



WWD VOICES: RETAIL'S RESPONSIBLE RESET PODCAST – EPISODE 7

AUDIO TRANSCRIPT

Evan Clark [00:00:00] Doing well isn't good enough anymore in fashion. Customers, investors and employees all expect companies today to be good corporate citizens taking environmental, social and governance issues into account as vital components of their businesses. Today, we're going to explore how one industry leader is juggling those priorities.

Arthur Zaczekiewicz [00:00:23] Welcome to voices where we share the latest fashion, apparel and retail industry insights. Welcome to WWT Voices. I'm Arthur Zaczekiewicz, and I'm joined here with co-host Evan Clark today as part of the Retail's Responsible Reset series sponsored by Accenture will be speaking with Tom Berry, who is director of sustainable business at the online luxury fashion platform Farfetch. He's going to help us pass profit and purpose. Welcome, Tom.

Tom Berry [00:01:03] Thanks very much, Arthur. Good to be here.

Evan Clark [00:01:05] So, yeah, thanks for being with us, Tom. So there's a lot of ways to talk about what it means to be a good corporate citizen in fashion today. People talk about being ethical and responsible or eco friendly and sustainable. The Wall Street types use the umbrella term ESG, which covers environmental, social and governance concerns. How much does it matter how we talk about all

this? Are these terms confusing, or are they just kind of different lenses on one complex issue?

Tom Berry [00:01:39] Yeah. Look, it's a great question. In lots of ways. It doesn't really matter because they are all talking around the same or very similar issues. I mean, I've been in what I call sustainability circles for the last 20 years, and in that time, it's kind of the movement around different words has changed, you know, kind of when I started, it was the kind of common corporate term was corporate social responsibility. But yes, definitely. I guess it does matter when it comes to consumers, you know, and I know we're talk about this a bit later, but I do think consumers get a bit confused and the kind of simpler, more straightforward we can be for them, the better, because that will enable better choices, in my view. But yeah, apart from that, they all broadly talk about the same thing. I think different people would include different issues underneath each of those terms, which is whether that kind of nuance comes right.

Evan Clark [00:02:38] But it's a it's a complex world. You need to kind of there's lots of moving parts. Let's talk about ESG. I don't love acronyms. There's just too much room for confusion. But I think the the term ESG does kind of get at a bunch of the key themes there. So I just want to kind of go through each one of you know, and touch on a point on each one of those kind of larger terms from what you're doing



at Farfetch. So let's start with environmental. How does Farfetch approach them? How are you kind of, you know, raising the bar on the environment?

Tom Berry [00:03:16] Yeah, of course. Look, and I like ESG as well. It tends to be an investor focused term, but it does cover it very clearly spells out environmental, social and governance like the three key issues which some of the other terms don't necessarily spell it out, even though they're they're often included. I mean, my view is starting by just talking about Farfetch and how it operate, just to put the kind of environmental work in context. We as often as said we're we're a platform. The platform for the luxury industry. And that means by our nature, we're an enabler. So most people will know us for our marketplace. You know that the fashion marketplace, which serves consumers around the world, connects connecting them to a thousand four hundred boutiques and brands. But we will see them having a number of elements to the kind of platform offering which we have. So we have a set of what we call enterprise solutions, Farfetch Platform Solutions and our digital retail solutions, which is effectively a set of solutions which we offer to other retailers and brands in the industry at its core kind of e-commerce and another offerings. And then we have a brand platform, say, back in 2018 2019, we bought N.G., which is a group which nurtures which brand brands. And this this week we launched a new brand with them. And that was one say, yeah, there's a number of different elements of the platform in terms of how we then tackle sustainability. It's it's a platform sustainability strategy. So we we're an enabler of change as a platform. And so the idea behind our sustainability strategy, which we call positively Farfetch, was about enabling positive change and enabling all of the different communities that we serve through our platform. They brands, boutiques, consumers, the kind of representatives of the industry. We enable all of these different communities to think, act and choose positively so long introduction with us.

