



How Brands, in the Fashion Industry, can achieve Sustainable Prosperity? The Luxury Sector Case

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*“Creio que dizer uma coisa
é conservar-lhe a virtude, e tirar-lhe o terror”*

Fernando Pessoa (Livro do Desassossego)

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Resumo

Esta dissertação é apresentada à Universidade da Beira Interior e ao IADE - Universidade Europeia, para cumprir os requisitos para obter o Mestrado em Branding e Design de Moda.

A Moda é uma indústria importante e vital que está envolvida com aspetos fundamentais da sociedade, do planeta e da economia. A estrutura da sustentabilidade é impulsionada pela prosperidade é explicada relacionando os quatro pilares sustentáveis. As agendas cultural, económica, ambiental e social da sustentabilidade estão intrinsecamente vinculadas com a prosperidade do negócio da moda. Por meio da responsabilidade corporativa, aplicando normas e medidas, podem ajudar a mudar perspetivas e a resolver muitos desafios geralmente ignorados pelas marcas. Como a Moda faz parte da identidade de uma comunidade, também a Sustentabilidade faz parte do desenvolvimento responsável do mundo, e a Prosperidade, é uma parte essencial do negócio. A estrutura demonstra que a teoria inicial e conclusões primárias resultantes são validadas durante a investigação. Por meio de pesquisa documental, uma análise quantitativa e qualitativa e um estudo de caso da empresa francesa Kering, a questão inicial de “Como as marcas, na indústria da moda, podem alcançar a prosperidade sustentável?”, é respondida e provada ser possível.

Palavras-chave

ModadeLuxo;Marcas;Sustentabilidade;ResponsabilidadeGovernamental;Prosperidade

Abstract

This dissertation is presented to the Universidade da Beira Interior and IADE – Universidade Europeia, to fulfil the requirements to obtain the Master’s degree in Branding and Fashion Design.

Fashion is a significant and vital industry that is involved with fundamental aspects of society, the planet and economy. The framework of sustainability is driven by prosperity is explained relating the four sustainable pillar. The Cultural, Economic, Environmental and Social spheres of sustainability have intrinsically linked the Prosperity of the fashion business. Through Corporate Responsibility, norms and measures can help to sift the perspective and solve many challenges usually complied by brands. As Fashion is part of the identity of a community, also Sustainability is part of the responsible development of the world, and Prosperity an essential part of the business. The framework demonstrates that the initial theory and the resultant primary conclusions are validated during the investigation. Through documental research, a quantitative and qualitative analysis, and a case study of the French company Kering, the primary question of *How Brands, in the Fashion Industry, can achieve Sustainable Prosperity?*, is responded and proven to be possible.

Keywords

LuxuryFashion;Brands;Sustainability;CorporateResponsibility;Prosperity

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Lista de Acrónimos

IFM	<i>Istitut Français de la Mode</i>
DCMS	Department for Digital, Culture, Media & Sports
SDGs	Sustainable Development Goals
UNCED	United Nations Commission on Environment and Development
MDGs	Millennium Development Goals
BFC	British Fashion Council
UK	United Kingdom
UN	United Nations
ESG	Environmental, Social and Governance
SMART	Specific, Measurable, Achievable, Realistic and Time-framed
TOMA	Top of Mind Awareness
GDP	Gross Domestic Product
CNMI	<i>Camera Nazionale Della Moda Italiana</i>
GHG	Green House Gas
EP&L	Environmental Profit and Lost
RJC	Responsible Jewellery Council
FSC.	Forest Stewardship Council

Chapter 1

Introduction

1.1 Framework and Contextualization

When thinking about the theme for this dissertation, the primary aim was to do something meaningful, that could be a base for mine and other people's future work, and not just a work to complete the Master's programme. It was essential, for me, that this work would reflect the present of fashion and reflect on its future. As a fashion and textile designer, when we are young and start working, we always feel that we can do anything and that fashion is about the product, however, I came to understand that fashion is much more than that. Is a global industry, that first of all is a business, so it needs to make profit, and that interacts and has a huge presence in everyone's life and in the world.

Regardless of sustainability being considered a trend for communication, fashion or business, it is above all, the only way for future generations to have a good quality of life. The world is always changing and globalization allows interaction and partnerships with people and businesses from all over the world, for good and for bad. So it is better to understand and respond to actual necessities in order to foster a continuous and positive sustainable development, as for fashion and for the rest of the industries.

1.2 Relevance

Fashion is an industry that works every day in a fast pace, however, it is necessary sometimes, to slow down a little to try to understand its intricate connections, challenges and advantages, in order to predict risks and work for a better future. The industry is much loved for its creativity and engagement with both the consumer and the manufacturer, but not always with positive outcomes. In recent times, consumers, and the world in general, came to understand the need to foster a sustainable future with a responsible development for businesses. Everything is connected, is one way or another.

The impact of the industry's footprint, on the environment and people in general, became a true challenge to understand and work on, for leaders and companies. This issue was probably influenced by the constant news and awareness about the state of the planet and its scarce resources, for which fashion unfortunately has a negative contribution. More than ever, collaboration is key. The negative impacts of the industry don't stop once the client buys the garment. It is needed to recognize all the implications and possible strategies, and close the loop of garments and the business, transforming the fashion industry in an industry that can positively sustain itself with no harm for the planet or its people. Of course, this is and will be for some years, a process, that might never be fully completed, since the world and trends change

all the time. The important aspect is to always try to be and do better, for the business, for the people and for the world.

1.3 Objectives and Research Questions

The main objective of this investigation is to respond to the primary research question: *How Brands, in the Fashion Industry, can achieve Sustainable Prosperity?*. In order to be able to understand and study more in-depth the issues around this topic, the question is investigated focusing on the Luxury sector. This way it will be possible to come to some end conclusion and to convey the advantages and disadvantages of this sector.

More specific pretended outcomes of the study are to understand what is sustainability, and how that is incorporated in businesses and the industry, and show that sustainability is only fully achieved when working with the four agendas: Cultural, Economic, Environmental and Social. By understanding the importance of a sustainable development, and how it can lead to more profitability and a responsible economic growth. The investigation will bring as a possibility, the importance of Corporate Responsibility.

Based on a primary theory that *a brand/company is only sustainable if it can have a positive balance of the four pillars of sustainability: Social, Environmental, Cultural and Economic*, were created two possible conclusions that could lead to an answer for the primary question. The hypothesis are that *the solution for change and to incorporate all four agendas, is through Corporate Responsibility* and, that *Prosperity is achieved not only through the Economic Agenda but also through the Cultural Agenda, by creating a culture in the company and a culture with its consumers, what will generate more interest and engagement, and therefore more profitability*.

To respond and verify these statements, the studied is conducted with quantitative and qualitative methods (with a survey and interviews), report analysis and a case study. This will allow a full range of opinions and views, per part of the industry and the consumers, with a plus, with the case study, where the theories can be proven and applied “in reality”.

1.4 Structure

This dissertation is divided into five chapters, where it is investigated, studied and reflected all the components, thought to be necessary for the correct response of the primary question.

In Chapter 2, the State of Art, it is explored the concept related to the investigation. By understanding what Fashion is, and how it has changed through the years, more specifically Luxury Fashion, oriented by recent and older books and works, and we see the Influence of Fashion in society’s development. In Luxury, it is studied its concept and also its place on people’s necessities pyramid. For understand how brands in the fashion industry can prosper, it

is essential to focus on what is a brand and its implications, objectives, properties and priorities. Sustainability is an intricate concept, that needs to be explored in many perspectives. Allocating the Sustainable Development Goals and the necessities of the planet. By explaining which are the planetary boundaries, the reader has a more significant understanding of the magnitude of the concept. Then there is the explanation of its agendas. The four pillars are sustaining sustainability. They are the Cultural Agenda, the Economic, the Environmental and the Social Agenda. More than “just agendas” these are equally essential fronts to work on to create sustainable development. The concept of Corporate Responsibility is something very recent. However, it is possible to find some explanations and guiding principles for its practice, connecting them with the United Nations Global Compact program. Here it is understood why this could be a tool for incorporating sustainability in any industry, what is better explained in the result section, specifying to the fashion industry case. At the end of the chapter, it is deepened the meaning of Prosperity, relating it to its economic perspective of Growth, but also the responsibilities and opportunities that it acquires when looked on a social and personal view. Alongside, it is explained the need for Business Continuity, and how that is a direct link between prosperity and sustainability in the business sector.

In Chapter 3, the Methodology, is presented the Research Design of this investigation, and the strategy to respond clearly and truthfully to the primary research question. For this, it is formulated a theory and two hypotheses that are explored and verified throughout the rest of the study. The objectives presented before, are connected with “smaller” research questions, that guide the investigation. The data collection process is explained, along with the triangulation method of social research, combining the documental analysis, the quantitative and qualitative research and the case study findings.

In Chapter 4, the reader is faced with the results of the investigation. It is divided into three main sections and a final one with comparisons of the three firsts and conclusions. The sections are the State of Fashion; the Case Study of Kering; the analysis of the quantitative research and the final one, a discussion on the results presented. In the State of Fashion, it is done a study on the importance and magnitude of the industry, about the way fashion is operating now, its challenges and solutions for the future, by specifying the need for the balance between the four pillars of sustainability. For the Kering’s Case Study, the investigation is done according to all the performance reports, policies and statutes of the company and its brands. By an in-depth study of its value chains and sustainability goals, the reader can discern the company’s governmental and ethical policies and strategies, with a look at their capital. In the end, lies specific research of Kering’s most prominent brands: Gucci, Saint Laurent and Bottega Veneta. Here it is proven that all Kering’s values, policies and measures are replicated and adapted by each brand for its application and model. The last part, shows, by their example, that Corporate Sustainability is a tool to incorporate a responsible growth within a company/brand as well as through the entire industry. The third section focuses on consumers. By reflecting the results of the survey applied to luxury and non-luxury clients, the reader can know the importance and

concern given by the public and the actions and behaviours they, and brands, have towards sustainable practices. Here the results show the disparities among generations and types of consumers. This section highlights the knowledge and concerns per part of the population, along with some perspectives and solutions. In the final part, all the information platforms and results are “crossed” and compared, understanding the vision of the industry, of leaders, like the United Nations, researchers and the consumers. This happens through four main topics that confirm the initial theory and the two hypotheses. They are: “Balancing the Four Sustainability Pillars”, “Corporate Responsibility as a Tool”, “Kering as an Example of Sustainable Prosperity for the Luxury Sector” and “Consumers Driving Prosperity”. Always facing the facts of the State of Fashion, and proven its viability and strategies in practice by Kering’s Case Study.

In Chapter 5, it is done a conclusion of everything discussed in the study. Here are highlighted the “proves” that validate the initial theory and the hypotheses of this study, with information from all chapters, of this investigation. The primary research question is then answered positively, by explaining that sustainability despite being an end goal, it is not something static. It is an evolving process of transforming operations, shifting behaviours and perspectives. In this chapter are also presented some limitations of this study and prospects and recommendations for future research.

Chapter 2

State of Art

At heart, fashion is all about the art of self-adornment: the visual presentation of ourselves to the external world (Corner, 2014). As individuals we try simultaneously both to stand out and blend in. We want to be ahead of the fashion curve yet not so far ahead that we look strange. Fashion-forward, not fashion victim, is the goal (Wilson, 2003). But Fashion is so much more than just clothes and the way we look and present ourselves, first of all, it's an Industry and a Business. Then, is essential to the world of modernity, the world of spectacle and mass-communication. It is a kind of connective tissue of our cultural organism (Kang, 2018).

Fashion matters. To the economy, to the society and to each of us personally (Corner, 2014). Faster than anything else, what we wear tells the story of who we are – or who we want to be. It is the most immediate and intimate form of self-expression (Keep, 2009). This multi-billion dollar industry, employs a whole host of professionals, including designers, manufactures, garment workers, retailers, hair stylists, make-up artists, merchandisers, journalists, photographers and models (Corner, 2014). “Fashion is one of the most important social phenomena to shed light on modern aesthetic experience, which is inseparable from subject-object relations and individual-social dynamics”(Kang, 2018) and, most importantly, provides millions of people worldwide with commercial ties between nations (Steele et al., 2019).

“Fashion is a powerful social and cultural force that enables creative expression and communication among individuals, communities, and whole nations” (Condé Nast & Centre for Sustainable Fashion, 2020). In order to understand any particular instance of the complex complicit practices of fashion, we should look at it in the context of how it interacts with the world. It must be understood in relation to the system of constraints, social and linguistic, technological and ideological, which affords it meaning in the first place (Keep, 2009).

This Industry employs and influences a lot of people and communities, by relying on skilled labour, supporting traditions and offering livelihoods for many communities around the world. However, like most global industries, fashion has its dark side. Eating disorders, compromising animal and human well-being, a lack of ethnic representation, water and resource depletion, poverty and the exploitation garment workers are only a few of the issues that the industry must do more to address and solve (Corner, 2014). From fast fashion companies, to luxury brands, everyone is responsible for the issues that the planet and people are facing, but also for being the ones solving them.

For this matter, it is crucial for brands to set and follow some sustainable ideals and practices, while not affecting their economic growth, this is sustainability. While international luxury

fashion brands continue to expand and increase profits year on year, they can also be part of the change. As part of their strategy and business model, they are able to succeed in accepted economic terms, yet they often fail in the context of planetary boundaries and human equality (Corner, 2014). Yet however much of the fashion industry and fashion design has changed, its dual nature has remained the same. “A glamorous façade continues to conceal a life of corrosive toil for the workers hidden from sight. The glamour seems almost inseparable from the exploitation” (Wilson, 2003). Luxury Fashion needs to change to enable sustainable prosperity in environmental, social and financial terms (London College of Fashion & Kering, 2019).

Where, why and how people choose to buy clothes has become a reflection of themselves as consumers (Corner, 2014). However, are consumers keen to change their buying behaviour and be also a force of change of paradigm while exploring and expressing its individuality through purchases? The clothes we wear are visual manifestations of our inner selves (Corner, 2014), so is it possible for brands to work not only for, but with the consumers? Can the industry keep up with both the world’s and consumers’ necessities?

2.1 Luxury Fashion

Fashion is about constant change and reinvention, and exploring our culture (Corner, 2014). As an industry, it has a huge impact on people’s lives, not only in reflecting people’s beliefs and personality but also on the livelihoods of everyone involved at every stage of the process. It can either be viewed in an industry perspective or in a way of expressing ourselves and tapping into the love of the new (Corner, 2014).

In the next sections, it will be studied core aspects of fashion but also on luxury. “In essence you have a core ingredient that speaks for luxury because it is manufacturing in a more responsible way”(Business of Fashion in interview with Jochen Zeitz, 2020). Showing its relation to heritage and possibly, sustainability. As Jochen Zeitz states, “luxury is all about tradition, longevity and quality. That is sustainable” (Business of Fashion in interview with Jochen Zeitz, 2020).

2.1.1 Fashion

While the majority of dress historians believe that fashion began in the fourteenth-century in Europe, others believe its beginning to be part of the gradual rise of capitalism as an economic system (Wilson, 2003). Valerie Steele, in the book *The End of Fashion* (Steele et al., 2019), says fashion did not “begin” abruptly in one time and place, but rather gradually developed in different places, following different trajectories.

The word "fashion" derives from the French *façon*, naming the process of making or creating a particular shape or style (Istitut Français de la Mode (IFM), 2019). According to the Dictionary of fashion history, its use in English language started its association with clothing and the constant shifts in personal adornment (Wilson, 2003). Having its origin also in the French

language, the word mode, according to the literary critic Hans Robert Jauss (Istitut Français de la Mode (IFM), 2019), as derived from the Latin word *modo*, which also gave birth to the substantive *modernus*, that characterises what is “of this time” or “just now”.

Fashion’s rise might coincide with the fifteenth-century’s development of the modern capitalist economy (Wilson, 2003), observed by the rise of bourgeoisie, after changes in garments and in accessories accelerate in the fourteenth-century (Steele et al., 2019). In the eighteenth-century, with the Industrial Revolution, there is the beginnings of consumer economy which later develops to modernity during the nineteenth-century (Wilson, 2003). It is possible to observe “the beginning of fashion as a system of constant renewal as we still experience it today, because it's a reflection of a greater transformation happening” (Steele et al., 2019). The development of society as we know it, is a consequence of the cultural aspects, commercial exchanges and people traveling, what generates bigger connection and a greater modernity (Steele et al., 2019).

In 1978, Ted Polhemus explored the distinction between Fashion and Anti-Fashion viewing adornment and dress from an anthropological perspective. In his book, *Fashion and Anti-Fashion: Anthropology of Clothing and Adornment* (Istitut Français de la Mode (IFM), 2019), fashion is defined as “systematic, structured and deliberate change of style”, as a “language of social mobility”, and is in fact opposed to the notion of “anti-fashion” referring to “all styles of ornament falling outside the system of change organized by fashion”.

According to Elizabeth Wilson, we live as far as clothes are concerned a triple ambiguity, as she explains in her book, *Adorned in Dreams*. The first, is the ambiguity of capitalism, with its great wealth, and the capacity to create dreadful wastefulness. The second, is the ambiguity of our identity, of the relation of the self to body and the self to the world. The last one, is the ambiguity of art, where its purpose and meaning, are the main concerns in fashion theory.

On the other hand, for Benjamin Simmenauer, the notion of “fashion” can have three distinct meanings. Can represent the industry of personal appearance and clothing, which refers to the textile industry, “as when one says that she *works in fashion*” (Istitut Français de la Mode (IFM), 2019). Second, can be the average taste of the moment in terms of clothing, like trends, that concerns a prevailing style in general during a particular time. And the third sense is “the average taste in a broader sense” as an extension of the second to any sort of objects and not only clothes, (Istitut Français de la Mode (IFM), 2019) “which reflects the feeling that really anything can be fashionable, be it a consumer good, an animal or even an abstract idea”.

“Fashion is a system that puts value on what is new because it is new” (Wilson, 2003). As Elizabeth Wilson wrote, “fashion is dress in which the key feature is rapid and continual changing of styles. Fashion, in a sense is change”. Fashion can also be seen as a social mechanism according to which, at some point in time, a group of people agrees on a certain kind of dress as "fashionable" and conforms to it (Istitut Français de la Mode (IFM), 2019).

According to (Wilson, 2003), “to follow fashion is to participate in a complex process of self-determination”.

By definition, fashion can be considered the process according to which styles replace each other (Istituto Français de la Mode (IFM), 2019), as objects of desire that hold the promise of completion (Wilson, 2003). This forbids any style to becoming too durable, by establishing a relationship with time, and the idea of contemporariness (Istituto Français de la Mode (IFM), 2019).

“You may have three halfpence in your pocket and not a prospect in the world... but in your new clothes you can stand on the street corner, indulging in a private daydream of yourself as Clark Gable or Greta Garbo.” George Orwell, *The Road To Wigan Pier*” (Wilson, 2003).

Fashion appears to express a fragmented sensibility such as its obsession for novelty and style with a sort of post-modernist aesthetic (Wilson, 2003). It supports an inclination to uniformity and can work as a source of social stability (Istituto Français de la Mode (IFM), 2019). It behaves as a cultural phenomenon, as an aesthetic medium for the expression of ideas, desires and beliefs circulating in society (Wilson, 2003). Jean Cocteau defined fashion as

“a lightning-quick epidemic which forces different and antagonistic persons all to obey the same mysterious order, to submit themselves to new habits which overturn their old ways of life, up to the moment when a new order arrives and obliges them to turn their coat once more” (Istituto Français de la Mode (IFM), 2019)

Yet it does not negate emotion, it simply “displaces it into the realm of aesthetics”. It can be a source for intellectualizing individual desires and social aspirations (Wilson, 2003). Fashion is also driven by an urge to distinction, and it can be used by individuals to separate themselves from the group and to claim their difference (Kang, 2018). Dress is the frontier between the self and the not-self (Wilson, 2003). From a functional point of view, one item of clothing can be replaced, however, fashion becomes immediately linked with the person’s identity (Kang, 2018). Therefore fashion may seem like a social paradox, “being both a source of stability and instability, a way to belong to the group and a way to stand out” (Istituto Français de la Mode (IFM), 2019).

This is because fashion is not only an end result of a relationship between the individual and the collective but also a manifestation of the objectification of the self (Kang, 2018). As Thomas Carlyle says:

“The first purpose of Clothes... was not warmth or decency, but Ornament... for Decoration (the Savage) must have clothes. Nay, among wild people we find tattooing and painting even prior to clothes. The first spiritual want of a barbarous man is

Decoration, as indeed we still see among the barbarous classes is civilized Countries.” (Wilson, 2003).

Clothes are technical products, defined according to functional needs (Istitut Français de la Mode (IFM), 2019). Fashion is not concerned with the functional aspect of clothing, but more with its expressive or symbolic side. Fashion can thus be seen as a kind of language, that individuals can somehow use to make statements with their outfits (Istitut Français de la Mode (IFM), 2019). George Simmer, in his book *Adornment*, explains:

“Adornment... which gathers the personality’s... radiance as if in a focal point, allows the mere having of the person to become a visible quality of its being. And this is so, not although adornment is superfluous, but because it is... This very accentuation of personality, however, is achieved by means of an impersonal trait... (for) style is always something general. It brings the contents of personal life and activity into a form shared by many and accessible to many” through (Wilson, 2003).

For fashion, with its constant change and pursuit of glamour, enact symbolically the most important aspects of culture (Wilson, 2003). König, in his book, *The Restless Image*, observes that he sees fashion’s perceptual mutability, with its “death wish” as defence against the human reality of the changing body, against ageing and even death (Wilson, 2003).

Anthropologists always recognized that the dress is important to other societies providing an indispensable key to a culture (Wilson, 2003). The purpose of fashion, here, is to articulate “the on-going present, or the very near future that is already starting to blossom” (Istitut Français de la Mode (IFM), 2019). The “product” is, at the same time, a material object dedicated to the covering of the wearer’s body (Istitut Français de la Mode (IFM), 2019), and an immaterial object loaded with symbolic values. It has been and still is difficult for “serious minded men and women” in the west, although less so in some countries than in others, to acknowledge that clothes are meaningful (Wilson, 2003).

Today, you still find this division within the fashion market, with brands that mostly stick to their heritage and brands who place contemporary relevance on top of their creative priorities (Istitut Français de la Mode (IFM), 2019). The industry has become more democratic as far as style is concerned. Originally, fashion was largely for the rich, which differences in the quality of clothes and the materials in which they are made still strongly mark class difference but since the industrial period the mass-production of fashionably styled clothes has made possible the use of fashion as a means of self-enhancement and self-expression for the majority (Istitut Français de la Mode (IFM), 2019).

Of course “dress does “speak” status, it does betray the unconscious of both the individual and the group, it does have a moral dimension” (Wilson, 2003). Herbert Blumer believes that the

elites themselves undergo the influence of a universal drive towards novelty. For Blumer, "fashions", in the sense of clothing shifts, are the direct result of specific interactions between individuals who share similar interests and perceptions (Istitut Français de la Mode (IFM), 2019). Many cultural intermediaries play a crucial part in defining fashion (Corner, 2014). Fashion designers, journalists and magazine editors, fashion buyers and retailers... in a world saturated with images, the image of a fashion house or label has to be carefully manufactured across a number of economic (Wilson, 2003) and cultural sites, "advertising, marketing, magazines, shop design" in complex interaction (Wilson, 2003).

A later updated report in 2001 (DCMS, Creative Industries, 1998 and 2001) identified designer fashion as including four areas. Those are couture; international brand designated by a single name; diffusion-collaboration with high street retailers; and high fashion – up and coming, usually endorsed by celebrities (Steele et al., 2019). Despite being quite old, this study sums up the constituents of the Luxury Fashion sector. In a 2003 report to the UK Department of Trade and Industry, Malcom Newbury defined the designer fashion sector as comprising "individuals or teams that combine creativity and originality to create collection that have a specific or "signature" identity" (Steele et al., 2019). The annual fashion cycle traditionally meant two couture collections per year: spring/summer and autumn/winter (Corner, 2014),

People waited and then they bought garments, usually at full price (Steele et al., 2019). With the rise of fast fashion, and the consumerism, fashion houses felt the need to make more clothes and explore new concepts in less time. Biannual ready-to-wear collections followed, sometimes replacing couture but not always (Corner, 2014). Fashion has moved from handmade craftsmanship designed and constructed for society's elite to a global industry based on mass production and dominated by power of the consumer and the latest technologies. (Corner, 2014) Today many of the leading fashion houses have added to these four collections two inter-season collections, a pre-season collection, a resort collection and a diffusion line, not to mention accessories and jeweller.

An example of need and aspirational, can be understood by Marcel Duchamp's Fountain, from 1917. On the side of an upturned urinal, Duchamp craved his signature, and called the object art. At that time, Duchamp believed that in labelling the urinal art, it became art (Corner, 2014). The piece was rejected by the exhibition curators, but Duchamp's theory that we value objects primarily because of their label rather than their purpose became famous (Corner, 2014) and still reflects what happens today.

Clothes give us the ability both as individuals and participants in broader society to operate on a physical level with the world around us (Corner, 2014). Nowadays, due to a reflection of the times we live in, customers expect more of a luxury product than other goods and want to know how, where and in what conditions their purchases were made (Corner, 2014). "By another and

cruel paradox, the price of this has been world-wide exploitation of largely female labour” (Wilson, 2003).

2.1.2 Luxury

Some historians discuss the beginning of Luxury when Haute Couture was “invented” by an English man, Charles Frederick Worth, in Paris, France (Istituto Français de la Mode (IFM), 2019). He started to produce ready-made dresses, with high quality and exclusivity, considered high art by the cultural French context. As haute couture continued to evolve, designers and craftsmen, played and still play a central role in creating iconic designs and images of fashion (Wilson, 2003), positioning everyone involved, specially the artisan with the quality of a genius (Istituto Français de la Mode (IFM), 2019).

However, considering the success of high street fast fashion retailers, the luxury sector had to adapt. As haute couture and designer fashion started to diminish in influence, as mass market fashion and ready-to-wear emerged as vital components of the fashion system (Steele et al., 2019). Luxury brands, started to have the need to create more collections and offer product lines and ranges that.

Thanks to the idea and practice of something unique, Luxury fashion still communicates the values of summarizes the essential values of “superior performance, craftsmanship, exclusivity, innovation, sense of place and time, sophistication and design aesthetic, creative expression, relevance, heritage and responsibility” (Ozdamar-Ertekin, 2019), as core part of the business and the engagement with consumers. Like before, in the beginning of Haute Couture (Istituto Français de la Mode (IFM), 2019), Luxury fashion is equate with “high price, superior quality, prestige and exclusivity” (Ozdamar-Ertekin, 2019) which can be related with endurance and heritage, adapting traditions to create products that will last.

Exclusivity today is less about limiting access. People strive to live experiences and to connect with other people and the brand (Grassi, 2020), particularly on the luxury sector, where the status that comes with the luxury associated with the brand, matters sometimes more than the real product. It is about making customers feel as a member of an exclusive community, sharing the same core values (Ozdamar-Ertekin, 2019). “Luxury is considered aspirational, something that you cannot buy all the time” (Ozdamar-Ertekin, 2019). Perhaps that is why it can be associated with the appreciation and self-fulfilment need from the Maslow Pyramid of Needs, desiring for reputation and respect, as well as to accomplish everything that one can. Luxury brands recognize that the vast majority of consumers cannot afford their prices, although they wish for a piece of the luxury dream (Corner, 2014).

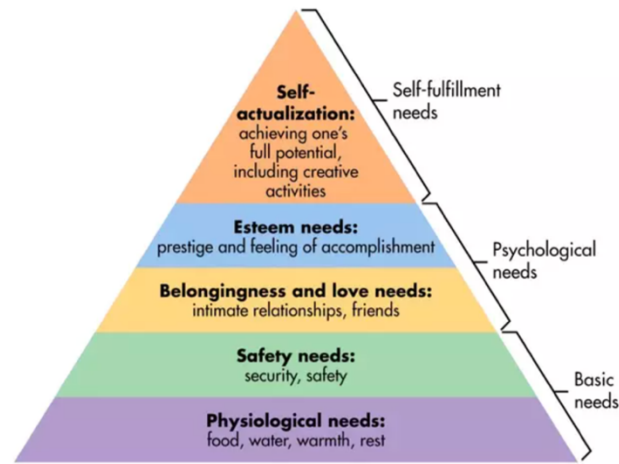


Figure 1 - Maslow's Hierarchy of Need Pyramid – Source: <https://www.simplypsychology.org/maslow.html>

Although luxury brands create customer value through uniqueness and beauty of the items, the sector also fosters sustainability when combining quality, tradition, craftsmanship and value all together, which was historically aligned with sustainability ideals. Luxury fashion, “emphasizes longevity, durability, authenticity, unique design aesthetic, craftsmanship and quality” (Ozdamar-Ertekin, 2019).

Despite heritage and authenticity being key drivers for fashion consumers, the fact that these products have a higher value (monetary and not) and can be worn and passed on to future generations links them with a sustainable practice from the consumers perspective, making customers feel as a member of an exclusive community linked by shared values and ideals.

2.1.3 Fashion and Influence

Luxury has topped the list of fastest-growing sectors in 2019 (H. Hughes, 2019), showing the highest brand value growth rate until now, with nine brands on the top 100 of the Best Global Brands ranking by consultancy firm Interbrand (H. Hughes, 2019). However, “in a way, a fashion movement or a trend is just a case of mimicry” (Istitut Français de la Mode (IFM), 2019).

The American economist and sociologist Thorstein Veblen, the German sociologist and philosopher Georg Simmel and the French sociologist Gabriel Tarde (Breuer, 2017), all explored the way fashion pursues its influence and how the masses imitate the higher classes, what can justify the constant growth of this sector.

Veblen basis his approach on class structures and on how dress works as an expression of social culture. He believes that an higher class, “a small group of people whom possess the largest amount of capital” (Breuer, 2017), reflects its wealth through dress, as an economic force and social success that generates the interest for imitation from the lower classes. He argues that the reputability of the garments offer protection and respond to a “spiritual need of dress” (Breuer,

2017), what can be compared with today's Luxury characteristics. The case from which lower classes are influenced by the higher classes comes with the more symbolic perspective of dress resulting on a constant search for a more complex meaning and significant (social) identity.

Simmel defend the theory of influence from the higher to the lower classes, comparing it to his "trickle-down economics" theory to fashion. Here, he observes the phenomenon of lower social categories imitating the ruling social categories (Istitut Français de la Mode (IFM), 2019). Because fashion is "not denied absolutely to anyone" (Breuer, 2017) and "social advance is favourable to the rapid change of fashion" (Istitut Français de la Mode (IFM), 2019), the process is characterized according to which every higher set throws aside a fashion the moment or choice, a lower set adopts it (Istitut Français de la Mode (IFM), 2019). The difference here between Veblen's and Simmel's theory is that Simmel defend that despite imitation and also through influence, even the lower classes start to social adapt themselves in order to every individual to differentiate itself from the other, even when turning to imitation.

"Fashion is the imitation of a given pattern and thus satisfies the need for social adaptation; it leads the individual onto the path that everyone travels, it furnishes a general condition that resolves the conduct of every individual into a mere example."
Simmel 1997 (Breuer, 2017).

At last, Tarde turns to the theory of constant change, as how the way people think and look at things, at clothing in this case, can differ every day since "we are not exactly the same today as we were yesterday" (Breuer, 2017). Tarde runs away from the theory that fashion is only about the looks, but defends that its implications and influence come also by the values to which it stands for. This allows "a more abstract striving for power and hence prestige" (Breuer, 2017), placing an important role on influence, and therefore imitation, and characterising it as a positive and productive concept.

2.1.4 Brand

The brands reflect the experience, the knowledge and the interest consumers give them, being present at every stage of the consumers decision and buy, even if unnoticed (Mendes, 2014). Branding has been a common practice since medieval times, when craftsmen already distinguished their good by signing them or their houses when identifying its construction bricks (Hakala et al., 2012).

According to the American Marketing Association, "a brand is a product or service that adds dimensions that differentiate in some ways from other products or services designed to satisfy the same needs" (Hakala et al., 2012). Brands add value to the products, presenting the consumer with information about the quality of the product, and can provide additional intangible aspects to the client (Mendes, 2014). Due to this, it is possible to conclude that

consumers are part of the brand and work on a common process of creating and elevating the brand, with its perceptions and attributes (Mendes, 2014).

Brands represent value for customers and companies, usually referred to as customer-based and financial-based brand equity (Hakala et al., 2012). A brand, and its equity, is where all consumer impressions converge based on their experience with both the product and the experiences proportionated by the brand (Mendes, 2014). There can be two main perspectives on brand equity which is financial at a company-based level, and consumer-related (Hakala et al., 2012).

Brand Equity can be a multidimensional concept, relating the financial, the companies and the consumer value, assigning responsibilities and reducing risks. Equity as a concept was originated in economic analysis, associating cash flows with a brand, services or products (Mendes, 2014). Brand value is recognized as one of the top research priorities in the branding context (Hakala et al., 2012). The Interbrand way, is to stress the management of brands as business assets, with three aspects to be considered: the economic value-added, how it affects purchasing, and how well it is positioned against its competitors (Hakala et al., 2012).

As Kotler and Keller argue, “brand equity is a bridge between the marketing investments in the company’s products to create the brands and the customers’ brand knowledge” (Hakala et al., 2012). Brand equity concerning the consumer is an expression of the relationship between the company’s products and its customers, it “refers to the value that customers perceive or attach to the brand” (Hakala et al., 2012).

A brand with positive equity is considered to have high strategic value and major advantages (Hakala et al., 2012) such as “higher margins, brand-extension opportunities, insulation against competitors, and more effective communicative power, as well as stronger consumer preferences, purchase intentions and customer loyalty” (Hakala et al., 2012). Some sectors, like the luxury sector “have very high brand loyalties and the luxury brand names possess high levels of brand equity” (Di Benedetto, 2017). Customer loyalty is an asset for companies and brands as it can provide security and predictability of demand.

The way clients can feel profoundly connected with the brand (Mendes, 2014), and contribute to the engagement, brands have a better chance of gaining entry into the consumers’ consideration set (Hakala et al., 2012). From the customer’s point-of-view “the power of a brand lies in the minds of existing and potential customers and what they have experienced directly or indirectly about the brand over time” (Hakala et al., 2012), recalling consumers’ top-of-mind brands. The value of a brand is thought to reside in its equity but brand loyalty and resonance over consumers are part of the brand construction and performance.

2.2 Sustainability

According to the new Condé Nast's Sustainable Fashion Glossary, Sustainability refers to the co-existence balance of the human and natural systems, that enables a general well-being, prosperity and development. Therefore, sustainable development, is not a goal but an ongoing process, that works and prospers in co-dependence, and meets the needs of the present without compromising the future.

“The concept of sustainable development recognizes that meeting present needs must not compromise the well-being of future generations, and so the logic of constant growth and overconsumption in the finite limits of this planet is no longer an option” (World Commission on Environment and Development, 1987).

Sustainability is about balance, and in a broad sense can be defined as “understanding and pursuing the principals of equality, of both humans and nature, in a way to grow and evolve ourselves and each other” (London College of Fashion & Kering, 2019).

The time that we are living now, has its many benefits, with an age of “mature globalization” and more cross-culture opportunities, new technology inventions and solutions, and more options than ever before. However, we are also the first generations to face the impacts of human-made damage on the planet, and the ones that have the power and the mission to advert these problems.

The world is crossing a phase when the man-made construct of change, has put against both human inequality and climate crises. What is going through, concerning the new geological era, is called the Anthropocene (Carrington, 2016). A popular and problematic era as cited by the Scientific American (2018). A concept proposed by Paul J. Crutzen, a former Nobel Prize winner, defining the scope of irreversible changes with a big human impact on the environment and on people, affecting both Nature and communities (Condé Nast & Centre for Sustainable Fashion, 2020).

“The significance of the Anthropocene is that it sets a different trajectory for the Earth system, of which we of course are part,” words from Professor Jan Zalasiewicz, a geologist at the University of Leicester and chair of the Working Group on the Anthropocene (London College of Fashion & Kering, 2019).

As discussed by Professor Jan Zalasiewicz, the striking acceleration from the 15th-century European expansion scaled, alongside, since the mid-20th century of “carbon dioxide emissions and sea level rise, the global mass extinction of species, and the transformation of land by deforestation and development” (Carrington, 2016). We are now in an era where the changes, some irreversible, to ecosystems are made by the Man, (London College of Fashion & Kering,

2019) after having had 12,000 years of a stable climate and 4.5 billion years of the earth changing itself.

Some critics also “point out that the current environmental crisis has cultural, economic and political roots” (Condé Nast & Centre for Sustainable Fashion, 2020) what can also be turned, with technology, innovation and a clear set of sustainable goals, into a business opportunity for the future.

2.2.1 Sustainable Development Goals

Part of the 2030 Agenda for Sustainable Development, the Sustainable Development Goals (SDGs), were created upon decades of work from the United Nations. To address major social and environmental problems worldwide, the Commission on Environment and Development (UNCED) created the Brundtland Report, also known as Our Common Future, that outlined three fundamentals: “environmental protection, economic growth and social equity, recognizing that the three were intrinsically linked” (United Nations Development Program, 2020).

Built on the Brundtland Report, in 1992, Rio held the most prominent environmental conference, the Rio Earth Summit, resulting in the Rio Declarations, which establishes twenty-seven guiding principles and responsibilities for future development. Followed by this, in 2000, world leaders adopted the Millennium Development Goals (MDGs) with quantifiable challenges to complete by the year 2015. Despite the effort, “the MDGs seemed to galvanize momentum” (United Nations Development Program, 2020), and there was a need for a renewed set of goals due to criticism that this weren’t focusing enough on environmental issues. In response to this, in 2015, were created the Sustainable Development Goals.

As a fifteen years project, the SDGs, “aimed to further sustainable progress development in order to end global poverty and protect the environment” (United Nations Development Program, 2020). These challenges are set on 17 goals with several indicators outlining ways to achieve them. Every year the state representatives report on their progress during the High-Level Political Forum, “calling for action from both developed and developing countries in order to promote prosperity and peace whilst protecting the planet” (United Nations Development Program, 2020).

“Together, through the bold actions and collaboration between all sectors of society, we can end extreme poverty and hunger, fight inequalities and address climate change, ensuring that no one is left behind.” (United Nations, 2017).

Shaped by business and civil society, for playing a full part guiding the global agenda for the whole world, governments, businesses and financial institutions must work together and “forge a sustainable economy” (Cambridge Institute for Sustainability Leadership (CISL), 2015).

2.2.2 Planetary Boundaries

There are nine planetary boundaries to consider. The boundaries are set by determining the values of a set of control variables for the processes. They are: stratospheric ozone depletion; biosphere integrity; the introduction of novel entities; the so well-known climate change; ocean acidification; freshwater use; the land system change; biogeochemical flows, and the atmospheric aerosol loading (London College of Fashion & Kering, 2019).

This concept was developed in 2019 by the Stockholm Resilience Centre, by a team of scientists led by Johan Rockström (Condé Nast & Centre for Sustainable Fashion, 2020). They defined nine quantitative boundaries showing the level in which we are within or crossing the lines, what could lead to irreversible change. “Fashion needs to respect humans as part of nature, and needs to respect planetary boundaries” (Stevenson et al., 2020). Not just applied to the fashion industry, but for all industries and concerning everyone, these nine problematics are all interdependent and need to be balanced. “Interactions among planetary boundaries may shift the safe level of one or several boundaries” (Rockström et al., 2009).

The following scheme, developed by Rockström’s team, illustrates the nine boundaries and where we are. It shows that we already crossed three of these problematics “which means that planetary risks we’re facing are so large that business as usual is not an option” (Rockström et al., 2009).



