

SUSTAINABILITY

## Collaboration is crucial for future of sustainable sourcing

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Suppliers are the backbone of the luxury market. Image credit: Positive Luxury

By NORA HOWE

As consumers increasingly demand brand responsibility and find more ways of obtaining transparency, labels cannot operate their businesses independently of manufacturers.

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According to a new [sourcing report from Positive Luxury](#), collaboration across all operations is necessary to disrupt and transform the supply chain for a sustainable future. To do so, both parties must provide transparency to mitigate greenwashing, obtain certifications proving environmental and social impact and embrace all opportunities and challenges that come with reshaping the supply chain.

"When brands and suppliers embrace each other as full partners collaborating to innovate both critical parts of the luxury industry will have the opportunity to remake the entire global supply chain to align with positive planet- and human-centric missions," said Diana Verde Nieto, cofounder of [Positive Luxury](#), in a statement.

### Future of sourcing

Mutually beneficial brand-supplier relationships will depend on supply chain resilience, risk preparedness, community investment and innovation.

Consumers do not trust brands that claim to not know when environmental or humanitarian oversight or abuse occurs in their supply chains. To tackle blind spots, brands should publish audits of their suppliers, such as location, address and employment statistics for increased transparency.

Additionally, many brands stopped paying suppliers when COVID-19 forced global order cancellations moves that were met with immense criticism.



*According to Positive Luxury, companies that foster mature, extensive collaboration with suppliers can out-earn those who do not. Image credit: Positive Luxury*

No matter the crisis, Positive Luxury recommends that brands continue investing in their suppliers, paying them on time and supporting their sustainable transformation because ultimately, this will reflect positively on them from both financial and branding perspectives.

The onus is not fully on brands, however.

To attract sustainable business, Positive Luxury suggests Tier 1 and Tier 2 suppliers, such as garment manufacturing factories or fabric mills, must investigate their own supply chains and form strategic partnerships with ESG-compliant businesses.

For the luxury sector, specifically, legacy is paramount, so suppliers must invest in their own prestige to attract the likes of sustainable luxury companies.



*Last year in its environmental impact report, Gucci unveiled a partnership to financially support its suppliers. Image credit: Gucci*

Further, as sustainability requirements only become stricter in the next few years, brands will seek out suppliers with the necessary certifications. Suppliers should aim to achieve certifications now to prepare for future business partnerships.

Attaining these requirements is not an immediate process, either, so suppliers must document and share each step of their journey toward sustainability, as brands will look for communicative partners.

Leading organizations

According to Positive Luxury, when brands see their suppliers as equal partners and provide the necessary resources to help them thrive, the relationships become far more mutually beneficial.

In 2021, Italian fashion house Gucci launched a project with Italian bank Intesa Sanpaolo, allowing its Italian suppliers to finance sustainable business transformation. The collaboration funded initiatives such as waste reduction, energy efficiency, circular production models and equitable employment practices ([see story](#)).

Within one year of the initiative's launch, more than 150 Italian suppliers from Gucci's supply chain have benefitted from more than 230 million euros, or \$254 million at current exchange, in loans from the bank.

French luxury house Chanel owns 41 of its suppliers, with seven manufacturers acquired in the last two years alone, and approximately 33 percent of the brand's manufacturing now takes place in-house.

In December 2021, the brand unveiled 19M, a new design campus to physically house 11 of Chanel's subsidiaries. Last year, the French brand also launched a three-year sustainability partnership with Cambridge University to craft a sustainability education and leadership program for employees, aiming to implement innovative ideas and prototypes. The partnership focuses on three main areas including building an education and sustainability leadership program and a series of innovation "sprints," with each lasting up to 18 months. Each sprint will pose questions and pool together insights and feedback from experts across the university ([see story](#)).

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