Kind of it frames, I think, an important element of how we think about. Sustainability, so we didn't think about it as, oh, there's a bunch of environmental and social stuff we need to do on the side of our business, the sustainability strategy is a platform focused strategy, say, on the environment. Sorry, I haven't gone, you know?

Evan Clark [00:05:53] So it's something so it's embedded in. It's not something that you're you're are layering on top of a business, it's embedded in how you do business. So as you see, because a lot of ways it's a as a platform, Farfetch is a facilitator. You have batiks on one side, customers on the other. So how does that? Can you give a specific example of how your. You know how and how you can nudge along the cause and of our environmental cause in there?

Tom Berry [00:06:22] Yeah, of course. So, you know, we have a key direct environmental impact areas, the kind of cool ones one is around climate change, partly because the Farfetch model is around shipping things around the world. So we, you know, we've we've set clear target to be climate positive by 2030 and are working to reduce that impacts as kind of in terms of how we operate. A lot of that we can do through our boutique and Brian network. So they are the ones who are shipping directly. We can help them in terms of reducing emissions associated with the logistics and distribution. But we also can influence the other big bits of our impact, which is in terms of the brands that we, the brands that we make, so that manufacturing supply chains built into that those targets the brands we own a retailer or Brown's in London, the brands that we buy. So there's a number of different ways in which we have to look at driving carbon reductions. We, as a as a company, made a commitment to neutralize all carbon emissions associated with logistics and delivery. So we made a customer promise. Basically, the all of the deliveries would be carbon neutral, we call it climate conscious



delivery, and that it's not a kind of consumer choice, it's just something which they get and we tell them about when they're buying,

Evan Clark [00:08:01] buying the product. So so when people are using Farfetch, they know that you have an eye on the big kind of global global warming climate change picture. So that may be just another kind of point in there. Another hot topic in the industry is waste and reducing waste. How that you guys work in that area, too, could you kind of bust that out for us?

Tom Berry [00:08:25] Yeah, I like the one of the cool visions that they had when he formed Farfetch was about this idea about a matching supply and demand in the industry. You know, he recognized that there was this mismatch in supply and demand. So that's been a core part of Farfetch ever since it was formed, and that's a big driver of waste in the industry. But we also do a number of other things. We've we on the waste side, we force mainly and or what we call our circular pillar, and we've made a commitment to be more circular than linear by 2030. And there's a there's a bunch of things which we do under that. One of the cool things in fashion, one of the key issues is about the fact that the clothing utilization has decreased in clothing production has gone up. And so one of the ways which you can tackle that is about helping people extend the life of play to helping get unused clothes off people's wardrobes and either they use them for themselves or they pass them on to be used. And we've launched a number of services. So we have a resale service called Farfetch Second Life, which is live in over 30 countries now, and we have a repair service if people want to have something which they love and just want to fix up, which again is live globally and we also have a donation service. So if they just want to clear out, you know, people have wardrobe clear outs, but often not and not often enough or don't have an incentive to do it and to look after the clothes, we offer a kind of elevated donation service where they can send in a Barclays and half of the money and get the kind of sale of those clothes get sold. Half of the

money comes back to them and Farfetch credit in half goes to their chosen charity.

Arthur Zaczekiewicz [00:10:06] Tom, you said, I'm sorry, Tommy, you said something at the beginning I thought was really interesting. You use the word CSR like that was the original, you know, corp consultant. And I think back on those days and it was used to be a three ring binder that sat on the shelf behind. And that was, you know, that's our that's our policy on CSR. So what you're talking about is completely different. This is like integrated into every aspect of the business, right?

