

Bird & Bird &
OXYGY

Retail & Consumer Sustainability Survey Report

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Foreword

We are pleased to share with you the results of our most recent client survey on the topic of sustainability. With the support of our consulting partner OXYGY, we conducted a survey of our clients in the Retail & Consumer sector. One hundred and ten participants in luxury, fashion & retail, food & beverage, and hotels, hospitality & leisure across a number of international markets shared their views on sustainability.

With our firm's focus on disruption and innovation, we have been keen to understand how our clients are addressing one of the seminal issues of our time. We asked our clients—who typically do not have a sustainability title—to what extent they are involved in helping shape and execute their organisation's sustainability strategies and tactics. We were particularly interested to know whether they share our view of sustainability as an opportunity for innovation and what they see as drivers for success.

One key finding that struck us in this difficult year: more than a third of respondents said that sustainability increased in importance in the last year. The question is, did COVID really make sustainability more important, or was it an accelerator of disruption that was already underway?

We hope that this survey provides you with insights to move your business forward, and we look forward to supporting those who share our vision of sustainability as an essential driver of the business of the future.



Graeme Payne

*Partner and Global Head of
International Retail & Consumer
Group at Bird & Bird*



David Rosenberg

Director, Sustainability at OXYGY



Key takeaways

1

Companies that see sustainability as a driver for innovation report that they are ahead of their competitors.

2

Collaboration, internally and externally, is an important capability that drives the success of sustainability strategies.

3

Employees want to be more involved in their company's sustainability efforts.

Participant profile

The majority of respondents were from legal, senior and general management, sales and marketing, finance, procurement and HR functions.

Within the sector, there was relatively even representation from:

- Food & Beverage
- Hotels, Hospitality & Leisure
- Luxury, Fashion & Retail

Geographically, the respondents' companies were predominantly headquartered in Europe.

Across the companies that responded, 65% of respondents said that sustainability is critically important to their business strategies. The three external trends most impacting their companies are:

- Climate change and decarbonisation
- Plastics and single-use packaging
- Changing consumer demands for sustainable food and goods



Sustainability is a driver of innovation in leading companies

Over half of respondents believe their companies have made significant progress towards their sustainability goals. Executive support and integration of sustainability into core business strategies are the main drivers of success reported by these companies.

Importantly, businesses who report that sustainability is a significant driver of innovation are 3.5 times more likely to see themselves as ahead of their competition.

Nicolas Carbonnelle (Counsel and Head of Food & Beverage at Bird & Bird)

“Building a more sustainable food system is now at the core of most, if not all, food & beverage companies’ business strategies. It can be expected to remain high on stakeholder agendas in light of the increasing number of initiatives towards sustainability-related regulatory requirements and the evolution in consumer demand. Against that backdrop, it is not surprising to see that sustainability is a major driver of innovation for those companies leading the way.”

One perceived barrier to the implementation of sustainability initiatives noted by some respondents is that their companies struggle to measure the impact of sustainability work.

The main challenge to those who see that “little or no progress” has been made toward sustainability goals is that it is viewed as an “add on” rather than core to the business strategy. As a result, such companies struggle to measure and demonstrate internally and externally the impact of sustainability activities.

Clearly, leadership and strategic intent are critical to the success of any initiative. More than half of respondent companies within the Hospitality sector reported that they do not have a designated sustainability leader in their organisation, despite the increasing importance of sustainability. The majority of these companies have made little or no progress towards their sustainability goals.

Karen Friebe (Partner and Head of Hotels, Hospitality & Leisure at Bird & Bird)

“Sustainability provides an ideal opportunity for innovation, but it needs strong executive support behind it. Don’t allow it to be seen as merely an optional “add-on”. Positioning sustainability as a central part of your company’s business strategy and including dedicated sustainability leaders will help drive innovation and positive company growth.”

Insights

While sustainability should stand up to the same return on investment scrutiny as any other factor, there is a risk of getting distracted by measuring the impact of every sustainability activity. The right questions to ask are, “How is sustainability helping drive sales or revenue growth, reduce waste, attract and retain the best talent?” and more importantly, “what strategic impact is sustainability having?”

Sustainability as a driver of innovation is an opportunity to bring environmentally and socially responsible practices into the business mainstream.

