or selected representative suppliers) to develop a targeted initiatives to address key pain points
- Monitor and report on waste generation and recycling rates across own operations; initiate a recycling system for all operational waste; develop initiatives to eliminate non-recyclable waste

NEXT STEPS – Explore ways to meet aspiration goals

- Systematically assess products and experiences on circularity KPIs, and explore/implement options to improve performance
- Implement packaging initiatives, e.g. increase share of recycled content, switch to alternative materials; engage with suppliers to develop value chain packaging initiatives
- Implement initiatives to eliminate non-recyclable waste in own operations; develop initiatives to increase recycling rates at the end of product life; engage with suppliers to understand waste generation in the supply chain

LATER – Demonstrate quantifiable progress

- Make a public commitment to design all new products and experiences with circularity in mind; disclose circularity KPIs on current and new products
- Monitor packaging use in own operations and value chain; disclose key achievements
- Demonstrate reduction in waste to landfill; develop and manage waste reduction initiatives with suppliers

Pillar 2 Safeguard environment & natural resources

FIRST STEPS – Build knowledge on new topics and take action on quick wins

- Develop a comprehensive understanding of Scope 1-3 carbon emissions; develop initiatives to reach net zero in Scope 1-2 emissions; train procurement team on Scope 3 emissions
- Switch to renewable energy providers in own operations
- Start monitoring water usage in own operations and explore areas in value chain where water use is likely to be high
- Understand your company's impacts and dependencies on nature across the value chain; monitor discharge of hazardous chemicals

NEXT STEPS – Explore ways to meet aspiration goals

- Implement Scope 1-2 emissions reduction plan; Launch systematic engagement with suppliers on Scope 3 reduction opportunities
- Require suppliers to provide evidence/data on their energy use and engage in discussions with them regarding switching to renewable sources
- Explore options to reduce operational water consumption and engage with suppliers regarding their water use
- Explore options to reduce negative nature impacts in own operations and value chain locations; explore ways to reduce chemical discharge

LATER – Demonstrate quantifiable progress

- Regularly disclose progress towards net zero goals
- Commit to engaging only with suppliers that use 100% renewable energy
- Demonstrate a reduction in water use
- Definitively invest in initiatives to protect and enhance nature in own operations and value chain locations; demonstrate reductions in chemical discharge

Pillar 3

Guide suppliers towards sustainable practices

FIRST STEPS – Build knowledge on new topics and take action on quick wins

- Explore accreditations and certifications that can be used to assure “responsibility” and codify expectations; share expectations with design and procurement teams, including providing training on key certifications where needed
- Map out supply chain, working with tier 1 suppliers to understand tier 2+ suppliers; identify areas throughout the value chain where there are traceability gaps

NEXT STEPS – Explore ways to meet aspiration goals

- Communicate expectations with suppliers, and develop a timeline for when standards need to be met; support suppliers to make changes to adhere to sustainability standards – this may be part of a broader programme, e.g. including Scope 3 emissions and other sustainability requirements
- Focus on understanding traceability for selected key products, and in doing so explore solutions that can improve traceability, e.g. blockchain, GPS, and suppliers that can support traceability, e.g. with their data platforms

LATER – Demonstrate quantifiable progress

- Make formal requirements for suppliers to adhere to standards and explore switching in cases of non-compliance; report on progress
- Monitor traceability data and explore how to use that data to inform decision making, e.g. with designers, procurement, etc.; expand traceability initiatives into more product groups

Pillar 4

Advocate equal & respectful working conditions

FIRST STEPS – Build knowledge on new topics and take action on quick wins

- Embed the responsibility to protect human rights into company culture; undertake compliance audit on human rights and labour laws across value chain; undertake living wage audit
- Measure demographic information; identify which groups have historically been under-represented in the local and sectoral context; educate staff on diversity and inclusion
- Measure and publicly report the median gender pay gap to increase staff awareness on the issue of inequalities in pay

NEXT STEPS – Explore ways to meet aspiration goals

- Incorporate relevant human rights and labour law in all supplier contracts; develop assurance mechanism; work with suppliers to understand gap to living wage in supply chain
- Explore options for talent attraction and retention across groups that have been identified as under-represented; establish inclusivity groups to understand and support the workforce
- Implement initiatives aimed to increase retention of female staff, e.g. flexible working, benefits, transparent HR processes

LATER – Demonstrate quantifiable progress

- Monitor, assure and report on progress and risks, with appropriate senior oversight
- Share progress on diversity and inclusion both internally and publicly on key metrics
- Demonstrate a reduction in the median gender pay gap and report on this publicly

How? Collective action to accelerate the pace of change

Walpole's manifesto creates an ambitious framework for joint action across the luxury sector on the most important environmental and social challenges. By working together, drawing on our collective best practice and experience, as well as the creativity, innovation and passion of the British luxury sector, we are able to accelerate the pace of change towards a more sustainable future.

By working collectively, Walpole members are able to:

- Share best practice and provide peer support across established and emerging brands
- Align on programmes of joint action to accelerate the impact of sustainability transitions
- Combine resources to support and scale innovation

- Establish a collective voice for the luxury sector to highlight challenges to regulators, governments and key stakeholders

THREE LEVELS OF COMMITMENT

Through the supporting the manifesto, Walpole members commit to prioritising sustainability in their business and do three things - all of which are proven to support effective sustainability transitions:

- **Endorsement from senior leaders** – to support Walpole's new sustainability initiative and to prioritise sustainable business practices within their businesses.
- **Ownership and accountability** – identify a dedicated person in charge of sustainability within their businesses and appropriate

performance management incentives to drive ownership through their organisations.

- **Transparent communication** – proactively promote transparent communications internally within the organization, with fellow Walpole members and externally with stakeholders to share best practices, achievements and challenges.

To support the British luxury community, Walpole will support members by creating forums to exchange expertise, provide relevant guidance and insight, develop communications initiatives to shine a light on the incredible progress that is already been made, and work to pool capabilities and resources towards innovation. It also aims to gather collective industry influence to highlight challenges to regulators, governments and other key stakeholders.

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