Figure 2- Planetary Boundaries – Source: <https://stockholmresilience.org/research/planetary-boundaries.html>

These boundaries can be shortly explained, resuming the plenty detailed information of Stockholm’s Resilience Centre study (Rockström et al., 2009). The Stratospheric ozone depletion relates with the ozone layer in the atmosphere that filters ultraviolet radiation. A malfunction in its protection can result in the human race and biodiversity being damaged by ozone-depleting chemicals substances, what would lead to other boundaries being broken as a

consequence. The loss of Biosphere Integrity can lead to several changes in the ecosystems and massive extinction of species. Chemical Pollution and the release of Novel Entities are led by the toxic and long-lived substances that result from man-made activities. “These compounds can have potentially irreversible effects on living organisms and on the physical environment” (Rockström et al., 2009).

Climate Change, a big issue caused by either natural causes or human activities (Condé Nast & Centre for Sustainable Fashion, 2020), means modifying the composition of the global atmosphere, which defies both human and natural capacities. The same happens with dealing with Atmospheric Aerosol leading nitrogen and phosphorus flows affecting the biosphere and the oceans. Freshwater consumption relates directly with climate change, with its cycle being pressured by human activity driving a determinant change in the way river flows change. “Land is converted to human use all over the planet” (Rockström et al., 2009). All land use is affected by serious decreasing in biodiversity, water flows and the “biogeochemical cycling of carbon”. Finally, the problem with Ocean Acidification, what reduces the amount of available carbonate ions, destroying the habitat and the generation and living conditions of marine species since “around a quarter of the CO₂ that humanity emits into the atmosphere is ultimately dissolved in the oceans” (Rockström et al., 2009).

The Fashion Industry deals with several problems, most of them related with the Planetary Boundaries, contributing to its disrespect. According to the Sustainability for Fashion Development Centre of the London College of Fashion, the most important issues that the fashion industry faces are water stress, climate change, hazardous chemicals and pollution, land use and biodiversity, diminishing resources, consumption waste, modern-day slavery and well-being (London College of Fashion & Kering, 2019). These are mostly covered by the work of the environmental agenda, but also through social measures.

2.2.3 The Four Pillars of Sustainability

The question of what more there may be to fashion apart from its signifying qualities can be extended to incorporate the associated problems (Breuer, 2017) and one may conclude that the way in which fashion operates today entails not only a relentless focus upon the ego (Maldini & Manz, 2018), since at the hearth of every successful fashion economy lies a concentrated group of enthusiasts who are both performers and audience to one other (Corner, 2014). But also its economic motor that amounts to ecological destruction and an ethical approach which favours the appearance of consumers over the conditions of the workers in developing countries (Maldini & Manz, 2018).

In this part, it is explained the theory and from where these pillar division comes from. For this means, it is demonstrated how three important agencies/organizations of the Fashion Industry, the British Fashion Council; the Common Objective, and the Centre for Sustainable Fashion, define and separate the distinct parts of sustainability, for fashion.

The British Fashion Council (BFC), an organization supporting London Fashion week and British designers, awards, every year, the Positive Fashion Logo to its designers who correspond to a certain sustainable criteria. According to the British Fashion Council, “Positive Fashion is led by 3 strategic pillars”(British Fashion Council, 2020): environment; people and community & craftsmanship. The environment pillar focuses on driving a sustainable future based on “environmental and business governance” (British Fashion Council, 2020). The People, supports from product makers to students and brands. The third pillar, Community & Craftsmanship represents the talent of the industry and “have positive impacts on local communities” (British Fashion Council, 2020).

To enable sustainable growth in the global fashion economy, brands must focus on “social, environmental and business governance to drive a more sustainable fashion future” (British Fashion Council, 2020). With the three pillars presented by the British Fashion Council, the same challenges, present in the four pillars advised by the Centre for Sustainable Fashion, are divided in a different way between the environmental, people and community & craftsmanship pillars, but are still all present.

In the environmental pillar, there are four main challenges which are Protecting the Environment, Recycling & Waste, Environmentally Friendly Materials and Animal Friendly. Protecting the Environment, focus on energy and water efficiency, chemical management and pollution reduction. Recycling & Waste – focuses on upcycling and a non-linear economy, circular economy. Environmentally Friendly Materials – is subdivided in organic materials and other environmentally friendly materials (excluding organics). And the last one, Animal Friendly – works with animal welfare and reducing its usage.

The People Pillar, works with equality and diversity, representing people from all grounds. It is subdivided in four actions points: Decent Working Conditions, Diverse Workforce Representation, Fair Trade and Ethical Sourcing & Supply Chain Management. This pillar can be “included” in the social and cultural agenda from the Centre for Sustainable Fashion criteria. It works for both employees and stakeholders as for the communities in which these are present. Like the People Pillar, the Community & Craftsmanship can also be divided between the social and cultural agenda. By supporting “the community of talent, skills and craftsmanship” through three parameters – Supporting Traditional Skills, British Made and Community or Charity Commitment – contributes to operating the industry in a more sustainable way.

For the Common Objective, a platform that links individuals, business leaders and pioneers, that form a community of several profiles and intelligence which match the capacities and preferences of its users to understand, promotes and implements a sustainable development. The Fashion Industry is one of the most polluting industries and deals with a lot of poverty and risks for the workers. However, the organization believes that fashion “can be transformative for the people behind the product, and for the environment”(Common Objective, n.d.). They affirm

that Sustainability generates value in three dimensions: People, Planet and Profit, what is commonly known as the “triple bottom line” (Common Objective, n.d.). These are subdivided by the following subjects.

For People, the main subjects of work are the Fair Trade; Decent work Conditions and Support Traditional skills. Here the aim is to empower producers while actively achieving greater equity for the supply chain; ensure decent minimum labour standards and safer working conditions; promote traditional skills by sustaining the livelihoods on artisans communities and practice the fair trade of products and talent internationally.

The Planet section, works on five aspects: Animal Well-Faire; Ethical Sourcing and Supply Chain Management; Environmentally Friendly Materials; Recycling and Waste; and Protecting the Environment. These work with policies for processes and practices that enable an ethical supply chain from the raw materials to its production and then sale.

For Profit, they explore ways to maximize benefits for the company while minimizing the impact for people and the environment, with sustainable business models. These can happen by integrating circular principles, or donate to charity, building new processes to close the loop, and incorporating their value in the core of the business.

As it is possible to notice, the British Fashion Council and the Common Objective, work among the same perspective on the People and Planet standards but differ on the Profitability one. While Common Objective incorporates the BFC’s Community & Craftsmanship pillar, in their People dimension, the British Fashion Council does not have a separate standard specifying profitability. It doesn’t mean that the profit standard is inexistent. The dimension is approached within the pillars of People and Community & Craftsmanship, it just doesn’t have a “pillar of its own”.

On the other hand, the Centre for Sustainable Fashion, defends that there are four pillars within sustainability, that when balanced, confer an healthy and positive development in all areas. In terms of the pursuit of sustainable prosperity, the nine key issues constituents of the planetary boundaries must be dealt with and overcome, (London College of Fashion & Kering, 2019) in order to explore a better relationship between fashion and sustainable development, to embrace a lower impact in terms of environment, cultural, social or economic situations.

Cultural Sustainability aims to improve human welfare, society and promote a culture within communities, segments, groups or businesses. Social Sustainability works to defend equality, cultures, societies and preserve social capital by creating a set of ethical principles of conduct (London College of Fashion & Kering, 2019). Economic Sustainability tries to foster growth and maintain the financial viability of the business without compromising the other three pillars.

Finally, Environmental Sustainability works to improve the development within the planetary boundaries, reduce and try to reverse the environmental costs of the industry.

The digitalization and its revolution into our daily lives has transformed the way we buy and sell clothes (London College of Fashion & Kering, 2019). All evidence indicates that the future of fashion will be closely connected to advantages in textile technology (Steele et al., 2019). Now we have to understand how to change ours and fashion's behaviour to be able to take meaningful steps towards sustainable development, at the economic, environmental, social and cultural levels.

In the following sub-sections, the four pillars, also called agendas, for sustainability are explained in detail. It is important to understand, that these four agendas stand for the same as the three pillars referred by Common Objective and by the British Fashion Council. The way they are organized is different, and this way, the economic sustainability of the business is put into account and balanced with the other three. Also the People and the Community & Craftsmanship pillars are divided into social and cultural agendas, what facilitates a greater attention to different situations within the two.

“Growing while reducing, has to be the parameter of the future” discusses Jochen Zeist. “We can grow but we have to reduce our footprint over proportionally to the impact we are having to our goal” (Business of Fashion in interview with Jochen Zeitz, 2020), “only then we can go and get back within the planetary boundaries”.

2.2.4 Cultural Agenda

Anthropologists always studied the importance of fashion or the act of getting dressed, as a provider of an indispensable key to a culture and to understanding other societies (Corner, 2014). There is another side to fashion: that is the side of being a culture industry. However, it is still difficult for more serious-minded people to acknowledge that clothes are "unspeakably meaningful" (Wilson, 2003).

The fashion and high-end industries represent a cultural heritage and expertise and are one of the most vibrant and creative sectors in the world (European Commission, n.d.-c). Far from culture being just related with traditions and meaning, it must be also associated with behaviours and values with groups. The Cultural Agenda, acts in two spheres. It can be said to have an internal function, internal as inside a company or brand; and an external function, with consumers and the community in general.

“The transition towards a circular and climate positive business model is key, as is ensuring that the jobs created along our value chains are fair and equal.” Karl Johan Persson, CEO, H&M group (Tärneberg et al., 2019).

Fashion, with its aesthetics, values, art and the modern society, forms one whole. It is also a mass pastime or a form of popular culture or group entertainment (Wilson, 2003). Clothing production worldwide has doubled since 2000, and yet the average European person keeps their clothing items for about half as long (London College of Fashion & Kering, 2019). Globally the vast majority of discarded clothing ends up in landfills or is incinerated. Currently, only 20% is collected for reuse or recycling (Siegle, 2011).

Despite fashion's pursuit of glamour, with its constant changes, enacts the most outrageous aspects of our culture symbolically; consumers are starting to be more aware of the importance of values and commitment on the part of the brands. Consumers, specially millennials, are starting to say that they need to see the evidence of the brand's integrity in what they're buying and what they're wearing (London College of Fashion & Kering, 2019). Partly thanks to "whistle-blowers" and social media, cases of inequality have been brought to light (Tärneberg et al., 2019). The confusions between the real and the not-real, the aesthetic obsessions, the critical stance towards authority, result on a disbelief by the customers (London College of Fashion & Kering, 2019). Consumers generate profit for brands when they buy from them, so with their decisions on what to buy and from where, they have the power to change the way the industry works and performs. Companies and brands need to create a culture of their own – on the way they relate with the costumer, as a two-way relationship; and an internal culture, where every shareholder understands and stands with the brand's values. "But what about our cultural footprint?" asks Frances Corner (Corner, 2014).

"Whether is the books we read, the music we listen to, the films we watch or the clothes we wear, we are constantly developing our own social, cultural and political ideas and ideals. Your cultural footprint is the sum total of your cultural input and output."
(Corner, 2014)

Despite being a form of self-expression or society elite reflection, Luxury Fashion has a leadership role in creating cultures, which should be open to forming new ways and actions. It has a leading role in creating new cultures of sustainability, through re-considering its definition, its aesthetics, its aspirations and its viability (London College of Fashion & Kering, 2019).

"(...) fashion is not only an economic and material entity but also a cultural and symbolic one. Long dismissed as superficial, fashion is, in fact, profoundly lined to our sense of individuality – and even our humanity." Valerie Steele (Steele et al., 2019).

The industry, and its brands are present in the everyday life of millions of people and act as ambassadors of global values, such as culture, creativity, innovation, and craftsmanship (European Commission, n.d.-b). This gap is where the Cultural Agenda begins inside every company and brand. Its main purpose is to change habits within the industry, and it is a way of

working with others and start to implement cultural acceptance and conscious and respectful practices around different cultures. (London College of Fashion & Kering, 2019)

2.2.5 Economic Agenda

The four core agendas/priorities have already been implemented in the industry and there are countless cases showing the value they bring, both from a corporate and macroeconomic perspective (Tärneberg et al., 2019). Fashion is considered as being the “completed form of political economy” (Istitut Français de la Mode (IFM), 2019). The industry is hugely important economically. “It is worth over \$1 trillion globally and ranked the second biggest worldwide economic activity for intensity of trade.”(Corner, 2014).

The Economic Agenda considers the pursuit of financial growth without having environmental, cultural or social costs. There are five forces pushing the business community. They are resource prices, new regulations, international momentum, consumer expectations, and the financial community (London College of Fashion & Kering, 2019).

The future of sustainable sourcing requires new economic models, and challenge the dominance of first-tier fashion centres reflecting the global shift of economic dominance from Europe to the rest of the world (United Nations, 2019). It is important to look at fashion, in the economic and political context that formed it, entering the world of power and economic strength, which is the development of a capitalistic economy, which means, you need people to be able to open businesses (Istitut Français de la Mode (IFM), 2019).

This pillar focuses mainly in three problematics: the cost value models in business and political terms; sustainable prosperity, and the economic valuing of human capital (London College of Fashion & Kering, 2019). It has to be part of the brand's investment to pursuit a better economic and sustainable model. Such models that value resources throughout their lifespan and beyond, can provide an endless use for resources. Basic economics should come up with new strategies like bringing manufacturing closer to home, create a understanding of its country's design and valuing its production needs (Corner, 2014).

According to Baudrillard, fashion states the myth of change and is a form of political economy (Istitut Français de la Mode (IFM), 2019). Calls for value creation and changing the “signs in favour of a pure material signifier emptied of its content” (Istitut Français de la Mode (IFM), 2019). However, the way fashion is produced, marketed and consumed today, create patterns that defy the traditional image of the industry. It is important to state that fashion is not just about clothes, but about new ways of seeing and thinking (Steele et al., 2019). In fact the industry is changing from what once was, “a pyramid with haute couture at the apex and new styles “trickling down” towards the wide base of mass production” (Wilson, 2003).

The fashion industry plays a significant role in many economies around the world. “Since the turn of the millennium, a dramatic shift has taken place toward a digital economy, resulting in significant disruption in many sectors of commerce”, Sandy Black in her book (Steele et al., 2019). According to a 2017 fashion industry report, global apparel and footwear consumption is projected to rise by 63%, to 102 million tonnes in 2030 (Lehmann et al., 2019) increasing the imperative for the industry to address its vast environmental and social footprint (Steele et al., 2019). As Valerie Steele argues, “one of the biggest issues in the fashion system, of course, is globalization” (Steele et al., 2019). The ownership by international companies of design houses whose influence is being spread through ready-to-wear collections and through the dissemination of campaigns, and social media has revolutionized the role of couture (Wilson, 2003). Developing new business models for fashion to reduce consumption but increase its growth is now easier by using the benefits of digital technologies as a strong contributor to a sustainable future (Steele et al., 2019).

For Simmel, money is “an expression of exchangeability and interchangeability while being representative of the relativity between economic values” (Kang, 2018). The digital economy has liberated us from some constraints like: time, place, when and where things can be done, and who can do what (human or non-human) (Steele et al., 2019). Fashion creates social interactions, which is facilitated by the exchange of objects that generate relations between people, as an individual or a collective (Kang, 2018). When compared with money, the essence of fashion is closely tied to aesthetic aspects of social life and modernity. As illustrated by Simmel, “money and fashion are forms of social interaction” (Institut Français de la Mode (IFM), 2019) “they are both reified forms of social relay among people”.

Sustainable growth in terms of reducing the brand’s environmental impact means investment. The acts of environmental led steps cost brands economical system growth (United Nations, 2019), important for sourcing new materials, partners and techniques (London College of Fashion & Kering, 2019). Companies need to defend their position in the global market, by high added-value products and services, niche markets, and new business models (European Commission, n.d.-b). Is about changing the model from its linear "take, make, dispose" of which creates lots of waste, into a model which closes de loop (London College of Fashion & Kering, 2019).

These are the factors that contribute to building both economic and symbolic capital and creating a viable fashion identity (Steele et al., 2019). However, it is difficult for brands to be able to escalate their business and be sustainable and practice responsible actions. For the global economic system, brands and businesses need to have a minimum growth in financial profit of 2-3% every year, any less is deemed to be failure (London College of Fashion & Kering, 2019). The consumers have to be part of this system, they have to want to be part of the fashion pack as well as in the fashion vanguard (Corner, 2014).

The majority of clothes, whether luxury or mass-market, are manufactured in Asian factories. What keeps costs low and higher margins (Corner, 2014), making it particularly attractive to many retailers and brands, since the minimum wage in Bangladesh, for example is the equivalent of 86€ a month (Steele et al., 2019) converted to euros. “For many garment workers, a living wage is only a few pennies away, pennies that for us are just spare change” (Corner, 2014). External pressures such as natural resource depletion, escalating consumptions and waste, globalized, conglomerate-led markets and financial fluctuations driven by accelerating pace of fashion cycles strongly evidence that the current fashion system is unsustainable from the perspectives of environments, economy and creative leadership. (Steele et al., 2019)

2.2.6 Environmental Agenda

Fashion is the second most polluting industry in the world, so, on the business side, we must develop more resilience in the face of our global challenges. Furthermore, sustainability stimulates innovation and creativity (London College of Fashion & Kering, 2019). The Environmental Agenda, with its own terms, has several points of action concerning the relationship between the industry and the consumer with Nature. The fashion industry is affected by Earth systems, and affects them also, in a multitude of ways (London College of Fashion & Kering, 2019). The most common and serious problematics faced by the industry are: Water Stress; Climate Change; Hazardous Chemicals and Pollution; Land Use and Biodiversity; Diminishing Resources and Consumption and Waste.

Used at almost every stage of the industry's highly complex supply chain, Fashion consumes a lot of water. From growing the raw materials to the dyeing and processing of fabrics, from manufacturing the garments to transporting them to market. At every stage, large quantities of water are consumed (Circular Fibers Initiative, 2017). Many dyes and chemicals from processes and care products like detergents and conditioners, end up in rivers and eventually in the sea (Stevenson et al., 2020). It takes 2700 litres of water to produce one cotton t-shirt from "crop to shop" (Corner, 2014). In the meantime, five thousand children die each day due to lack of clean water. Dwindling cotton yields, rising water scarcity, and the increasing number of droughts worldwide mean that the number may soon be increasing (Corner, 2014). According to a study developed by the Sustainability for Fashion Development Centre, 1.1 billion people currently lack access to clean water, whilst the fashion industry consumes water in growing fibres, production process and in garment care. The quantity necessary for producing one t-shirt alone could provide up to three years drinking water for one person (London College of Fashion & Kering, 2019).

“Our increasing need to connect to nature through touching natural materials has pushed fashion to exploit natural resources even further. And of course, the industry's need for economic and material growth also plays a role here” (Stevenson et al., 2020).

The Climate Change constitutes an enormous challenge in the present and for generations to come. If we fail to respond to the challenge of climate mutations, sea levels will continue to rise, many places will experience droughts (London College of Fashion & Kering, 2019). The carbon footprint is estimated by the current level of CO₂ in the atmosphere which already exceeds what is considered safe by scientists (London College of Fashion & Kering, 2019). Yet, emissions continue to rise, despite the ecological footprint being different between countries and social groups (Condé Nast & Centre for Sustainable Fashion, 2020).

Substantial use of chemicals is essential to meet the social and economic goals of the world community, and these can be used with a high degree of safety when best practices are followed (United Nations, n.d.-a). The fashion industry is one of the largest users of chemicals. In general, is responsible for high levels of water and air pollution, which is hazardous to the ecosystems and human health. “These chemicals become a public health problem when they are poorly treated and disposed of in local water supplies” (Stevenson et al., 2020). Pesticides and fertilizers are used on several processes on production of natural materials. Textile processing currently accounts for around 20% of water pollution, whilst through the production of synthetic fibres, nitrous oxide emissions are released into the air, which is 310 times more damaging than carbon dioxide (London College of Fashion & Kering, 2019).

The lack of sufficient scientific information for risk assessment and the lack of resources for which data are at hand are some of the factors for gross chemical contamination which despite some improvements, is still a widespread practice among brands, with grave damage to human health, genetic structures and reproductive outcomes (United Nations, n.d.-a). Some organizations have already programs in place, like Greenpeace has a programme for helping global clothing brands making progress towards eliminating the usage of Hazardous chemicals called Detox my Fashion - Destination Zero (GreenPeace, 2018). This calls for the reduction of the impacts of hazardous waste on human health and the environment. It recognizes the importance of mobilizing new and additional financial resources and build partnerships, especially with new start-ups in the business, in order to meet the global waste challenge worldwide (United Nations, n.d.-a).

“Intensive land use for the production of natural materials such cotton, silk, leather, wool and cashmere has reduced the habitats available for many species, bringing many species of plants and animal to the brink of extinction” (Stevenson et al., 2020).

Measured by the variety of life on earth, "biodiversity is the foundation for a healthy planet". Fashion is directly linked to habitat loss and a decline in biodiversity through land use (London College of Fashion & Kering, 2019). From 2000 to 2015, more than one-fifth of the earth's total land area was degraded (United Nations, n.d.-a), largely due to human-induced processes. Areas of forested land have been cleared for cotton cultivation, whilst livestock mismanagement has also lead to degradation of fertile land (London College of Fashion & Kering, 2019). Such

desertification, productivity declines in land cover, with grasslands incurring some of the greatest losses (United Nations, n.d.-a).

The fashion industry relies on many natural and human resources which are finite or diminishing. “Many natural environments have been cleared or altered to give space to production of raw materials like cotton” (Stevenson et al., 2020). The making, transporting and use of fashion is almost completely dependent on natural resources and fossil fuels, that are rapidly vanishing because of faster and cheaper manufacturing options (London College of Fashion & Kering, 2019) causing the diminishing of resources. A pre-requisite for sustainable sourcing is transparency. It is crucial to understand from where raw materials come from and how they have been produced (London College of Fashion & Kering, 2019). If not managed carefully, raw material production can intensify climate change, and then respectively, climate change has an impact on raw material sourcing as it leads to a reduction in raw material quality (Ellen MacArthur Foundation, 2019).

It is important to note that all materials come from nature. Some materials come from plants and animals and undergo natural processes to turn them into yarn. Using certified materials can be good support for improving traceability and standards in the supply chain (London College of Fashion & Kering, 2019). Opposing to natural fibres, synthetic materials, that are man-made and mostly derived from oil, that takes millions of years to form beneath the ground, whereas cotton grows seasonally (London College of Fashion & Kering, 2019). Whilst other materials are originated in the ground such as oil-based materials, which still come from a raw material but have undergone extensive chemical processing (London College of Fashion & Kering, 2019). Again, while manufacturing polyester from recycled bottles may consume less energy than manufacturing new polyester from fossil fuels, it still consumes more energy than is necessary to produce natural organic fibres (Corner, 2014).

Today, most fabrics are made from synthetic and organic blends, and cannot be recycled at all (Corner, 2014). On the other hand, some companies are designing products that do not feature backings or use textile blends, which mean that textiles manufacturers are beginning to create more fabrics without the chemicals, which can be released into the environment through wastewater (Corner, 2014).

“The average person buys 60% more items of clothing and keeps them for about half as long as 15 years ago” Greenpeace 2017 report (London College of Fashion & Kering, 2019). Clothing production worldwide has doubled since 2000, and yet the average person keeps their clothing items for about half as long, generating and contributing to the consumption waste problem. Globally the vast majority of discarded clothing ends up in landfills or is incinerated. Currently, only 20% is collected for reuse or recycling (London College of Fashion & Kering, 2019).

"If everyone extended the use of a garment by nine months, which would mean making it last three years, we could save eight million euros a year on the cost of resources used to manufacture, launder and dispose of clothing. The carbon, water and waste footprints of our clothes would be reduced by twenty to thirty per cent." (Corner, 2014)

The leading role of Luxury in the industry allows the connection between nature and product through respect. Quality is inherent to luxury, and there is a need to ensure the highest standards in terms of savoir-faire, environmental and social criteria (London College of Fashion & Kering, 2019).

"To me is a definition of quality and a new way of looking at what is quality in the future and what was quality in the past when our resources were unlimited. I just simply say as quality is such an important driver of luxury and desirability, if you are not sustainable, you don't actually operate with quality products" transcript from (Business of Fashion in interview with Jochen Zeitz, 2020).

The fashion and textile industry needs to reduce its damaging environmental and social impacts across the supply chain and connect with its roots, nature. "Connecting with nature can bring us a sense of happiness" (Stevenson et al., 2020). This means letting go of the dependency on using virgin materials and processing chemicals, plus a consideration at the design stage of some important environmental factors (London College of Fashion & Kering, 2019). As Alejandro Luna says (Stevenson et al., 2020), "at some point in the modern world we have forgotten about our connection to nature".

2.2.7 Social Agenda

The Social Agenda "sits within the context where all humans are born with equal, inalienable rights and fundamental freedoms" (London College of Fashion & Kering, 2019). Fashion is a global industry which employs around 50 million people. However, not all people are treated as equals with the same rights worldwide. Most of these people are manufacturers and workers in underdeveloped countries, most in Asia, although this is also a reality, in European countries, where conditions can be below the expected standards. The three big problematics, covered by this pillar are global inequalities; the community and individual relationships; and governance and legislation (United Nations, 2019).

Global Inequalities

The current level and pace of the fashion industry compromises the well-being of workers, communities, wearers, animals and the environment. "Many workers, especially in the early stages of the value chain, are still exposed to hazards such as factory fires and the use of hazardous chemicals" (Lehmann et al., 2020). There are still non-secure and non-dignified working environments throughout the global supply chain. Although the majority of these social injustices is found in the fast fashion sector, luxury is not immune to some of these rights

violations (London College of Fashion & Kering, 2019). Creating equality through luxury fashion involves change.

Over half of workers in fashion are not paid the minimum wage, and in most producing countries, this is still half of what can be considered a living wage (Siegle, 2011). This is linked to increasing speed, fuelled by marketing messages which pressure women and men to look, feel and shop in a particular way (London College of Fashion & Kering, 2019). Fashion does not negate emotion. It can even be a way of intellectualizing visually about individual desires and social aspirations (Wilson, 2003). The truth is that there is very little information about the conditions of the supply chains due to a massive lack of transparency, from the brands. Wages that meet the basic needs of workers are an opportunity for fashion brands to enhance the prosperity of their business by having people interacting with the value chain" (Lehmann et al., 2020).

Another massive problem is slavery. Modern slavery exists and is still a big issue today. As unbelievable as it might sound, it happens in the forms of forced labour, people trafficking, and child exploitation (United Nations, n.d.-a). Victims of Modern Slavery are unable to leave their situation because they are subject to threats, violence, punishment, coercion or deception (London College of Fashion & Kering, 2019). With a lack of transparency across the industry, 77% of companies operating in the UK believe Modern Slavery might exist somewhere in their supply chains (London College of Fashion & Kering, 2019). It is the utmost importance to take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour in all its forms (United Nations, n.d.-a). Local Governments, Representatives and Brands can/should contribute to the irradiation of this issue in the industry.

Community and Individual Relationships

"The global fashion industry contributes to economic prosperity and creates jobs" (Lehmann et al., 2020); however, it still fails in some basic and priority matters. According to a 2012 report from the International Labour Rights Forum, over a thousand garments workers have been killed since 1990 in preventable factory fires (Corner, 2014). On average, one in twenty fashion industry workers suffers an injury every year to (Lehmann et al., 2020). The big fashion engine is powered by an estimated forty million garment workers toiling away from the teams of buyers and designers in the European headquarters (Clean Clothes Campaign et al., 2002).

"Yet despite its apparent irrationality, fashion cements social solidarity and imposes group norms, while deviations in dress are usually experienced as shocking and disturbing" (Wilson, 2003).

Additionally, there are large ethical challenges, especially when sourcing materials. One of the challenges is about making sure that there is value creation for people throughout the supply

chains. The industry is always on the lookout for the best deal and the quickest turnaround (Siegle, 2011). Many producers of raw materials are small hold producers like farmers, herders and small-scale miners.

Less developed countries are directly affected by the fluctuating market prices and commodities (Steele et al., 2019). Most workers are the sole source of income for their families; what they earn in a day is far below what a family needs to survive (Siegle, 2011). There is also the problem with the unions, where workers, especially women, are prohibited from going to unions meetings or of getting any kind of support (Siegle, 2011). Fashion works as a cultural phenomenon, desires and beliefs circulating in society (Hazlitt, 1918) nonetheless, the conditions created by globalization do not equal loyalty.

It is likely that most of your wardrobe will have been made by women (Siegle, 2011). "Class, race and gender dynamics are weighted against workers" (London College of Fashion & Kering, 2019). According to (Lehmann et al., 2020), two-thirds of the global garment workforce are female, and many of these women are subject to discrimination. "Vulnerable garments workers, eighty per cent of whom are women, still work long hours in substandard facilities, without benefits and for little compensation" (Corner, 2014), despite the exploitation, many of the workers, are proud to dedicate their lives to fashion. Is the responsibility of the brands to protect and support the artisans and the workers respectfully throughout the supply and value chain, creating opportunities and mitigating poverty and inequality.

Governance and Legislation

Secure and respectful work environments can bring numerous economic benefits. Transparency and traceability across fashion supply chains is a major challenge for fashion's business. Human skills are fundamental, yet recognition and reward for each of these contributions often perpetuate staggering social inequality, cases of negligence, violence and oppression (London College of Fashion & Kering, 2019). Some examples are, higher productivity, fewer sick days, fewer errors and shorter turnaround times. Data from the Global Fashion Agenda show that:

"Improving work conditions, investing in skill-building and promoting topics such as health, safety, financial inclusion, diversity and gender equality can increase the EBIT margin by up to 1-2 percentage points by 2030, as compared to the 2015 baseline" (Lehmann et al., 2020).

The minimum wage of a country doesn't guarantee a good way of life for their workers. Just because the government has a minimum-wage law, doesn't mean workers are being paid enough to live on (Siegle, 2011). This is one of the most serious problems in the industry. "The gap between the minimum wage and living wage for garment workers in parts of Eastern Europe tends to be even larger than in Asia" (London College of Fashion & Kering, 2019). There is a

need for better regulations which comply with the discrepancies present in diverse regions and communities.

Governance and the creation of codes of conduct and ethic are every day more essential. Companies and consumers are now, more aware than ever. Many businesses have already measures in place, however, "as production continues to shift between countries, more measures need to be put into place to secure the protection of human rights" (Lehmann et al., 2020). "The way women and men who make clothes are treated is not inevitable, but it requires systems change"(Breuer, 2017). (London College of Fashion & Kering, 2019) Luxury fashion has the potential to be at the forefront of driving sustainable change in the industry.

2.3 Corporate Responsibility

Corporate Responsibility has evolved since the year 1990, expanding globally through all industries. As the name implies, the objective is for the firm to provide some benefit to society (Di Benedetto, 2017). This new term can be said to be more mature (McPherson, 2019), influencing corporate governance and driving sustainability to the industries and companies. Requires companies to not only care for their own resources, but also be responsible and consider the long-term impact of their practices, affecting society and the environment (Condé Nast & Centre for Sustainable Fashion, 2020).

“It demands the companies to behave more proactively in order to contribute to a positive development and change” (Condé Nast & Centre for Sustainable Fashion, 2020).

Leaders understand the need for fundamental change (Di Benedetto, 2017) using its values, day to day practices, operations and even profits (Condé Nast & Centre for Sustainable Fashion, 2020). Moreover, investors now, have interest in understanding the environmental, social and governance factors of the companies they are partnering with (McPherson, 2019). A study developed by the Oxford University, shows that more than 80% of investors, consider the environmental, social and governance aspects, before considering the investment (McPherson, 2019).

In a new report by The Cambridge Impact Leadership model (Hooper, 2018), they recognize the urge for companies to adopt a new roadmap for an ambitious transformation in global economy considering planetary and social aspects in order to survive and thrive. The concept requires brands to develop and focus more on their values as a brand, and to update and incorporate them into the business. “Corporate sustainability starts with a company’s value system and a principles-based approach to doing business (United Nations, n.d.-b).” Corporate Responsibility is starting to become the new normal for businesses.

“A company’s approach to impact is a reflection of that company’s values - and the values of its customers, employees and (increasingly) investors” (McPherson, 2019).

“The challenge we face is not a technology challenge but a leadership challenge” (Hooper, 2018). This means, leading businesses operating according to fundamental responsibilities, building leadership capacity right across organizations, in the areas of human rights, labour, environment and anti-corruption (United Nations, n.d.-b), building collaborations to innovate and to act with resilience to shape the future we need (Hooper, 2018).

“Corporate social responsibility requires long-term strategies with regards to workplace environment and company culture, the entire supply chains, customer base, wider communities, and the environment” (Condé Nast & Centre for Sustainable Fashion, 2020).

Porter and Kramer (2002) argue that the most successful firms take a different perspective on business, they actually include corporate and social responsibility activities as “baked into” (Di Benedetto, 2017). It “has been documented in other industries such as food; indeed, on a limited scale, some firms in the textile industry have made some profitable steps toward sustainability” (Di Benedetto, 2017). However, leaders most certainly will encounter some setbacks when fully integrating a commitment to sustainability into the business model. It will require navigation of competing tensions (Spencer, 2019), may require new investments and the economic benefits of the activities may not be seen for years (Di Benedetto, 2017). Uncertainty about what will prevail as a winning strategy (Spencer, 2019), since some programmes have failed to address the problems like poor working conditions and low pay in the garment industry (Environmental Audit Committee, 2019).

Companies must continuously reinvent their business models, due to consumer and technological developments, changes in production costs and environmental issues (European Commission, n.d.-c). As Porter and Kramer (2002) noted, rethinking the corporate mission, is a business model that is growing in importance, and results in greater good for society (Di Benedetto, 2017). Beyond the need for clarity of purpose, there is also a growing recognition that new capabilities will be required (Hooper, 2018). Five leadership qualities are: ambition, the ability to collaborate, accountability, consistency and intentional (United Nations, 2017), as well as the courage innovate and adapt through challenges (Hooper, 2018).

Accountability as an aspect of governance, requires public and private organizations to assume the responsibility for their actions and impact, identifying, assessing and measuring their performances (Condé Nast & Centre for Sustainable Fashion, 2020). Also known as Triple Bottom Line Accounting (Elkington, 2018), a framework theory, coined in 1994, stating that

“success or failure on sustainability goals cannot be measured only in terms of profit and loss. It must also be measured in terms of the wellbeing of billions of people and the health of our planet, and the sustainability sector’s record in moving the needle on those goals has been decidedly mixed” (Elkington, 2018).

Collaboration means sharing knowledge, resources and experiences between individuals, teams, and organizations to achieve a shared goal (Condé Nast & Centre for Sustainable Fashion, 2020). Consistency and intentionality is brought when equipping leaders across organizations with the ability to innovate and manage risk, align commercial and social value in order to achieve broader societal goals (Hooper, 2018).

A successful practice of these qualities provides “a “win-win-win” outcome: the company makes sales and profits; the customer is satisfied with the product or service obtained; and society reaps benefits in some way” (Di Benedetto, 2017). Sustainability and responsibility as risen on the corporate agenda globally as a long-term commitment and not just a diversion from the business model. “Sustainability can clearly be a source of competitive advantage” (Di Benedetto, 2017). Increasing the acknowledgement of the importance to safeguard the businesses and value (Tärneberg et al., 2019). Inclusive and sustainable growth is good for business (McPherson, 2019), by placing ethics into the business growth strategies, the companies will “be one step ahead in future proofing their business”.

“Rather than showing disappointment in lost dividends, shareholders welcome the fact that, in their own way, they are helping a well-intentioned company in its social responsibility objectives.” (Di Benedetto, 2017)

2.3.1 United Nations Global Compact

The United Nations Global Compact were developed to work as a global framework for responsible business around the world. The “Global Goals, balance the three dimensions of sustainable development: the economic, social and environmental”(United Nations, 2017) alongside investing in a social strategy where organizations are driving and advancing sustainable development and long-term business success.

These Principles were created having several other policies and declarations as its basis. Those are “the Universal Declaration of Human Rights, the International Labour Organization’s Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention Against Corruption” (United Nations, n.d.-b).

The 10 Principals of the United Nations Global Compact are:

“(Human Rights)

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights;

Principle 2: make sure that they are not complicit in human rights abuses.

(Labour)

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labour;

Principle 5: the effective abolition of child labour;

Principle 6: the elimination of discrimination in respect of employment and occupation.

(Environment)

Principle 7: Businesses should support a precautionary approach to environmental challenges; Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies. Anti-(Anti-Corruption)

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.” (United Nations, n.d.-b)

Human Rights

The first two principals, Principles 1 and 2, reflect upon the importance and practice of Human Rights in the business. “Respecting human rights means a business should use due diligence to avoid infringing human rights (“do no harm”) and should address adverse human rights impacts with which they are involved” (United Nations, n.d.-b). Meaning seeking the opportunity to contribute towards supporting, protecting and advocate in business and social activities.

“Respecting and supporting human rights remains one of the most challenging areas of corporate sustainability” (“Guide to Corporate Sustainability,” 2015). The Globalization allows companies, people and countries to work together and expand with limited boundaries. However, not all countries and cultures are the same, and the capacity to address issues like this is limited, involving poor countries is difficult. “In these cases the role of business in respecting and supporting human rights is particularly important” (United Nations, n.d.-b). The development of civil society has diminished these issues, thanks to the rise of non-governmental organizations and public policies progressively influencing the livelihood and seeking accountability, now made easy by advances in transparency practices. “Advances in information technologies and global communications mean that companies can ill afford to conceal poor or questionable practices” (United Nations, n.d.-b).

Labour

Principles 3 to 6 are regarding challenges for the Labour work and rights, relating to working conditions and practices, which is complicated in every industry, especially in the Fashion Industry. “Decent working conditions, including those that protect the safety and health of workers, are far from assured in today’s global business community” (“Guide to Corporate Sustainability,” 2015).

Freedom of association and expression is still an issue, which involves employers, workers, opportunities and unions. By “establishing genuine dialogue with freely chosen workers’ representatives enables both workers and employers to understand each other’s problems better and find ways to resolve them” (United Nations, n.d.-b) creating an effective conversation between stakeholders and even with society at large. Through placing non-discriminatory policies and by providing workers’ representatives, companies can deal with other problematics too, regarding other forms of discrimination in the workplace or in business. Discrimination can come in all forms, which “include access to employment, to particular occupations, promotions and to training and vocational guidance” and can take many forms, both in terms of gaining access to employment and in the treatment of employees once they are in work” (United Nations, n.d.-b).

Another problem regarding labour is forced labour, that can come in many forms, and child labour, which still exists as a global issue, not only in developing countries but also in more developed ones. “The illicit use of child labour and forced labour remains a risk as global supply chains extend to distant regions” (“Guide to Corporate Sustainability,” 2015). What usually happens, is that while companies with legal operations have strong values regarding this matter, “forced labour can become associated with enterprises through their business links with others, including contractors and suppliers” (United Nations, n.d.-b). “This is especially true in the case of transnational companies who have extensive supply and service chains” (United Nations, n.d.-b) and it is still and challenge that is being solved in many industries through auditing partners and the implementation of traceability in all chain.

Environment

From Principals 7 to 9 the focus is on the Environment. To have cleaner processes and more effective measures can translate in an increased productivity and long-term economic and environmental benefits. “The Rio Declaration says that business has the responsibility to ensure that activities within their own operations do not cause harm to the environment” (United Nations, n.d.-b).

“With business relying on natural resources directly and via supply chains, new corporate efforts are needed to address environmental responsibilities, value natural capital, and better understand the linkages between resources” (“Guide to Corporate Sustainability,” 2015). “[...] it is true that preventing environmental damage may entail additional implementation costs”

(United Nations, n.d.-b), however, through technology innovation, risk assessment and management, companies can reduce the usage of raw materials, increase efficiency and create new business opportunities driving competitiveness. By the development of code of conduct and company guidelines, “we are seeing businesses around the world preparing for a more sustainable future and becoming part of the solution” (“Guide to Corporate Sustainability,” 2015).