David Rosenberg (Director, Sustainability at OXYGY)

“We worked with a leading food brand to shift their focus from inputs to impact. For years they had worked towards 100% certified sourcing of agricultural raw materials. By crafting new targets focused on the impacts of their product and their business, they created motivation and opportunity for more disciplines to engage in sustainability. Now not only the sourcing team is mobilised, but also R&D, manufacturing, marketing, and many supporting functions like legal and finance.”

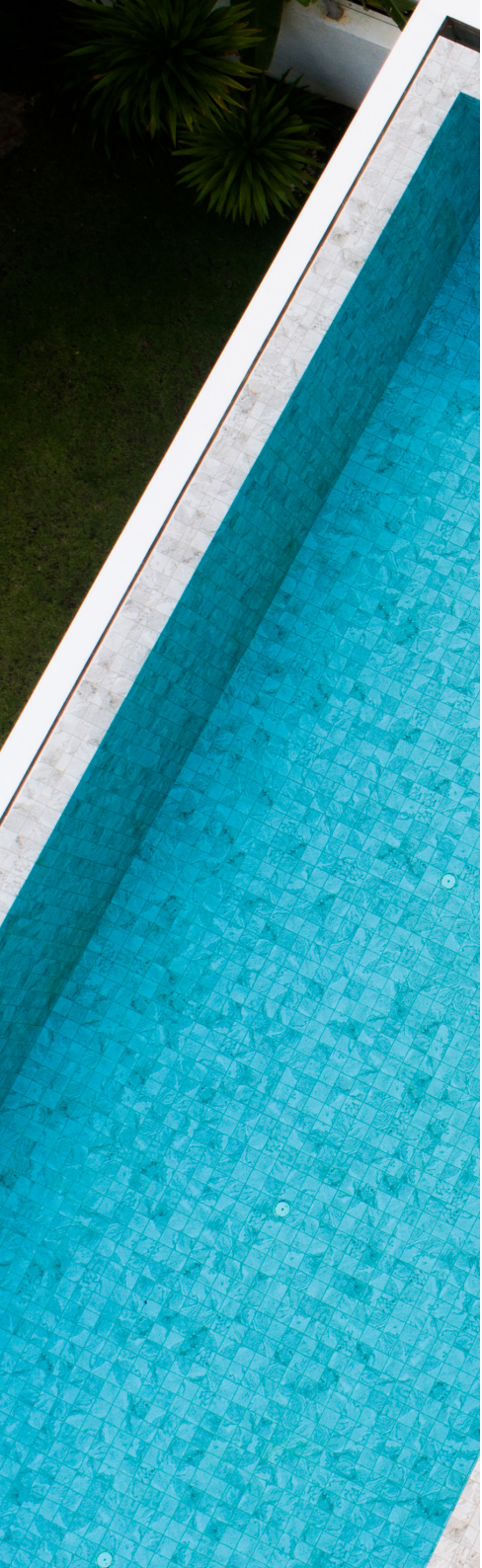
Recommendations

Position sustainability as part of your business’s drive to innovate and contribute to profitable growth. More and more consumers, investors and employees are demanding it.

Embed sustainability into business strategies and objectives so that tracking the progress of the business’s achievements and sustainability results become one and the same. Such an organisational mindset and mind shift can help overcome the perceived barrier that sustainability results need to be measured and that it is hard to measure the achievement of sustainability initiatives.

Sustainability is a rallying cry for innovation.





Collaboration is key

Both internal and external collaboration are key approaches driving the success of sustainability strategies. Nearly 80% of all respondents reported that “finding innovative ways to collaborate externally (with competitors and partners)” is important or extremely important to achieving their sustainability strategies. Those leading their competition in sustainability are three times more likely to see collaboration as extremely important.

Strong cross-functional alignment within the

Morten Nissen (Partner and Co-head of Competition & EU Group at Bird & Bird)

“There’s a bit of a chicken and egg issue with ‘collaboration for good’. Competition authorities want to gain experience with concrete projects but companies await official guidance, of which there is very little available. And meanwhile the climate clock ticks away. But it is possible to set up collaborations that will benefit us all. Indeed, Bird & Bird’s global Competition & EU team is actively helping companies navigate the murky waters to launch sustainability projects that do not capsize on competition law grounds.”

company is among the top three drivers for those who have made the most progress towards their sustainability goals.

Insights

Collective action is essential to address the pressing topics of the day, such as climate change, that affect us all. Therefore, global industry leaders are initiating collaborations with competitors and partners.