Tom Berry [00:10:32] Yeah. And that's what I do. I don't like about the term CSR. Some people still use it and actually they talk about all of these, the things that the kind of things which I'm talking about, but there's no CSR is kind of like it's the things you do to feel responsible. After you've run your business, you do what you do. Things are in your business and then you do the things which you feel responsible for. Whereas sustainability or sustainable business for me is about combining how can we drive business success? Like how can we deliver either cost reduction or customer growth or reduce risk whilst also delivering, but our social or environmental outcomes? That's the core to sustainable business to me and all of the things which I've talked about. So, you know, the climate change work, we the more we focus on efficiencies and lower carbon delivery methods, a customers will like it. They're increasingly demanding it. A boutique. Customers of boutique partners will want it. They want more efficient delivery. We drive lower costs in that for both us and our partners. There's less packaging, there's less packaging waste. There's there's just so many multiple business benefits in addition to the kind of environmental benefit carbon climate change. Same thing on the services side, you know, the circularity piece of work, all of these services, which I describe the resale service, the donation service they all designed to help us arrive at a customer loyalty that a customer engagement new, you know,



new sales people get credits for selling their handbags or donating that it drives you back to the platform, hopefully to buy from the better range of products that we have. It's a more sustainable range of products that we have.

Evan Clark [00:12:23] So kind of good for business, good for the planet or good for the world. All right. So that really covers a couple of the moving parts on the E part of ESG. What about social? What's the focus there?

Tom Berry [00:12:37] Yeah. So there's a couple of a couple of pieces we have now that we've got these four big goals and the two are covered on those environmental side to really. All under social. One of them crosses over the one that that gold crosses over is what we call conscious. And we've made a commitment that all product sales through Farfetch by 2030 will be will be classified as conscious, and that's really about choice and transparency. And in the fashion industry that tends to be focused on transparency around how and what products are made of and big. The big issues in the fashion industry are still social as well as environmental, so that that kind of conscious. Goal covers us driving more sales of products which meet good social human rights, labor standards criteria, as well as good environmental kind of material certification. So is it know organic material or recycled material and then animal welfare? So that kind of transparency piece, you know, helping consumers make better choices? I would I would put under that social side. And then the other the other piece, the other big goal that we have under our positively far strategy is to be more inclusive. So or be a leader in conscious inclusion. And you know, that's about being a better representative of all groups within society, both within Farfetch, you know, kind of enabling a really inclusive culture and workforce within it, but also in the fashion industry where there's a platform for so many brands, so many boutiques, so many different parts of the fashion luxury fashion industry. We we can and should be a kind of representative for all, you know, and in lots of ways to do things which other groups can't do. For more underrepresented groups in

that society, say, Yeah, we have kind of two core areas of delivery in that they, you know, we have really great, great, you know, we have a black, black owned brands kind of at it. And so projects and work to support those kind of businesses, and we saw great growth in those again last year. Same thing. You know, it's kind of it's linked to what we want to try and be and do as a business. It's partly a social impact area, but it's partly because we know it's what consumers are increasingly concerned and care about, right?

Evan Clark [00:15:19] So on both the social side and the environmental side, you're kind of looking out and looking at the world and trying to help helping consumers making these decisions. The corporate governance piece really is kind of a more of a looking within, right? So so if you're you, you're going to be a good corporate citizen. You also have to kind of figure out where your own organization is and how you meet various benchmarks. What's the before we move on to a broader discussion? Just what's the how? How does Farfetch, how do you think about that at Farfetch?

Tom Berry [00:15:53] Yeah. So I mean, governance is obviously a key part of any company anyway, and the the governance in ESG tends to be relatively specific. Comment on a few metrics around how you're structured, what your kind of policies are. And I guess the key things which you need to highlight, the kind of things which we've done on that one is last year we formed an ESG committee on the board level. So kind of at that the most senior level in the in the company, we now have a committee which gives oversight to all of the ESG issue. So it's a kind of it's a good oversight body at that really senior level ensures we're covering everything which we would need to in know in all of the different areas. And then the second thing is we we published our first ESG report, which I guess on the, you know, to do with like being more transparent about the kind of key metrics we're working towards, the key material issues that we're tackling in ESG and particularly for investors. It's kind of it's been. It's

always it's been around for a long time, like ethical investing or ESG investing, but it's it's really boomed recently and investors are increasingly interested in what companies are doing in this area. And so having a really clear, transparent report on key metrics which investors can then understand you're your business against on ESG is absolutely key. So, yeah, there's two things which we've done which kind of fall into that governance bucket.