Anti-Corruption

The final principle, Principle 10, was adopted in 2004 and it is about anti-corruption in business and industries, meaning financial and non-financial activities. “Corruption has considerable impacts on business: impeding growth, escalating costs and posing serious legal and reputational risks” (“Guide to Corporate Sustainability,” 2015).

“Corruption can take many forms that vary in degree from the minor use of influence to institutionalized bribery” (United Nations, n.d.-b) what faces businesses with high ethical risks, being both large and small enterprises, vulnerable to it. While creating internal policies and taking measures to fight external threats, is now, more than ever, crucial to join forces, work collectively and join civil society, the United Nations and governments to realize a more transparent global economy” (United Nations, n.d.-b), creating fair opportunities and competition for all.

Through this network, governments and businesses can work together as multi-stakeholders, sustainability leaders and influencers, contributing for an inclusive global market, building prosperous societies, “regardless of size, sector, or geography” (United Nations, 2017).

“By incorporating the Ten Principles of the UN Global Compact into strategies, policies and procedures, and establishing a culture of integrity, companies are not only upholding their basic responsibilities to people and planet, but also setting the stage for long-term success.” (United Nations, n.d.-b)

2.3.2 The Importance of Influence

“In a time when large companies have a greater revenue than many countries, business has extraordinary influence and capacity to make waves across supply chains and markets” (Spencer, 2019). The state of our world demands strong leadership, resulting on the expectation for leadership on change to be shifted to business (Edelman, 2019) and more specifically business leaders. Responsible business and investment are essential to deliver transformational changes (United Nations, 2017).

“In this new era, business leaders have an opportunity to work with peers, politicians and policymakers to make significant advances in driving sustainability practices” (Cambridge Institute for Sustainability Leadership (CISL), 2015).

“Society expects business to be good actors in the community” (United Nations, n.d.-b). CEOs, in particular, “are now expected to address broader societal issues such as environmental protection, infrastructure investment and the prevention of tax avoidance” (Edelman, 2019) and play a central role in driving change. As for change within the company, “change happens when people see a better way of doing things and can visualise what success looks like to them in their role and for their organisation” (Spencer, 2019), since a study reveals that 62% of employees are looking to their CEO for leadership during challenging times (Edelman, 2019).

Having a meaningful impact requires moving from storytelling to story-doing (Spencer, 2019). What results on an actual change of mindset and a deeper involvement at taking actions and implementing new strategies. Corporate responsibility is truly important for customer relationship management and can be a source of competitive advantage (Di Benedetto, 2017). For driving and influencing consumers and the industry “change needs to be top down and bottom up” (Spencer, 2019).

In a study from 1999 (Berman et al., 1999), the researchers specify two models on the efficacy of stakeholder management, emphasizing the relationship between consumers and businesses. The first one is the strategic stakeholder management model, which stands for how “a stakeholder group is viewed as determined solely by the perceived ability of such concern to improve firm financial performance” (Berman et al., 1999). The second model is the intrinsic stakeholder commitment model, that stands for companies having a moral commitment with its stakeholders, resulting on a positive return on “shaping their strategy and impacting their financial performance” (Berman et al., 1999). The results reinforce the perception of how a firm manages its relationships with employees and customers can have a significant impact on financial performance (Berman et al., 1999).

Several studies have reported that this shift in governance can positively affect consumer attitudes towards the firm and its offerings (Mandhachitara & Poolthong, 2011). Storytelling can be an essential tool for companies to drive change through their work, since some businesses have now a bigger ambition to make the world and people’s lives better (Arder, n.d.), by shifting mindsets or behaviour through their narrative. “Trusted businesses will be those that commit to a clear position and the ambition to lead from the front” (Spencer, 2019).

Synthesizing, there is an agreement among researchers (Berman et al., 1999), that businesses should proactively address stakeholder interests. Companies are present in “the everyday life of millions of people and act as ambassadors of global values, such as culture, creativity, innovation, and craftsmanship” (European Commission, n.d.-c).

There are some actions that can be identified as ways for companies to address its values and issues and establish a more trustworthy relation with consumers. They are: the use social influence, creating positive habits, leveraging the domino effect, engage in conversations by

talking to the heart or the brain of consumers, and favour experiences over ownership (White et al., 2019). These presents a “huge responsibility and opportunity for leaders to challenge their existing operating structures and cultures” (Spencer, 2019).

2.4 Prosperity

Sustainability and growth are still believed to be "dichotomous strategies" (Radclyffe-Thomas, 2018) by some people, even some members of the industry. Yet some researchers believe that sustainability is distinguished between the ideally of “shallow environmentalism” which embraces economic growth as part of sustainability; and “deep ecology” which replaces the financial part with ecological ethic. (Grose, 2019)

“Prosperity is the state of thriving and an indicator of quality of life” (Condé Nast & Centre for Sustainable Fashion, 2020) and has vital social and psychological dimensions. In a purely economic perspective, prosperity tends to be equalled with wealth and economic growth, without considering society’s wellbeing and, sometimes, even undermining important contributions for people such as equity (Cambridge Institute for Sustainability Leadership (CISL), 2015). However, Jackson defends that “rising prosperity isn’t self-evidently the same thing as economic growth. “In short, an important component of prosperity is the ability to participate freely in the life of society” (Jackson, 2009).

The concept of equity here, meaning “all human beings deserve fairness in equal treatment, equal opportunities, and equal support” (Condé Nast & Centre for Sustainable Fashion, 2020), stands for equality set by the 1948 Universal Declaration for Human Rights. Aligned with this matter, it is possible to say that prosperity is about “accordance with our hopes and expectations” (Jackson, 2009) and it has to be reflected, also in a social and psychological perspective.

Traditional wisdom, states that moral and ethical terms are main components of prosperity, and add that this condition includes responsibilities and obligations to others as a shared vision of the future with a notion of continuity (Jackson, 2009). Professor Tim Jackson in his book, *Prosperity Without Growth*, argues that "either we must progressively squeeze the material content out of economic expansion, so that we can continue to grow our economies without trashing the planet, or we must learn to find prosperity without relying on economic growth to deliver it for us” (Condé Nast & Centre for Sustainable Fashion, 2020).

The concept of rising prosperity with economic growth is something under construction and a continuous process. “A meaningful approach to prosperity must certainly address the plight of the 1 billion people across the world who are living on less than \$1 a day” (Jackson, 2009). The way prosperity sometimes is understood, at a financial level, drives expansion of material needs in an untenable way. The way to solve this calls for a continuing economic growth, utilizing the

higher incomes, to improve the product, the services and also “the quality of life for those who benefit from them” (Jackson, 2009).

“We believe that in an appropriately guided economy, business can be an engine of sustainable development, not just economic growth, dealing with challenges such as inequality and climate change as a function of doing business”. (Cambridge Institute for Sustainability Leadership (CISL), 2015)

2.4.1 Economic Growth

“The success of economies is generally measured in terms of growth rather than positive outcomes for people” (Cambridge Institute for Sustainability Leadership (CISL), 2015). “Despite the economic crisis, many European companies in the sector have managed to defend their position in the global market. By moving towards “innovative, high added-value products and services, niche markets, and new business models” (European Commission, n.d.-c), companies have managed to defend their position and have a positive economic growth.

In its tradition, economy, refers to the management of resources by a community which respect “trade factors, including production and consumption of goods and services and financial transactions” (Condé Nast & Centre for Sustainable Fashion, 2020). Efficiency has a strong input on financial prosperity, by stimulating demand and consequently, driving down costs what contributes to a positive cycle of expansion. The success of economies, financial prosperity, is generally measured “in terms of growth rather than positive outcomes for people” (Cambridge Institute for Sustainability Leadership (CISL), 2015). In a capitalist model, growth-based economy, growth is functional for stability, “its natural dynamics push it towards one of two states: expansion or collapse” (Jackson, 2009). However, social and environmental emergency, requires that we “decouple prosperity from exponential economic growth and depletion of natural resources” (Condé Nast & Centre for Sustainable Fashion, 2020) in a way to protect future generations and their possible prosperity and well-being.

While economic growth offers benefits in terms of improving quality of life (Condé Nast & Centre for Sustainable Fashion, 2020) and financial performance of the business, de-growth thinkers “emphasize that beyond a certain point it is detrimental to both human well-being and the planet”. The critical question here is of “whether a growing economy is essential for economic stability” (Jackson, 2009). This can offer alternatives to the market-driven overconsumption by focusing on people’s satisfaction drawn from care and long-term use of products (Condé Nast & Centre for Sustainable Fashion, 2020). The de-growth, or post-growth, economic theory “draws attention to the fact that exponential economic growth within the finite resources of our planet is impossible without dire consequences for both people and the environment” (Condé Nast & Centre for Sustainable Fashion, 2020).

Growth is unsustainable at its current form. De-growth is unstable under present conditions (Jackson, 2009). The rising environmental costs, the declining consumer demand which leads to rising unemployment, creates profound disparities in social well-being and promotes falling competitiveness. Economic prosperity is now an insufficient metric to reflect deeper dimensions of prosperity, such as “decent and fulfilling work, health, life satisfaction, and well-being” (Condé Nast & Centre for Sustainable Fashion, 2020). The International Finance Corporation (IFC), describes the importance to invest funds “with the explicit intent to contribute to measurable positive social or environmental impact alongside financial returns” (Priscilla, 2020).

2.4.2 Business Continuity

In the current climate and social emergency, the uncertain times we are living , business continuity became one extremely important asset for every company. It is crucial to manage risks and have a contingency plan for unexpected events, but is better to be cautious and prudent to anticipate and be prepared for every eventuality.

“Managing risks therefore requires making investment decisions today for longer-term capacity building and developing adaptive strategies” (Whelan & Fink, 2016). The systems and businesses have an urgent need to rethink their relationship with economic growth “in a way that acknowledges and respects the vital interdependence of all life on the planet” (Condé Nast & Centre for Sustainable Fashion, 2020).

“A fifth of the world’s population earns just 2 per cent of global income. The richest 20 per cent by contrast earn 74 per cent of the world’s income” (Jackson, 2009).

Companies might experience risks in their manufacturing, or disruptions in the supply chain may affect production processes. The unpriced natural capital assets (Whelan & Fink, 2016) are, now more than ever, a true concern for the world and already to stakeholder and shareholders too. “Sustainable investing has become a significant trend in the financial sector, there are some notable challenges ahead” (Uzsoki, 2020).

“Traditional business models aim to create value for shareholders, often at the expense of other stakeholders” (Whelan & Fink, 2016). There is a need to face business and start to balance purpose and profit, considering the impact of every decision on the workers, customers, employees, community, and environment (B Corporation, n.d.).

The Sustainable Development Goals (SDGs) will play an important role in providing guidance to the financial industry (Uzsoki, 2020). To understand the pressing global environmental and social challenges is to be aware and to contribute to public and individual economic growth, and delivering services and products that can both contribute to the prosperity of the business as for influencing the evolution of society as a whole. “Assets under management with an

environmental, social and governance impact (ESG) mandate are growing exponentially” (Uzsoki, 2020).

“(…) progress means, concretely, the adaptation of the forms of consciousness and economic consumption to those of industrial technology.” Moore, Doris Langly (1949) (Wilson, 2003)

Chapter 3

Methodology

In the previous chapters were analysed the fundamentals of what is Fashion, Sustainability, Prosperity and the meaning and work of the four agendas/pillars (Cultural, Economic, Environmental and Social) which create a balance within the brands. How fashion and Sustainability are perceived in today's world, what still is a challenge, and what can become a new force of change. Basing the research that will be presented further on the anterior theories and facts, this chapter is destined to present the methodological practices used during the investigation for this dissertation, which aim is to answer the purposed primary question.

This chapter examines and outlines the adopted methodology, explaining the reasons why it was chosen. It also provides an overview of the documents, the case study and data collection methods used for the dissertation. The chapter can be divided into two main subjects. The next section presents the strategy for Research Design, followed by another section explaining the Data Collection process and procedure.

3.1 Research Design

The main objective of this investigation is to answer the primary question. The strategy to respond to the initial question is schematised ahead, explaining all the different phases of the process, the theories, possible conclusions, the documents and methodology applied in the study.

The investigation process started with an in-depth study, in the previous chapter, of the fundamental subjects and topics related to this, however, in the sections ahead, the study is done by combining several techniques. As Yin explains his book, *Case Study Research: Design and Methods*, each method differs depending on the type of research question, when the questions being posed start with “why or “how” (Yin., 2009); the control an investigator has over actual behavioural events, what usually means there is little control; and the focus on contemporary as opposed to historical phenomena.

According to Hussey & Hussey (Lehmann, 2002), methodology refers to the theoretical and overall approach and the method as the “means by which data is collected and analysed”. This statement explains the division between the research design, which gives a broader explanation of the process, and the data collection, which explains the particular methods that are part of the overall strategy.

The following research, the strategy is not based on one single method. According to Olsen, the combination of different methodologies will tend to “have a leading strategy for starting the research, and a follow-up strategy for rounding out and widening the enquiry” (Olsen, 2004).

According to Yin, “readability, credibility, and concern with confirmability all matter” (Yin., 2009). Being the subject, explored within a real-life context, the contemporary focus is joined with fundamental “why” and “how” questions, qualitative and quantitative research, and documentation analysis. This approach will result in a more complete and in-depth study of the problematics linked to the main research question and, therefore, a more positive response.

For this means, it was better to develop a strategy based on social research. Social research, as a process involving people (Olsen, 2004), motivated by developments and changes in society, deeply rooted in the ideas and intellectual traditions (Bryman, 2012), therefore has a social role. This type of research, that draws on the social sciences for conceptual and theoretical inspiration, usually denoted with social scientific fields, such as sociology and human academic research (Bryman, 2012).

The purpose of using this method is not only to cross-validate data but also to capture different dimensions of the phenomenon in the study. That is why to support the research, and confirm its validity, the study starts with a theory, born from the initial question, that even derives for hypothesis for “deepening and widening one’s understanding” (Olsen, 2004).

“Theory as defined by Gill and Johnson (Saunders et al., n.d.), is a formulation about “the cause and effect relationships between two or more variables, which may or may not have been tested.” The answer to the “how” or “why” question provided by the theory, allows to the testing of an existing one in a new situation or the development of a theory of its own (Saunders et al., n.d.). The result thrives on the contrasts between what seems self-evident, what appears to underlie the lay discourses (Olsen, 2004), ensuring that the theory, and further study, includes a plausible, coherent explanation for why individual relationships should be expected to appear in the data (Saunders et al., n.d.).

The deductive theory represents the most prevalent view of the nature of the relationship between theory and social research (Bryman, 2012). It may be expressed as a hypothesis that is to be tested, or the final answer to the research question may be the development of a theory” (Saunders et al., n.d.). Hypotheses derived from the theory, explaining the observed regularities, what can mean they can either be rejected or, if not falsified, retained for further investigation (Olsen, 2004).

Expressing the hypothesis in operational will involve one or more of the strategies, explaining exactly how the concepts or variables are to be measured, means understanding the relationship

between two specific concepts or variables (Saunders et al., n.d.). In the end, if necessary, it is possible to modify the theory in light of the findings for further study. (Saunders et al., n.d.)

Theory and possible conclusions to answer the primary question are explain ahead, as well as all the “small steps” of the method. To test both theory and ideas, the research is done through the usage of different methods which involves different types of data collection methods, the collection of quantitative data, and therefore samples.

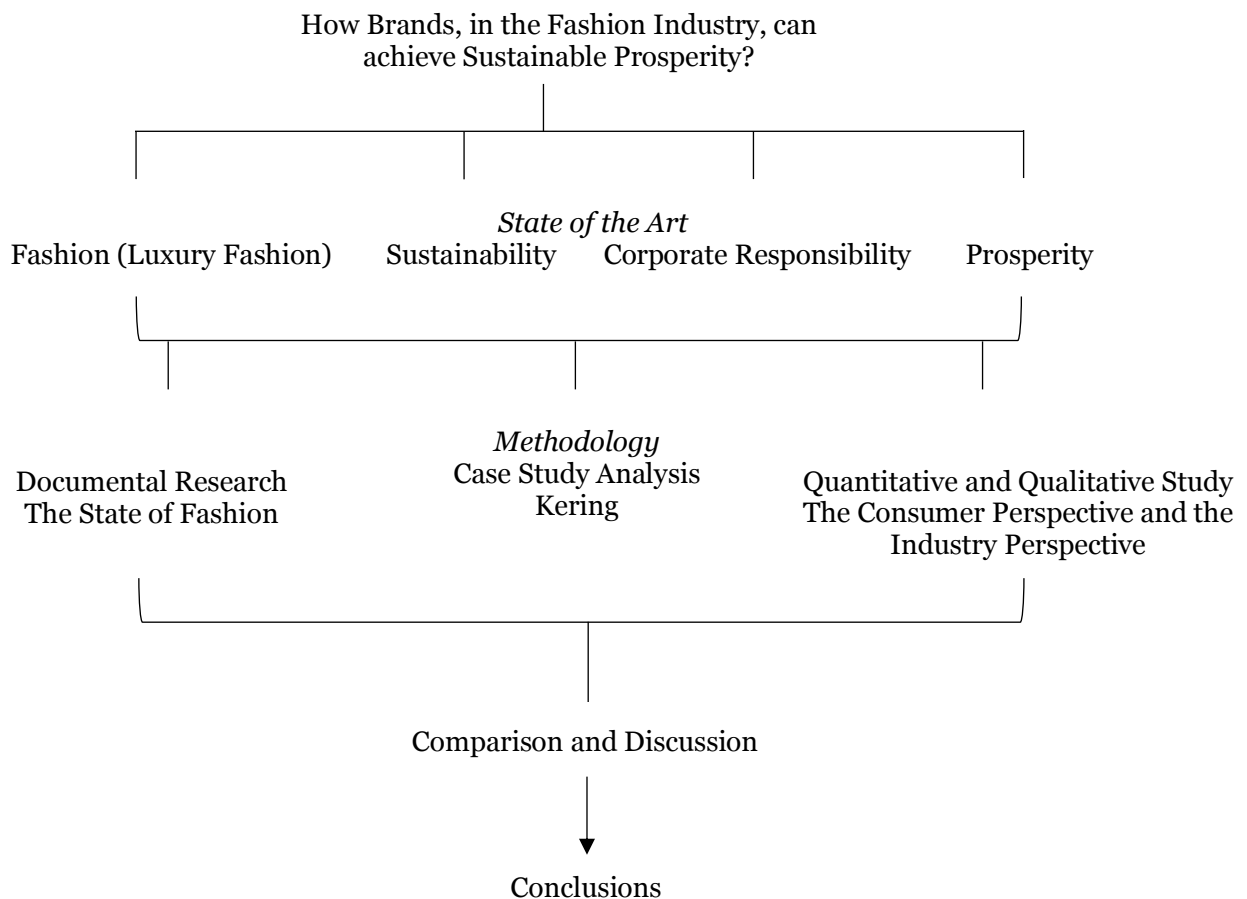


Figure 3 - Research Design

3.1.1 Research Strategy

The research strategy starts with a theory to answer the primary question, How Brands, in the Fashion Industry, can achieve Sustainable Prosperity. The theory states that:

A brand/company is only sustainable if it can have a positive balance of the four pillars of sustainability: social, environmental, cultural and economic.

For this part, it is explained what sustainability is, connecting it to its four pillars/agendas: the cultural agenda, the economic agenda, the environmental agenda and the social agenda. The four agendas are also explained ahead and is made the relation between its importance and

mission and the United Nations' Sustainable Development Goals. Here sustainability is expressed through actions and policies, but also through its growth, what likes the fact that being sustainable is also prospering, what doesn't mean that if a company is thriving it is sustainable.

Following the theory, comes two possible conclusions that explain better the theory and explore the link between prosperity and sustainability. The first says that

The solution for change and to incorporate all four agendas, is through Corporate Responsibility.

By exploring the concept of Corporate Responsibility, based on the United Nations' Global Compact Principles, it will be discussed the consequence of implementing positive change throughout the industry, with an idea of starting from the top-down. When the leaders start acting, their companies and other companies will follow. By interviewing some companies and "game changers" on the problems and solutions, and try to understand the possibilities of measuring sustainable acts, it may be feasible to respond to the primary question and certify both hypotheses and theory.

The second relates to the roles driving prosperity and says that

Prosperity is achieved not only through the economic agenda but also through the cultural agenda, by creating a culture in the company and culture with its consumers, what will generate more interest and engagement, and therefore more profitability.

Here it is essential to understand the concept of prosperity and its importance for the sustainment of a company. Based on reports and documents, it is possible to comprehend that sometimes the economic part is not linked to the social, cultural and environmental values. However, if the balance between these four parts of the business is positive, all the other aspects, especially culture, can become a driver for engagement and profit.

Despite explaining the theory and proving it is conceivable, it also links the importance of the consumer. Here the consumer, which is the main reason for growth and prosperity, is essential and involved, being a necessary part of driving profitability too. I order to demonstrate this; it is conducted a questionnaire involving sustainability, luxury and brands' behaviour. This survey reflects on how much the consumer knows, how what brands do is perceived by the audience, the priority they give to sustainability in the Fashion Industry and how much they can/want to be engaged with the brands.

To prove both possible conclusions and theory, and as an example that brands can achieve sustainable prosperity, it is conducted a case study on one of the biggest luxury companies in

the Fashion Industry. This company is Kering, which is parent to several big players like Gucci, Yves Saint Laurent, Bottega Veneta and Balenciaga. The case study, explain ahead, will study the company and the brands and their work in all four pillars of sustainability, and show how Corporate Responsibility is driving change and that it even might be an example to follow to implement change in the rest of the industry.

3.1.2 Objectives and Research Questions

The term research works as its true meaning when it has a purpose. According to Saunders et al., research is only considered a study when it increases knowledge, and its finality is respected and thought about, despite having many sources of information. To outline the research’s purpose, there is a need to set objectives and further questions which we would like to see respond.

It may begin with a general focus research question that then generates more detailed research questions (Saunders et al., n.d.), or it may use the general focus research question as a base from which the set of objectives is born. This research and definition of the strategy “start to occur when it is accurately specified the primary research questions” (Yin., 2009). The questions asked, are usually based on the literature or appear during the conception of the primal question, what must always generate new insights (Saunders et al., n.d.), what explain the need to link the methods with the literary review.

The objectives here presented are a more detailed exploration of the initial goals referred to in the first chapter. Here they show not only the aim and motivations of doing this research but also the specific intentions for the findings, evidencing a “clear sense of purpose and direction.” (Saunders et al., n.d.). This, as also for the questions that come from them, are thought and suggested respecting Maylor and Blackmon’s SMART test (Saunders et al., n.d.). The analysis says that objectives need to be specific, measurable, achievable, realistic and timely (respect a frame of time for its resolution). With this in mind, the following table shows the objectives and derived research questions for this study.

Table 1 - Objectives and Research Questions

OBJECTIVE	RESEARCH QUESTION
To show that sustainability is only fully achieved when working with the four agendas	<ul style="list-style-type: none"> - Which are the four pillars of sustainability? - How the way the industry is changing connects with the Sustainable Development Goals?
Understand How Sustainability is important for the future	<ul style="list-style-type: none"> - In a sector where exclusivity, quality and status are the main drivers of interest, why is it important for brands to fight for a sustainable future?

OBJECTIVE	RESEARCH QUESTION
Understand how Corporate Responsibility can be an answer for a sustainable development	<ul style="list-style-type: none"> - What is the importance, for companies and brands, to adopt Corporate Responsibility?
Understand the relations between prosperity and sustainability	<ul style="list-style-type: none"> - Is sustainability good for business? - Why is profitability an important part of sustainability?
Understand if sustainability affects economic growth	<ul style="list-style-type: none"> - How can a Luxury Company, be sustainable? - Does being sustainable compromise economic growth?
Understood how a Luxury Brand is perceived by the customer	<ul style="list-style-type: none"> - What defines a Luxury Brand, for the costumer? - Are sustainable Luxury Brands top of mind?
Understand the consumer's perception on sustainability	<ul style="list-style-type: none"> - How the general consumer perceives sustainability? - Can the consumer identify aspects relating with Sustainability in all four forms (economic, social, cultural and environmental)?
Understand the consumer's perception on sustainability applied to the Fashion Industry	<ul style="list-style-type: none"> - Is the general consumer concerned about the Fashion Industry's sustainability? - Can the consumer identify sustainable problems that occur in the Fashion industry? - Do consumers feel informed about sustainability in the industry? - Does the consumer believes that Luxury can be Sustainable?
Understand how brands should engage with the costumer on sustainability	<ul style="list-style-type: none"> - Do costumers believe that it is important for brands to take actions towards Sustainability? - How should brands communicate its values and actions to the consumer? - Can sustainability be a connective value with the consumer?
Understand the relation between Luxury and Sustainability	<ul style="list-style-type: none"> - Can Luxury be a driver of sustainable practices? - Is it possible for Luxury Brands to achieve sustainable balance?
Understand how sustainability influences the consumer purchase	<ul style="list-style-type: none"> - Is Sustainability recognized among luxury consumers, or is it just about Luxury? - Does age change the way the consumer shops for Luxury? - Does sustainability influence the buy? - What stops consumers from buying sustainable?

3.2 Data collection

The next section will introduce the methods and choices for the data collection. To achieve the objectives described before, and respond to every research question listed there were used different sources of information and mixed research. As explained during the Research Design section of this dissertation, despite the data from documents and reports, it was conducted a case study, a questionnaire and some interviews.

3.2.1 Information Sources

A way of thinking the research method is as a “blueprint” of the research (Yin., 2009). This method will help structure the investigation, defining what questions should be studied, what data is relevant, what data to collect, and how to analyse de results (Phippiber, Schwab & Samsloss, through (Yin., 2009)).

As explained above, to respond to the primary question, the research is conducted on many levels and platforms, which represents a mixed-methods approach. This approach makes sense since the central question in the study is a mixed-methods research question (Connelly, 2015). Due to the more variables of interests, it is essential to use multiple sources of evidence, with data converging in a triangulating method (Yin., 2009).

Triangulation is a method of social research which can mix analysis so that diverse viewpoints or standpoints cast light upon a topic (Olsen, 2004). As Mason (2002) has stated, triangulation aims to “seek to corroborate one source and method with another... [and to] enhance the quality of the data” (Lehmann, 2002).

Both quantitative and qualitative researchers often attempt to triangulate their data, which means using more than one method to collect data on the same matter (Olsen, 2004), involving the use of multiple quantitative or multiple qualitative methods (Onwuegbuzie & Leech, 2005). Easterby-Smith points out four different forms of triangulation: data triangulation; methodological triangulation; theoretical triangulation; and triangulation by investigators (Lehmann, 2002).

For this study, and as a form of verifying the data obtained by the documental research, as a way of auditing, checking and weighing the pieces of evidence (Creswell & Poth, 2016), there is the use of two forms of triangulation. These forms are the data triangulation, which collects information about the same topic from various sources; and the methodological triangulation, which combines different methods. The methods used for the methodological triangulation are the case study, qualitative research and quantitative research, which are further explained in the next sections.

3.2.2 The Case Study as a research approach

This unit of analysis is defined relating to the original research question, being chosen the application of “the case” to the study, as one triangulation method. The case study can be defined as “a strategy for doing research which involves an empirical investigation of a particular contemporary phenomenon within its real-life context using multiple sources of evidence” Yin (2003). This highlights the importance of context within a case study where the boundaries between the phenomenon and its background may not always be evident (Lehmann, 2002).

The case is based on a real-life situation, as it should be, according to (Yin., 2009), and not an abstraction such as a topic, an argument, or even a hypothesis. It consists of a detailed investigation that through particularisation, not generalisation (Stake, 1995), attempts to provide an analysis of the context and processes in the phenomenon under study (Lehmann, 2002). The case, in this context, is being used to determine whether the theory and ideas are correct or whether some alternative set of explanations might be more relevant (Yin., 2009).

“The design is the logical sequence that connects the empirical data to a study’s initial research questions and, ultimately, to its conclusions” (Yin., 2009). It also offers a particular richness of detail of processes in context, with its logical model that allows the inference of relations among variables (Yin., 2009), providing an opportunity to analyse how practices and procedures influence context (Lehmann, 2002). This kind of approach can offer much insightful information into organisational behaviours; that is why it cannot be studied outside the context in which it naturally occurs (Lehmann, 2002).

The research model for the development and evaluation of the case study must represent a coherent set of statements that should provide various forms of validity. Those are: construct validity, internal validity, external validity and reliability (Yin., 2009). The way the reliability problem is to make as many steps as operational as possible while conducting the research (Yin., 2009). I will identify correct operations measures, “seeking to establish a causal relationship, whereby certain conditions are believed to lead to other states, as distinguished from spurious relationships (Yin., 2009).

“One rationale for the case is when it represents the critical case in testing a well-formulated theory” (Yin., 2009) which retains the meaningful characteristics of realistic events (Lehmann, 2002).

Within the case, it is incorporated subunits of analyses, which will add significant opportunities for enhancing the insights into the case (Yin., 2009). These subunits are identified in the table below and linked to the subjected and objective that might answer. The subjects are divided in Governance, Sustainability, Luxury, Responsibility, Profitability and Model for Change, with an addition of all four agendas, Economic, Social, Cultural and Environmental, to demonstrate their presence and practice.

Table 2 - Case Study analyze Method

SUBUNITS OF ANALYSES	OBJECTIVES	MAIN SUBJECT
History and Evolution	(To introduce the company in study and understand its evolution towards what is today)	Governance; Cultural Agenda
Company's Vision and Model	<ul style="list-style-type: none"> - Understand the relations between prosperity and sustainability - Understand the relation between Luxury and Sustainability 	Governance; Sustainability; Luxury; Responsibility; Cultural Agenda; Economic Agenda; Profitability
Economic Outlook	<ul style="list-style-type: none"> - Understand how Corporate Responsibility can be an answer for a sustainable development - Understand the relations between prosperity and sustainability - Understand if sustainability affects economic growth 	Responsibility; Profitability; Luxury; Economic Agenda
Kering's Business Model	<ul style="list-style-type: none"> - Understand how Corporate Responsibility can be an answer for a sustainable development - Understand the relations between prosperity and sustainability - Understand if sustainability affects economic growth - Understand the relation between Luxury and Sustainability 	Governance; Sustainability; Luxury; Responsibility; Profitability; Model for Change; Economic Agenda; Environmental Agenda; Social Agenda; Cultural Agenda
Crafting Tomorrow's Luxury	<ul style="list-style-type: none"> - Understand how Sustainability is important for the future - Understand how Corporate Responsibility can be an answer for a sustainable development - Understand the relations between prosperity and sustainability - Understand if sustainability affects economic growth - Understand how brands should engage with the costumer on sustainability 	Sustainability; Luxury; Economic Agenda; Responsibility; Model for Change; Environmental Agenda; Social Agenda; Cultural Agenda

SUBUNITS OF ANALYSES	OBJECTIVES	MAIN SUBJECT
Critical Stages of the Value Chain	<ul style="list-style-type: none"> - Understand how Corporate Responsibility can be an answer for a sustainable development - Understand if sustainability affects economic growth - Understand how brands should engage with the costumer on sustainability - Understand the relation between Luxury and Sustainability 	Sustainability; Luxury; Cultural Agenda Responsibility; Profitability; Model for Change; Economic Agenda; Environmental Agenda; Social Agenda
Sustainability Progress	<ul style="list-style-type: none"> - Understand how Sustainability is important for the future - Understand how Corporate Responsibility can be an answer for a sustainable development - Understand if sustainability affects economic growth 	Sustainability; Cultural Agenda Responsibility; Profitability; Model for Change; Economic Agenda; Environmental Agenda; Social Agenda; Governance
Kering's Capital	<ul style="list-style-type: none"> - Understand how Corporate Responsibility can be an answer for a sustainable development - Understand the relations between prosperity and sustainability - Understand if sustainability affects economic growth 	Sustainability; Luxury; Cultural Agenda Responsibility; Profitability; Model for Change; Economic Agenda; Environmental Agenda; Social Agenda; Governance
Responsible Governance	<ul style="list-style-type: none"> - Understand how Sustainability is important for the future - Understand how Corporate Responsibility can be an answer for a sustainable development - Understand the relation between Luxury and Sustainability 	Governance; Cultural Agenda; Responsibility; Model for Change
Group's Main Brands	<ul style="list-style-type: none"> - Understand how Corporate Responsibility can be an answer for a sustainable development - Understand how brands should engage with the costumer on sustainability - Understand the relation between Luxury and Sustainability 	Governance; Sustainability; Luxury; Responsibility; Profitability; Model for Change; Economic Agenda; Environmental Agenda; Social Agenda; Cultural Agenda

To validate the data obtained from documents, reports and websites, the finds will be cross-checked with a part of qualitative research, from both the company, Kering, and the industry.

3.2.3 Mixed Methods Research

To make a more in-depth research, and complement the findings of the case study, was opted the use of a mixed-method research with quantitative and qualitative procedures, which can co-exist and be combined (Onwuegbuzie & Leech, 2005), involving observations and addressing the research questions. Because a mixed methods study relies on a combination of quantitative and qualitative research, it is the best source information for the research questions and hypotheses (Connelly, 2015).

Although having different orientations, the two approaches can be treated as complementary (Onwuegbuzie & Leech, 2005), by the belief that some research questions are more suitable for a quantitative method, and others for a qualitative study. Even for the understanding of two different parts of the problem, in this case, the brands and the consumers. There is a need for a specific type of investigation, depending on the situation, which allows to analyse the results and strive for a critical reflection of the fundamental theory (Yin., 2009).

The quantitative investigation is used when studying consumer's vision and understanding about topics like sustainability, brands, luxury, buying behaviours and the industry's problems. In contrast, the qualitative research will permit the analysis of more structural cases like the position and view of brands, companies and people working in and out the industry.

According to Dzurec & Abraham, both sets of research are designed to obtain the maximal meaning from their data (Onwuegbuzie & Leech, 2005), when interpretation is a significant part of all research (Stake, 1995). A more scientific approach, a quantitative study, is when the data can't be manipulated and answers to the asked questions (Onwuegbuzie & Leech, 2005). Research in the social science field, a qualitative study, typically represents abstractions that can be measured indirectly can be combined to maintain a vigorous interpretation (Stake, 1995). However, the research methods are, the role of responding to the primary and research questions and verifying or not the theory is central for both paradigms (Onwuegbuzie & Leech, 2005).

3.2.4 Quantitative Research

Quantitative research is often obtained by using a questionnaire administered to a sample (Saunders et al., n.d.). In quantitative studies, there is a use of quantitative research questions and hypotheses and sometimes objectives (Connelly, 2015), born out of the primary question, or from the study's objectives and research questions. These data is standardised and allows a real understanding and possible comparison (Saunders et al., n.d.) by inquiring about the relationships among variables that the investigator seeks to know (Connelly, 2015).

Surveys are a popular form of applying the method. By using a list of closed or multiple-choice questions, to confirm or test something, that is distributed to a sample, as they allow the collection of a large amount of data from a sizeable population in a highly economical way (Saunders et al., n.d.).

For this dissertation, was created and applied a questionnaire to understand and to obtain some answers for the research questions from the consumer's point of view. This results in a collection of quantitative data, that is then critically analysed, and it may be used to suggest possible reasons for particular relationships between variables (Saunders et al., n.d.). The strategy used to construct the survey is about breaking down the objectives and research questions by making a compilation of layers of themes, followed by inferential questions or hypotheses as suggested by (Connelly, 2015) and (Saunders et al., n.d.).

The survey was created and shared by Google Forms to a sample of 207 people during the time of two weeks. The population sample to which the survey applies is thought to respond to two problematics or views. One is to understand the perception and importance the general consumer gives to sustainability and fashion, and the other is to go directly to the luxury consumer, ask the same while understanding its buying behaviour. This will permit not only to know how much the consumers know or care about the industry and sustainability in general but also to compare the possible differences between the luxury and the non-luxury consumer.

Survey's structure

The questionnaire is divided into seven sections, which have different focuses on the field of Luxury, Sustainability and the relation between the two.

The First Section - Introduction

This part serves the purpose of knowing who the person is, through three questions: "How old are you?" which indicates the age, "What is your country of residence?" that answers to demographics, and "What is your occupation?" referring to the field of work.

Age has been separated into five categories: <18, from 18 to 25, from 26 to 40, from 41 to 60 and >60, which also divides the current generations. The country of residence is just a way to position this person in the market in a geographic approach. The field of work will show if people from different areas are sensitive to this issues in distinct ways, or if that is not an essential factor, alongside understanding who works in the fashion industry, being these people, possibly more informed and concerned with the issue. This way is possible to study and understand who the respondent is, its background and how the responses to this form may or may not change between "groups".

The second part of the first section wants to introduce the topic of the form and divide the surveyed. "What defines a Luxury Brand?" helps to understand how the consumer and non-

consumer perceives Luxury, making it clear, what the attributes of a luxury brand are. The respondent has eight words that might define luxury and an extra option in which it can add a name or expression if it feels it is missing. The characteristics are price, heritage, quality, exclusivity, marketing, craftsmanship, status, and association with high-value events.

By asking the question “Please write the name of 4 Luxury Brands, you know.”, it will be possible to find out which brands are top-of-mind in the luxury sector. For reference, being top-of-mind, or having top-of-mind awareness (TOMA) means that makes a particular brand in a specific category of product is the first one that consumers recall (Hakala et al., 2012). Alongside, if they match with any of Kering’s brand portfolio, being Kering the case study representing a Luxury group, and the ones the respondent consumer buys.

The last part asks “Do you usually buy products from Luxury Fashion Brands?” and it will make it possible to separate the two types of consumers responding to the survey. When asked, if the person answers yes – that he/she buys luxury brands, it means that is the perfect target to the study and will respond to the complete survey. If the person answers no – that he/she doesn’t buy luxury brands, then it will skip the two sections asking about its buying behaviour and preferences, and it will be directed to the sustainability part following with the rest of the questionnaire. What allows the luxury non-consumer, to have its relevance to the study, by working as a comparable subject and by understanding consumer’s opinions and interest in fashion sustainability.

The Second Section – Luxury Brands

This small section serves the purpose to check if the brands mentioned when asking “Please write the name of 4 Luxury Brands you buy from.”, match any of Kering’s brands and to avoid the influence the respondent with the brands that will appear in the next section. It is important to note that this section and the next one, the third section, will only be available for the people who answered that they are Luxury brands clients, previously.

The Third Section – Luxury Brands

The third section is a continuation of the previous which aim is to evaluate buying behaviours and if the respondents buy from Kering’s brands or from other luxury group’s brands or independent Houses. Being Kering a critical player in the sector and the sustainable transformation of the industry, other brands like, for example, Stella McCartney, also have similar sustainable goals and practices, while some Houses, like Hermès, prevail heritage and quality. In the question “Of the following list, please select the brands you buy from.”, the brands presented are Gucci, Balenciaga, Dior, Valentino, Alexander McQueen, Saint Laurent, Bottega Veneta, Stella McCartney, Louis Vuitton, Brioni, Givenchy and Hermès. There is also an option that is “none of the previous” which can distinguish people who buy premium and designer brands from the Luxury brand clients.

When asked “How frequently do you buy from Luxury Brands?” and “How do you buy?”, we learn consumer habits and understand the frequency of the purchase, if it is once a year, every other month, every month or every week. By enquiring about the way the person buys, it might be possible to get to compare behaviours between generations, classes and groups of consumers.

Fourth Section – Sustainability

The fourth section is where it had been first introduced sustainability questions. The aim for asking “What is Sustainability for you and which forms it can take?” is to figure out what the person, and therefore consumers, knows to be sustainability and if it recognises the four agendas, environmental, social, cultural and economic, to be its primary forms.