The need and desire to work together to achieve ambitious sustainability goals will force companies to answer the question “What is truly proprietary, what is the basis on which we differentiate and have a competitive advantage?” Everything outside of that competitive core creates opportunities to collaborate, raise the standards in the industry and remove the commercial advantage of unsustainable practices, such as sourcing products from unethical suppliers. Shaping and complying with the evolving regulatory landscape can help set a level playing field on which the most sustainable and ethical companies will win.

Andrew Hobday (former Global Chief Sustainability Officer for Mars)

“The fact that companies need to collaborate, even with competitors, to achieve their ambitious sustainability goals will force them to get clearer about their business strategy. Every company should be thinking about what they are truly good at—even world-class companies cannot and should not be good at everything in their value chain. A sustainability lens helps sharpen this. We need to think about where we are truly competitive, and where collaboration will enable us to tap into the capabilities a strong sustainability strategy demands.”

Recommendations

View sustainability as an opportunity for closer cross-functional collaboration.

Collaboration with business partners, for example supply chain partners, can benefit all parties in the chain and will be viewed positively by the end customer, which ultimately will flow to the bottom line.

Educate partners of your organisation’s sustainability objectives and help those that buy-in to become even more integrated partners.

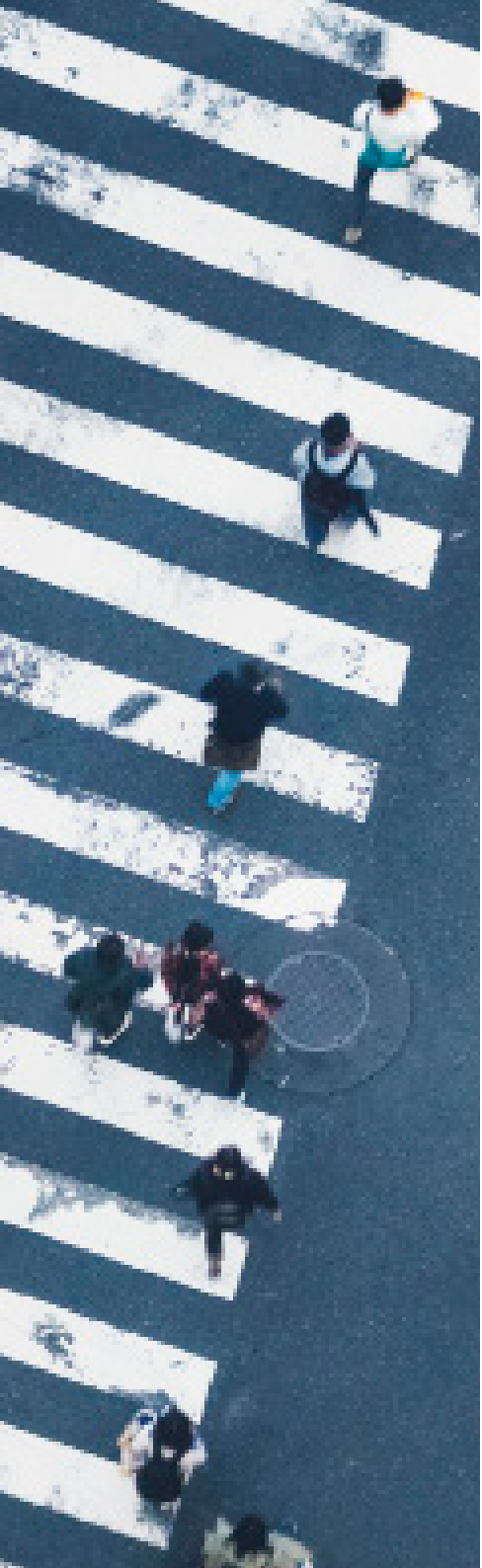
Collaboration with competitors can impact the industry which you share for the better, and bring value to everyone within it. Consider the business areas where you are truly competitive and take the opportunity to view sustainability as a common ground on which you can work together to improve the space that you are competing in.

Legal professionals can help create the environment, compliant with antitrust regulation, in which partnering to co-create solutions is possible.

COVID as an unexpected accelerator

Despite our respondents representing some of the sectors hardest hit by the COVID crisis, nearly a third (31%) reported that sustainability has become more important to their company in the last year. Unsurprisingly, among the small percentage who reported that sustainability had become less important to their organisations, sustainability tended to be poorly integrated into their existing company strategy.





Employees want to be more involved

The personal ambitions of employees are ahead of those of their companies.