Evan Clark [00:17:34] So taken all together, that's exhausting. That's a huge that's a huge job. There's lots of moving parts and and there's a lot of blind landmines in there, kind of every step along the way. And as you're as you're thinking about that and obviously you think very holistically and very deeply about about all of this. And there's a lot of competing agendas here. While, you know, in the meantime, running a business that makes money and makes shareholders happy and all that kind of stuff. How do you. How do you manage those competing priorities?

Tom Berry [00:18:12] Yeah, I think, you know, I've been in I've been in businesses in the past where and worked with a lot of different businesses where sustainability tends to be a whole list of different topics. It's just, I mean, partly driven by that responsibility agenda because like, although you responsible for all sorts of things and you hope to be doing good in lots of different areas and it becomes a bit, you know, bit of that unwieldy set of things, which he is hard to prioritize. But you know, that's the strategy, which we have is four key pillars. And fundamentally, it is kind of four key metrics of success. You know, that's what we're managing to, which is, you know, as a from a from a business perspective, relatively straightforward. I mean, that complex how you get to these metrics. But they they're like north stars or so on climate is climate positive, and therefore we have to have really good measures of what our climate emissions are as regularly as we can across good, you know, kind of the difference internally, but also the scope one, two and three and climate change, if you have that term or. So we've got a kind of really clear target on that, we've got a really clear target on set on circularity. Being more secular than India, and that's measured, you know, some units which we handle as a as a business and a business is used to measuring units. We just measure it and

know we look at it in a slightly different way. We're looking at the number of products that we sell, which is sector and the number of service units that we service through those services. And measuring these, we want we want the circular ones to be bigger than that kind of linear ones. And then on the conscious side, you know, it's it's a sales tie, GTV of conscious products. So we have to have really clear criteria about what our conscious, conscious product is. And we've defined that's in the public domain. We communicate that to our partners and the brands, but we've got one really clear target Ramnath. So, you know, we just have a set of. Quite a few clear targets, which just really helps with the prioritization, because then you can say, well, look, is this going to move the needle on anyone or are they like anyone initiative? Is it going to move the needle on this? There's so many good things you can do in suspense, right?

Evan Clark [00:20:39] But you've got yeah, you're so you're measuring along different vectors and and following that. So I'm a skeptic and by profession and at heart, and you've got a lot of you got it clearly far this is baked into what you're doing. I think a lot of companies, especially more established companies, have had profit and growth at the center of their core for so long. And now they're kind of, you know, trying to make the switch. You see, you've worked in this area for a long time and you see a lot of other companies that are on the platform. I mean, how would we can you how would you characterize the progress of. The fashion industry in this area in this kind of corporate citizenship, ESG, environmental, you know, whatever however you want to say it, how's the industry doing and where is it? Where does it really need to improve the most?

Tom Berry [00:21:35] Yeah, great question, I guess. You know, I've only been in the fashion industry for the last three and a half years since I've been at Farfetch. So yes, it's relatively new to me in that time. But I've seen enormous change in a really positive way, generally across industry. So beyond fashion Sweet, but specifically in the fashion industry, it feels like the last 18 months to two years has seen a huge increase in both commitment to actually action on some kind of core sustainability issues in fashion. But that's not to say that it's it's kind of it's got it sorted like there's still a long way to

go. It's a really it's a huge industry. The very polluting industry. There are kind of ingrained problems within it around production overproduction, but also something just the lack of transparency in the supply chain and that leading to, you know, problems from a social perspective. So these haven't been solved. Like there's been massive action, I guess, in the last 18 months to two years. And, you know, real leadership from some of the brands, I mean to me, are conscious. Target, you know, we're dependent on brands we can we can do some of that ourselves. We launched this that there was one just last week and that's a, you know, at its core, it's. It's a brand which is designed to be long lasting essentials for the, you know, kind of staple in your wardrobe. But it's also built with sustainability at its heart, so that's a brand doing it. You know, we've done that. There are so many other brands that's, you know, making great progress.