For the next question, “From 1 to 5, how much do you agree that “Luxury and Sustainability are the same”?, it was used a quote from Kering’s website about Sustainability (Kering, n.d.-c). This works to understand how much the consumer is concerned about the Sustainability in the Fashion Industry and if it believes to be a concept that can relate to Luxury and operate in that sector, as like in the next question, “Are you concerned with the Sustainability of the Fashion Industry?”.

Fifth section – Sustainability Challenges

In the fifth section, the questions go more in-depth into knowing what the consumer understands to be the problems involved in the fashion industry and sustainability in general. “while some environmental issues are well-known to consumers, many of the pressing concerns (...) are likely less understood.” (Di Benedetto, 2017). With the questions “Which of the following aspects characterise Sustainability?” and “Which of the following problems do you think to happen in the Fashion Industry?”, given various options, the person has to choose among those, the ones which think relate to the subject in question.

For the first question, the possibilities are wellbeing, environment, biodiversity, new technologies, social equity, ecosystems, community culture, life support, wealth, business continuity, education, equity, conscious consumption, equal opportunity and prosperity. All of the options are based on information from the United Nations’ Sustainable Development Goals and reports on the industry (United Nations, n.d.-a). For the second question, specifically about the Fashion Industry’s problems, the possibilities are child labour, poverty, hazardous chemicals, water stress, greenhouse gas emissions, bad working conditions, consumer waste, disrespect for the minimum wage laws, climate change, pollution, land use and deforestation, biodiversity at risk, diminishing resources and finally, modern-day slavery and wellbeing. All of the options were chosen based again on the Sustainable Development Goals and industry reports from (Beltrami et al., 2019)(Tärneberg et al., 2019)(European Commission, n.d.-c).

The last question for this section, “Do you feel it is important for Luxury Brands to be more concerned and active when it comes to environmental, social and cultural issues?” evokes what

the person knows and the importance it gives to Sustainability in the industry, being in the Luxury sector or not.

Sixth section – The Relevance of Sustainability for Luxury

In recent years, the modern consumer, as shown more significant interest to be a part and make the change towards Sustainability, however, having this concern and pursuing this vision, are still two different things. “In one recent survey, 65% said they want to buy purpose-driven brands that advocate sustainability, yet only about 26% do so” (White et al., 2019). Bearing this in mind, this section tries to understand this “relationship” by asking “Do you know any Fashion Brands that sell sustainable items?”, which aims to show that most people do know sustainable brands, so that is not an obstacle; and by “Do you look for sustainable brands when you are shopping?” and “Is important for you that a brand is sustainable? And does it influence your purchase?” it may be possible to check the theory above.

These last questions were based on a study named Fashion Makers in Europe and the United States: towards sustainable consumption, conducted by the Institute François de la Mode and Premiere Vision, because of the interest of their study and the possible comparison of the results. When asking “Did you buy at least one sustainable fashion item the past year?” is likely to confirm if the percentage of respondents that “look for sustainable brands” and that “are concerned” actually buy sustainable items. These sustainable items can be either vintage or upcycled or from sustainable brands. To try to find an explanation for the possible lack of interest/action in purchasing sustainable products, it is asked the question “Why don’t you usually buy Sustainable Fashion items?” that enumerates some possible situations like “I don’t know enough about the subject”; “I don’t know where to find these products”; “the products are too expensive” and “I don’t like the style of these products”.

The seventh section – Driving Sustainability

The last section of the questionnaire serves as an “induced conclusion”. It makes the respondent/consumer reflect upon the previous questions and give some solutions on how brands could and should be involved in the change and also how the consumer could be part. For this, is asked, “From 1 to 5, how much is important for you to know the actions the brands you know or buy from are taking to tackle sustainable problems?”.

To understand the impression and the need the consumer has for more evolvment and information, and how he/she feels, the questions are “Do you feel you have enough information about Sustainable Fashion?” and “Which do you think are the best ways for brands to communicate to the consumer, its sustainable actions and impact?”. Here the surveyed is questioned on a problem – the lack of information – and then gives the solution to tackle the problem.

As a form of conclusion and a way to answer to the primary question on How Brands, in the Fashion Industry, can achieve Sustainable Prosperity, they are asked “Do you agree that “a sustainable approach is a structural competitive advantage”? And “Do you believe that Luxury Fashion has the power to influence the rest of the industry?”, what links the answer of the primary question in the case of the luxury sector.

3.3.5 Qualitative Research

The primary question of this dissertation is a broad question of investigation that asks for an exploration of the concept and central phenomenon (Connelly, 2015). Due to that, as explained above, it was raised some research questions derived from the research objectives. To this qualitative study, the inquirer states some of the research questions and associated sub-questions (Connelly, 2015).

The use of this kind of research works as a complement for the previous documental research. With interviews and questionnaires, a possible confirmation (or not) of the facts it is achievable. “These questions become working guidelines rather than truths to be proven” (Connelly, 2015). By asking open-ended questions, the concepts, thoughts and experiences can be understood better. The goal here is to understand the situation under investigation from the respondents’ and not the researcher’s perspective (Magolda, 2007), which locates the observer in the world (Creswell & Poth, 2016).

“Qualitative research consists of a set of interpretive, material practices that make the world visible” (Creswell & Poth, 2016) and it does not necessarily seek to provide generalisable results (Lehmann, 2002). It begins with assumptions that inform the study with research problems, “summarising the strengths of qualitative data in terms of realism, richness and a longitudinal perspective, locating the meaning of experience within the social world” (Lehmann, 2002).

A qualitative research interview attempts to “study things in their natural settings, attempting to make sense of, or interpret, phenomena in terms of the meanings people brand to them” (Creswell & Poth, 2016) and to understand the world from the subjects’ points of view (Lehmann, 2002).

To critically interpret the results of this study, it was conducted some interviews that attempt to check the facts from the case study and answer to some research questions, form distinct points of view. Some of the questions here were also asked the consumers, what creates the opportunity to compare the different perspectives. Interviewing is an efficient mean of collecting data when the research design involves an analysis of people’s motivations and opinions (Lehmann, 2002).

Table 3 - Questionnaire construction

Subject	Question	Asked to Kering	Asked to the United Nations Representative	Ask to (others) leaders and companies
Sustainability	How do you define sustainability?	✘	✘	✘
Sustainability	Do you think that the Fashion Industry is working to be more sustainable?	✘	✘	✘
Sustainability	How does your company work to develop sustainable standards (cultural/corporate, economic, social and environmental standards) for your industry?	✘		
Governance	How do you pass the values on to the brand(s) and to your employees/shareholders?	✘		
Governance	How the way the Fashion Industry is changing connects with the Sustainable Development Goals?	✘	✘	✘
Profitability	Why is profitability an important part of sustainability?	✘	✘	✘
Profitability	Is sustainability good for business?	✘	✘	✘
Sustainability	How can a company/brand be sustainable?	✘	✘	✘
Profitability	Does being sustainable compromise economic growth?	✘	✘	✘
Governance	Do you believe that the adoption of Corporate Responsibility is important for companies and brands?	✘	✘	✘
Governance	Are your company/brand's values aligned with Sustainability and Corporate Responsibility?	✘		
Governance	What portion of your management is evaluated on corporate/cultural, economic, social, and environmental targets?	✘		
Governance	What is the UN Global Compact Guide to Corporate Sustainability, and why is it important for companies?		✘	

Subject	Question	Asked to Kering	Asked to the United Nations Representative	Ask to (others) leaders and companies
Governance	Can Corporate Responsibility be an answer for a sustainable development?	✘	✘	✘
Sustainability	Is it possible for Luxury Brands to achieve sustainable balance?	✘	✘	✘
Sustainability	(Regarding Luxury) In a sector where exclusivity, quality and status are the main drivers of interest, why is it important for brands to fight for a sustainable future?	✘		✘
Governance	Do you believe that consumers really understand the concept of sustainability?	✘	✘	✘
Consumer	Do you think that consumers are concerned about sustainability in the Fashion Industry and take that into account when shopping?	✘		✘
Consumer	Is Sustainability recognized among luxury consumers, or is it just about Luxury?	✘		✘
Consumer	Do you think that your clients know that your company/brand is sustainable?	✘		
Sustainability	How does your company/brand communicate its values and sustainable actions?	✘		
Luxury	Do you believe that, although sustainability may not be one of the consumer drivers for the Luxury sector, it can work as a connecting value between consumers and the brand?	✘	✘	✘
Profitability	Do you believe that prosperity can also come from consumers' higher engagement? Is that important?	✘	✘	✘
Luxury	Can Luxury, with its influence and "power", be a driver of sustainable change?	✘	✘	✘

Unfortunately, due to the turbulent times we are living, the Covid-19 pandemic, Kering was not able to do an interview. However, these questions were presented to them, to which they sent me some reports, that could respond to all my questions in a non-presential way. This can be found across the case study section of the results chapter.

Chapter 4

Results

The following part of this dissertation is the presentation of the research and results. It is divided in three main sections and a final one with comparisons of the three firsts and conclusions. The sections are: the State of Fashion; the Case Study of Kering; the analysis of the quantitative research and the final one, a discussion on the results presented.

In the State of Fashion, it is done a study on the importance and magnitude of the industry, about the way fashion is operating now, its challenges and solutions for the future. In the section it is possible to understand the need for a balance among the four pillars of sustainability. Based on reports analysis and some news from important magazines and websites for the industry, this analysis comprehends an overview of the industry, placing the reader on the actuality of the industry in general, alongside specifying in detail the state of the ever growing luxury sector. The consumer perspective presented here, corresponds to the studies previously done by McKinsey, the Business of Fashion, the Boston Consultancy Group and the Global Fashion Agenda. Major players on fashion's analysis and communication. At the end, are presented the current solutions, gathered by combining all the reports and other platforms of information in order to enumerate and evaluate the way challenges are being solved and what is there yet to do.

The second section is Kering's Case Study. Here the investigation was done according with all the performance reports, policies and statutes of the company and its brands. After understanding its history and evolution, the research focuses on understanding the company's vision and model. Since it is one of the biggest luxury players, and parent to many well-known and successful brands, the study goes through its economic outlook to the business mode, where it is possible to understand Kering's core values and how they incorporate them into their brands. By an in-dept study of its values chain and sustainability goals, the reader can discern the company's governmental and ethical policies and strategies, with a look on their capital. At the end, lies a specific research of Kering's biggest brands: Gucci, Saint Laurent and Bottega Veneta. Here it is proven that all Kering's values, policies and measures are replicated and adapted by each brand for its own application and model. The last section is showing the progress made by the brands and the group to foster a sustainable development and at the same time help and influence all the industry.

The third section focuses on consumers. By reflecting the results of the survey applied to Luxury and non-luxury clients, the reader can have a knowledge about the importance and concern given by the public and the actions and behaviours they have towards sustainable practices. Here the results show the disparities among generations, and types of consumers. However, it is not only possible to see flaws, but also solutions on how brands should act and communicate

with the general public. What comes as an added value to this study, in a marketing, branding and management perspective.

In the final part, all the information platforms and results are “crossed” and compared, understanding the vision of the industry, of leaders, like the United Nations, researchers and the consumers. Always facing the facts of the State of Fashion, and proven its viability and strategies in practice by Kering’s Case Study.

4.1 The state of Fashion

“It is a curious fact that the production of precisely those articles which serve the personal adornment of the ladies of the bourgeoisie involves the saddest consequences for the health of the workers.” Friedrich Engels (Wilson, 2003).

The Fashion industry is huge and global. A multi-trillion dollar business (Common Objective, 2018). Its massive reach of cultures and countries, with its supply chain employing millions of people worldwide, the industry faces and harnesses globalization every day.

The “immense technological sophistication coexists with the most dreadful exploitation on the “third world” (Wilson, 2003). Due to its “destructive use of land and water, dyes and manufacturing waste entering the environment, and post-consumer waste ending up in landfills” (Di Benedetto, 2017), the common, and correct, representation of fashion as a “dirty industry” contrasts with the fact that fashion has the potential to reach a vast number of people and influence the world, which can be directed to foster sustainability.

The democratization of fashion enhanced the exploitation of the workers in the creative sector (Steele et al., 2019). Fast fashion, created the possibility for “ordinary people” to have access to the latest trends at an affordable price, although costing the environment and the industry a lot of challenges, being most of these clothes poorly made and establishing an unsustainable model. According with a study from Common Objective on mapping the Fashion Industry, they acknowledged that “sustainably produced and used fashion should be the key to unlocking this potential” (Common Objective, 2018). What should come from the leaders of the industry. Leaders are now dealing with “a complex and unprecedented brew of social, environmental, market, and technological trends” (Whelan & Fink, 2016) which will only be solved by them showing interest and actions to respect people and the environment while improving its performance as brands.

One of the biggest and most important challenges to developing an environmentally friendly and sustainable garment industry is the conditions for the workers and the end of life of clothes (Corner, 2014). The industry joins many talent and work, such as retailers, media, photographers, models, manufacturers, craftsmen, designers and many more. Moreover, it is

also connected with culture, street style, value and innovation (Corner, 2014). “To enhance the symbolic value of fashion, or to use fashion to make a better future, it is necessary to foster an environment within which everyone’s creativity can flourish” (Steele et al., 2019). The answer for the industry problems is connected with engagement, cooperation and respect for the planet and the people, by fostering a positive sustainable development.

4.1.1 Overview of the industry

The fashion industry sector is growing at a rapid pace accounting for 7% of the world’s gross domestic product (GDP), growing at an annual rate of 8.7% (International Trade Centre, n.d.), and its demand is expanding worldwide, what challenges the system, requiring a new, innovative and sustainable approach (Tärneberg et al., 2019).

The Fashion Industry is increasingly acknowledged worldwide for having enormous potential as engines driving economic and social development. (International Trade Centre, n.d.) while the economic profit of the industry continues to grow, “the fashion and high-end industries represent a cultural heritage and expertise” (European Commission, n.d.-c). Not only do they account for higher than average growth rate and job creation, With five million people directly employed in the fashion value chain and over 1 million people employed, but they are also channels of cultural identity which promotes cultural diversity (International Trade Centre, n.d.). However, a study by McKinsey and the Business of Fashion reveals that more than half of fashion employees, 52% to be exact, believes their current employer’s leadership team is diverse, what show that there is still room to work on but there has been a big development since precious years.

Searches for “sustainable fashion” increased by 66%, now the sector increasingly acknowledges its accountability for global heating and social and environmental injustice (United Nations, 2019). Jochen Zeitz, former CEO of Puma and member of the sustainability team at Kering, discusses in a podcast with the Business of Fashion that brands should now look at the state of the planet and understand that they are taking more resources than ever, resulting in irreparable damage.

“We cannot just look at shareholder value or growing your business any longer but we have to look at it responsibly but at the same time also as an opportunity of how we can actually do better as a business but doing so by keeping our stakeholders rather than just our shareholders in mind and nature and our planet is a key stakeholder because without our planet we won’t be able to function.” (Business of Fashion in interview with Jochen Zeitz, 2020)

With sustainability and transparency as an increasing concern per part of the consumers brands feel the need to understand and take action over this topic, what is reflected on the impact of the environment, society and inside the communities of consumers and brand employees. (Whelan

& Fink, 2016) define sustainable practices as those that: “at minimum do not harm people or the planet and at best create value for stakeholders”; “focus on improving environmental, social, and governance performance in the areas in which the company or brand has a material environmental or social impact”.

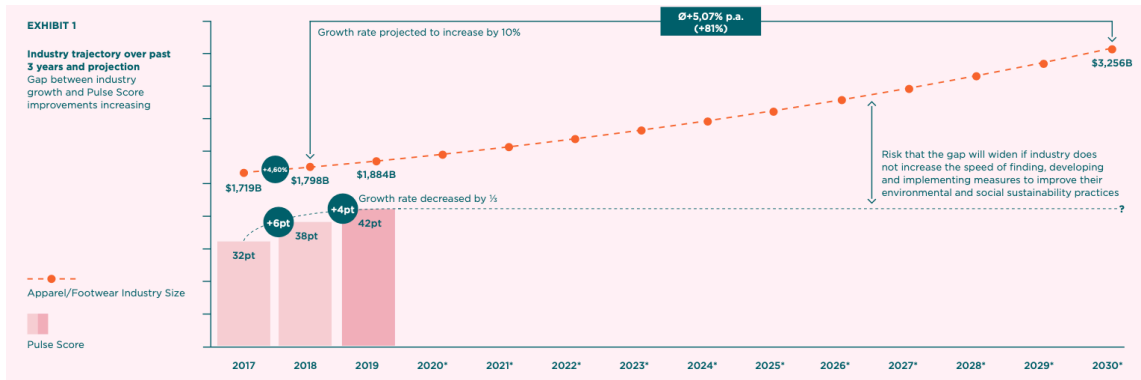


Figure 4- Projection of Industry's Trajectory – Source: The Pulse of Fashion Report 2019

In a study developed by the Global Fashion Agenda, The Pulse of Fashion (Lehmann et al., 2019), it is shown that although the industry is increasing its positive environmental and social performance, due to a full economic and corporate culture integration. Despite this improvement, the industry needs to keep growing in its sustainable and responsible actions, since, as it is possible to understand from the figure above presented, there is an increasing growth rate that needs to be underpinned by the development and implementation of new measures, otherwise, there is a big risk of resulting in a bigger and possible irreversible gap between the needs of the industry and the boundaries of the planet.

The industry forms a long, convulsed, complex and interlinked value chains, often involving travel between factories and countries, contractors and subcontractors, (Corner, 2014) from the design and manufacturing of fashion goods (such as textiles, clothing, footwear, leather, fur products, jewellery, and accessories) and high-end goods (European Commission, n.d.-b), to their distribution and retail, creating a system. Today, issues of sustainability and social justice are among the most important criticisms levelled at the fashion system, with activists asking whether it is even possible for fashion to become sustainable (Steele et al., 2019).

“How important it is for our sustainability to have an economic growth but how we grow and how we grow sustainably, that is the big question we still need to solve” (Business of Fashion in interview with Jochen Zeitz, 2020).

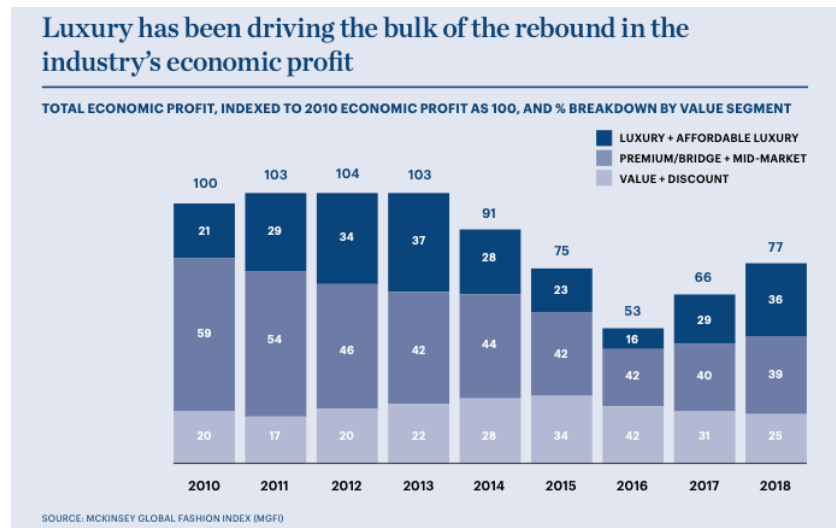


Figure 5 - Total Economic Profit, breakdown by value segments – Source: The State of Fashion 2020 by The Business of Fashion and McKinsey

The Luxury sector has driven a change of pace at an economic perspective, accounting for almost 80% of the industry's economic profit growth (Beltrami et al., 2019), and also in terms of sustainability a responsibility. "Luxury is all about tradition, longevity, quality - that is sustainable" (Business of Fashion in interview with Jochen Zeitz, 2020). Luxury fashion houses usually work with hidden thousands of small, "often family-owned companies and craftsmen who contribute to Europe's leading position in the fashion and high-end markets" (European Commission, n.d.-a). In recent years, the luxury sector became a strong performer "of the global economy", accompanied by rising investments. As it is possible to confirm in the next figure, the Luxury sector has been a major driver of sustainable development, continuing to growth year by year, even though it is a positive record, it still need to improve its effectivity.



Figure 6 - Pulse Scores by segment and size – the Luxury Sector Source: The Pulse of Fashion Report 2019

"Economic growth is still very important not least because of the number of people who depend on this growth for their own livelihoods" Imran Amed (Business of Fashion in interview with Jochen Zeitz, 2020). Despite the industry's increasing growth, the luxury sector, work and call for sustainable development, is still faced with several challenges. However the work on inclusive cultures and societies, and especially the materials revolution has helped paved the way for a more responsible and positive performance. As discussed by Jochen Zeitz (Business of Fashion in interview with Jochen Zeitz, 2020), "Business is part of the problem, but business is also about solving problems".

4.1.2 The Consumer Perspective

Consumers grew accustomed to getting new items available for purchase every week through fast fashion retailers (Steele et al., 2019), however, not many understand that this model is not good for the planet and for them. “Consumers no longer want to wait months after seeing the Fall or Spring shows online before they can buy the clothes in stores” (Steele et al., 2019) but the younger generations, Generation Z and Y, are starting the conversation with brands, making them question its own acts.

A research by the Boston Consultancy Group (Lehmann et al., 2019), in five different countries, show that 75% of the respondents feel that sustainability in brands is extremely important, and 33% feel it is very important. At the end, only 7% think that sustainability is not at all or somewhat important. The overall consumer expectations can be separated still in two stakes. Since ones are more in-dept in the matter and go beyond concern into action, others are concern and feel the need for brands to change the business model to a more positive and responsible one, but as consumers don't prioritize sustainable purchase choices. As analysed by the Global Fashion agenda (Lehmann et al., 2019), “for 7% of consumers, sustainability is the key purchasing criterion, but 23% prioritise high quality, 17% looking successful and 16% receiving good value money”.

“Companies are in a unique position to show consumers that good business practices can produce positive environmental results,” Austin Whitman, Executive Director at Climate Neutral, tells us. (Malachosky, 2019). In a culture where social media often drives the consumer dialogue, brands focus theirs work and communication in their identity and core principals, because “not addressing these expectations can have a direct impact on a company's brand value” (B. C. Hackling et al., 2019).

4.1.3 Current Solutions

According to the Global Fashion Agenda Report (Lehmann et al., 2020), there are eight key transformational priorities for the industry. They are: Traceability; Reverse climate Change; Efficient use of Water, Energy and Chemicals; Respectful and Secure Work Environments; Sustainable Material Mix; Circular Fashion System; and the Promotion of better Wage services. All these eight focal points can be distributed between the four pillar of sustainability, meaning that they are the result their balance.

Traceability

“For the past couple of years, it has become increasingly clear that full traceability can accelerate the transformation to more responsible value chains in the fashion industry” (C. Hackling, 2019a). Consumers now expect brands to be truthful about the way they operate, who makes their products and where. According to a Business of Fashion study, 65% of the respondents cited that “consumer needs for trust in product authenticity and creative originality” to be one of

their top priorities for the industry (Imran & Berg, 2019). Supply chain traceability is a prerequisite for responsibility, sustainability and transparency.

“By making more informed business decisions, businesses can mitigate negative impacts on the planet and workers along the value chain and strive for the creation of positive impacts instead” (Lehmann et al., 2020).

Traceability is a way to incorporate transparency on the business, without revealing all “business secrets” but making it possible to know from where everything came from and in what conditions was developed/produced. It is the baseline to measure the impacts of the business and to create new measure to solve its challenges. What sometimes can be difficult, for establish brands and companies, shifting drastically for a more transparent business, it is not that difficult for start-ups and small brands in the beginning of its business, since they can start “the right way” since its inception. They have been the most prominent vehicles for change (Di Benedetto, 2017). Big companies, like Kering, now work with small firms and start-ups through the “Plug-and-Play” accelerator from Fashion for Good.

One recent possible tool to help implement traceability is Blockchain. In replacing this traditional system, blockchain promotes information exchange with responsibility and accountability through consensus from all actors from one single point of information (C. Hackling, 2019a). The availability of credible data can improve the traceability of products (C. Hackling, 2019a). The way blockchain can work, is to save the history of every transaction without possible change, adding trust and value along the value chain and making it easier to assess impacts and risks.

“A slow embrace of transparency also has the potential to help resolve some of the persistent labour issues that continue to plague fashion’s supply chain” (Kent, 2019). Making transparency the new norm, businesses can be more aware of their supply chains problems, and besides being better for the environment and easier to control work conditions, companies can find out new and more economic ways to work and produce their products. Transparency is visibility. We need a fashion industry that better understands its own inner workings and that respects its manufacturers (B. C. Hackling et al., 2019).

Reverse climate Change

“Climate change and biodiversity loss are rising on the corporate agenda, with companies committing to science-based targets to protect the planet” (Lehmann et al., 2020). Carbon emissions, calculated at 1.2 billion tons annually, contribute to climate change, and for a decline in biodiversity, engraving the environmental crisis facing the planet. In 2015, members of the United Nations reached an agreement, called the Paris Agreement, to limit global warming, committing governments to climate action. Referred in a sustainability article by Vogue Business, Cernansky states that “fashion is not only increasing the amount of carbon in the

atmosphere — it is also contributing to a rapid decline in biodiversity, the other environmental crisis facing the planet” (Cernansky, 2019a)

Carbon Neutrality is a “new trend” among brands and companies and it has been achieved by a combination of reducing emissions and purchasing carbon offsets (Bauck, 2019). To be clear, being carbon-neutral doesn't mean that one stops producing carbon; it means doing something good, in this case, offsetting, to make up for the bad emissions (Eckardt, 2019). This means that brands buy the quantity needed to cover the amount of emissions that they can't reduce, avoid all pitfalls of the industry (Bauck, 2019). Not a single [company] has committed to meeting the majority of [the UN's] 2050 carbon-neutral goals through direct reductions instead of buying offsets,” says Liz McDowell, fashion campaign director for Stand.Earth (Cernansky, 2019b).

While a big amount of brands signed up for the Fashion Pact, where labels pledged to minimize their harm to the environment (Cernansky, 2019c), and other numerous pledges, very few brands have actually committed to cutting emissions enough to align with the UN Paris Climate Change Agreement (Cernansky, 2019d). Consumers and groups like the Extinction Rebellion “have kept up the external pressure, and investors have grown bolder about questioning companies' commitment to climate action” (Kent, 2019).

Efficient use of Water, Energy and Chemicals

The processing stage of the fashion value chain contains a lot of potential for achieving sustainable progress (Lehmann et al., 2020). Brands and manufacturers can work together with a greater efficiency result, with the appropriate investment, resources, and partnerships in place (Perkins, 2019).

Almost every process during the manufacture of a garment uses a lot of energy, water and chemicals, like dyeing and finishing in mills. Improvements in the efficient use of water and energy (Lehmann et al., 2020), and the reduction of the amount of hazardous chemicals released into the planet, can “help brands and retailers make significant environmental, social and financial progress” (Perkins, 2019). Energy is cheaper now, compared to fossil fuels, however the prices are rising. However, most of these factors and required changes, are out of control for brands.

“Investing and implementing sustainable water management is a crucial step to mitigate water scarcity, protect biodiversity and provide safe drinking water and sanitation” (Lehmann et al., 2020).

Respectful and Secure Work Environments

The fashion industry has developed a pretty terrible reputation (Seigle, 2017) not only for exploitation of human capital, but also for outsourcing production to the world's lowest-wage

economies. “As the decade progressed, concerns about workers were eclipsed by mounting political and cultural engagement with the climate crisis” (Kent, 2019).

“Because the major brands do not employ the workers directly, or own the factories they produce in, they are able to profit hugely, all while remaining free of responsibility for the effects of poverty wages, factory disasters, and the ongoing violent treatment of workers” (European Commission, n.d.-c).

Much of the hard work involves rethinking supply chains and the way suppliers are working, although many brands and companies don't have control or enough knowledge over their suppliers. When engaging with governments, manufacturers and employee representatives, brands can track the progress for human and labour rights “working to enable equal partnerships among players along the value chain” (Lehmann et al., 2020).

“It can also have the potential to increase productivity and reduce employee churn, increase the quality of output, improve the reliability of deliveries and foster employee-driven innovation” (B. C. Hackling et al., 2019).

Sustainable Material Mix

“Changing the mix of materials can have significant impact on a brand's social, environmental and ethical footprint” (C. Hackling, 2019b). The material mix is one of the big drivers of social and environmental footprint of the industry. According to the Global Fashion Agenda (Lehmann et al., 2020), “across segments it can determine up to two thirds of a brand's impact in terms of water, energy and land use, as well as its air emissions and waste”.

Focusing on bettering the material mix in a volume-driven basics collection, and changing its mix of materials, would have the largest impact on the environmental footprint and sustainability performance of a fashion producer, generating an immediate tangible effect. Natural fibres are best if possible, because they are often less destructive to produce (Radin, 2019), cellulosic fibres can represent an opportunity since they have a big impact on the environment such as degradation of the soils and deforestation. Although there is still the problem with fibre blends. To recycle it, first there is the need to separate those fibres, that still make it very difficult to recycle the garment, since most of the technology to separate different fibres is still being developed. However there are now companies like Worn Again that can separate cotton from polyester, what already has a great impact.

“It's become necessary for the industry to find better ways to reuse existing materials, and maybe at some point in the future, brands will be able to create new collections entirely from old textiles” (Bain, 2019), what already happen recently due to the Covid-19 pandemic, with Chanel in its Resort 21 collection, where all the garments were made with spared fabric “sitting” on their atelier in spite of producing new one. With a more work and new discoveries of new innovative

and sustainable material options, brands can reduce resource consumption and decrease their impact on the environment and societies.

Circular Fashion System

The fashion systems is currently running as a “take, make, dispose” business, or at least most of it. Most garments, when are discarded end up in landfills all over the world, what according to the Global Fashion Agenda (Lehmann et al., 2020), represent four billion euros. “Less than 1% of material used to produce clothing is recycled into new clothing,¹³ representing a loss of more than USD 100 billion worth of materials each year” (Circular Fibers Initiative, 2017). The Pulse of the Fashion Industry also reported that 73% of the world’s clothing eventually ends up in landfills and the global fashion industry projected to grow by 81% by 2030 (Sustainable Apparel Coalition, n.d.), exerting an unprecedented strain on the planet.

Circularity, “It’s another way that helps us extend the life of clothes and promote a more circular business model,” says Farfetch director of sustainability Thomas Berry to McDowell (McDowell, 2019) on an interview about the importance of circularity. When the paradigm changes, and fibres are reused, it can be possible to obtain a value of nearly eighty billion euros (Lehmann et al., 2020). It is crucial for fashion to start to close the loop of their products.

“Frontrunners should explore circular business models that keep items in use for longer and enable recycling of post-consumer textiles at scale” (Lehmann et al., 2020). Despite the increasing interest among the brands about circularity, only 15% of clothes are now being collected and recycles. If companies start to regenerate fibres from old garments, into new ones, it happens a shift in economy and textile development, while at the same time, the environment and people can be “saved” from many processes that use large amounts of resources and that end up affecting negatively many communities.

Promotion of better Wage Systems

“The global fashion industry contributes to economic prosperity and creates jobs” (Lehmann et al., 2020). However, the garment industry is constantly searching for cost-effective production locations with low labour costs (C. Hackling, 2019c). Human rights, ethical behaviours and consumer expectations, require companies to ensure fair and just wages in their supply chain (C. Hackling, 2019c).

Brands and manufacturers operate alone and in a fragmented way. No single actor can actually shift the system, collaboration becomes essential (Cernansky, 2019a), when we need to find new ways” of creating new forms of cross-industry coordination that just doesn’t exist today” (Cernansky, 2019a). While some Luxury houses like Chanel, are able to set up factories near their ateliers, respecting all craftsman and workers (M. C. Hughes, 2016), smaller brands and even fast fashion, need to create policies and find new alternatives to promote better

opportunities and control, improving the working conditions and supporting manufactures worldwide, especially in poor cultures.

“Promoting industry-wide implementation of better wage systems that meet the basic needs of workers is an opportunity for fashion brands to expand their contribution to the prosperity of the people employed along their value chain” (C. Hackling, 2019c).

The Fourth Industrial Revolution

As the final proposal, Global Fashion agenda discusses the need for a fourth industrial revolution, what can be said to be happening now. The correct use of technology, that is already used on other industries, like blockchain, can improve accuracy, transparency and reduce water and energy consumption, reducing this way, the fashion industry’s environmental, and even social footprint.

“Major technological innovation, alongside demographic shifts and climate change, will make for a disruptive and transformative future” (Lehmann et al., 2020) and by the brands reaching out to their manufacturers, they can start a bigger collaboration, with “possible ramifications of technology-driven production methods and to prepare to support the transition of workforces at scale”.

According to the CEO Agenda from the Global Fashion Agenda (Lehmann et al., 2020):

“Industry pioneers have started implementing the four core priorities, and there are countless cases that substantiate the value they bring, both from a corporate and macro-economic perspective.”

By taking a radical leading position in shaping a more economically, socially, culturally and environmentally sustainable fashion industry, and through the compliance with these measures, companies and brands shift from having a sustainable agenda to sustainability be a core value and part of their business model. This guarantees a better positioning to “anticipate and react to economic, social, environmental, and regulatory changes as they arise” (Whelan & Fink, 2016) based on an alternative paradigm of engaging with the consumer, thinking, creating and producing fashion (Steele et al., 2019).

As Sandy Black puts, “there is widespread recognition that fashion, as we currently know it, is in a state of flux, undergoing a process of fundamental change” (Corner, 2014). However, there is still a critical need for both academic and industrial research (Steele et al., 2019), in order to enable sustainability to have a positive impact on the environment, the people, the company and the business performance.

4.2 Case Study: Kering

The following sections of this chapter will investigate and analyse in a case study format, the French company Kering. It is divided into ten main parts, where on the last one, it studies the three biggest and more profitable brands of the group, Gucci, Saint Laurent and Bottega Veneta. The investigation is made upon reports sent and made available by the company, and from others statutes and policies from the group and from each of the brands studied. Over the next few sections and sub-sections, it is demonstrated the challenges, the priorities, the strategies and the progress made by the group and its brands, towards a sustainable development and change in the industry.

4.2.1 History and Evolution

Before being called Kering and operated in the luxury sector, the company was named the Pinault Group, founded by François Pinault in 1963. It started as a lumber trading business, which then specialised in other category products, being listed on the Paris Stock Exchange in 1988. Years followed, and the Pinault Group acquired enterprises like Conforama, Fnac, and LaRedoute. In 1999, the Group's initial step into the luxury sector made by the acquisition of 42% stake in Gucci, proceeded by the addition of Yves Saint Laurent, *YSL Beauté*, and Sergio Rossi. Two years later the Group purchased Bottega Veneta, Balenciaga, and part of both British brands, Alexander McQueen and Stella McCartney.

Some years ahead, specifically in 2013, the Group adopted the name “Kering”, sometime after creating its solidarity foundation. In the same year, Kering was listed on the Dow Jones Sustainability World and Europe Indices (DJSI). Still, only in 2015, they published their first Environmental Profit and Loss Account (EP&L), now renewed every year, and in 2016 announced their 2025 Sustainability strategy for the Group. The next years the company sold stakes of some brands as a strategy for positioning and finance proposes and started to envision its omnichannel capabilities, exploring new ways to connect with its customers. This plan for digitalisation and the guidelines for a more sustainable approach to the luxury fashion business has brought the company many awards but also responsibilities, such as the trust by the French President to conduct a mission to transform the fashion industry progressively in a more sustainable one.

“In April 2019, ahead of the G7 meeting, Emmanuel Macron had given François-Henri Pinault, Chairman and Chief Executive Officer of Kering, a mission to bring together the leading players in fashion and textile, with the aim of setting practical objectives for reducing the environmental impact of the fashion industry” (Prada, 2019)

4.2.2 Company's Vision and Model

The Vision of the Group, presented in their 2019 Universal Registration Document, consists on “Embracing creativity for a modern, bold vision of Luxury” as its first premise, that has now

been updated, in part, due to the ever-faster change in the world in terms of consumers, disruptive technology, and need to construct a more sustainable future (Kering, 2019f). Has this culture is evolving, along with the will to shape the Luxury of tomorrow, their new ambition “is to be the world’s most influential luxury group in terms of creativity, sustainability, and long-term economic performance” (Kering, 2019a).

Being keen on their beliefs and principles, encouraging innovation, equality, and respect, by “empowering imagination” (Kering, 2019f) and growth in the most sustainable manner, the Group thrusts their Houses’ unique vision and consistency on being a force of positive change, by improving social and environmental standards in the luxury sector through their passion, commitment, and creativity.

Their aim to create value equality among all stakeholders is supported by constant evaluation and raise of both creative and production standards, driving a positive change complemented by the continuous entrepreneurial spirit. Taking risks and by calculating the impact of every decision, permeating every House to follow its creative vision, Kering inspires emotion and constant innovation, founded on tradition and expertise, expressing the Group and brand’s personality while delivering the best products to all generations of consumers in a fast-changing world.

4.2.3 Economic Outlook

The luxury sector is built on a group of major players, being Kering one of the most important. The constant uncertainty of the market and the world, undergoing several changes with less consistent global growth, volatile geopolitical tensions, and consumers seeking new ways to relate with brands, created a need for Kering to adopt a new strategy.

The most recent market shift trends are settled in four major topics. “New growth drivers,” as the fast-growing new markets, such as China, present in figure 7, and the new category of consumers from the middle class increased spending, either inline and in-store, justified the relevance for an omnichannel model for an enhanced global mobility scenario, with an outlook for 2025, of 320€ to 365€ billion.

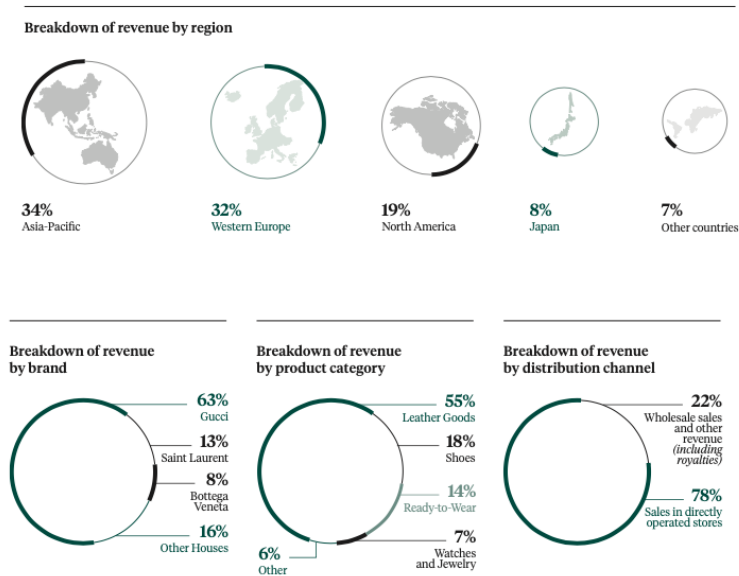


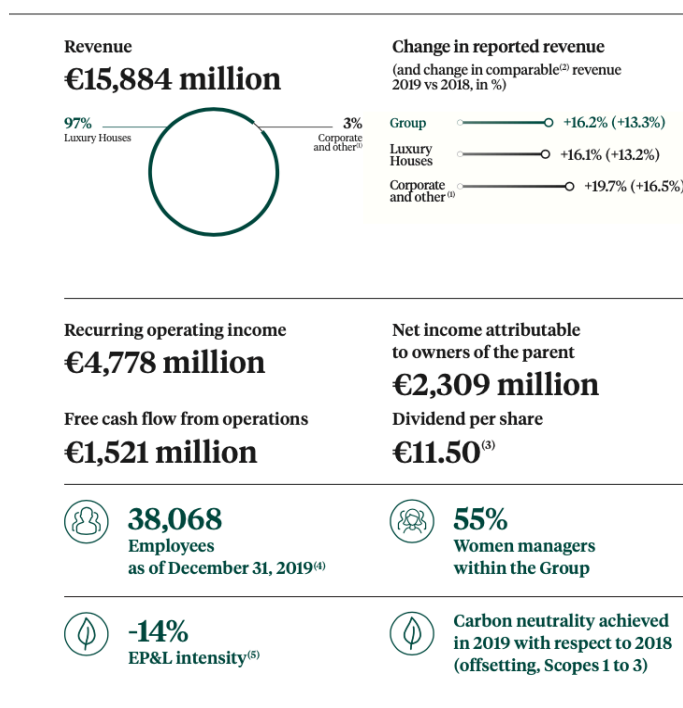
Figure 7 - Breakdown of Revenue by Region – Kering’s Financial Document 2019

The “Increasing environmental and technological challenges” (Kering, 2019c), respecting the increase of consumers’ environmental concern and awareness, creating new business models and challenges with new performance drivers and data management by using artificial intelligence. With an outlook on 25% share of e-commerce sales, for 2025, the digital transformation and sophistication of customer service have to be stronger, enhanced by creative innovation for both products and processes, also due to the latest competition on raw materials quality and reliability.

