

MARKETING

BMW, Kering named among top sustainable companies

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Gucci parent Kering has been named a top sustainable brand by Corporate Knights. Image credit: Gucci

By STAFF REPORTS

Brands that create value for society also reap financial success, as the top 100 sustainable companies tend to outperform the average.

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In Corporate Knights' 2018 rankings of the top 100 most sustainable companies in the world, BMW and Kering topped their respective categories, leading the field in automotive and fashion. According to Corporate Knights, while the average multinational corporation has been around for 40 years, the mean age of the top 100 brands is 85.

"The Global 100 companies are built to last, demonstrating that firms which adapt to serve societal needs also do well financially," said Toby Heaps, CEO of Corporate Knights, in a statement.

Sustainability leaders

With the increasing risk of climate change to businesses and the growing adoption of more sustainable practices by companies, Corporate Knights changed the system for its annual rankings.

This year, the key performance indicators of a company were weighted in regard to the impact of the sector it belongs to. For instance, a business in a high-energy use sector that reduces its consumption was given more weight for its efforts than it would receive were it in a sector with less energy spent.

Corporate Knights also added a KPI for clean revenue.

"Clean revenue exposure is a big driver of both commercial health and contribution to sustainability," said Michael Yow, research director at Corporate Knights, in a statement. "It adds an important new dimension to our ranking."

Corporate Knights' rankings were pulled from a pool of 5,994 publicly listed companies.

On a country basis, the United States, France and the United Kingdom had the most companies make the list. However, 69 percent of listed businesses came from Europe.

In the luxury space, BMW topped the automotive category at 17. Mercedes-Benz parent Daimler also made the list at 60.



BMW recently turned its headquarters into batteries to celebrate an electric vehicle milestone. Image credit: BMW

Kering placed at 47, taking the top ranking of any textile, apparel and luxury goods company.

"A criterion in all business decisions, traversing all departments and areas of our supply chain, we consider sustainability to be the Kering seal of savoir-faire," said Marie-Claire Daveu, chief sustainability officer and head of international institutional affairs of Kering. "Inclusion in Corporate Knights' 2018 Global 100, as the most sustainable corporation in the textile, apparel and luxury sector, is thus truly an honor for Kering, and a source of motivation to continue our pursuit of a more sustainable luxury."

Also ranked were spirits maker Diageo at 61 and L'Oreal at 84.

According to Corporate Knights, these companies pay 27 percent more taxes, have triple the female executives and generate six times more clean revenue than those who did not make the cut. The index as a whole also outperforms the MSCI All Country World Index equity benchmark by one-third.

In a world where facts and figures are increasingly called into question, luxury brands will need to lead with emotion and values rather than rationality to succeed.

According to a new report from Positive Luxury, while storytelling and truth were the buzzwords of 2016 and 2017, respectively, 2018 will be dominated by the concept of "influence through emotion." As millennials' spending power grows, their preference for companies and brands that strive for environmental and social good is moving the needle for luxury brands, making CSR a boon for business ([see story](#)).