Across all respondents, nearly a third (27%) say their personal ambitions related to sustainability are higher than those of their employer. Employees want to be more involved themselves and want their employers to be doing more. A majority of respondents, including more than half of legal professionals, would like to be more involved in sustainability efforts in their companies than they currently are. Companies that have more functions systematically involved in sustainability efforts are more likely to see themselves as leading competitors in sustainability.

Manon Rieger-Jansen (Partner and Head of Luxury, Fashion & Retail at Bird & Bird)

“From our conversations with luxury, fashion and retail brands it’s clear that sustainability, diversity and inclusion are high on the agenda. Employees of these brands are keen to make a difference and want their employers to be actively leading the way in this space. A genuine commitment to sustainability is a key factor in retaining top employee talent.”

While the most progress in achieving sustainability goals is being made in the area of product/service offerings and operations/facilities, every function has a contribution to make. The areas in which companies would most like to be doing more relate to employee policies and practices, partnering with subject matter experts, and green financing. This is a call to action to Human Resource, Legal and Finance professionals in particular.

Insights

If employees say they are eager to be more involved, companies are sitting on an untapped reservoir of brainpower. Sustainability is an opportunity to increase employee engagement and make your organisation more attractive as an employer.

Alison Dixon (Partner, International HR Services Group at Bird & Bird)

“People at all levels want to do meaningful work, to work with a sense of purpose. A cross-functional approach to addressing sustainability challenges will engage all of your employees at a level beyond the day-to-day, is key to achieving sustainability goals, and also makes you a more attractive employer.”

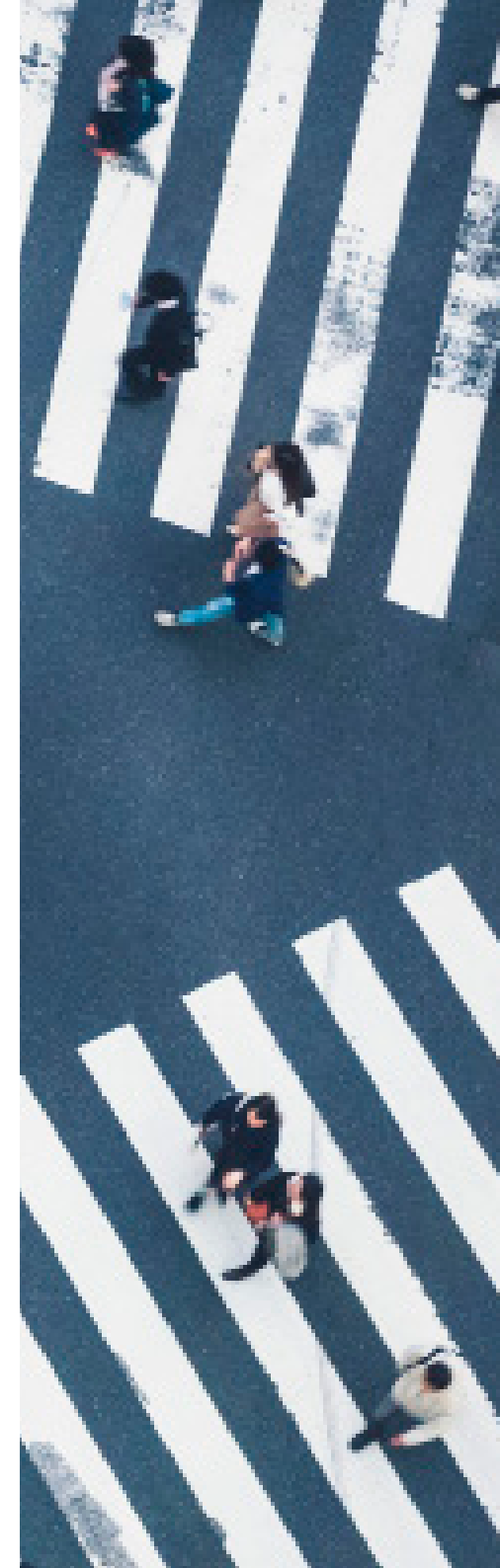
Recommendations

Tap into the desire of your employees to get more involved. Unlock their interest in the topic or risk losing them to companies who do.

Challenge every function to find ways to contribute to the achievement of the company’s sustainability goals.

Sustainability is an opportunity for legal professionals and the legal department to play a strategic role given their cross-functional, enterprise-wide view.

Incorporate sustainability appropriately into your employer branding.



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