

Samsonite

Samsonite has launched a sustainability strategy to 2030, including plans to use 100% renewable energy and achieve operational carbon neutrality by 2025. On supply chain human rights, the company will expand existing social compliance programmes to identify, mitigate and remediate possible negative human rights impacts. EOS continues to engage the company on these issues.

Background and company overview

Samsonite designs, manufactures and sells luggage, outdoor and casual bags, business and computer bags and travel accessories. The company sells its products through wholesale and retail channels in more than 100 countries including through over 1,000 self-operated retail stores. It has a global manufacturing footprint, with three primary owned manufacturing sites in Belgium, Hungary and India as well as predominantly outsourced manufacturing in Asia. The company's sales are distributed across North America, Asia, Europe and Latin America. The company is listed on the Hong Kong exchange and is joint headquartered in the US and Luxembourg.

Our engagement

EOS at Federated Hermes has met extensively with Samsonite's management, including the chair, CEO, sustainability director, research and innovation director and others. We began discussions with the company about waste, product innovation and circular design and production in 2018 when we spoke with the newly appointed CEO. The CEO agreed this was important and told us that a range of products using recycled materials would be trialled soon. The plan at the time was focused on use of sustainable materials. When we enquired about end of life and recyclability of products, the CEO explained that a sustainability director was to be appointed and responsible for reviewing the strategy across all material sustainability issues.

Engagement objective:



Environmental:

Climate change; product innovation and circularity



Social:

Supply chain human rights

Sustainable Development Goals:



Our introductory call with the sustainability director in 2018 gave us the opportunity to share our view of the company's material sustainability risks and opportunities and hear about its priorities and next steps. In 2018 we also met with the research and innovation director of Samsonite Europe, who explained how sustainability and circular economy issues are incorporated into the company's product development process. We discussed the recent eco-range of suitcases made using production waste; there are challenges to scaling the range, but there are some opportunities to replicate the same development principles elsewhere. We continued our conversations on this in 2018 and 2019 with a variety of senior management.

Improved climate change commitments have also been one of the key aspects of our engagement. Although it measured and disclosed emissions, prior to 2020 the company did not have any clear public targets and commitments to address climate change.

In addition, we have consistently raised the question of respecting human rights, in particular related to working conditions in the outsourced, global value chain. We have had useful discussions about the changes to the company's supply base and how best to approach risk management and due diligence when this has stabilised.


Changes at the company

We were pleased to see the commitment to circular economy as one of the key pillars of the company's sustainability strategy in 2020, in line with our discussions. This includes increasing materials with sustainable credentials, but also developing solutions to end of life of products, seeking to divert as many products as possible from landfill.

We spoke with the CEO after the strategy was launched in late 2020 and it was good to hear him give full support, despite the challenges of the pandemic. Examples of the progress the company has made towards its commitments include the launch of Proxis in 2020, its first travel collection using Roxkin, a patented material which is strong and light enough for luggage but also recyclable. When it comes to the end of life, Samsonite will collect and recycle for up to 20 years post purchase. It also launched its first range of backpacks made entirely from recycled fabrics. The company calculated that the carbon footprint of the backpack is less than half that of a conventional backpack. It also provides global repair warranties. As of H1 2021, approximately 15% of global sales across a range of its brands were from products with a "sustainable attribute", compared to ~7% for FY2019.

On climate change, we were pleased to see the company detail specific carbon management commitments and quantitative targets in the strategy launched in 2020. These include:

- 1 To use 100% renewable energy.
- 2 To achieve operational carbon neutrality by 2025.
- 3 To reduce carbon intensity of operations 15% by 2025 (compared with 2017).
- 4 To estimate, track and support actions to reduce scope 3 emissions.



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During 2020 absolute emissions decreased significantly as a result of Covid-19-related reductions in production. More importantly however, was the group's recognition that its principal carbon footprint is upstream in its supply chain. It is positive therefore that the company in 2021 is conducting a pilot effort to estimate, track, and reduce Scope 3 emissions through engagement with key suppliers.

We were also pleased that the company has made a clear commitment to supply chain human rights. It has committed to expand the existing social compliance programme to identify, mitigate and remediate possible negative human rights impacts of the business. This will include enhanced due diligence processes, starting with a human rights country risk assessment, now that supplier and country diversification work has completed.

In 2020 the company updated its Ethical Charter to be more comprehensive and aligned to new regulation, as well as being aligned to the International Labour Organisation's principles. The company also plans to expand due diligence to its top 100 tier two suppliers, i.e., suppliers that provide components for the first tier of suppliers which produce finish goods.

Next steps

In future we hope to see the company develop and report against metrics which would demonstrate the scale of the company's progress in implementing circular production and innovation and allow it to target even greater integration into its product offerings.

We will continue to engage on the challenge of Scope 3 upstream in the supply chain, as well as how it might begin to consider the use of its products within Scope 3. We would also like to see the company consider science-based targets for its climate change commitments.

We hope to see further progress on its supply chain human rights work. The company should report on how it aligns to the United Nations Guiding Principles on Business and Human Rights, disclose its salient risks, such as modern slavery, and provide more details about how it can design due diligence to assess any actual impacts of these risks and what remedy can be provided in order to ensure decent work for the people in its supply chain.



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This case study has been fact-checked by Samsonite to ensure a fair representation of EOS work carried out and changes made at the company.

¹ Samsonite ESG reports: 2019 pages 11-18 and 2020 pages 10-15

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