The growth of the luxury goods market in new cultures, regions, and segments, has brought “New consumption habits” (Kering, 2019c) in a society strongly driven by a young customer form generation Y and Z, with an estimated increase of 55% presence, searching for a more personalised experience and a sense of purpose. Digitalisation represents a need and a tool when it comes to globalisation, by multiplication of the distribution channels supported by an omnichannel experience and developing a consistent communication of the brand universe and values through a network of new consumers and partners.

Finally, the “increased demand for transparency” (Kering, 2019c) more present during the supply chain processes, facing increasing obligations, and improving the standards, responding to the new stakeholders’ expectations. By combining the environment and society through culture, without losing sight on economic sustainability and growth, it is fundamental to provide greater transparency in all relations, with the aim, by 2025, of 100% tracing transparency of the Group’s raw materials, processes, and origins.

With a breakdown of 97% of revenue provided by Luxury houses' performance, data of 2018 (Kering, 2019c), with an outstanding growth potential despite market's behaviour and environment, Kering continues focusing on promoting a long-term value creation prioritising an organic growth and "operating cash flow generation" (Kering, 2019c). Inseparable from the non-financial achievements and guidelines shaping the future of the industry, and having reduced its environmental impact in 10% between 2015 and 2018 (Kering, 2019a), Kering continues to value and attempt to enhance their financial performance every year by "enhancing profit margins and rigorously managing capital allocation" (Kering, 2019c).



(1) The "Corporate and other" segment is defined on page 282.
(2) Comparable revenue is defined on page 290.
(3) Subject to the approval of the Annual General Meeting to be held on April 23, 2020.
(4) 34,902 FTE in 2019.
(5) 2015-2018.

Figure 8 - Revenue of the Financial year of 2019 – Source: Kering's 2019 Universal Registration Document

With a workforce of 38000 people around the globe and a revenue of 15.9 billion, in the financial year of 2019, figure 8, the Group is considered to be one of the essential players in the luxury fashion industry.

Kering's constant innovation and adaptation to the fast-changing times we are witnessing, with a new generation of "always-on" consumers, the necessity of having an omnichannel strategy intensifies. More than selling the right quality product, the brands try to create an experience and culture through product innovation and a more dedicated digital involvement. What is

driving sales efficiency, boosting brand performance with valid merchandising and optimising both in-store and online sales.

	2015 ⁽¹⁾	2019	
Revenue	€7,660m	€15,884m	x2.1 +20% CAGR
Recurring operating income	€1,528m	€4,778m	x3.1 +33% CAGR
Recurring operating margin	19.9%	30.1%	>+10 pts

Figure 9 – Values creation – Source: Kering's 2019 Universal Registration Document

From what is possible to understand by figure 9, this value creation strategy has been improved during the years under vertical integration and operational efficiency, showing its results both in the direct distribution channels representing 78% of its revenue, and in online sales with a growth of more than 20% during this period (Kering, 2019c). This direct distributions channels account for department stores, multi-brand and franchise stores. At the same time, e-commerce represents 12% of worldwide sales for the fashion sector made through the brands own digital platforms and wholesale websites (like net-a-porter).

To respond to this changes and developments in the sector and the industry, while maintaining its competitive advantage, “the Group has adopted a business model and a strategy perfectly aligned with the challenges of tomorrow’s Luxury” combining a “rich heritage of exceptional know-how with the expectations of new generations of customers”(Kering, 2019a).

4.2.4 Kering’s Business Model

“Our vision leverages our multi-brand business model, guiding our strategy” (Integrated Report 2018). As for their business model and strategy, Kering’s approach is mainly to build creative autonomy for the Houses, while combining agility, balance, and responsibility. Fostering rapid growth for the Group as for the brands, Kering’s acts on constancy, boasting a sustainable profile leading its vision through a transformation along with the years and brands, focusing its leverage for the most effective growth, with clarity and responsibility in all operations and supply chain, fostering performance aligned with their principals, self-reflection on their actions while fulfilling their long-term objectives. “Kering’s multi-brand model is reaching optimal efficiency” (2019 Kering’s Reference Document), through balance and boosting the success of

each House, providing brands with expertise and connecting all efforts to grow as a group, amplifying their creative boldness and engaging with their audiences.

By having an inclusive approach affecting all dimensions of the business, as in creative or operational decisions, their model “aims to reduce the social and environmental impacts” (2019 Kering’s Reference Document) as for the Group and the industry, by their creative potential and to respect its core values guided by Kering’s Code of Ethics.

“We are redesigning our business to continue to thrive and prosper sustainably into the future, while at the same time helping to transform the luxury sector and contributing to meet the significant social and environmental challenges of our generation.” (Kering, 2019e).

Kering’s Code of Ethics serves as a guide to provide a framework for all company’s activities to keep leading success in every form and guarantee business continuity. Last updated in 2005, as its fourth edition, replacing the Ethics Charter drew up in 1996, it conducts in a powerful moral way, the commitments, principles, and values of the company through every brand they own and every employee, being them active brand workers or suppliers, people working in the supply chain, and now, also all service providers and external partners.

As a group, Kering, is structured around some guiding principles, considering they operate across all continents which vary in cultures and technological and economic development. The principles of business conduct respect key international references such as The United Nations Universal Declaration of Human Rights, various International Labour Organization convention norms, the OECD Guidelines for Multinational Enterprises, the United Nations Convention of the Rights of the Child, the United Nations Guiding Principles, the United Nations Women’s Empowerment Principles, as well as the 10 Principals of the United Nations Global Compact and associated Sustainable Development Goals. Those guiding principles are:

- “act with integrity and a sense of responsibility.
- Comply with laws and regulations.
- Respect the dignity and rights of every individual.
- Act with respect for the natural environment.
- Use the company’s assets and resources in the interests of the Group and its shareholders.
- Encourage our employees in their community involvement and sustainability initiatives.
- respect business confidentiality.” (Kering, 2019)

This Code of Ethics document is available for every partner and employee of the company, respecting different audiences and stakeholders, them also being customers, business partners

or competitors, and the society at large. Having the same principals and fundamentals, every brand inside the company uses this and has its own “code” to complement this one. Alongside, for every job position and sector, the company has additional Compliance Manuals associating policies and procedures, as well as a compulsory training course on ethics and development for all employees and collaborators.

The principals are based on integrity, loyalty, and responsibility, accounting for business and interpersonal relations, respect for human rights and laws, regarding non-discrimination, diversity, and equality of opportunity for every person in the Group. It is encouraging freedom of expression and new ideas that can develop the business, always willingly working in a better environment, improving the quality of life at work and out, managing its balance the best way possible. There are also points regarding commitments and duties in terms of responsibility and confidentiality, career development and training opportunities, as well as safety issues and freedom and protection of data, from employees and customers, is committed to fairness and equitable business relationships under all circumstances.

As part of their Code, Kering conducts regular visits and inspections to their partners and suppliers and provides training programs to support development. Having conceived a Supplier’s Charter with all rigorous specifications on their rights and duties, which includes further ways in which they can and are helping the communities from where their partners are from. It also takes into account some specific activities in the industry associated with modelling, having created a charter for the well-being and high standards of integrity, responsibility, and respect.

When it comes to sustainability, in terms of business, or environment, Kering expresses its belief in sharing their accomplishments and ways of pursuing a more sustainable business in all four forms, with other companies in the fashion sphere to create a proactive change and development of the industry. Every year the company shares the Group’s Environmental Profit & Loss Account, available on their website, which explains all their processes and constraints, as well as their methods driving their strategy with sustainable development goals with a time horizon of 2025.

Fostering an organic growth for each brand and the Group, they are combining digital expertise and innovation, introducing an omnichannel approach that enhances customer experience and sales efficiency resulting in an above-market performance in the fashion industry.

“Our comprehensive, sustainable approach is a structural competitive advantage” (Integrated Report 2018). Having set measurable goals sustained by guidelines and through the pursuit of non-financial criteria, Kering sees sustainability as an economic opportunity where they can update processes and practice a good cost control. Their model places people at the heart of the business, being this people employees or consumers, while always ensuring a fair and ethical

approach, which is developing the industry culturally in both environmental and social perspectives through responsible compliance and governance.

4.2.5 Crafting Tomorrow’s Luxury

More than ever, companies can’t just say they care about ecosystems and consumption and respect people and cultures, and it is simply not enough, there is the need to take action and show its consequences and progress. “Sustainability is an economic opportunity, a source of inspiration and innovation” (Integrated Report 2018) settled in the Group’s vision, this philosophy is carried serving new challenges and calculation all the risks and solutions throughout the value chain.

With a strategy founded on tradition, preserving heritage while disrupting and leading the luxury goods industry, the Group opted to practice a vertical integration, where every House can develop itself, with global shared talent and expertise, where the Group centralises all the logistics activities and strategic actions, providing space and knowledge for the brand to focus on the product, creation, and storytelling part.

Thinking and focusing on a better future as for the industry and the brands, and being Kering one of the leading corporations in the business, they have created a set of goals and guidelines to change the industry, shifting it into a more sustainable and balanced one. For that end, Kering created a sustainability strategy to be implemented and “complete” by 2025, based on their ambition, priority challenges, and expectations and non-financial risk measures, called “Crafting Tomorrow’s Luxury”.

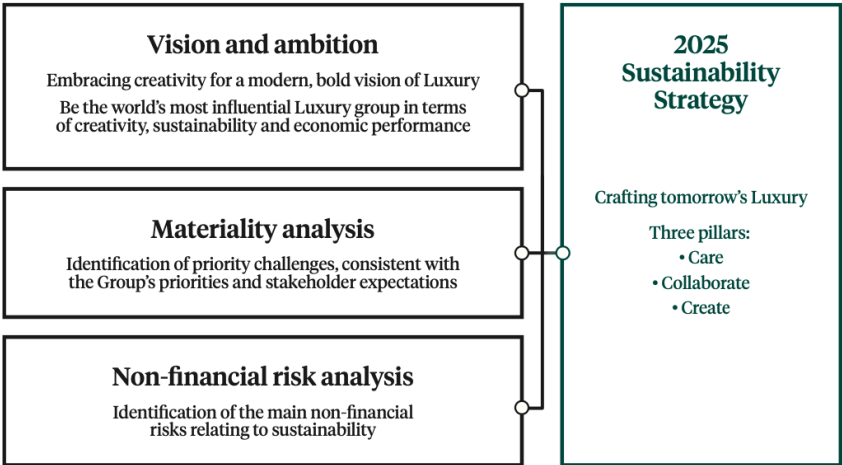


Figure 10 – Sustainability Strategy – Source: Kering’s Universal Registration Document

“Crafting Tomorrow’s Luxury presents clear targets to attain by 2025 under the themes Care, Collaborate and Create” (Kering Standards for Raw Materials and Manufacturing Processes) to reduce environmental impact and to advoke for social and animal welfare both inside and outside the Group. Based on these three main areas, it is possible to cover every significant part

of the business and the industry correlating it all. This approach, developed in the years of 2013 and 2014, allows the company to identify the critical challenges through a wide range of internal and external consultation, and match it with its vision.

Through the company’s smart risk-taking view with continuous entrepreneurial spirit culture and six strategic challenges, they can relate their economic, environmental, and social impacts, promoting change and growth. These challenges are: “responsible sourcing, product quality, traceability and transparency, respect for human rights, working conditions and suppliers relations, quality of professional life, and climate change strategy” (Kering Reference Document 2019). This was organised in a materiality matrix, defined in the United Nations’ 17 Sustainable Development Goals, which specifies the seven most impactful as a base for structuring the sustainable approaches and actions of the 2025 Sustainability Strategy like it is possible to see in figure 11.

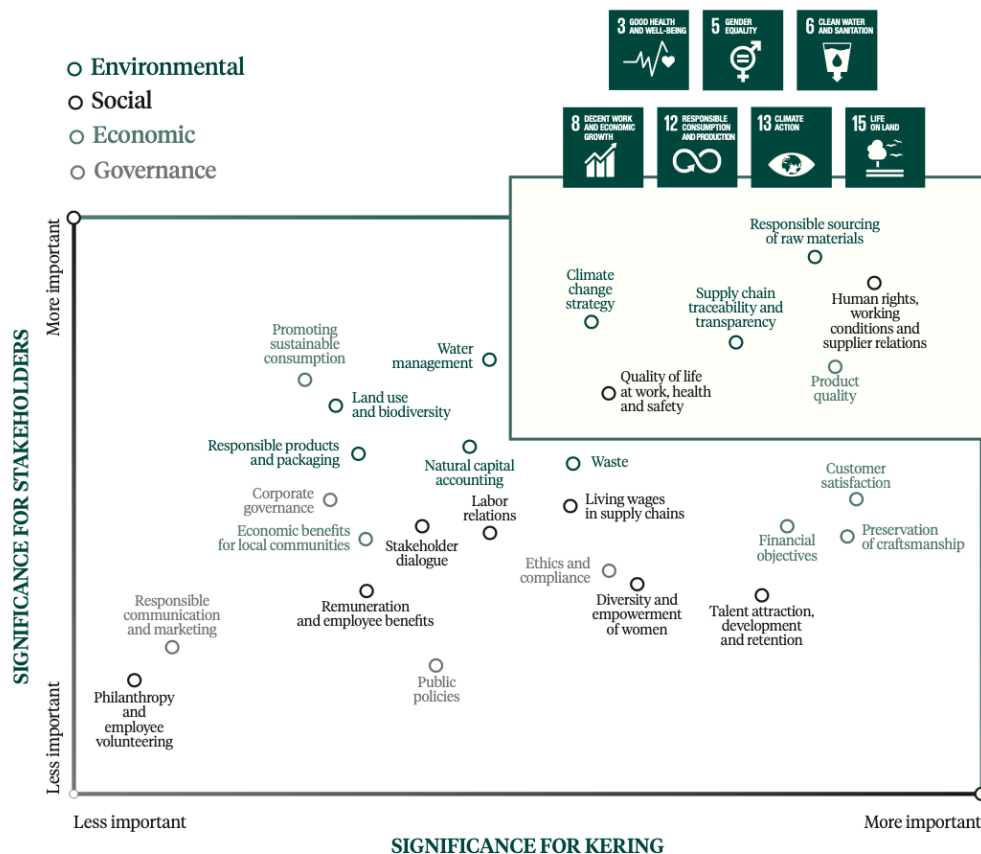


Figure 11 - Sustainability Strategy, UN Sustainable Development Goals – Source: Kering’s Universal Registration Document 2019

The strategy is lead through “responsibility, accountability, and transparency to catalyse transformational change”, which is focused on the creation of a Kering Supplier Index of Sustainability, making each step and performance visible, invoking 100% traceability, reducing by 40% their environmental impact and creating new business models, also resulting in a positive social contribution for the entire supply and value chain.

These topics go beyond the scope of operations relating to environmental and social concerns, but also human rights, corruption, and tax evasion, covering the entire values chain and business. Separated into three main categories, Crafting Tomorrow’s Luxury plan is set on targets involving care for the planet, Collaborate with people and finely, Create new business models.

For the “Care for the planet” topic, they start by only using resources within the planetary boundaries, “the only response to environmental challenges, and particularly climate change, can be to make sustainability the central pillar of the Group’s strategy” (Kering Reference Document 2019), by measuring, analysing and setting an annual Environmental Profit & Loss report, accounting for all actions and consequences. It includes the target of reducing at least 40% of the overall environmental footprint and a 50% reduction of greenhouse gas emission across the supply chain.

Kering’s Environmental Profit & Loss (EP&L) works as a tool to measure the environmental footprint through all the supply chain and to calculate its monetary value, understanding where the impacts are higher. This facilitates the decision-making process to steer and develop a more knowledgeable business and responsible strategy based on transparent actions while strengthening the business and working for a better future.

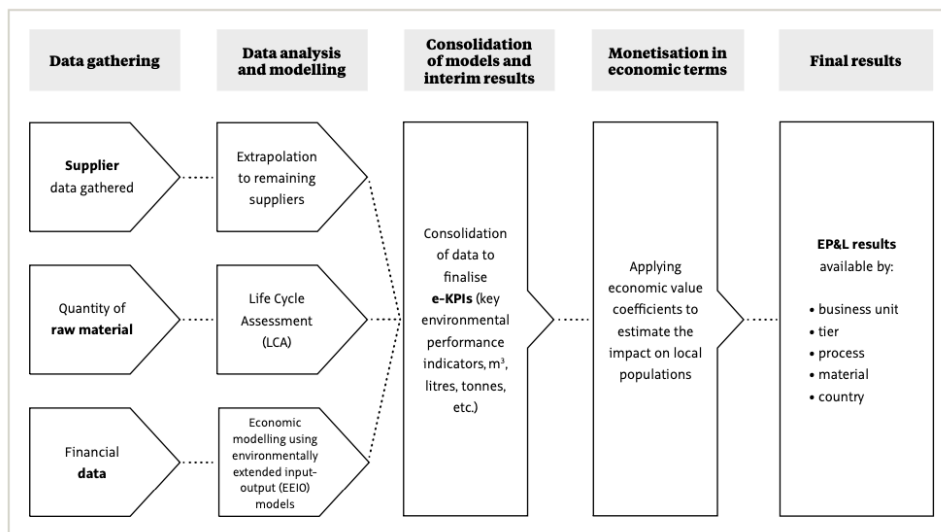


Figure 12 - Key stages in building the EP&L – Source: Kering Standards

By gathering data directly from suppliers, exploring the lifecycle of products and raw materials, understanding the environmental performance indicators while translating and applying it into their economic model, Kering can achieve final results which reveal that at least 90% happens at the supply chain. For this, the need of setting a new approach to ensure that action is taken and measures are in place is even more significant, contributing alongside, towards protecting biodiversity and the communities in which the work is done, minimising the social and environmental impact of products in every stage.

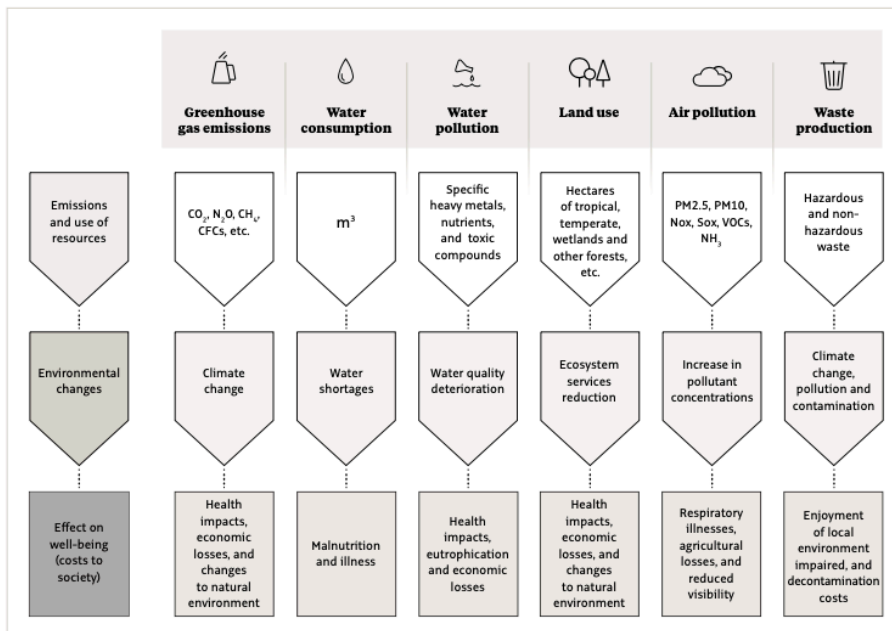


Figure 13 - Effects of the EP&L – Source: Kering Standards

For understanding and tracking their footprint through their value chain, they examine the impact at the stages of raw materials, processing, manufacturing, assembly and operations, and retail, to measure: carbon emissions, water use, water pollution, land use, air pollution, and waste. In the end, the team translates the data into economic value, providing a good measure to the cost of their activities, which helps understand what is progressing and how they can decrease their footprint.

To achieve their Sustainability targets, Kering put in place some efforts and guidelines, establishing environmental and social requirements, defining the traceability and cultural compliance practices, known as the Kering Standards. To “drive disruptive innovation and make materials and processes more sustainable” (Kering, n.d.-c), the Group partnered with some start-ups and is part of the Fashion for Good – Plug and Play Accelerator, despite having founded their own Mates Innovation Lab, in 2013, which provides “more than 3.000 sustainable fabric and textile samples” (Kering, n.d.-c). The Plug and Play Accelerator consists of a program of small businesses and innovative start-ups, mostly tech-driven, which are creating new solutions and options to replace old processes with new better ones, in terms of business and sustainability.

“We are redesigning our business to continue to thrive and prosper sustainably into the future, while at the same time helping to transform the luxury sector and contributing to meet the significant social and environmental challenges of our generation.” François-Henri Pinault, Kering CEO (Kering, n.d.-c).

For the “Collaborate with people” topic, Kering finds necessary the continuous support of heritage and craftsmanship, developing new career paths and help the communities. Through forward-thinking and an industry-leading performance metric and policy, it is possible to

leverage current partnerships and promote an inclusive environment that will help to achieve the UN Sustainable Development Goals.

The program results in several active international programs where experts and sometimes students are trained in partnership with universities and Haute couture workshops; audits to suppliers, 3441 in 2019, mapping the compliance of the SDGs (Sustainable Development Goals); Global policies and platforms supporting the balance of the company and gender equality, and opportunities equality in career development, as well as a digital platform, Kering Campus for employees assessment globally that is updated every week, dedicated to internal mobility and well-being.

For the “Create business models” part, it consists of developing new and disruptive transformations to the conventional processes being used, creating sustainable solutions when sourcing for materials or workers, fostering a high-quality purchase platform and scaling up while promoting circular economy. “This sometimes also means cross-industry collaboration” (Kering Sustainability Progress Report 2017-2020). Constant innovation is always being sought by the industry, so that translates into a robust internal governance policy with a young leader advisory group, and influencing the industry.

“The 2025 Sustainability Strategy targets are also opportunities to create value for the Group, the Houses, their customers, and society as a whole” (Kering, n.d.-c)

4.2.6 Critical Stages of the Value Chain

Integration is a determinant action for the Group that, by centralising expertise, allows the brand to focus on creating and developing high-quality products and an evolving and unequal customer experience. For that matter, Kering supports all logistic activities if the value chain focused on five key stages which make it possible to foster cost synergies and therefore, a rapid growth. By conducting a shared model through the houses, Kering ensures responsible practices by all parties and the sustainability of the business.

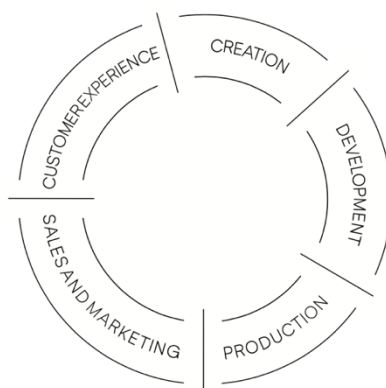


Figure 14 - Key stages of the Value Chain – Source: Kering Reference Document 2019

The five stages are Creation, Development; Production; Sales and Marketing, and Customer Experience. According to the Environmental Profit and Loss mapping, the creation stage takes 66% of the impact, the development, 10%, the production, 9%, the Sales and Marketing accounts for 5%, and the Customer experience for 10% of the global impact.

As a participant in the United Nations Global Compact since 2018, Kering addresses directly seven of the seventeen Sustainable Development Goals, during the five stages of the value chain, respectively: n°3 Good health and well-being; n°5 Gender Equality; n°6 Clean water and sanitation; n°8 Decent work and economic growth; n°12 Responsible consumption and production; n°13 Climate action and finally n°15 Life on land.

Through engaging and promoting a dialogue between its stakeholders, Kering can enhance disruptive sustainable innovations for all the luxury sectors, sharing its tools, methods, and breakthroughs, connecting every partner, and teaming up with start-ups and suppliers due to the Plug and Play accelerator program form Fashion for Good. Figure 15 shows all the stakeholders and how they interact during the stages of the values chain.

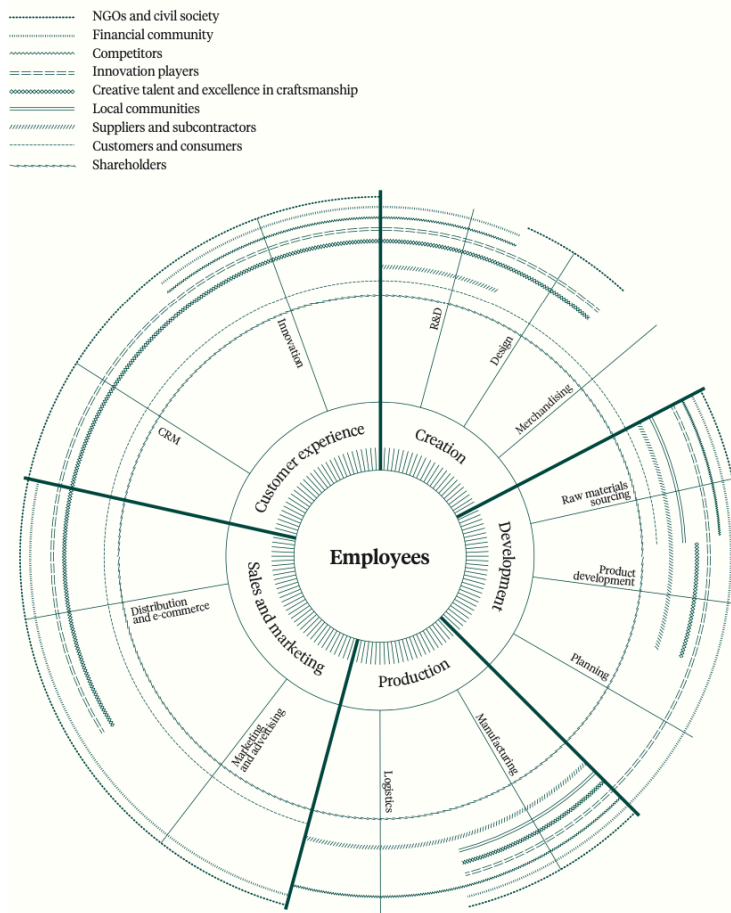


Figure 15 - Value Chain – Source: Kering's 2018 Integrated Report

Stage 1 – Creation

Creation is the first stage of the value chain, which includes the phases of R&D, Design and Merchandising, and contributes to the Sustainable Development Goal (SDG) n°12 and n°13. Sustainable options, risk-taking, and high quality are the drivers for this stage. By relying on the talent and creativity of its employees, in particular, the influential and well-known creative teams, which count with great successful Creative Directors, the teams, collections, and products of the houses, have been the target of many awards and recognition resulting on exceptional sale results.

The past years, more specifically the last seven years (up to 2018), revealed a consecutive growth of more than 20% increase in 36,9% of revenue “across all geographies, product categories and customer segments” (Kering Integrated Report 2018) having Gucci as an example of repositioning and rapid growth as a brand and importance for the sector.

Due to the bold vision of the Group and each House, and tackling every day the challenges towards a more sustainable business, Kering focuses its strategic measures at the very beginning of the chain, with sourcing responsibly for the best quality of raw materials. The CEO-Designer-Merchandising, is a crucial player in terms of creating a balance between the houses, which have different positions, customers, and aesthetics, coordinating it with the group standards and vision.

Stage 2 – Development

The development comes after and includes the phases of Raw Materials Sourcing, Product Development, and Planning, and contributes to the SDG n°13 and n°15. This must be one of the most, if not the most critical stage of the value chain when it comes to making responsible decisions and pursues sustainable practices. A lot of actions happen at this phase, from preparing the collection to place deadlines in the product development and planning the future production, always bearing in mind the Group’s high standards.

“90% of Kering’s carbon footprint is found in its supply chain” (Kering Integrated Report 2018), however, by combining a specific policy with impeccable quality and rigour, it is possible to reduce the impact the extraction and production, without threatening biodiversity. Dealing with the risk on capitalising on its assets and the price volatility of raw materials, can come as a challenge, but based on the results of the EP&L it is possible to account and trace, with blockchain technology, every step of the supply chain, which was already 82% traceable in 2017 (data from the Kering’s Integrated Report 2018).

Stage 3 – Production

The stage for production covers manufacturing and logistics, combining artisanal traditions with the most modern and innovative technology. It contributes to the SDG n°6, n°8, and n°13.

While focusing on talent management, respecting all human rights and freedoms, and ensuring the best product quality, Kering complies with protections and caring for its end consumer.

Because of having a shared logistic between the houses of the Group and centralised industrial production, the Group can apply better control and respond faster to problems or challenges while disseminating a culture of integrity. The compliance of the Code of Ethics and the standards enable the company to Group by itself but also to help others get better, being them employees, students or partners or competitors in the industry.

Stage 4 – Sales and Marketing

For Sale and Marketing, the Group focuses on the SDG n°5 and n°13. The creation of an agile and complete omnichannel approach, which is always being renewed and perfected to have the best fit for the company the houses, and the end customer. The phases of this stage are marketing and advertising and distribution and e-commerce.

Promoting an organic growth, based on integration, the houses can balance its network of customers with the best customer experience, creating pinpoints for engagement and sale. Both online or in-store buys are increasing significantly. What helps this situation is Kering's centralised logistic and distribution control allowing brands to take more time for fostering and working on its uniqueness and differentiation.

Stage 5 – Customer Experience

The final stage, the Customer Experience, is based on commercial appeal and image reputation, responding to Kering's high-quality standards and ethical rules. For putting the client first, the Group manages its analysis and data protection very seriously, invoking an advanced digital transformation and improvement.

“With support from the Groups, each House expresses its world and invites its customer to live constantly renewed experiences” (Kering's Integrated Report 2018). This can happen through programs, new concept stores, personalisation, and capsules. It is a very effective way, alongside increasing engagement, to communicate the sustainable values and actions present at the core of the company and the houses, and during all the value and supply chain. Speaking openly and showing the challenges and results of this process of shifting the industry, works as a wakeup call for other brands and an example to follow, if not just to acquire, inform and “educate” its consumers.

4.2.7 Sustainability Progress

Lead by Kering's Chairman and CEO François Henri-Pinault belief that “luxury and sustainability are one and the same” (Kering website on sustainability), socio-environmental responsibility have always been part of the core values of the Group, being now, more than ever,

articulated and put into practice to upgrade the business and the luxury sector in terms of being genuinely sustainable on every form, social, environmental, cultural and economically.

This unwavering commitment works towards meeting the Group’s ambitions and science-based guidelines that make an impact, aligned with climate actions, taking this way “a large step forward towards our future” (Kering Sustainability Progress Report 2017-2020). The same way Kering is a leader for the luxury sector, it is also commending a significant change by tackling some of the industry, the planet, and society’s challenges. Due to this ambition, the Group announced in January 2017 this plan to address some of the problems by the year of 2025, while being transparent about its progress, difficulties and processes, making it available for the rest of the fashion industry players to understand and possibly adopt.

“Kering believes that its commitment to sustainability will allow Kering to redesign its business to become more resilient to thrive and prosper in the future, while at the same time helping to transform the luxury sector and contributing to meeting the significant social and environmental challenges of its generation” (Kering, 2019e).

When it comes to progress towards this strategy, Kering facilitates its analysis with a progress report from the period of 2017 to 2020, divided by topics accordingly. Having the EP&L as a pioneering tool for measuring the physical and monetary impact, it goes far beyond reporting real-time data, covering all operations, strategies, and issues from what is visible and not, like “GHG emissions, water consumption, waste production, water pollution, air pollution, and land use” (Kering Sustainability Progress Report 2017-2020).

By going digital, launching the EP&L platform, Kering not only monetises its actions as well as helps consumers to reduce their entire footprint too. Having achieved 14% of its goal in reducing 40% of environmental impact (data from 2018), and all partners and stakeholders being 68% aligned with the company’s standards, Kering, by driving smart solutions and actions, still has some work to do to meet these goals, which will be possible by creating “Customised programs and creative collaborations” (Kering Sustainability Progress Report 2017-2020) across all supply chain.



Figure 16 - Reducing the Footprint – Source: Kering's Sustainability Progress Report 2017-2020

The Care commitments and milestones are focused on the efforts for becoming Net-zero by 2050, which is coming to life by the Group already being carbon neutral in all operations,

offsetting all indispensable Greenhouse Gas (GHG) emissions while protecting forests and biodiversity.

Mitigating emissions, putting into practice the Science-Based Target Initiative, Kering was able to accomplish 36% of its goal, being the first French company to have “real achievable targets” around reducing the carbon footprint. Through innovative programs, the group showmen significant progress in energy efficiency, the use of renewable sources of energy, and adopting effective measures.

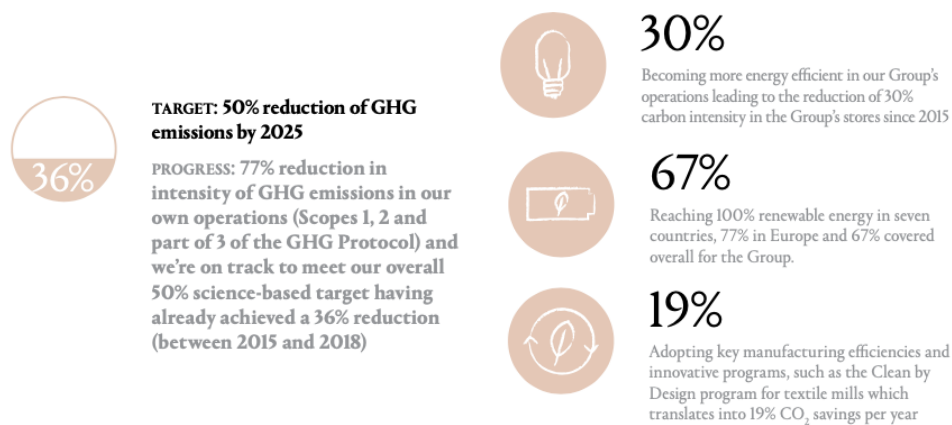


Figure 17 - Reducing the Footprint – Source: Kering's Sustainability Progress Report 2017-2020

For the reaching Carbon Neutrality, Kering turns to offset the emissions that cannot be avoided, partnering with institutions and helping causes, leading the way for accountability and responsibility of the industry.

For Sourcing Raw Materials, Kering has developed a progressive initiative to reduce the impacts at every step, open-sourcing the Standards for Raw Materials and Manufacturing Processes to all stakeholders ensuring the compliance of high standards measures and verifiable traceability. Being jewellery a vital part of the business, and also used on watches and hardware in the brands' collections, it was crucial to be ethical when sourcing and purchasing it. Now Kering, and consequently every House, work with 100% responsible gold, due to creating an Ethical Gold Framework in 2015, achieving, this way, the goal by 2020.

As for leather, the Group is aligned to achieve the target by or even before 2015, being 79% responsible for bovine leather which represents 75% of the leather used by the houses, which helps accomplish the remaining 27%. For organic cotton, the Group is focused in sourcing more responsibly and support the communities in which the material can be found, nevertheless, it still as an extended work ahead, to manage the rest 70% missing, by 2025.

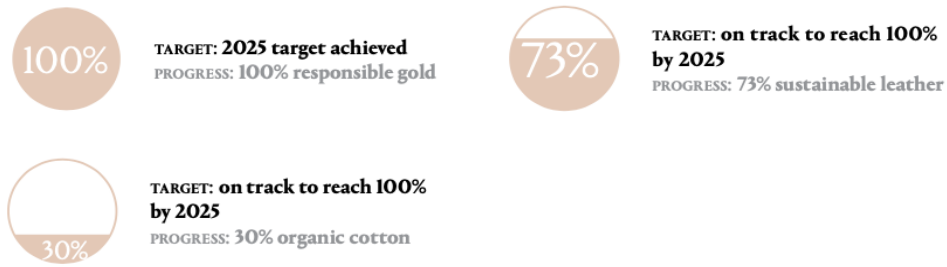


Figure 18 - Raw Materials and Sourcing – Source: Kering's Sustainability Progress Report 2017-2020

By creating the first Traceability and animal welfare standards for Luxury, the Group can be sure to improve, catalysing collaboration with all suppliers.

“Improving the welfare of animals must be an imperative for our industry and Kering wants to amplify the focus of attention from a few species to all of the animals, including livestock, within fashion’s global supply chains.” Marie-Claire Daveu, Chief Sustainability Officer and Head of International Institutional Affairs (Kering, 2019d).

The creation of beautiful and quality products is a lot dependent on its primary materials and its source. It also can be a source of unethical behaviours, so it is highly essential to be completely traceable and account for all errors, changing the process and even, sometimes, partners, to obtain better and more responsible results for this matter. By collaborations with organisations and syndicates at a global level, Kering has been able to successfully audit all collaborators and drive change to the industry by the source, the suppliers. Some of the highlights of this transformation include being 88% traceable in all key raw materials, with 90% overall score for leather, 87% for silk, and 76% for cotton.



Figure 19 - Traceability and Animal Welfare – Source: Kering's Sustainability Progress Report 2017-2020

For the topic Collaborate for a better future, Kering recognises the importance and value of people, being them direct workers, partners, or customers. By promoting a supportive and progressive workplace, the company and the houses can work beyond expectations, creating better products.

The top priorities are ensuring a healthy work-life balance, by setting policies, like the 14 weeks of baby leave for all parents, and programs for personal development, partnering with schools to

promote educations on sustainability and luxury craftsmanship, as well as supporting women practising equal pay for all genders and being represented at all levels of management in the Group. Some of the initiatives bringing the company and industry together are: (represented on figure20).



Figure 20 - Collaboration for a better future initiatives – Source: Kering's Sustainability Progress Report 2017-2020

Also working this values with all suppliers outside the Group, by auditing their partners, guaranteeing a real living wage, supporting well-being and preserving the savoir-fair of craftsmanship, while empowering all humans, but especially women all over the supply chain.

To accomplish the Sustainable Strategy for 2025, most of the change must be implemented at the core, meaning the business model and processes of every day, which will also ensure the continuity of its practice. Bering this in mind, for the Create pillar, it is crucial to transform what is a linear model to a circular economy, drastically reducing the impact on the planet and people, thinking about all lifecycles of the products from conception to disuse.

“The business of fashion is huge - both in terms of its economic value and environmental impact” (Kering, 2020).

For reaching this change, it is crucial to embed climate-smart solutions across the business, collection the effort of all players in the industry. To respond to that was created The Fashion Pact, by request of the French President Emmanuel Macron, directed by Kering’s Chairman and CEO François-Henri Pinault.