Arthur Zaczekiewicz [00:23:34] But that's but that's just the kind of the the world of, I mean, it's a small part of the world, right? So if everybody's not growing in the same direction on a global basis across several other industries? I think what's the point? I mean, it has to be everyone. Everybody has to be all in, right?

Tom Berry [00:23:55] Yeah, you can. Only there's no one business brand products. That can never be sustainable on its own sustainability fundamentally is about the system and the system, which you're operating in with sustainable and multiple systems in the world. So you know, you kind of you do need. The bee industry as a whole to me, the last four, I think five matches as was excited to join Farfetch. I was excited and been excited in it because we are a platform, so hopefully we can be a really powerful enabler and not we can't solve all of the problem. We're not close, but you sound as that

Arthur Zaczekiewicz [00:24:36] may sound optimistic. Are you optimistic over the future?

Tom Berry [00:24:40] Yeah, I am. I really am. Like, I know always when I'm reading reading, particularly some of the less pressing climate climate science. But yeah, I think you kind of have to be. And I think, you know, the world, the world generally and particularly industry is why again, why I like working in industry is feel like it can be really innovative and can change quite

rapidly. And it feels like, you know, that's why I'm optimistic about fashion because it feels like it has taken just a fundamental shift in the last 18 months to two years, which is quite. It's quite new and in it took the food industry, I guess was is probably ahead of where fashion was and but it was taken a long time for it to get there. And it's been talked about in food for a long time and yet feels like the fashion industry has the potential to move, in some ways a bit quicker. So I'm really hopeful that it can help.

Arthur Zaczekiewicz [00:25:43] Thanks for joining us today. Evan, do you have any closing thoughts?

Evan Clark [00:25:48] Yeah. No, I mean, I think this has been really, really great, Tom, and thanks for kind of letting us into the world here. And it's heartening to hear, you know, the world's not perfect, but there seems to be a lot of movement on a lot of fronts right now.

Arthur Zaczekiewicz [00:26:06] Tom, any closing thoughts from you

Tom Berry [00:26:08] that look like one of the things which I think is really positive, which the industry is moving by, I guess the from the data which we've seen the consumers moving, you know that we've seen we saw growth last year in our conscious collection. Sales of that conscious collection outpaced the growth of profit. But as the fast growing business sales and that conscious collection outpaced the growth of profits by three and a half times. So it's like that, but partly supply driven you as the brands to go into the market. But it's partly demand driven, you know, consumers are looking for, they're engaging it. We saw on the services side, we saw a 500 percent growth that were small services, but massive growth in the engagement in those resale services. But in the nation's services and repair services. So it's kind of it definitely is like consumers engaging in it more than a more than I've seen before and kind of again in my sustainability area is really positive from that perspective because it will take, you know, it's not just going to be a few people in business doing it, but consumers need to to engage.

Arthur Zaczekiewicz [00:27:17] Well, thank you again. Thank you, listeners for tuning in. We'll have more episodes down the road with a



variety of topics and executives. Thank you to Accenture for supporting us in this in this series. Have a great day!

Speaker 4 [00:27:34] Ready Reset. Group
Accenture helps retailers around the globe embrace change to seize the future. Learn about the five imperatives of retail's responsible reset and how leading retailers are partnering with Accenture at [Accenture.com/Retail](https://www.accenture.com/Retail)

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