The Fashion Pact consists of bringing together the leaders of the leading companies in the Luxury Fashion sector, of setting, create and work to achieve “practical objectives for reducing the environmental impact of their industry on climate change, biodiversity and oceans” (Kering Sustainability Progress Report 2017-2020). The pact was signed by 63 leaders, representing 30% of the entire fashion industry and more than 250 brands, safeguarding three essential areas to achieve sustainable prosperity: to stop global warming by ending all greenhouse gas

emissions; restoring biodiversity while protecting forests and animal welfare; and protect the oceans being the fashion industry a big polluter when it comes to single-use plastic.

Traceability and responsible sourcing are essential to enable sustainable creation and models. Many initiatives are being put into practice for innovating supply chains, supporting regenerative farming, and manufacturing in a new disruptive way while keeping traditions alive and within the standards of the Group and the industry. Some of these are supported by a new material innovation lab, supporting all houses of the Group, with new 3800 samples of sustainable fabric options, to be incorporated in the products and collections, with an upcycling background seeking next-generation innovation and alternative materials of the future.

Driving circularity as shown to be a focus for the implementation of the strategy and accomplishment of the goals set for 2025, which counts with the collaboration of some tech start-ups and pioneering companies like Worn Again Technologies, Fashion for Good and the Ellen McArthur Foundation.

4.2.8 Kering’s Capital

Every type of capital is crucial for Kering’s success. Their leading place in the Luxury goods sector is possible a secured by the understanding and balance of the Financial, Natural and Human Capital, which are present at every stage of the business.

The Financial Capital employs “financial, manufacturing, natural, social, relational and intellectual” (Integrated Report 2018) terms. Only by finding the balance and drive between all parts and actions, it is possible to maintain and grow economically, optimising investment, while creating a more responsible and sustainable future, thereby creating value for the industry and the Group’s shareholders.



Figure 21 - Group Stock Market Capitalization – Source: Integrated Report 2018

“By protecting tradition and craftsmanship, Kering preserves human and economic resources” (Integrated Report 2018) with a mindful capital managing, Kering strict financial discipline, policies, and beliefs, safeguard its interests, risks, and goals, in particular the 2025 Sustainable targets, generating cash flow, reducing its debt and improving the return of its capital. What creates a substantial increase in its stock market capital, figure 21, data from the financial year of 2018.

The Human Capital is critical for the Group’s performance, since it capitalises expertise and people, being them artisans, suppliers, or others. The constant stimulation for newness and creative development is ensured by preserving the wealth of its employees and fully realise their potential. Above all, Kering’s commitment to human rights, with a zero-tolerance attitude is implemented and check, through audits, to ensure the compliance of both the Kering standards and its Code of Ethics alongside being “vigilant in combatting child labour, forced labour, human trafficking, and the exploitation of the most vulnerable people” (Integrated Report 2018).

For amplifying its commitment, Kering expresses this practices also by the action of the Kering Foundations which conducts initiatives, across all geographic regions, combating violence against women, sexual abuse, cyber harassment and other activities in partnership with organisations like the Sustainable Apparel Coalition and the Global Business Coalition Against Human Trafficking. Efforts like this earned recognition with “high rankings in the Thomson Reuters Diversity & Inclusion Index, Equileap and the Bloomberg Gender-Equality Index” (Integrated Report 2018).

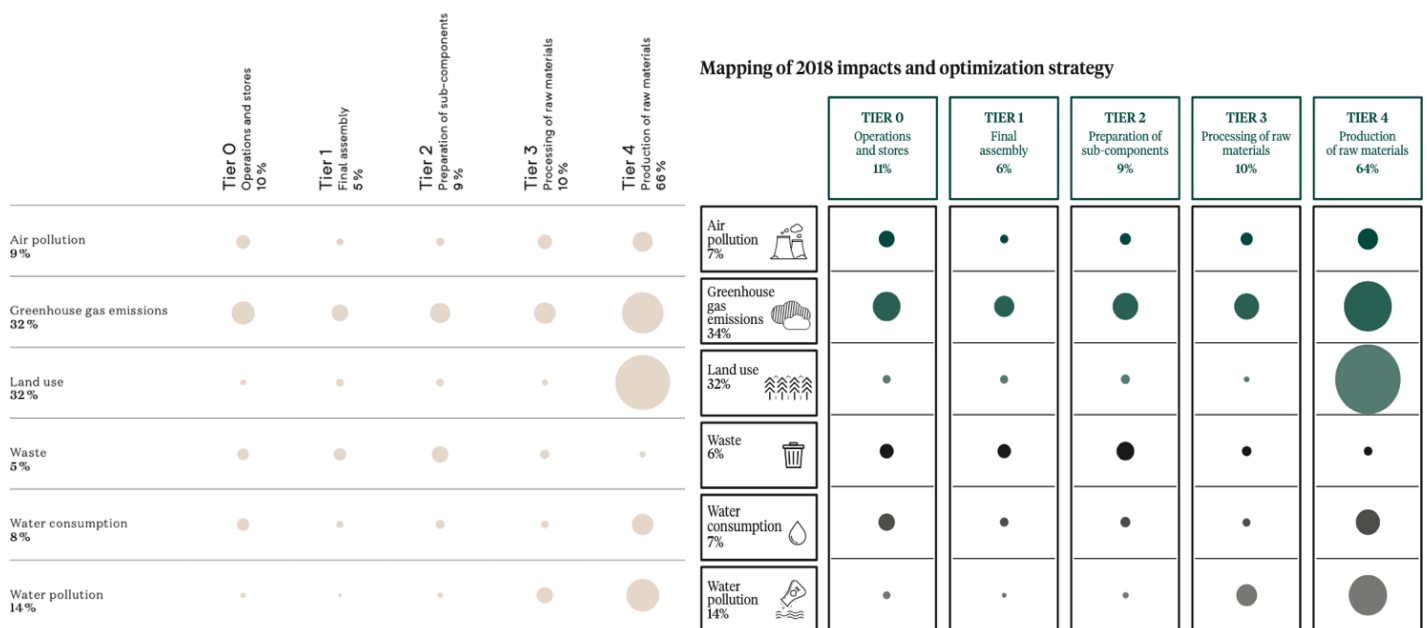


Figure 22 - EP&L Mapping Results 2017 and 2018 – Source: Integrated Report 2018/2019

The Natural Capital is vital for pursuing sustainable actions; therefore, it is implemented at the core of Kering’s business model. For safeguarding that all activities continue within the planet’s limits, Kering relies on the study and results of the Environmental Profit & Loss, assessing the monetary value of its impact on natural capital.

Following a more sustainable future, by implementing measures and changes at the core of the business and all activities, which can be challenging, but is not “bad for business”. Like it is possible to see in figure 23, the more transformations occur towards sustainability, check by the EP&L intensity, more revenue the company obtains. Being an industry that depends significantly on natural materials and resources, the more evolution and impact created in every step of the business, the better understanding of risks and opportunities, therefore, the more responsible in terms of environmental and social activity, the more sustainable the company can be economically and by enhancing its values and company culture.

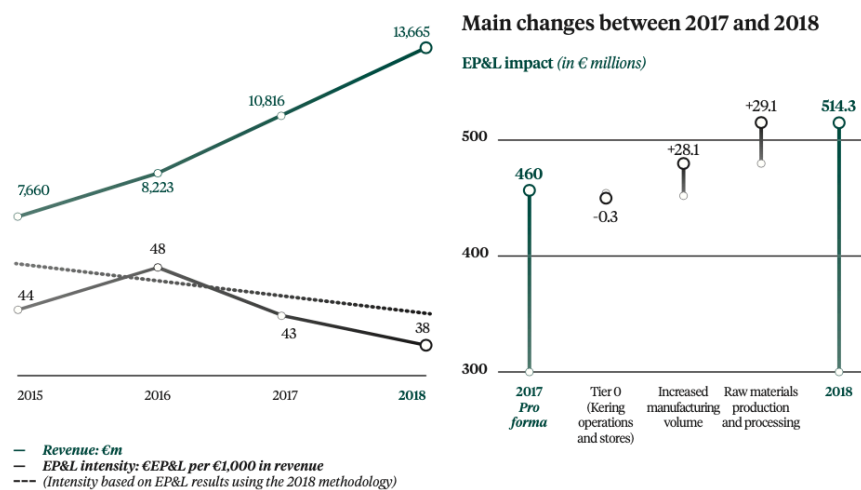


Figure 23 - Mappin and Change in EP&L – Source: Kering’s Reference Document 2019

4.2.9 Responsible Governance

Kering’s cross-functional governance enables sustainable development as a business. Every department plays a vital role in their construction with its involvement, being committed to on Human rights, expressed both through the Kering Foundation, as through departments like the Inclusion and Talent Unit, the Internal Audit Department, the Security Department, and the Human Resources Department and its Diversity. The company also works among governments and Non-Governmental Organisations (NGOs) having a vital role in “encourage sharing beyond the traditional corporate boundaries and the confines of competition to build the coalitions needed to take the appropriate action.” (Kering Reference Document 2019)

This urge for transformation and development is represented at every level of the Houses and the Group, by the Sustainability Committee, part of the Board of Directors.

“Within the Board of Directors, the aim of the Sustainable Development Committee is to assist the Group in the design, implementation, and monitoring of good governance consistent with the Group’s stringent requirements in the area of sustainable development and ethics.” (Kering, 2019)

The Board of Directors defines the strategic direction while the Executive Committee ensures the implementation of it. The Chairman of the Board and the Chief Executive Officer, deal with the groups of individual and institutional shareholders, part of the groups’ structure. This membership is balanced and reflects Kering’s values and gender parity. Each brand has its sustainability team and a Lead who sits with the Sustainable Committee and ensures the implementation of the Group’s sustainability strategy in the brand’s specific roadmap, with an overall consistent behaviour, centred in its identity and sustainable development.

“At Kering, we care about our impact on the planet and on people and we see this responsibility as an opportunity to reinvent our business and indeed luxury as a whole.” (Kering, n.d.-a) François-Henri Pinault, Chairman and Chief Executive Officer.

“Fashion, with its influence and power is in a position to lead inspiring climate action”(Kering, 2020). For that, and focusing on accomplishing the non-financial goals without risking the Group’s prosperity, the Chairman and CEO and the Group Managing Director, give up on 30% of their salaries to fight any possible need and meet the 2025 Sustainable strategy.

The activities and cross-cutting programs with stakeholders, as well as “Kering’s open-source approach to knowledge sharing has helped the adoption of sustainable practices in our industry” (Kering, 2020). The Group’s work includes partnering with diverse initiatives and companies. Not being mentioned all of them due to being an extensive list, which can be found on Kering’s Reference Document 2019, here are some of the ones with which the Group is involved:

- The Sustainable Apparel Coalition, who works “to reduce the negative environmental and social impacts caused by the industry worldwide” (Reference Document 2019).
- Textile Exchange, in which Kering sits on the Board of Directions and facilitates the use and development of sustainable textile alternatives.
- The Business for Social Responsibility in which works on improving women’s conditions in society with business activities on, and with the Global Coalition Against Human Trafficking.
- The Zero Discharge of Hazardous Chemicals groups which eradicates de usage of harmful chemical in the industry supply chains.
- The Platform Living Wage Financials and the Fair Wage Networking, maintaining global databases on decent wages.
- The UNICEF and Norges Bank Investment Management for children’s rights and the Pledge Against Forced Child Labour.

Each House also has its strategies and partners and initiatives. For example, Alexander McQueen has a training course on modern slavery for every partner in the clothing and footwear sector; Saint Laurent supports NGO charities with providing safe drinking water supplies for communities in need; and Gucci, with its new Head of Diversity Equality and Inclusion, is a signatory of the UN's Standards of Conduct for Business Tackling Discrimination against Lesbian, Gay, Bi, Trans & Intersex People.

It has been created a corporate social network that supports communities and sustainability, by the Kering Planet Group, which shares news and information on sustainability-related issues and helps the Houses create an internal social network for its sustainable development.

4.2.10 Group's Main Brands

“We encourage our Houses to establish new business models that contribute to improving the environment, the economy, and society.” (Kering, 2019)

Kering, inside its company, its parent to several brands divided into three sectors: Couture and Leather Goods, Watches and Jewellery, and its namesake brand, Kering Eyewear.

For this study, all the remaining research is focused only on the Couture and Leather Goods section, specifying in the Group's three most prominent brands, which are named among the six most popular brands in the Vogue Runway ranking for the past seasons, being Gucci, Saint Laurent and Bottega Veneta, since together they take 84% of the company's revenue, as shown in the Economic Outlook section.

4.2.11 Gucci

Founded in Florence, Italy, in 1921, Gucci was and still is one of the most influential luxury brands in the world. Its eccentric classic inspirations and contemporary creations are renowned, appreciated, and admired by everyone in and out of the fashion sphere. The House represents the pinnacle of Italian traditions and craftsmanship, founded in quality, design creativity, and rigorous attention to detail. Gucci products are “sold exclusively through a network of 540 directly operated boutiques, a directly operated online store (active in 34 markets), a limited number of franchises and selected department and speciality stores” (Kering, n.d.-b) ,by the end of 2018 (financial year) Gucci was considered one of the world's leading luxury fashion houses both in terms of profitability and revenue.

Its radically romantic and modern approach to fashion that is redefining luxury for the 21st century is achieved by its most recent Creative Director, since 2015, Alessandro Michele's emotional and charismatic perspective and interpretation of the Italian Renaissance and gothic aesthetic.

Gucci's CEO, Marco Bizzarri, is leading the new turnaround of this brand's future based on its values, organisational culture, empowerment, inclusivity, and respect. His unique, contemporary vision and perspective on risk-taking and fostering creativity, has re-established the House's reputation as one of the most influential luxury brands in the world and led the brand to a new sustainability focus growth. Thanks to a deep understanding of Gucci's values and traditions, it is indisputable the success achieved from both an aesthetic and a business perspective. The House's strategy that enabled this transformation is set on challenging conventions and creating a sustained competitive advantage through significant disruption and creating an emotional bonding between the brand and its clients triggered by their engagement.

Due to its parent company, Kering, a long-lasting commitment to sustainability and responsible business practices, in 2018, Gucci unveiled in its Equilibrium Platform, a ten-year sustainability plan named "Culture of Purpose" to make the necessary changes to create a more positive environmental and social impact as a global luxury brand.

This program is driven by the will to communicate all their values and ambitions, inspired by the balance between the aesthetics of the products and the ethics and culture they believe to be positive. The Culture of Purpose acts in two fronts, as they are social and environment, demonstrating integrity and commitment with their values, throughout the supply chain, employees, and suppliers. As well as for sharing the initiatives and changes Gucci is doing, these platforms aim to "help to shift the way that society values companies to make them more sustainable". For that matter, they search out for less invasive processes, more earth-friendly materials, and innovative solutions in terms of environmental impact and also social and cultural, creating a community of respect.

On their website, they provide access to the brand's Corporate Sustainable & Responsibility Policy, where it is possible to find the standards, procedures, and guidelines for their work and action. Powered by Kering's wish to make their brands reach an excellent sustainable practice at their best potential, Gucci follows Kering's Code of Ethics and acts according to the activity statements about Modern Slavery, updated every year.

The Gucci Modern Slavery Statement for the financial year 2018 and the year 2019 is made according to Section 54 of the Modern Slavery Act 2015 and the California Transparency Supply Chain Act of 2010. These set norms, followed by the brand to ensure that every part of the supply chain and the business is slavery and human trafficking free.

Gucci rules it-self with a zero-tolerance approach to any form of slavery, always protecting the rights of every employee and try to fight exploitation within the industry to seek to eradicate forced labour throughout the supply chain. In these documents, they state how many employees they have, where their offices are, and where their suppliers are from, which is 95% based in Italy and the remainder within Europe.

On the statement, Gucci presents their policies based on the parent company ones, in terms of Sustainability principles; their code of Ethics; how they take care to behave with Integrity and Responsibility at all times; the Kering United Nations Global Compact and the ethical shared by all employees. They also explain the contractual controls and supplier audit, in which they undertake continual monitoring and risk assessment through all parts activities and partner companies and suppliers, every year at least once, classifying the compliances in four categories, with standards response for each. When a third-party partner doesn't meet the required standards after being supported through corrective actions, Gucci ends the working relationship with them, which happened with 49 suppliers in the financial year of 2018 and 32 in 2019. Kering offers a training program for all employees across the Group on Ethics and Sustainable Principles, which in the financial year of 2019 was already taken by 94,4% of all Gucci's employees and partners.

Gucci's path towards sustainable development and change, presented in their Culture of Purpose, dives action in three pillars: Environment, People, and New Models.

For the environmental path, the brand sets part in seven points of action, dedicating their time to advance in terms of sustainability with a protective relationship with the earth, always based on their core Environmental Policy, available on their website. The seven points of action are Environmental performance; Carbon Neutral; Sustainable raw materials; Chemistry that respects the planet; Waste Management; Paper and Packaging and Fur Free.

As a base for the environmental-friendly measures, Gucci presents its Environmental Policy, consisting of and explanation to their commitment to enhancing its efforts in the environmental field accordingly to international standards. Present in this document are the laws and voluntary rules with which they comply with; their impactful knowledge in reducing negative actions towards safeguarding flora and fauna, and the mission to also engage in raising awareness in every step of the supply chain and the fashion industry.

Environmental Performance

In terms of Environmental Performance, the brand is aware that everything they do comes with an ecological footprint, so they calculate all the resources used in a process or product and try to acknowledge and take in account the impacts in terms of carbon emissions, water consumption, waste production, land use and air and water pollution along the entire supply chain. This is a data-driven approach that seeks to allow making more informed business decisions with significant impact in terms of profitability and sustainability without sacrificing one of the two. To accomplish these goals, Gucci, inside their Culture of Purpose norm, launched an Open Source platform that shares all key data to facilitate collaborations across other sectors to works towards a more sustainable business. In there, they allow everyone to navigate their

Environmental, Profit & Loss (EP&L) results by country and materials, explaining their methodology with detailed open data.

The brand asset the goal to reduce their footprint by 40% to business growth by 2025 against its 2015 baseline and as we can see in figure 1, that shows data until 2018, they were able to grow 16,69% by 2018, from where they were in 2015, always by setting tangible goals in every area of the business.

Regarding the water and energy consumption, the brand has made some changes and therefore progresses two, that are shown in their environmental performance section. Taking into consideration the breadth of their multiple activities, they could achieve a consistent reduction of water and CO2, due to the purchase of electricity from renewable sources and monitoring and analysing their performance, as described in figure 25.

2018 vs 2017
WATER: -30% water consumption/employee
ENERGY: -15% energy consumption/employee
2017 vs 2016
WATER: -29% water consumption/employee
ENERGY: -23% energy consumption/employee

Figure 24 - Gucci's Water and Energy Performance from 2016 to 2018 - Source: Gucci Equilibrium Platform

	2015	2016	2017	2018
EP&L Value (€ million)	163	214	235	289
Revenue (€ million)	3.898	4.378	6.211	8.285
EP&L Intensity (€ EP&L/k€ Revenue)	41,8	48,8	37,9	34,8
Var 2018/2017			.	-8,2%
Var 2018/2015 (baseline)			.	-16,69%

Figure 25 - Gucci's EP&L Analysis – Source: Gucci Equilibrium Platform

Carbon Neutral

To drive positive change and create some impact towards sustainable development, Gucci offsets all remaining unavoidable Greenhouse Gas emissions with their REDD+ Project, that is a United Nations Collaborative Programme on reducing emissions from deforestation and forest degradations, that support for the healthy enhance of biodiversity and forest conservation around the world. The brand focuses in four locations, for international protection: one in Peru, the Alto Mayo REDD+ project; one in Kenya, as part to the greater Tsavo Conservation Area, the Chyulu Hills REDD+ Project; another in Indonesia, which reduces Indonesia's greenhouse gas emissions and protects the endangered Borneo Orangutan, the Rimba Raya REDD+ Project; and finally the Southern Cardamom REDD+ Project in wildlife alliance conservation in Cambodia.

On the 12th of September 2019, Gucci announced that it is now entirely Carbon Neutral, as part of a comprehensive approach to account for all the GHG emissions associated with all parts of the business and supply chain. This new pathway to carbon neutrality bases itself on the necessity to be responsible, aware, and accountable for everything affecting the business and the world, highlighting Gucci's transparency as a company. For their Avoid + Reduce appeal, the brand sets examples and shares some of their measures in two areas: the Retail Operations to Manufacturing and at the Processing to Raw Materials. Latter explain their Restore + Offset normative to optimises sourcing and be accountable for all the unavoidable footprint.

Following their ethic and sustainable led initiatives, Gucci also presents the CEO Carbon Neutral Challenge.

“The climate is in crisis — and with 5% of all manmade greenhouse gas emissions produced by the fashion industry, brands have a responsibility to drastically and immediately reduce and account for their impact on the planet.” - Jennifer Morris, President of Conservation International

Targeting the carbon problem of the fashion industry, where the majority of emissions are generated in the supply chain, therefore more difficult to solve, there is the need to innovate and make an extra effort to mitigate these emissions, align with the Paris Agreement. Following Climate Week 2019, Gucci's CEO issued an open letter that underlines the call for brands to take action and create positive outcomes. This CEO Challenge proposes an annual approach for companies to “first avoid, reduce and restore and then, as a final measure, offset the total remaining emissions within their operations and across the entire supply chain”, with the guiding principles for the CEO Carbon Neutral Challenge which stand for six premises of change.

This is based on acknowledging that all companies must account for their Greenhouse Gas (GHG) emissions associated with their business activities and measuring their performances.

Publicly declare an action plan with a clear timeline for the avoidance and reduction of GHG emissions and the implementation of verified and certified nature-based solutions to mitigate and offset the near-term unavoidable emissions. Besides proving in an annual report their impact and outcomes of this Project, companies must commit to collaborate with stakeholders to create new solutions and raise awareness on these measures and behaviours, and the efforts to conserve and restore nature.

“Net-zero emissions can be achieved by reducing companies emissions in their operations and value chains, complemented with natural climate solutions to cover any residual emissions.” - Peter Bakker, President, and CEO of the World Business Council for Sustainable Development (Gucci, 2020)

Sustainable raw materials

Currently, the brand is continuously working to discover innovative materials that can be more sustainable, and all critical raw materials in their products meet the established standards set out in the Kering’s Standards for Raw Materials and Manufacturing Processes document (Gucci, n.d.) Furthermore, all the creative and product development teams work following an eco-dictionary and a recommended list of the most innovative renewable materials. Gucci has established targets to ensure that 100% of its raw materials are traceable by 2025, as we can witness in figure 26.

Raw material sourcing milestones	
Year	Improvements
2015	Starting point: Gucci was 73% aligned with the Kering Standards for minimum requirements
2016	Gucci was 80% aligned with the Kering Standards for minimum requirements
2017	A Supplier Index of Sustainability was created to ensure 100% of Kering Standards were implemented by suppliers of key raw materials and processes by 2025. This has raised the bar on social welfare, environmental protection, traceability, animal welfare and chemical use.
2018	We developed a first draft for the Best Practice of the tanning process for our suppliers and will be released in 2019. Updated analysis of leather-based articles have been carried out to evaluate the alignment with the Kering Standards.

Figure 26 - Gucci’s Raw Material Sourcing Milestones table - Source: Gucci Equilibrium Platform

These innovative materials are described on the website of the brand and divided into categories. The first one, with the more usage, is the Animal-based Materials. This is divided into Leather, Innovative Cashmere; Sustainable Cashmere, Wool, and Silk.

Respecting the norms for animal welfare, ensuring ethical practices for the humane treatment of animals, Kering works on five essential rules/freedoms, developed by the World Organization for Animal Health (OIE). These freedoms are:

- “– freedom from hunger, malnutrition and thirst;
- freedom from fear and distress;
- freedom from physical and thermal discomfort;
- freedom from pain, injury and disease; and
- freedom to express normal patterns of behaviour.”

This norm applies especially for materials such as leather, that since 2015 Gucci has started to change towards metal-free options, which usage they aim to scale for total production. Nevertheless, all the leather they use is 99% traceable (results of 2018) and confirm legitimacy by the Certification Institute for the leather sector.

Recognising that earth sets the limits for production, it is essential to understand the low-impact materials and processes so they can make the switch for a more ecological endorsement. Being Cashmere a vulnerable fibre, Gucci developed, based in Circular Economy principles, a technic called Re.Verso. This technic transforms textile-manufacturing scraps into fine wool originating Innovative Cashmere. By maximising ecological sustainability while ensuring the highest standards of animal welfare, this Sustainable Cashmere has cultural benefits and supports the local livelihoods.

As part of the Wool sector, Gucci has chosen to use ZQ Merino wool, and organic cotton has its primary fibres. Both backed by an on-farm accreditation program from New Zealand, respecting all the ethical and ecological recommended standards. Like the silk they use for all garments and accessories is now (since 2018) 10% GOTS (Global Organic Textile Standard) certified, and they set the goal to scale that percentage.

Plant/Cellulose-Based Fibres

Over the last four years, and referring back to the EP&L accounting principles, Gucci understands the importance of sourcing organic cotton, which has an impact of 80% less than the conventional one. Under the principles of ensuring high standards of labour, using water efficiently, reducing the environmental and health impact of the chemicals and by restoring soil biodiversity, Gucci uses this type of cotton as 21% of their material collection (data from the 2018 report) and aims to scale it through the years.

Regarding cellulose-based fabrics, Gucci has improved its sourcing of viscose for products. They are trying to make every step of the supply chain traceable, working under the Forest Stewardship Council norms, to the source within certified forests and new methodologies, especially for closing de loop of the chemical management system.

Synthetic Fibres

Since synthetic fibres are largely oil-based and contribute to aggravate marine pollution, to try to close the loop and reduce the usage, of this sort of material, Gucci developed and incorporated Newlife Polyester into their ready-to-wear collections. It consists of an engineered fibre made 100% from post-consumer bottles. Gucci also partnered with ECONYL to develop and ECOMYL – Gucci pre-consumer fabric takes back Program that recovers any ECONYL scraps, regenerating it into new nylon and then new high-quality, sustainable yarn.

Plastic

When it comes to plastic usage and pollution, the brand got rid of dispensable single plastic products to fight this problematic, switching virgin plastics by a recycled Acrylonitrile-Butadiene-Styrene (ABS) plastic that has 50% bio-plastic content in its composition, accounting that 1 kilo of this bio-plastic has 72% less impact than regular oil-based plastic.

Metals

Regarding metal usage, it is much more challenging to offset and use recycled materials in accessories, but this is something that the Group is working on, and that can make significant changes in the future. For now, what they could achieve is that 66% of the palladium coating they use on metals is recycled and traceable, but there is still a long way to go.

Responsible Gold

Gold is an essential raw material in the luxury sector; however, it comes with some environmental and social impact that the company is fighting to reduce with their Kering Responsible Gold Framework. This aims to support directly artisanal and small-scale mining through a foundation, social development and to switch some materials for more sustainable ones through social programs such as Fairtrade and Fair-minded schemes, as shown in the next figure.

Year	Gold Kg	Responsible Gold	Total	% on Total
2018	Jewellery	296	296	100%
	Metal components coating	288	1.065	27%
	Watches	9,8	9,8	100%
	Total	593,5	1.370,8	43%

Figure 27 - Gucci's Responsible Gold Purchasing Data Table - Source: Gucci Equilibrium Platform

Precious Stones

Since 2011, Gucci has been a certified member of the Responsible Jewellery Council (RJC), over sighting the precious stone supply chain with great care. All the diamonds, and other utilised stones, comply with all the applicable laws and regulations of the sector and are certified by a program whose mission is to prevent “blood diamonds” from circulating in the market, the Kimberley Process.

The chemistry that Respects the planet

Being this a significant problem within the fashion industry, Gucci partnered with the Committee at Camera Nazionale Della Moda Italiana (CNMI) to develop solvent-free fabric coating, respecting the Industry Guidelines, and keep using water-based adhesives swapping them from the mainstream ones, for when possible, only use non-hazardous alternatives on the entire supply chain.

Waste Management

At Gucci, managing waste responsibly is part of its culture, as they act in three main fronts of the problem: the Scrap-less leather; Food Waste, and implementing the Circular Economy. With the Scrap-less leather initiative, Gucci can save on waste, water, energy, and chemical usage, only by cutting the hide to size before tanning. This methodology has made possible, regarding the year of 2018, a significant reduction in energy consumption (by 843.000kW), water (streamed by 10 million litres), chemical consumption (by 145 tons) and leather waste (by 66 tons). The Gucci-Up Project works as a circular-economy and up-cycling initiative that teams up with the Italian company Green Line, a specialist in the recycling of textile scraps and the Mumbai-based programme “I was a Sari”. This made it possible to, in 2018, collect around 92 tons of scraps and give them new regenerated further use. For combating food waste, the brand works with Siticibo, an initiative promoted by Banco Alimentare to redistribute via local charities the surplus of the canteens in Florence, Milan and Novara.

Paper and Packaging

An essential part of the luxury brand experience is the paper and the packaging of the product. This elevates every purchase experience, so it is necessary to be a focal point on sustainability. That is why Gucci works in partnership with the Forest Stewardship Council (FSC) to certificate every process and material, in a move to reduce the environmental impact.

Fur-Free

One of the biggest or at least most talked about issues in the fashion industry is the usage of real fur. Since October 2017, Gucci started to be Fur Free, considering the welfare of animal life despite all the possible controls. The brand also partners with some charities or offset companies, like Panthera or the Tigers Forever Programme, not as offsetting what they can't change, since they don't use fur anymore, so there isn't the need for that, but for charity and to raise awareness.

For the People's pillar, the focus is on creating opportunities, conditions and respect, driven to create a meaningful impact while supporting and mentoring everyone who works within the company, being the part of the supply chain, or of the craftsmanship, or creative studio, and in all sectors of the business. For this effect, they base their action in four standards: Empowering Employees, Journey of Humanity, Developing our Supply Chain and, Fostering Know-how.

Empowering Employees

Fostering innovation and encourage motivation and empowerment among employees is critical for Gucci's success. With their "Great Place to Work" as its Corporate Culture, based on respect, diversity, gender equality and opportunities for all policy, the brand can achieve significantly higher organisational effectiveness and productivity, encouraging employee involvement, idea generation and cultivating a joyful work culture.

Journey of Humanity

This so-called Journey of Humanity, that is part of Gucci Equilibrium, functions as a tool to "drive social justice, gender empowerment and creating economic value" by impacting and reaching others (people or organisations). As part of this concept, Gucci enumerates various projects with different goals. These projects are the Chime for Change project, a global community campaign to support gender equality; Artolution & Chime for Change, that through the #GucciArtWall, dedicates its global murals for voluntary work in socially excluded and displaced communities, like refugee camps; the I was a Sari, that empowers and protects artisanal women work in Mumbai; two UNICEF initiatives, the BeyGood initiative and the UNICEF Girls' Empowerment; like the one in Mumbai, Oxfam centres its action with South African women; plus other local community projects and local initiatives around Italy.

Developing our Supply chain

The development of the supply chain is one of the most critical factors for the brand. Usually, this is the most tricky part of the business and the most difficult to control and change and rejuvenate. Despite these facts, the production platforms are based on excellent technical skill and a well-done combination of both traditional and modern processes, and this should be kept and celebrated. Due to that, and to achieve a better and more sustainable response, Gucci works under Kering's Sustainability Guidelines and principles, social accountability and responsible management, as well as supporting new ideas and programmes of "Funding Sustainability".

Fostering Know-how

Being the craftsmen and the majority of supply chain employees, older people, Gucci felt the importance to boost the opportunities of knowledge and help the next general universities worldwide generation of fashion talent to flourish. So partnered with several universities worldwide, Like London College of Fashion, Parsons and the Milano Fashion institute, to promote new courses and research labs, and also to create their school of craftsmanship – Gucci *École de L'Amour*.

For the New Models section, Gucci aspires to rethink the way the business is structured and all their processes, and also create maximum opportunities in volunteering with the company and partners. They work on three levels: Sustainable processes, Artlab and We are Changemakers.

Sustainable processes

To have an active approach and practice of sustainable behaviours, the brand needs to support innovation in materials and new processes. They work as part of Kering’s Material Innovation Lab (MIL) and gather ideas through an internal Leadership and Innovation Programme, from which came out new ways and ideas to enhance recycling processes and work towards a more traceable supply chain.

Artlab

The Artlab expresses the most creative and positive values form Gucci, who is pioneering towards a better and smarter future, and the Artlab serves as a tangible expression of the forward-looking culture. Within this, are born many projects like the We are Changemakers. The Gucci Changemakers is an initiative with many volunteering programs and scholarships opportunities to fuel community engagement and impact a greater variety of people.

After analysing Gucci’s 2018 and 2019 performance outlook, available at the 2018 report and the 2019 report, the last two reports released by the parent company, and reporting for the financial year of 2018 and the financial year of 2019, it is possible to behold a growth in revenue and operations comparing with last year’s results, underlined by the climb from 39^o to 33^o place in the Interbrand Best Global Brands Ranking, as the second fastest-growing brand in the world.

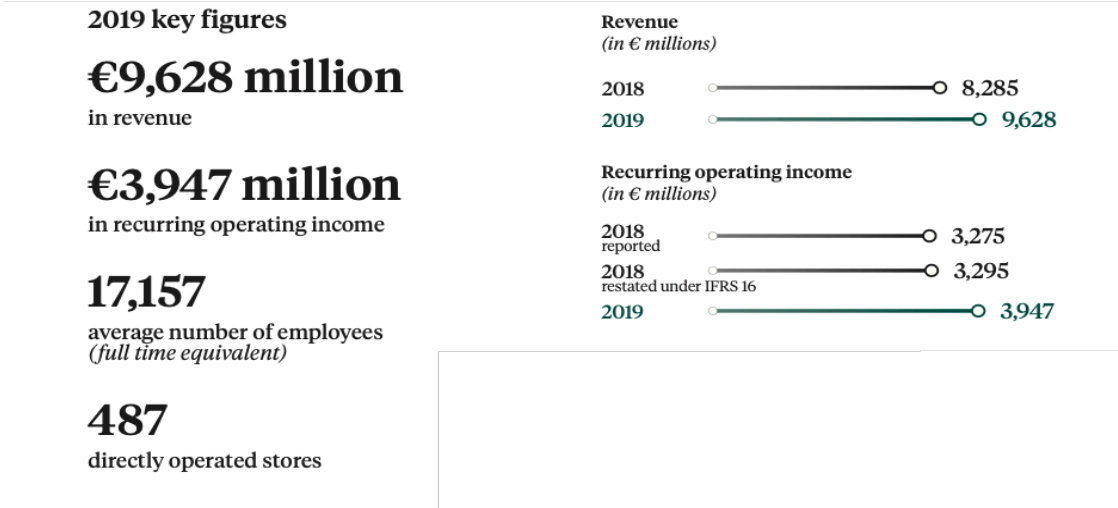


Figure 28 - Gucci's 2019 Performance Report - Key Figures – Source: Kering’s annual Reference Document

One of the brand's key touchpoints for long-term success is the engagement and in-depth conversations with clients across the globe and different cultures, creating new and immersive content while connecting people through innovative digital experiences. From a distribution perspective, the stability of its chain and platforms, resulted on an opportunity to try and develop new in-store concepts and online experiences and functionalities with enriched storytelling, which shows a significant increase in sales density, according to Gucci's Performance Report.

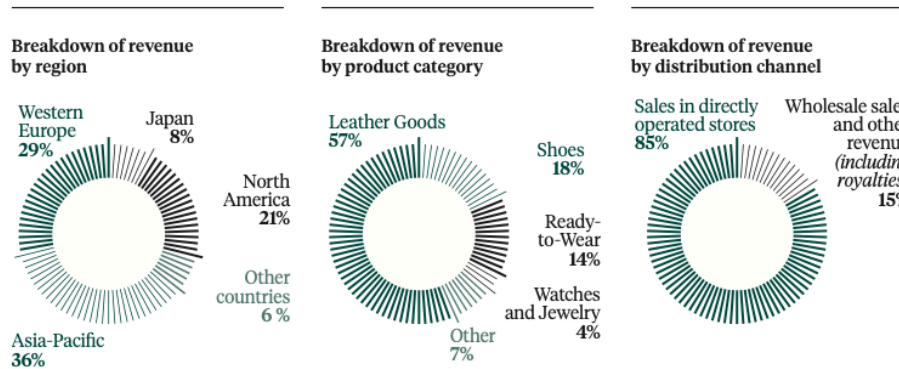


Figure 29 - Gucci's 2018 Performance Report, Breakdown of Revenue – Source: Kering's annual Reference Document

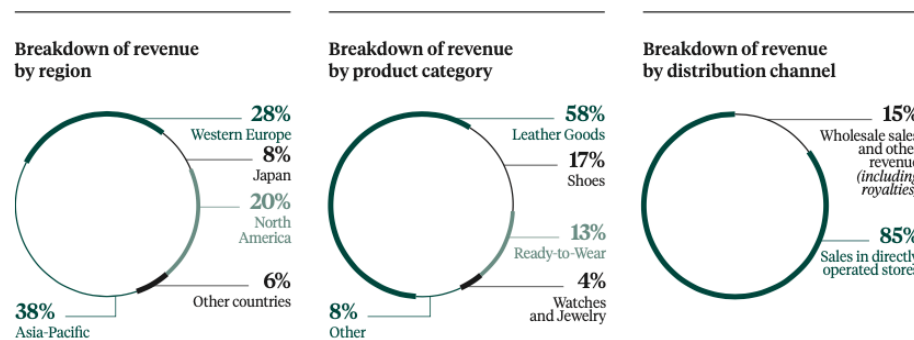


Figure 30 - Gucci's 2019 Performance Report - Breakdown of Revenue – Source: Kering's annual Reference Document

With travel retail emerging, with a fast-growing distribution and a new series of Pop-Up stores designed to engage and connect with clients from different cultures, Gucci was able to expand to new markets and gather new commercial opportunities. As we can witness in figure 29, compared with figure 30, they continue to consolidate their crucial pillar products, without much change in revenue by region, product category and distribution channel.

As part of Gucci's ongoing mission and long-term commitment on implementing a sustainability strategy, creating a positive corporate culture and reducing the brand's environmental impacts, settling their behaviours on diversity and inclusion and driving progressive change, the company appointed a Global Head of Diversity, Equity & Inclusion to implement a more robust

culture in all brand operations and workers. Moreover, Gucci's efforts to strive as a sustainable brand, in all four agendas, may or may not be a trigger for its constant growth however it is possible to behold the positive changes that are being made and prove their commitment to sustainable leadership in luxury and fashion.

4.2.12 Saint Laurent

Founded, initially as a house of Haute Couture, in 1961 by the young French designer Yves Saint Laurent, has suffered many transformations throughout the years but still is one of the most prominent fashion houses in the world, occupying a leading position in the ready-to-wear, fashion and leather-goods sectors (data from Kering's 2019 Reference Document).

Since its inception, it has revolutionised modern fashion, pushing boundaries of form, empowerment and aesthetic, holding an enormous influence and reputation inside and outside its industry. This leading fashion House, established with its unique secure codes and identity, created and is ruled in a basis of its still relevant initial spirit and DNA, with a modern view over the historic tailoring techniques of the House. The Maison occupies a leading position in the sector, with a broad range of men's and women's ready-to-wear, accessories and shoes, being present in different markets and cultures around the globe.

Under the leadership of Francesca Belletini as CEO, since 2013 and the vision of Anthony Vaccarello as creative director for the brand, from April 2016 until now, Saint Laurent continues expressing its sophisticated tribute to Paris, pursuing its evolution based on impeccable quality and well-balanced distribution channels, and with their production and craftsmanship divided between Italy and France. The House's product is all made between Italy and France, most of them, still on Saint Laurent's historic manufacture atelier.

The brand also has implemented a system for all product categories that consists in tracking leather purchase, lambskin leather from South Africa and mohair, aligned with Kering's EP&L and traceability guidelines, verified every month on its performance, through product fingerprint technology using blockchain.

With a strong presence in the beauty market, the brand operates under a worldwide agreement with L'Oréal for the fragrances and cosmetics segments. Since its launch, the brand offers the highest technology combining glamour, cutting-edge science, owing to this, a significant number of successes in the fragrance and makeup sphere. Its actions around positive environmental and social impact within the luxury beauty industry brought them the Butterfly Mark Award by their implementation of the industry's sustainable commitments (data from the Positive Luxury Website on the sustainability award). Their outstanding work on women empowerment and community development with the creation of the Ourika Gardens in Morocco, as a place for sourcing their natural raw materials, by leading expertise of local cultures, working with

sustainable ingredients, makes possible their action in reducing the brand’s environmental footprint and helping less developed communities, respecting its social agenda as well.

Saint Laurent’s primary goal remains to “create and market highly desirable products that embody the core values of the brand” by its capacity of innovation, with undeniable quality and design, focusing in building a better sustainable future, living a respectful culture inside the brand, preserving heritage craft, and continuing its evolution, “bringing couture to the street” developing new and more responsible business models which resonate in modern times.

After analysing Saint Laurent’s 2018 and 2019 performance outlook, available at the 2018 report and the 2019 report, the last two reports released by the parent company, and reporting for the financial year of 2018 and the financial year of 2019, it is possible to behold a growth in revenue of 17% comparing to last year’s results.

At the end of 2019 amidst 222 directly operated boutiques, from where the House generated 69% of its revenue, alongside its online store, selling in various markets, and the presence in some multi-brand department stores around the globe, Saint Laurent reached the €2 billion revenue mark, a significant achievement for the brand. The investment of enhancing its retail network resulted in 28 new directly-operated stores worldwide and five new net openings. The priority in offering an exceptional experience across all platforms and channels linking clients and the brand as well as workers and suppliers reinforces the consistency of the brand, present in over 50 countries.

To foster and expand the Saint Laurent’s universe and presence, raising awareness and desirability, the brand created several initiatives as part of its omnichannel strategy, evolution and growth. Antonio Vaccarello, Saint Laurent’s Creative Director, continues to develop acclaimed and profitable collections, started a project called SELF, to bring back art, lifestyle and self-expression as brand values, like Yves Saint Laurent, did in when creating the House.

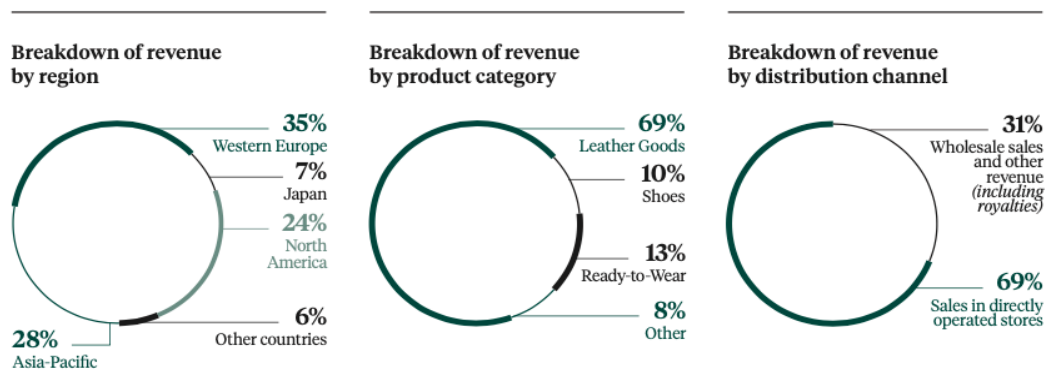


Figure 31 - Saint Laurent’s 2019 Performance Report - Breakdown of Revenue – Source: Kering’s annual Reference Document

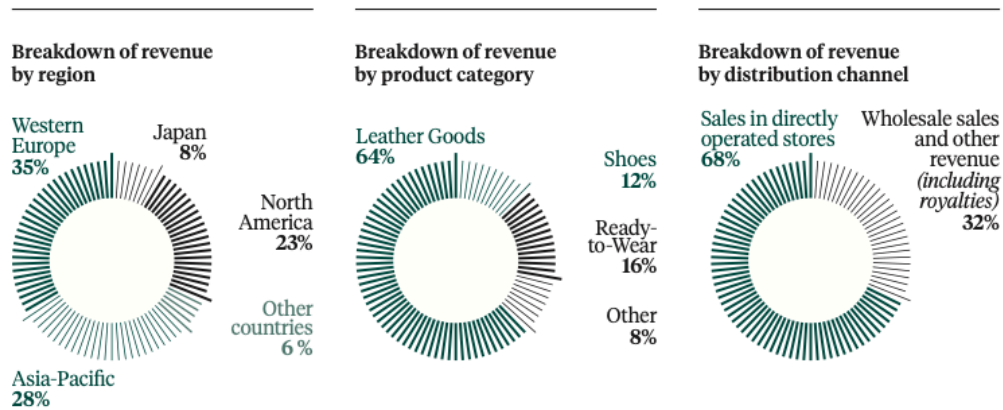


Figure 32 - Saint Laurent's 2019 Performance Report - Breakdown of Revenue – Source: Kering's annual Reference Document

Regarding the brands, online strategy, which is successfully focusing in increasing share of voice (SOV), with runway collections ranked number 1 most viewed last season (Spring/Summer 2020), is possible to witness some changes in the company's performance. By creating "a new cultural destination" in retail stores, proposing a new exclusive set of products and experiences, combined with performative arts and cultural exchanges, the brand could start its retailing performance expansion, as we can see through comparing the graphics in figure 32.

As part of its evolution plan, the brand is several conduction initiatives that already positioned it as the fastest-growing brand on Instagram (data from the 2019 Kering's Performance Report) which is being followed by other sectors creating an overall omnichannel approach.

4.2.13 Bottega Veneta

Bottega Veneta, inspired by Italian culture, was founded in 1966 in Vicenza and began its journey as a leather goods specialist. The use of noble materials, the philosophy of luxury innovation and style form which goes by, and its contemporary perspective on garments and leather goods, define Bottega's attitude distinctly.

Now running by the creative vision of the British designer Daniel Lee that brought a new perspective on Bottega's modern women and its independence, respecting the brand's heritage. By transforming styles into new iconic silhouettes, Daniel Lee contributed to adopting a new global outlook offering into bold new realms.

The brand's policy of keeping its Italian heritage with unparalleled artisanship made with expert know-how, delivered a life of products and a unique elevated luxury experience, especially when it comes to client services. The will to engage with a broader younger audience makes both creative and the business sides to work hand in hand.

After analysing Bottega’s 2018 and 2019 performance outlook, available at the 2018 report and the 2019 report, the last two reports released by the parent company, and reporting for the financial year of 2018 and the financial year of 2019, it is possible to behold a growth in revenue and operations comparing with last year’s results, underlined by the climb from 39^o to 33^o place in the Interbrand Best Global Brands Ranking, as the second fastest-growing the world.

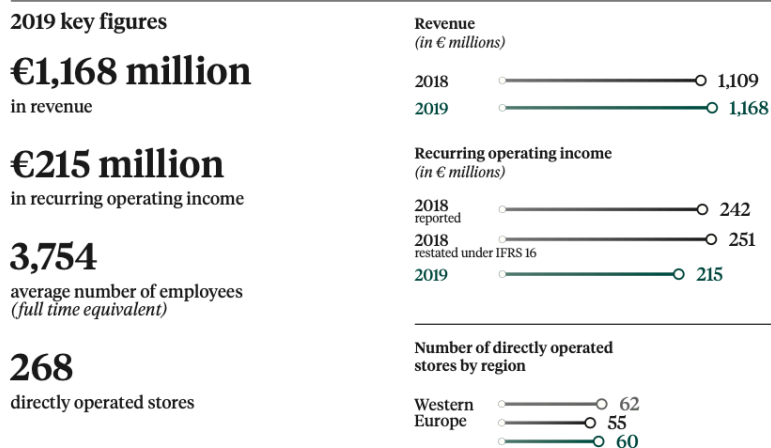


Figure 33 - Bottega Veneta’s 2019 Performance Report - Breakdown of Revenue – Source: Kering’s annual Reference Document

With their sustainable approach, Bottega’s ongoing commitment for full transparency of its production chain is being guaranteed in the leather goods sector, which takes 83% of the brand’s revenue, with artisanal manufacturing processes that ensure the reduction of social and environmental impacts. Also, the “100 per cent biodegradable” genderless boot released during the brand’s Autumn Winter 2020 show, is an example of their new step into sustainability. The rubber boots are made out of natural molecules rather than with synthetic chemicals can be biodegradable after one year, when in favourable ones. Bottega Veneta’s moves as a responsible company which is paving the way into a fully sustainable business, being the first luxury brand to receive a LEED ecological certificate (Leadership in Energy and Environmental Design), championed by the Green Building Council (data from the Dezeen magazine website). This is possible due to collaborative relationships with every team, suppliers, and continually improving and innovating in all sectors.

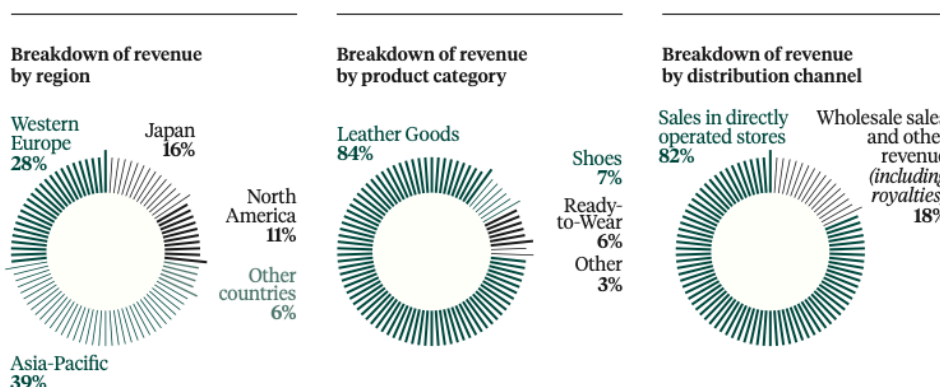


Figure 34 - Bottega Veneta’s 2019 Performance Report, Key Figures – Source: Kering’s annual Reference Document

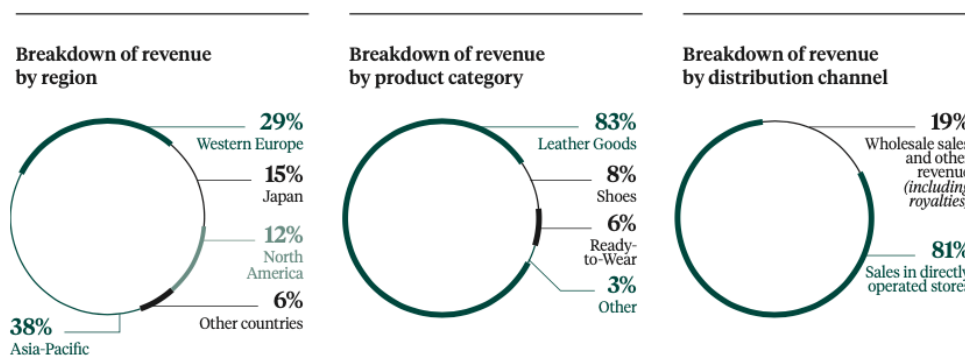


Figure 35 - Bottega Veneta's 2019 Performance Report - Key Figures – Source: Kering's annual Reference Document

As we can see, when comparing figure 34 and 35, Bottega was able to grow its market performance in Asia, specifically in Japan, as well as indirectly operated stores. This comes as a consequence of their strategy for reinforcing its existing retail network and elevate the customer experience. Due to Japan having a great client base, the brand developed new partnerships and planned to open a new flagship store and new openings, expanding their network, and even opened a café in one of their stores, to build up the lifestyle and culture of the brand.

2019 was a great year when it comes to sales and boosting the brand's awareness and performance. Every collection was a success, both in media as in sales. The brand was shortlisted among the nominees in four different categories of the Fashion Awards 2019, which Bottega won all of them. Furthermore, The Pouch, one of Bottega's new icon, was the fastest-selling bag in Bottega Veneta's history, with also powerful performances in other bags, accessories and shoes. The brand had to create a new ready-to-wear atelier in Milan to fulfil the needs driving the business development, accelerating their action plans, distinctively after entering the ranking of Lyst Index as the number 1 breakout brand of the year.

Alongside their evolving product mix, the brand is still expanding and cultivating culture and sustainability through their values and lifestyle, accelerating its marketing and communication investments with new skills and capabilities and therefore receiving a compelling response from their clients, old and new ones, and from international press and buyers.

4.3 Consumers Questionnaire Analysis

The quantitative investigation was done through a questionnaire composed of seven sections, with twenty-six questions in total. Besides two questions to identify demographically and by work area, only two other questions were with an open answer. The other twenty-two were with direct response of multiple-choice, verification, or quantifiable on a scale from one to five. The survey was available for two weeks and had 207 respondents.

4.3.1 Demographics and Group division

The first section of the survey counted for understanding the demographics, generations and area of work. At the end, the respondents were also divided into two groups: luxury consumers or non-consumers, since only luxury consumers responded to certain questions regarding their buying behaviour and choices.

When asked “how old are you”, it is possible to divide the respondents into five groups age groups. The intention was not to have the groups divided by generation, since generations take a big interval of years. The intention was to divide by working groups, since people between age eighteen and twenty five are starting their careers; people aged from twenty six to forty probably have a steady job for some time now, and are able to organize their life and their spending budget in a different way; respondents aged between forty one and sixty are more experienced people that lived through many times of change, possibly with grown children and families; while people aged over sixty are probably retired and have a different perception of life and even of business.

How old are you? / Que idade tem?

207 respostas

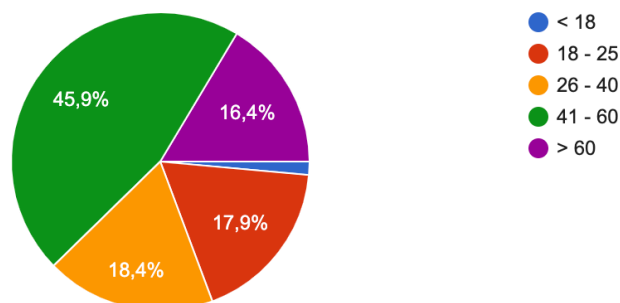


Figure 36 - Age Group Distribution

The graph above represents the percentage of respondents for each group. People aged between forty-one and sixty represent a higher percentage of respondents, evaluated almost like half of the survey population, with 45,9%. They are followed by the group aged between twenty-six and forty, with 18,4%; then the group aged between eighteen and twenty-five, with 17,9%; and finally the group of people aged over sixty which takes for 16,4% of respondents. Respondents aged below eighteen only represent 1,4% of the surveyed.

Regarding the country of residence, the results show that 60,3% for the population surveyed is from Portugal, 24,6% are from the United States of America, and the others 15,1% are from other parts of the world. This division works as a way to understand the market in which the respondent is located, what might not correspond with their nationalities—dividing into the five continents we have: Africa with 0,5%; Australia with 1%; Asia with 2,5%; Europe (without Portugal) with 7,7%; America (counting with the United States of America, Canada and Brasil) with 28%; and finally Portugal with 60,3%. Since the study is from Portugal, it is reasonable to have significant affluence of respondents from there.

Separated by fields of work, it is understood that there is an excellent different spectre of areas, which will enrich the investigation. By having people from many areas, it will be possible to have distinct views about the same matters and compare in terms of field of work, if their opinions and beliefs change, relating to governance, luxury, sustainability and prosperity.

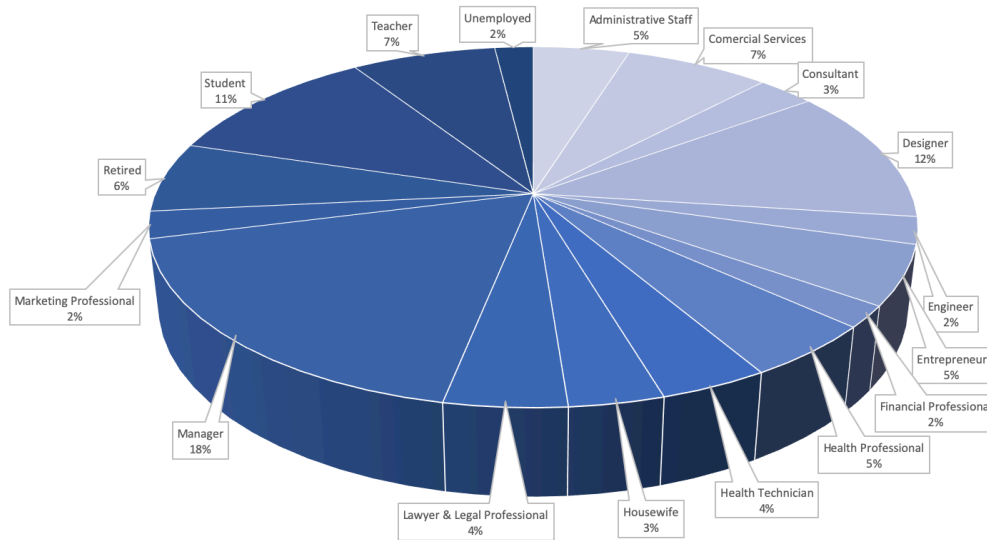


Figure 37 - Occupations of the Respondents

At the end of the first section of the questionnaire, it is asked whether respondents are consumers of luxury brands or not, since there is a section only for luxury consumers, to understand their buying behaviour. This allows a further possibility when comparing answers, in a way that it is possible to evaluate if luxury clients have a different view on sustainability or the industry from the non-clients, or if there is no significant difference between the two “classes” of consumers.

Do you usually buy products from Luxury Fashion Brands? / Costuma comprar produtos de Marcas de Moda de Luxo?

207 respostas

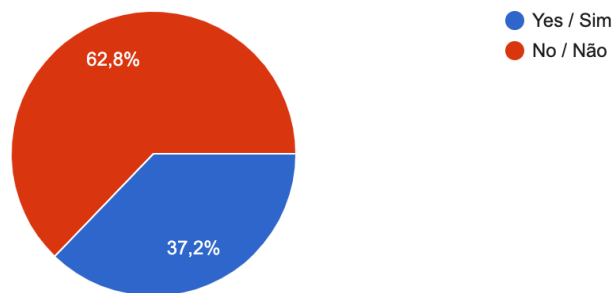


Figure 38 - Luxury Consumers and Non-Consumers distribution

Luxury Fashion consumers take 37,2% of the surveyed. However, 62,3% of these, buy luxury items once a year; 35,1% buys “every other month”, and finally only 2,6% are recurrent every month luxury clients.

4.3.2 Perception of Luxury

In order to understand what consumers think of being a luxury brand, they were asked to choose between twelve options, with no restrictions, the ones they found to be part of the definition of a Luxury Brand. Among the options, the ones with a higher score were: Quality with 77,3%; Exclusivity with 66,2%; and Price with 47,3%. These were followed by Craftmanship with 36,2%; status with 32,9%; Heritage with 30,4%; Marketing with 15,5%; and Association with high-value events with 11,1%. The other four characteristics had only 0,5% each. They were: Famous people wearing the product; Costumer Experience; Timelessness; and Design. With these results, we can conclude that the most known to be luxury characteristics are quality, exclusivity, price, craftsmanship and heritage.

To add a marketing perspective, the questionnaire evaluated the top of mind luxury brands for this population of respondents, by asking to write four Luxury Brands. To be sure of impartiality, this question was asked without any previous reference to any brand, luxury or not. The results show that the ten most chosen brands were, in order: Chanel, Luis Vuitton, Gucci, Prada, Hermès, Dior, Rolex, Burberry, Saint Laurent and Cartier. It is safe to say that for this population these are the top of mind brands in the Luxury sector. Interestingly, two of the three leading brands of the Kering Group, are part of this list and are considered by the industry, one of the most influential Luxury Brands (as presented in the Case Study).

Of the following list, please select the brands you buy from. / Da seguinte lista, selecione, por favor, as marcas que compra.

77 respostas

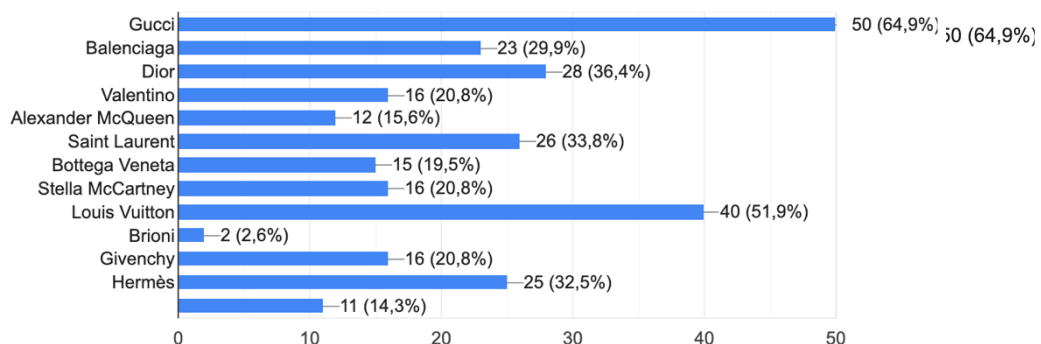


Figure 39 - The most purchased Luxury Brands

Later the surveyed were presented with a list of several Luxury Brands, some from Kering, such as Gucci, Balenciaga, Alexander McQueen; Saint Laurent; Bottega Veneta and Brioni. Others were from a competitor or just independent well-known luxury brands.

It is interesting to see from the results, that Gucci takes 64,9% of the answers, followed by Luis Vuitton with 51,9% what can be a consequence of many people buying the brand because of their logo bags, what can be justifiable as luxury granting a certain status and importance. However, this is something just supposed, not possible to confirm by the study. Another conclusion from this part is that Kering's companies take 45,7% of the choices, being evaluated with other Houses and groups like the LVMH.

4.3.3 Perceived Sustainability

By asking what sustainability is, it was possible to gather some opinions and thoughts from consumers, what gives a perspective of what they perceive and understand.

For some, "Sustainability is the capacity to interact with the world" equated with "renewable resources, repurposed & recycling", minimizing the environmental impact while "living the best as possible within the planet's boundaries". Substantially almost all the surveyed agree that it relates to reducing the footprint, of industries, brands, businesses or people. Reducing waste and recycling in order to create new fabrics and items is something prevalent among the answers. For most, the "key is to find a balance between nature/the environment and humans' necessities". The principle of sustainability lies on the fact that "the natural resources are used without compromising future generations".

Since sustainability "is the future of the industry", it is vital to evaluate its meaning. "Sustainability in fashion (..) is a process which involves an ethical production not only related to the environment but also with social and financial systems". Regarding the Luxury sector, sustainability "seems to be related to longevity", adding value and ensuring the quality of products and services. "Means products have to be high quality" and have a "timeless design". By maintaining a close network of craftsman, and fostering a slow pace of the industry as a way to "focus on locally produced items with local employees", to "produce locally as much as you can and produce the right amount of pieces". As a respondent says,

"Nowadays, designers launch their seasonal collection plus capsule ones, plus cruise collection, plus haute couture, plus maybe a collaboration with other designers... and so on. For the fashion industry, this is "great" because the consumer has a vast range to choose, but unfortunately, the productions create a terrible environmental impact".

Still specifying the industry, it can be said to be "paying the right amount for the product, where all people involved were paid the right amount for their work", what takes us back to traceability and transparency. Also "fair trade" and "conscious shopping" are some of the matters addressed when talking about sustainability. This idea is again found when considering responsible business, "being concerned about the impact of the business in the world. That impact can be at an economic level or an environmental level". Within businesses, sustainability means,

“all decisions being made thinking ahead of the time, ensuring all stakeholders involved, staff, customers, suppliers, and partners follow laws, are ethical in what they do, contribute to the community, environment friends, support local and small suppliers too. It’s about to have a conscious of their footprint and legacy in the world with their products”.

More than a trend or a concept, sustainability is believed by some, to be “a way of life, addressed across socio-economic classes and age groups”. Due to it, responsibility and sustainability “are crucial for businesses” and it is essential to keep an integration overall business processes respecting organization values and mission in order to create and maintain added value, as a sum of social, environment and expected return to stakeholders”.

The respondents were presented with fifteen factors that are known no challenges for sustainability, and that are referenced in the State of the Art chapter. When asked which of the following are characteristics of sustainability, the results were these.

Which of the following aspects characterise Sustainability? / Quais dos seguintes aspetos caracterizam a Sustentabilidade?

207 respostas

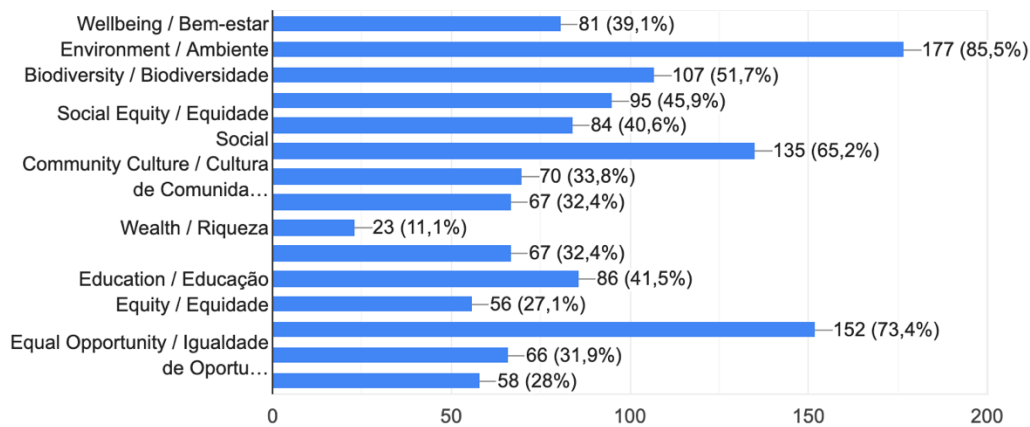


Figure 40 - Characteristics defining Sustainability

Like it is possible to understand, most people could link the Environment, with 85,5%; Conscious Consumption, with 73,4%; and the Ecosystems, with 65,2%. Other recurrent answers were Biodiversity, New Technologies and Education, with respectively 51,7%, 45,9% and 41,5%.

Do you feel you have enough information about Sustainable Fashion? / Sente que tem informação suficiente sobre Moda Sustentável?

207 respostas

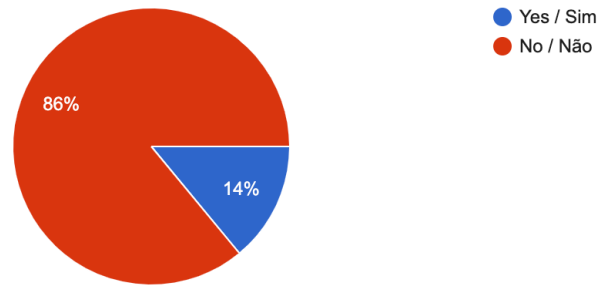


Figure 41 - Information that consumers fell to have about sustainability

Regardless of these answers, consumers still feel that they don't know or have access to enough information about this matter, what can be a difficulty when trying to shift consumer behaviour towards a more responsible one. As shown, 86% of the surveyed, think they don't have enough information about sustainability, what is translated into 178 on a universe of 207. Analysing the 14% of positive answers, we see that the most informed age group is the group between forty-one and sixty, with 41,38%; followed by the group of twenty-six to forty and the group from eighteen to twenty-five, both with 20,69% and the groups of more than sixty years old with 17,24%. No one from the younger group responded positively to this question.

4.3.4 Sustainability and the Fashion Industry

To comprehend if consumers can drive sustainable prosperity, it is crucial to understand if these consumers are concerned with sustainability. In the graph below, it is possible to see that 59% of the answers were very positive, 24,2% neutral and 7,7% and 9,3% not that concerned or not preoccupied at all. The following graph helps to understand how the age groups react to this question.

Are you concerned with the Sustainability of the Fashion Industry? / Está preocupado com a Sustentabilidade da Indústria da Moda?

207 respostas

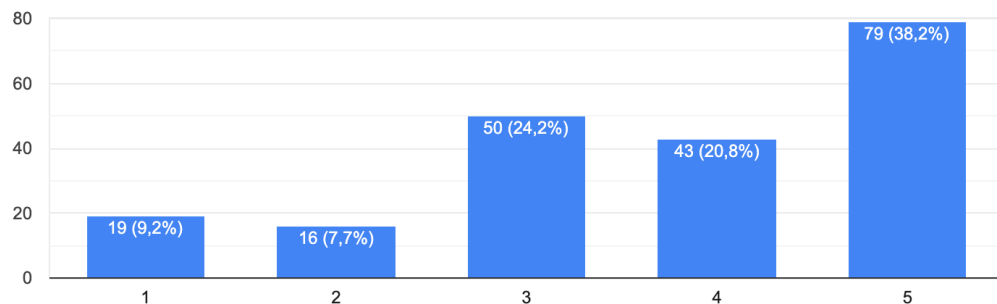


Figure 42 - The percentage of concern in terms of sustainability in the industry

We can see that the younger generations have a bigger concern while the older groups have more respondents saying that they are not that concern about the sustainability of the industry.

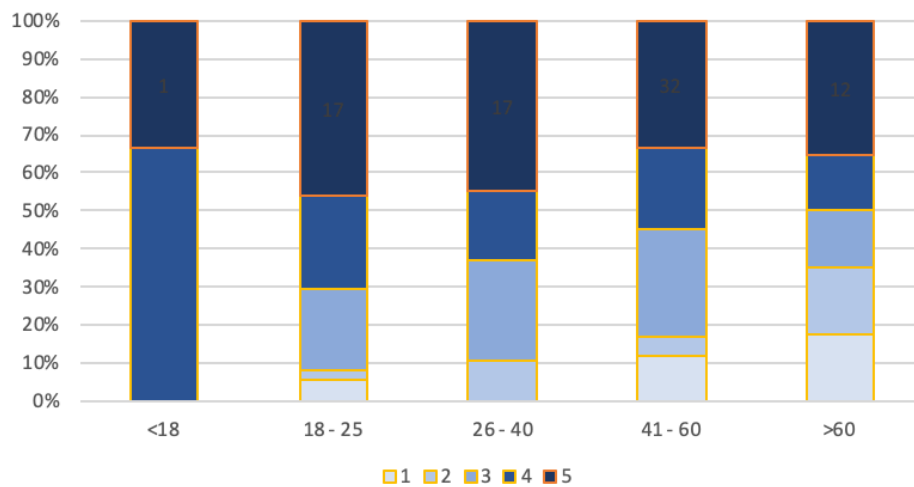


Figure 43 - Distribution of Age Groups in each answer

Despite knowing some of the attributes of sustainability and after been given some definitions about what is sustainability, consumers were asked to match the following problems with occurring industry’s issues. All of these adjectives have as a base on the research showed in the State of the Art. The challenges enumerated were: child labour; poverty; hazardous chemicals; water stress; Greenhouse gas emissions; bad working conditions; consumption waste; disrespecting the minimum wage of the countries; climate change; pollution; land use and deforestation; biodiversity threats; diminishing resources and finally modern-day slavery and wellbeing.

It is good to know that people recognize all of these issues, as problems happening now in fashion. Although many still think that child labour and modern-day slavery are the ones that happen the most. This happens probably because is chocking and due to affecting people’s way of life directly, like is also the case of bad working conditions, and for most communities (since the majority of respondents are from Europe or North America), some of the other issues represent situations that are mostly “far from” them. However it is interesting to check the results that show, in order that the most “known” problems to exist are: child labour, 80,2%; bad working conditions, 74,4%; Pollution, 65,7%; Consumption waste, 68,1%; modern-day slavery, 58,9%; ; hazardous chemicals 63,8%; disrespecting the minimum wage of the countries, 61,8%; water stress, 50,2%; poverty, 44,9%; biodiversity threats, 39,6%; Greenhouse gas emissions, 39,1%; Diminishing resources, 38,2%; climate change, 37,2%; and Land use and deforestation with 27,5%.

Which of the following problems do you think to happen in the Fashion Industry? / Quais dos seguintes problemas, acha que acontecem na Indústria da Moda?

207 respostas

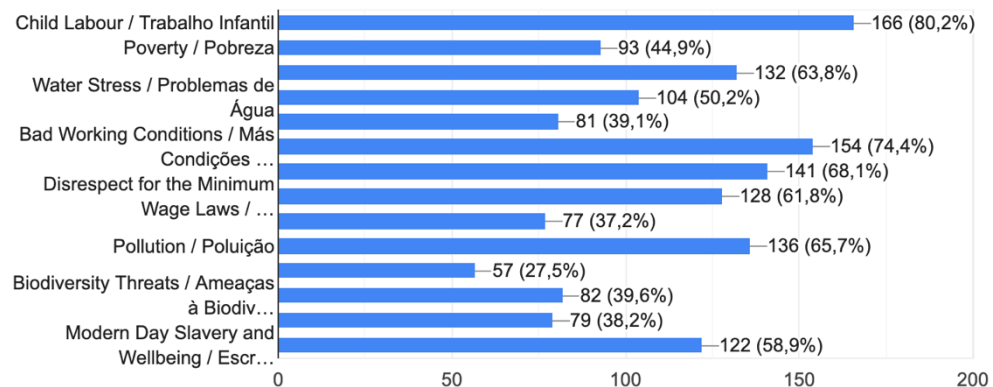


Figure 44 - Problems concerning the Fashion Industry

After having to enumerate several issues relating the industry's challenges, in terms of environmental and social standards, the surveyed were ask if they are concerned and whether brands should address more environmental, social and cultural issues.

Do you feel it is important for Luxury Brands to be more concerned and active when it comes to environmental, social and cultural issues? / Sente que é importante que as Marcas de Luxo estejam mais preocupadas e sejam ativas a nível ambiental, social e cultural?

207 respostas

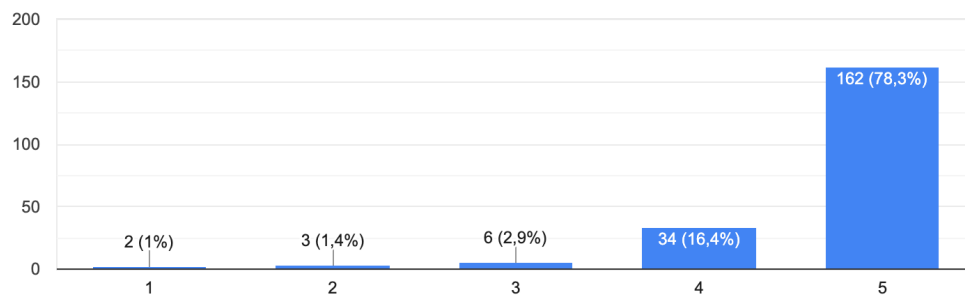


Figure 45 - the importance of action per part of the brands

This was responded in a very positive and meaningful way, since “being extremely important” had a 78,3% score, followed by a 16,4% of “it is important”. The outcome of this is that people are generally and actively concerned and see a great deal for brands to engage and solve these problems. However, it is interesting to address that the five people that responded that they are not concerned of feeling the need for brands to act accordingly, were from the United States of America, or students under eighteen. In general, people don't want to recognize that in almost every purchase they make, they are contributing to several of the issues listed above.

4.3.5 Luxury and sustainability

When asked to quantify how much they believed that “Luxury and sustainability are one and the same”, respondents had a varied spectre of opinions, with a higher engagement at the neutral and negative side. Do not luxury consumers link Luxury with sustainability? Or is just not that important to them? The expression used to be quantified, was said by Kering’s CEO, François-Henri Pinault when defining the link between luxury and sustainability. Also Jochen Zeitz, in a podcast interview with Business of Fashion (Business of Fashion in interview with Jochen Zeitz, 2020), explained that the Luxury business model is the most engaged with sustainability, since every garment has an added value, that make people cherishing it the most, with less buying and discarding, and that quality is equalled with sustainability. Quality being linked with sustainability and luxury, will also explain, further, one of the reasons why the luxury sector can be a main driver for internal change in the fashion industry.

From 1 to 5, how much do you agree that “Luxury and sustainability are one and the same”? /
De 1 a 5, quanto concorda com a afirmação “Luxo e sustentabilidade são o mesmo”?

207 respostas

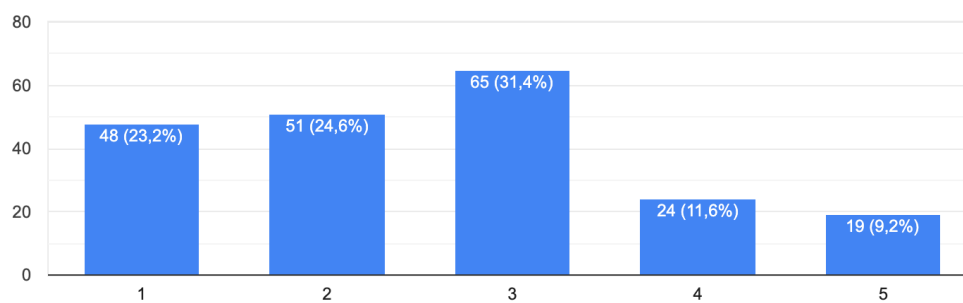


Figure 46 - Opinions about "Luxury and Sustainability are one and the same"

Regardless of that, we can identify luxury consumers have a slightly different distribution of what it comes to this question. As a total of seventy-seven respondents, there are twenty-eight people who are neutral, responded 3; twenty-eight other people that responded 1 or 2; and only twenty one that responded more positively, choosing 4 or 5. These results translate that even luxury consumers, do not recognise luxury as being a more sustainable business model, and most of them do not pair it with responsibility or sustainability.

4.3.6 Awareness and buying behaviour

It can be said that the buying behaviour reflects the real interest for change per part of the costumers. Despite being aware, most people end up not buying sustainable products, or it just does not influence their purchase. Despite the concerns presented in this investigation, 45,5% of the survey’s population can be said to be neutral when it comes to conciliate the worries and acknowledgements with their buying behaviour.

Do you look for sustainable brands when you are shopping? / Procura por marcas sustentáveis, quando está a comprar?

207 respostas

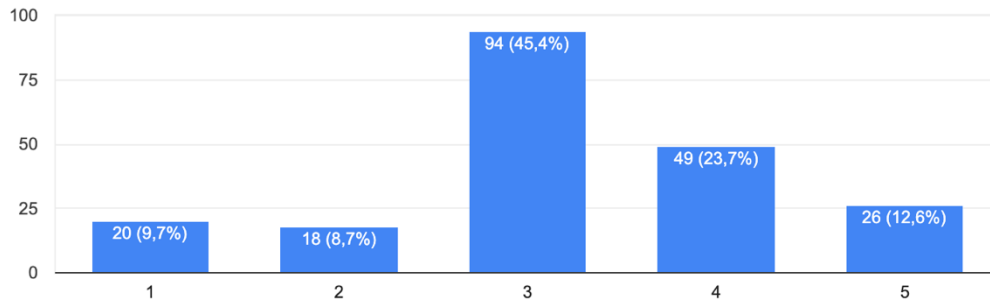


Figure 47 - Sustainability when shopping

As it was before analysed, consumers give great importance to sustainable development and are aware of the challenges facing the industry and the world. Nevertheless, the majority of the surveyed, when asked about the influence a brand being sustainable has on its buying behaviour, 57% responds that despite being an urgent matter, it does not affect their purchase. It is essential to understand here, what are the factors driving this result.

Is important for you that a brand is sustainable? And does it influence your purchase? / Para si, é importante que uma marca seja sustentável? E isso influencia a sua compra?

207 respostas

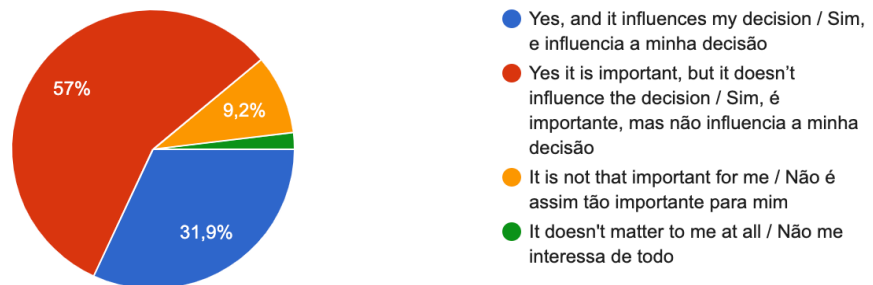


Figure 48 - Influence of sustainability in buying behavior

Perhaps it is a problem of communication, since 41,5% answered that they don't know any sustainable brands, and in the following question, 64,7% said to have bought at least one sustainable item during the past year. Perchance, consumers are not aware that some of the brands they buy from have sustainable business models or are participating in responsible growth and development. To be sustainable is not just to have organic items or recycled fabrics. It is also about the core values, the business model, the actions around the value chain and the continuous process of change.

Why don't you usually buy Sustainable Fashion items? / Porque é que não compra produtos de Moda Sustentáveis?

207 respostas

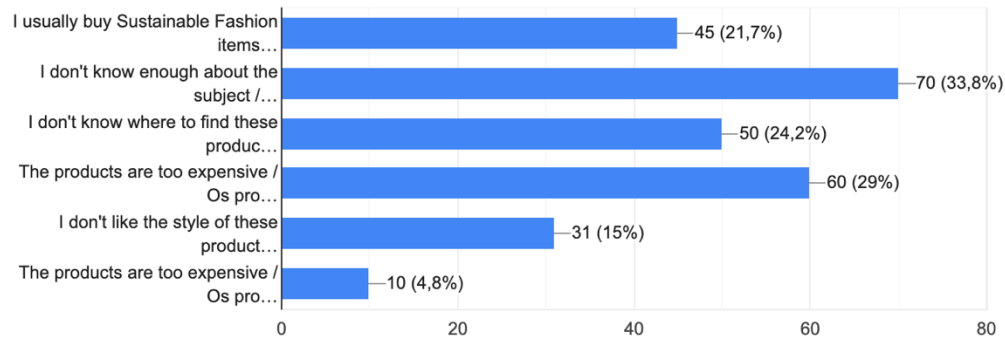


Figure 49 - Reasons why people don't buy sustainable brands/items

This can be confirmed with respondents answer that the reason why they do not usually buy sustainable fashion, with a percentage of 33,4%, is because they are not informed enough about this matter, or because they do not know brands and places, with 24,2%, where they could find these “type” of products. However, there are still 33,8% of answers regarding the cost of these items, and 82,1% of these are non-luxury consumers.

4.3.7 Luxury as a Sustainable Practices Driver

In this final segment of analysis, we can understand the importance consumers give to brands to communicate their actions and challenges. Although sustainability is not a driver of purchase for most of the population of this study, perhaps, if they felt better informed, it could start to create more awareness and engagement into foster a more responsible buying behaviour, for luxury and non-luxury consumers.

From 1 to 5, how much is important for you to know the actions the brands you know or buy from are taking to tackle sustainable problems? / De 1 a 5, quanto é importante para si saber as ações que as marcas que conhece ou compra, estão a ter para resolver problemas de sustentabilidade?

207 respostas

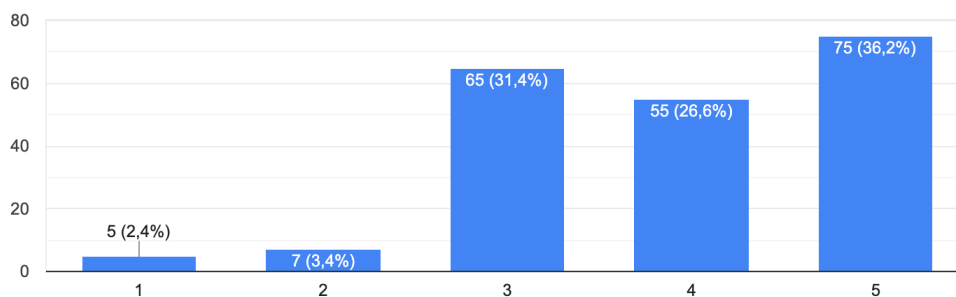


Figure 50 - How important sustainable actions per part of the brands are, for consumers

From the surveyed who responded 1 or 2, being these the lowest level of concern, the results in terms of demography were not alarming, having people from the United States of America, and people from Portugal and two other European countries. However, all besides one case were employed people and 40% of this amount were luxury buyers. This results could have a different expression and meaning, of the population of the study, was more prominent, but it can be noticed that the majority of these respondents were from the forty one to sixty age group, what shows that younger people are more likely to engage and understand the importance of sustainability in the brands business model.

The following graph shows how respondents think brands should communicate with them about sustainable development. They were given six options, and black space to add another suggestion if they found it necessary. The results show that descriptive labels (77,3%), the use of social media (71%) and information on the website (64,7%) are the most direct ways the surveyed believe to be effective. More than ever, social media is an essential tool to keep engage with the community, and since, for the luxury case, consumers usually check first or buy online (representing 37,7%), it can drive a greater engagement.

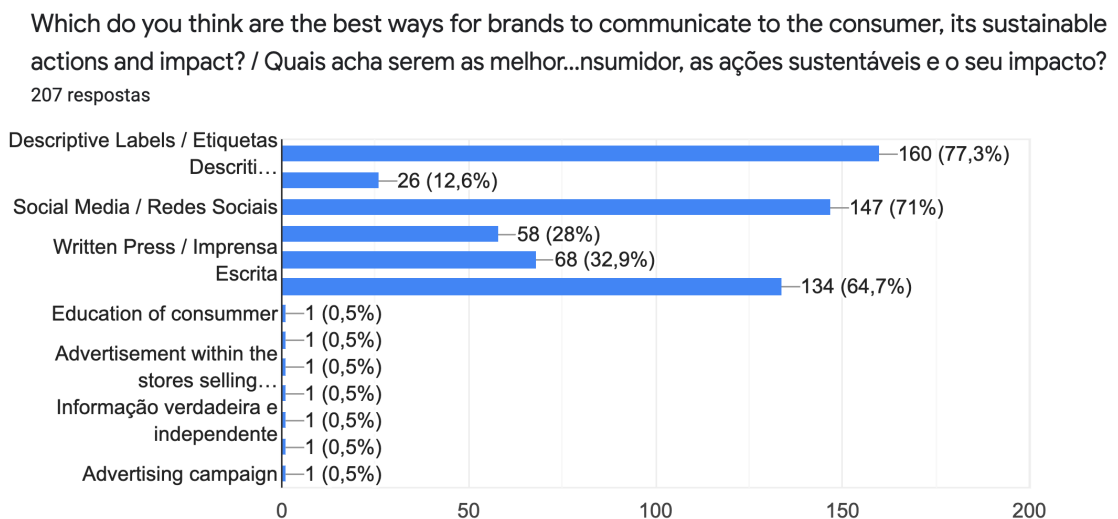


Figure 51 - The best ways for brands to communicate sustainability

Written Press (32,9%), the realization of Sustainable Events (28%) and Newsletters, were found to be less attracting and effective when engaging with the consumer for this end. Nevertheless, and considering for the luxury case that 62,3% buy in store, the respondents who added an option has very similar options. It is divided between advertising and campaigns, with the importance of transparency and clarity for corporate communication.

For the final question of the study, surveyed were asked to consider if the luxury sector has the influence to create and disseminate change throughout the industry. When asked “Do consumers believe that Luxury can be a driver of change?”, 90,8% answered yes. This is a big mark with a huge disparity of percentage between the others 9,2%. From the population that responded no, 73,7% are not luxury consumers. In terms of age, it is noticed that respondents aged between forty one and sixty take 57,9% followed by 21% of people aged more than sixty. This can mean that younger generations are more aware and actively concerned, and that they have “hope” that something can be done, and that something can come from the top.

Do you believe that Luxury Fashion has the power to influence the rest of the Industry? /
 Acredita que a Moda de Luxo tem o poder de influenciar o resto da Indústria?

207 respostas

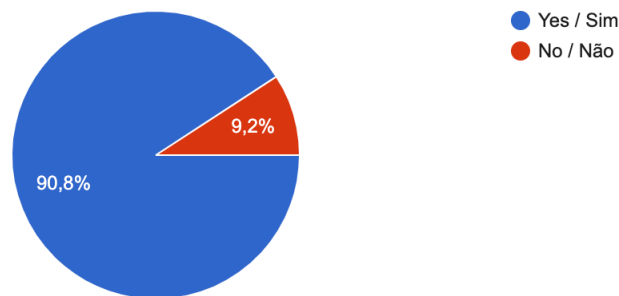


Figure 52 - Does Luxury Fashion be a possible driver of sustainability

4.4 Discussion of Results

The next few sections will analyse, link and compare all the results, with a triangulation method, like explained previously. The discussion will be mainly focused on the responses and analysis of the theory and hypothesis developed. The concepts in the State of the Art, the research about the State of Fashion, the information in the Case Study and the results from the Quantitative study, are now related with the responses from the qualitative questionnaire/interview to a member of the Portuguese team at the United Nations, and a board member of the Union of Concerned Researchers in Fashion.

4.4.1 Balancing the Four Sustainability Pillars

The representation of Fashion as a “dirty industry” relates to the fact that there still is no balance on the sustainability pillars among the industry.

Associating the state of the Art, specifically on section 2.2.3, where are presented different ways of dividing and characterising the sustainable agendas. Despite the names we choose to give or the organisation we “want to follow”, the attributes of each concept remain the same. In section 4.1, and respective sub-sections, about the State of the Industry, the data presented show the

urgency of these matters and yet the necessity for the coexistence of the environmental, social, cultural and economic pillars.

Everything is connected. As Tone Tobiasson, a member of the board of the Union of Concerned Researchers in Fashion, explains in the interview on Appendix 3, simply, sustainability is “about meeting our current very real needs without compromising those of the future generations”. Also, as part of the results from the quantitative research, we can see that the general consumer understand all the attributes and connections of a genuinely sustainable approach. We see this when they comment that “sustainability is the capacity to interact with the world” and that “it is a way of life, addressed across socio-economic classes and age groups” fundamental to the business and all industries.

“The way we’re misusing the resources, then we don’t have a planet to have a business on” – Tone Tobiasson. Consumers also recognise that sustainability besides operating “within the planetary boundaries” and “slowing production and consumption” is crucial at a social and cultural level. As Tobiasson notes, “all production of clothing, at least in this industrial level, causes havoc in the way that, you know, you’re polluting the air. You’re polluting the waterways. You have so many synthetic materials. You have the microplastic, microfibre problems. But you also have all this with the chemicals and the dyeing and finishing processes, which have been very hidden”.

Social and Economic sustainability “is an integral part of the concept of Sustainability” reflects Afonso Lages, responding as part of the United Nations. When people are “paying the right amount for the product, where all people involved were paid the right amount for their work”. Tone Tobiasson says that “most of the problem is that the way the volumes have escalated so much in the last year, especially through this fast fashion system, that and any gains that they’ve had in incremental changes has been eaten up by the increase in volume”. However, Jochen Zeitz (Business of Fashion in interview with Jochen Zeitz, 2020), discusses that consumption is not “a bad thing” or the problem since people will not stop “consuming as we know now with an economy that is global”.

“Is not just the product, is the way we make these products, the way we act, it’s the way we manage, it’s the way we work, the way we live, that ultimately can contribute to the significant change (Business of Fashion in interview with Jochen Zeitz, 2020).

Sustainability is good for business, “if it is true sustainability” discusses Tone Tobiasson. This means an approach that “is addressing the over-extraction of resources, that one goes into an area or when it cuts consumption much, much more than we have right now”. Returning to the qualitative research, we see how consumers recognise the industry’s challenges and that it is essential for them, as contributors for the industry’s profitability and growth, to for brands to tackle and transform the negative aspects into positive solutions with sustainable development.

Although in different ages groups, the importance given to this matter changes, showing the younger generations more eager to fight for a change.

Like presented on the “Current Solutions” sub-section of the results regarding the State of Fashion, the industry is finding many alternatives for their processes and operations by, for example, becoming net positive, that is when resources are used within the boundaries of the planet. The Union of Concern Researchers in Fashion defends the “unconventional” theory that the solution is to start from scratch and slow down the system. Working in a system where “you are actually scaling down to the basics. You’re going back to the more local way of seeing things, more holistically, and also how they fit together using much fewer chemicals and using the local resources”.

Although this is a more holistic approach to the problem, it does not contradict what this investigation has demonstrated. It is necessary to adjust and allocate time and investment into new solutions. Find a good business model “that functions within the system” – Tone, and not just “based on selling maybe cheap goods with cheap resources, cheap labour”.

As part of Kering’s Sustainability Committee, Jochen Zeitz discusses that accountability is a start to sustainable development, by quantifying all the assets, positive or negative, to then create measures and strategies to drive change.

“You look at what is actually driving your environmental impact [...], and those need to be measured. Puts a monetary value in what it could be a synthetic value, to all of those impacts and connects them (Business of Fashion in interview with Jochen Zeitz, 2020).

4.4.2 Corporate Responsibility as a Tool

“Business is part of the problem, but business is also about solving problems” (Business of Fashion in interview with Jochen Zeitz, 2020) with a corporate social network that supports communities, brands and the industry in pursuing sustainability. In an era when “society expects business to be good actors in the community” (United Nations, n.d.-b), global policies and platforms need to be driving and supporting the balance of the company. Programs like the Plug and Play Accelerator can be an opportunity for companies and brands to work together and create new solutions.

According to the Ten Principles of the United Nations Global Compact, sustainability comprises four main dimensions: Human Rights, Labour, Environment and Anti-Corruption. These can be found and integrated both in the Sustainable Development Goals as in the four aspects of sustainability.

“Companies in the fashion industry are paying more and more attention to the sustainability of their production, for instance by reusing materials” – Afonso Lages. To achieve their Sustainability targets, there is the need to place efforts and guidelines, establishing environmental and social requirements, defining the traceability and cultural compliance practices.

According to Lages, “making our economies greener can be an important driver for economic growth and job creation. Moreover, responsible management and economic growth and sustainability are “both important for companies and brands, and important for the achievement of the Sustainable Development Goals (SDGs)”. Undoubtedly the most important for the Fashion industry is the number twelve “which is about responsible production and consumption” – Tone Tobiasson. It also means fostering cross-industry collaboration, “where you bring leaders in the luxury space together because some of the solutions it can only be found together (Business of Fashion in interview with Jochen Zeitz, 2020).

Tobiasson, as a fashion researcher also believes in the importance of Corporate Responsibility as a tool, since the measures and change “needs to come from inside the companies, but it needs to come from the top and also from the bottom. So I think that they all need to be aligned with that”, what also proves the connection of sustainable development and profitability being aligned within the cultural pillar of sustainability.

Either way, this connects with the consumer, and also the with industry, as explored in the state of the Art, section 2.3.2, several studies have reported that this shift in governance can positively affect consumer attitudes towards the firm and its offerings (Mandhachitara & Poolthong, 2011).

4.4.3 Kering as an Example of Sustainable Prosperity for the Luxury Sector

After an in-depth analyse of all Kering’s performance and economic reports, alongside every code and policy, it is possible to affirm that “among the larger fashion merchandising companies, Kering is probably one of the most sustainability-conscious” (Di Benedetto, 2017). By trying to create a balance between the four sustainable agendas, and keeping all stakeholders part of its strategy, Kering creates values and products more responsibly.

Kering’s Environmental Profit & Loss model is a considerable advance for the industry since is “one of the first measures of how we can bring the principal of stake-hold capitalism considering people, planet and profit as part of the business model going forward”, Imran Amed (Business of Fashion in interview with Jochen Zeitz, 2020). Allied with collaboration and Corporate Responsibility, the model, results and methods are available for everyone in the industry to study and appropriate to its own needs and business model.

The Organization of Concerned Researchers in Fashion says that the affluence of rankings and reports, many paid by brands, are making corporate communication less reliable. However, the EP&L report is “that putting a sum on what water and air, clean air is worth; it’s a good thing because it shows that these are values that we’re not paying for today and the companies aren’t paying for them”.

Tone Tobiasson refers to Kering as a company that is communicating a lot their initiatives as sustainable strategies, which is right by the evaluation on the case study. However, she says that they are not committing to everything that they have been advertising that they do. There is no way to prove if this situation is true or false, since her knowledge comes from a friend working in a direct competitive company, and the reports and analysis studied in the case study are all done by the group.

The truth is that Kering has been an example of conduct and sustainable development. In the Fashion Revolution Transparency Index (Fashion Revolution, 2020), from 2020, they appear as one of the best scoring groups. In transparent sourcing, they score between 46% and 48%, which is above average. On policy and commitment, their score goes from 98% to 100%, in the case of Gucci, what is a reflection of the importance of the Corporate Responsibility implemented in the group and through the group’s brands. On Governance, individually, Kering’s brands all score 100%. On traceability and “fixing” the value chain, the group scores are of 43%, which is not a lot. Still, comparing with the rest of the industry, that the maximum is scored by Adidas and Reebok, with 59%, the group is in an excellent position. This score is a result of all the recent measures implemented as part of the “Crafting Tomorrow’s Luxury” commitment and underpinned with the Code of Ethics and the Kering Standards for Raw Materials and Manufacturing Processes.

In “Spotlight Issues” (Fashion Revolution, 2020), regarding “Conditions”, “Consumption”, “Composition” and “Climate, evaluating the relations with all four agendas of sustainability, Kering’s brands’ score goes from 45% to 51%. Not a high overall rating. But as it is possible to notice on Kering’s evaluation and tracking of their commitment for 2025, there are still some pain points which they are solving over time.

Kering’s Case Study doesn’t work as a solution for all the problems of the industry and the world, but the aim is to understand, first of all, that sustainability besides being a goal, is a process. Like the world, like trends and like economies, in terms of business, it is something that is always changing and evolving. Concluding, this investigation proves the integrity of the challenges faced by the industry and more particularly of the luxury sector. It shows that sustainable development is a process involving all shareholders, being the people, or nature.

4.4.4 Consumers Driving Prosperity

Now that the industry is changing and the world is going through an economic crisis and a possible shift of behaviour per part of consumers, Tone Tobiasson argues that "all companies to take that seriously, all through the organisation, be able to come up at the other end, and offer products to consumers that are good for them". Consumers are part of the brands, since, according to Tobiasson, "if companies don't make money, then they go bankrupt".

A lot of influencers and different people now are swapping things and starting "the" conversation among consumers, alongside more journalists and the media, in general, is writing about this. As presented in the analyse the Kering's Human Capital, the company places consumers as one of the most critical shareholders of their business, while working towards cooperation with them. Consumers need to be part of the conversation and development. If brands don't engage with consumers, "they won't have any customers in 40 years" says Tobiasson.

Consumers "are drivers in a way, especially right now, because they're not buying", says Tobiasson, "And that's driving a change". The concept of sustainability is clear to customers – says Lages. Like it is shown on the quantitative research, consumers are aware of the importance and urgency for growing in a controlled and responsible way. Tone Tobiasson, in the representation of the Union of Concern Researchers in Fashion, believes that the consumer "automatically" understands the sustainability component of the Luxury business model, associating it with quality and sustainability.

Research (see topics 4.3) perfectly reflects the growing interest and concern of, especially, the younger generations. To have 78,3% of the population of the study, answering that they feel it is essential to brands to address these issues and work towards a more positive and sustainable development, can only show the urgency, for brands to be aware of consumers' perspectives and solutions. As presented in the results of the investigation, although sustainability does not have a significant influence on purchase behaviour, counting for 31.9%, it is revealed to be very important for 88,9% of the surveyed population. By understanding the reasons why people don't buy sustainable items/brands, brands could start to address and solve those challenges, generating more profit, since consumers show that they increasingly have a more significant interest in sustainable and responsible development.

As for the Luxury case, Tone Tobiasson is divided when deciding if the Luxury sector can be a driver for change. She thinks that "the consumer intrinsically understands what the most sustainable is, and that is having good clothes that last long and that you use much". Furthermore, luxury's business model, values and heritage promote real, sustainable behaviour, with products and services that "consumer using for a long time and use it well". Quality is a well-known characteristic of the Luxury sector, which is also confirmed in the research. "Luxury is all about tradition, longevity, quality - that is sustainable" (Business of Fashion in an

interview with Jochen Zeitz, n.d.). Also, luxury with its influence, present at the quantitative study, and explained by Veblen, Simmel and Tarde in the section 2.1.3 of the State of the Art, shows its presence in society and on shifting ideas throughout the ages.

Considering that prosperity is "the ability to participate freely in the life of society" (Jackson, 2009) and that its condition includes responsibilities and obligations to others as a shared vision of the future. Results, not only from the quantitative and qualitative investigation but also from reports from many significant "game-changers" of the industry, place the consumer in a central stage for affecting the behaviour, the trends and the engagement linking brands with sustainable development. Consumers can be part of a "guided economy" (Cambridge Institute for Sustainability Leadership (CISL), 2015), driving sustainable and responsible growth and therefore, prosperity.

Chapter 5

Conclusion

The Fashion Industry is a huge system that connects values, people and nature. The influence that it has in the world is not fully understood, since is not just about tangible affairs, it is a big deal about accountable and immaterial value. Some people still commonly judge fashion as being a futile matter. Think of it as “a system that puts value on what is new because it is new” (Wilson, 2003). However, they forget the importance that this big industry has for the evolution of the world, for economies and particularly for people and societies.

Clothes give us the ability both as individuals and participants in broader society to operate on a physical level with the world around us (Corner, 2014). Not everything related to fashion is positive though. The constant deterioration of soils, the aggravation of climate issues, the, sometimes, inhuman conditions where works from less developed countries work in, all relate to the negative aspects that the industry complies. “By another and cruel paradox, the price of this has been world-wide exploitation of largely female labour” (Wilson, 2003).

To respond to the primary research question, *How Brands, in the Fashion Industry, can achieve Sustainable Prosperity?*, we need to understand the concept of sustainability. Despite not being something recent, it is only been given its true importance in recent years. Sustainability is about balance, and in a broad sense can be defined as “understanding and pursuing the principals of equality, of both humans and nature, in a way to grow and evolve ourselves and each other” (London College of Fashion & Kering, 2019). Therefore, sustainable development, is not a goal but an ongoing process, that works and prospers in co-dependence, and meets the needs of the present without compromising the future.

The initial theory states that *a brand/company is only sustainable if it can have a positive balance of the four pillars of sustainability: social, environmental, cultural and economic*. Well, like this investigation shows, this is true and is already being implemented by some, still few, companies and organizations in the fashion industry.

Prosperity has a broad meaning, applied in several contexts, but more commonly with an economic perspective. Although economic growth is a focal point on business development, since a company, or in this case a brand, needs to be financially viable to keep doing business. However the concept goes beyond this and is intrinsically linked to sustainability when analysed in a perspective of fostering positive continuity. Here, by the “power” of the “new” Corporate Responsibility, now important for many companies, prosperity can be aligned with sustainability by creating a balance and a guided economy with positive outcomes, not only

financially but socially too. This validates the initial idea that states that *The solution for change and to incorporate all four agendas, is through Corporate Responsibility.*

As we can see, prosperity is present in the four agendas of sustainability. Economic prosperity is logically placed in the economic domain. However, the other pillars also reflect prosperity when relating to developing economies and societies (social agenda), when coming up with new solutions for planetary challenges and finding new ways to “reciprocate” for the resources taken, with added value (environmental agenda) and finally, when fostering personal and business growth and opportunities, not only inside the company, but also by engaging with consumers involving them in the processes and value creation (cultural agenda). All of this, as discussed before, needs to come from “the top down and then bottom up”, possible through Corporate Responsibility.

The other initial idea that says, *Prosperity is achieved not only through the economic agenda but also through the cultural agenda, by creating a culture in the company and culture with its consumers, what will generate more interest and engagement, and therefore more profitability,* can be confirmed by what it was just explained about the profitability of each pillar. Furthermore, the results from the triangulation of information between the survey, the interviews and the reports, also prove this, demonstrated by the Kering’s case. It proves the integrity of the challenges faced by the industry and more particularly of the luxury sector. It shows that sustainable development is a process involving all shareholders, being the people, or nature. When placing the consumer as an advisor and also crucial member of the shareholders, the company can “conduct” the consumer and drive, in partnership, a systemic change and sustainable development. The consumer is at a central stage for affecting the behaviour, the trends and the engagement linking brands with sustainable development and driving profitability.

5.1 Limitations

During the study and development of this dissertation, were found some challenges and difficulties to accomplish the proposed objectives. The biggest challenge was, and still is, for sure, the pandemic of Covid-19. Many companies from whom I asked collaboration to respond to the questionnaire for the qualitative research, couldn’t respond due to “busy times (coronavirus / priority changes globally / etc)”, as it is possible to understand from this excerpt from a company’s response to an email. Teams are smaller and working only in “priority issues”, what is comprehensible. However, some of the companies that responded explaining that they couldn’t help me, sent some reports and papers that were beneficial for the accomplishment of this study. Even Kering, the company in focus for the case study, wasn’t available for an interview or even to respond to an online questionnaire, so those answers to the questions were found on reports also sent by the company to “compensate” their unavailability and allow me to “find” the answers to those questions.

The magnitude of this study and the importance and coverage of the main research question, would ask for more time to go more in-dept in certain aspects, specifying exactly all the challenges and innovations that are occurring right now. Of course that the pandemic, will change the pace of the industry in recent times, what will certainly alter some of the outcomes of this study. Since these are transitional times, the effect of this pandemic are not studied and applied to this dissertation, only taken in consideration in small aspects that are possible to confirm right now.

5.2. Future Research

Considering that Sustainable Prosperity is still an ongoing process and work in every industry, especially in the fashion industry, its analysis cannot be complete and totally accurate yet. Future research should focus on the outcomes of this study and continue to acknowledge all the transformations occurring in the industry and that will continue to develop.

Also the fact that the pandemic that we are facing now will be seriously reflected into this industry, by the fact that consumers are shifting their buying priorities and behaviour. So a pos-Covid-19 analysis is crucial to understand the state of fashion and what the future might look like.

Future research could also try to get a considerate engagement per part of the consumer and the companies, leaders and game-changers of the industry in a way to study and understand the “bigger picture”, perhaps coming to conclusions on the relation between all stakeholders of the industry, being them, leaders, companies, consumers, manufacturers, employees, producers and investors. A good outcome for future studies, could be to create a “guide” that could link consumers, and the industry, with the intent of driving actual actions for change.

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Appendix

Appendix 1

Survey presented to the Consumers, available for two weeks and had 207 respondents.

Secção 1 de 7

Luxury Fashion Brands

This questionnaire is part of Margarida Lopo Dias Master's Dissertation, in partnership with IADE and Universidade da Beira Interior, about "How Luxury Brands can achieve Sustainable Prosperity".

This form aims to evaluate how Sustainability is perceived and its relevance in the relationship of Luxury Brands and its clients.
This presented questionnaire is both in English and Portuguese for academic purposes.
Let me thank you, in advance, for your participation and support.

Este questionário é parte de uma Dissertação de Mestrado, da autoria de Margarida Lopo Dias, em parceria com o IADE e a Universidade da Beira Interior, sobre "How Luxury Brands can achieve Sustainable Prosperity", que traduzido significa, como as Marcas de Luxo conseguem ser sustentáveis e prosperar.

O questionário pretende compreender a relação entre o cliente da Luxo e as marcas, como a Sustentabilidade da marca é percebida e a sua relevância para o cliente.

Este questionário está escrito em Inglês e em Português para propósitos académicos.
Deixe-me agradecer, antecipadamente, pela sua ajuda e participação.

How old are you? / Que idade tem? *

< 18

18 - 25

26 - 40

41 - 60

> 60

What is your country of residence? / Qual o seu país de residência? *

Texto de resposta curta

What is your occupation? / Qual a sua ocupação? *

Texto de resposta curta

What defines a Luxury Brand? / O que define uma marca de Luxo? *

- Price / Preço
- Heritage / Património
- Quality / Qualidade
- Exclusivity / Exclusividade
- Marketing
- Craftsmanship / Perícia
- Status / Estatuto
- Association to high-value events / Associação com eventos de grande valor/exclusividade
- Outra opção...

Please write the name of 4 Luxury Brands you know. / Por favor, escreva o nome de 4 Marcas de Luxo que conheça. *

Texto de resposta longa

Do you usually buy products from Luxury Fashion Brands? / Costuma comprar produtos de Marcas de Moda de Luxo? *

- Yes / Sim
- No / Não

Secção 2 de 7

Luxury Brands / Marcas de Luxo



Descrição (opcional)

Please write the name of 4 Luxury Brands you buy from. / Por favor, escreva o nome de 4 Marcas de Luxo que compra. *

Texto de resposta longa

Luxury Brands / Marcas de Luxo



Descrição (opcional)

Of the following list, please select the brands you buy from. / Da seguinte lista, seleccione, por favor, as marcas que compra. *

- Gucci
- Balenciaga
- Dior
- Valentino
- Alexander McQueen
- Saint Laurent
- Bottega Veneta
- Stella McCartney
- Louis Vuitton
- Brioni
- Givenchy
- Hermès
- None of the Previous / Nenhuma das Anteriores

How frequently do you buy from Luxury Brands? / Com que frequência compra Marcas de Luxo? *

- Once a year / Uma vez por ano
- Every other month / Um mês por outro
- Every month / Todos os meses
- Every week / Todas as semanas

How do you buy? / Como efetua a compra? *

- Online
- Usually check online but then buy in store / Normalmente vê online, mas compra na loja
- In Store / Na Loja
- Online and in Store / Online e na Loja

Sustainability / Sustentabilidade



Descrição (opcional)

What is Sustainability for you and which forms it can take? / O que é, para si, Sustentabilidade, e que formas pode tomar? *

Texto de resposta longa

From 1 to 5, how much do you agree that "Luxury and sustainability are one and the same"? / De 1 a 5, quanto concorda com a afirmação "Luxo e sustentabilidade são o mesmo"? *

	1	2	3	4	5	
Strongly Disagree / Discordo Totalmente	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Strongly Agree / Concordo Totalmente

Are you concerned with the Sustainability of the Fashion Industry? / Está preocupado com a Sustentabilidade da Indústria da Moda? *

	1	2	3	4	5	
No, I'm not / Não, não estou	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Yes, I am / Sim, estou

Sustainability Challenges / Desafios da Sustentabilidade



Descrição (opcional)

Which of the following aspects characterise Sustainability? / Quais dos seguintes aspetos caracterizam a Sustentabilidade? *

- Wellbeing / Bem-estar
- Environment / Ambiente
- Biodiversity / Biodiversidade
- New Technologies / Novas Tecnologias
- Social Equity / Equidade Social
- Ecosystems / Ecosistemas
- Community Culture / Cultura de Comunidade
- Life Support / Apoio à Vida
- Wealth / Riqueza
- Business Continuity / Continuidade de Negócio
- Education / Educação
- Equity / Equidade
- Conscious Consumption / Consumo Consciente
- Equal Opportunity / Igualdade de Oportunidades
- Prosperity / Prosperidade

Which of the following problems do you think to happen in the Fashion Industry? / Quais dos seguintes problemas, acha que acontecem na Indústria da Moda? *

- Child Labour / Trabalho Infantil
- Poverty / Pobreza
- Hazardous Chemicals / Químicos Perigosos
- Water Stress / Problemas de Água
- GreenHouse Gas Emissions / Emissões de Gás de Efeito de Estufa
- Bad Working Conditions / Más Condições de Trabalho
- Consumption Waste / Desperdício do Consumo
- Disrespect for the Minimum Wage Laws / Desrespeito pelas Leis do Salário Mínimo
- Climate Change / Alterações Climáticas
- Pollution / Poluição
- Land Use and Deforestation / Uso de Terras e Desflorestação
- Biodiversity Threats / Ameaças à Biodiversidade
- Diminishing resources / Diminuição dos Recursos
- Modern Day Slavery and Wellbeing / Escravatura Moderna e Bem-Estar

Do you feel it is important for Luxury Brands to be more concerned and active when it comes to environmental, social and cultural issues? / Sente que é importante que as Marcas de Luxo estejam mais preocupadas e sejam ativas a nível ambiental, social e cultural? *

1 2 3 4 5

No, for Luxury is not that important /
Não, para o Luxo não é assim tão
importante

Yes, I do think is important / Sim, eu
acho importante

Secção 6 de 7

The relevance of Sustainability for Luxury / A relevância da Sustentabilidade no Luxo

Descrição (opcional)

Do you know any Fashion Brands that sell sustainable items? / Conhece alguma Marca de Moda que venda produtos sustentáveis? *

Yes / Sim

No / Não

Do you look for sustainable brands when you are shopping? / Procura por marcas sustentáveis, quando está a comprar? *

1 2 3 4 5

No, never / Não, nunca

Yes, every time / Sim, sempre

Is important for you that a brand is sustainable? And does it influence your purchase? / Para si, é importante que uma marca seja sustentável? E isso influencia a sua compra? *

Yes, and it influences my decision / Sim, e influencia a minha decisão

Yes it is important, but it doesn't influence the decision / Sim, é importante, mas não influencia a minha de...

It is not that important for me / Não é assim tão importante para mim

It doesn't matter to me at all / Não me interessa de todo

Did you buy at least one sustainable fashion item the past year? / Durante o ano passado, comprou, pelo menos um item de moda sustentável? *

Yes / Sim

No / Não

Why don't you usually buy Sustainable Fashion items? / Porque é que não compra produtos de Moda Sustentáveis? *

- I usually buy Sustainable Fashion items / Eu normalmente compro produtos de Moda Sustentáveis
- I don't know enough about the subject / Eu não tenho conhecimento suficiente sobre a matéria
- I don't know where to find these products / Eu não sei onde encontrar estes produtos
- The products are too expensive / Os produtos são demasiado caros
- I don't like the style of these products / Eu não gosto do estilo desses produtos

Secção 7 de 7

Driving Sustainability / Dinamizar a Sustentabilidade

Descrição (opcional)

From 1 to 5, how much is important for you to know the actions the brands you know or buy from are taking to tackle sustainable problems? / De 1 a 5, quanto é importante para si saber as ações que as marcas que conhece ou compra, estão a ter para resolver problemas de sustentabilidade? *

- 1 2 3 4 5
- Not important / Não é importante Very important / É muito importante

Do you feel you have enough information about Sustainable Fashion? / Sente que tem informação suficiente sobre Moda Sustentável? *

- Yes / Sim
- No / Não

Which do you think are the best ways for brands to communicate to the consumer, its sustainable actions and impact? / Quais acha serem as melhores maneiras, para as marcas comunicarem ao seu consumidor, as ações sustentáveis e o seu impacto? *

- Descriptive Labels / Etiquetas Descritivas
- Newsletters / Boletins informativos
- Social Media / Redes Sociais
- Sustainable Events / Eventos Sustentáveis
- Written Press / Imprensa Escrita
- Information on the Website / Informações no Website
- Outra opção...

Do you agree that "a sustainable approach is a structural competitive advantage"? / Concordo com a afirmação " uma abordagem sustentável é uma vantagem competitiva"? *

1 2 3 4 5

Strongly Disagree / Discordo Totalmente Strongly Agree / Concordo Totalmente

Do you believe that Luxury Fashion has the power to influence the rest of the Industry? / Acredita que a Moda de Luxo tem o poder de influenciar o resto da Indústria? *

- Yes / Sim
- No / Não

Appendix 2

Questionnaire presented to companies for the Interview.

Academic Questionnaire

The present Questionnaire aims to understand the view of some Industry Players and Leaders on how the fashion industry is working and how its business connects with the changing world. Discussing if it is possible to work for a more sustainable future, the importance of Corporate Responsibility and understand the place of Fashion Business at the present time.

Please respond to the following questions.

- 1 - How do you define Sustainability?
- 2 - Do you think that the Fashion Industry is working to be more sustainable?
- 3 - How the way the Fashion Industry is changing connects with the Sustainable Development Goals?
- 4 - Why is Profitability an important part of Sustainability?
- 5 - Is Sustainability good for Business?
- 6 - How can a company/brand be sustainable?
- 7 - Does being sustainable compromise Economic Growth?
- 8 - Do you believe that the adoption of Corporate Responsibility is important for companies and brands?
- 9 - Can Corporate Responsibility be an answer for sustainable development?
- 10 - Is it possible for Luxury Brands to achieve sustainable balance?
- 11 - (Regarding Luxury) In a sector where exclusivity, quality and status are the main drivers of interest, why is it important for brands to fight for a sustainable future?
- 12 - Do you believe that consumers really understand the concept of Sustainability?
- 13 - Do you think that consumers are concerned about sustainability in the Fashion Industry and take that into account when shopping?
- 14 - Is Sustainability recognized among luxury consumers, or is it just about Luxury?

15 - Do you believe that, although Sustainability may not be one of the consumer drivers for the Luxury sector, it can work as a connecting value between consumers and the brand?

16 - Do you believe that Prosperity can also come from consumers' higher engagement? Is that important?

17 - Can Luxury, with its influence and "power", be a driver of sustainable change?

Appendix 3

Transcription of the interview with Tone Skårdal Tobiasson, member of the board and representative of the Union of Concerned Researchers in Fashion. On the 9th of June 2020, through Skype. The interview has a duration of 28 minutes. The interview was guided according to the form in appendix 2.

00:00:04

Me: Yes, I would maybe ask you to introduce yourself very quickly and then we can start. (I'm sorry if anything goes, not so smooth, but it is the first interview through Skype.

00:00:20

Tone: I understand that. My name is Tone (the rest of the name). And I'm Norwegian and I'm a journalist and I'm on the board of the Union of Concerned Researches in fashion because I've worked together with, especially with Kate Fletcher, on the different research projects where I've been responsible for the dissemination of the research projects. So we just had a big one that ended last spring, or in the fall, last year, which was about local wool in Norway.

00:01:11

Me: I saw that you are part of the Norwegian Sustainability Association, right? You write for them.

00:01:21

Tone: Well I did. I helped start a corporation that we had in the Nordic region. So it was all the Nordic countries that were cooperating. So we had we've had a platform that was a Web based tool that was called Nice Fashion, Nordic Initiative Clean and Ethical. And it's now more based on the on working with Facebook. So we have a group and a page on Facebook that we try to keep active with the different things that are ongoing.

00:01:54

Me: OK. Thank you so much. So let's start. So how do you define sustainability?

00:02:04

Tone: Well, I think it's in the sense that our ex-prime minister Gro Harlem Brundtland defined it that it's about meeting our current very real needs without compromising those of the future generations, to put it simply. And we have to ask about the future generations that they also need to have access to the same resources that we do.

00:02:29

Me: Yes, exactly. And do you think that the fashion industry is working towards being more sustainable?

00:02:38

Tone: Well, they tried to be, but I think most of the problem is that the way the volumes have escalated so much in the last year, especially through this fast fashion system, that and any gains that they've had in incremental changes has been eaten up by the increase in volume.

00:03:06

Me: And do you think that the change, whether small or bigger changes, that are happening in the industry, are connected with the Sustainable Development Goals?

00:03:19

Tone: Well, I think they tried to tie them to the Sustainable Development Goals because that's what everybody's supposed to do. And this has to be done, then, of course, with the SDG number twelve, which is about responsible production and consumption. But I think there are a couple of problems with the tying it to the SDG's. And one of them is that the SDG really don't go into addressing the roots of the problems. They're more sort of trying to fix things at a level that is not going to the roots of the problem, because what one really needs is a much more holistic, more overriding change. That is, you know, a systemic change. And the SDG's don't dare to go into that area and actually it is more general. And they keep talking about growth and green growth and things like that instead of actually addressing that we need to probably have de-growth.

00:04:20

Me: And about profitability, that is a big concern for business and for brands. So how do you think profitability is involved with sustainability? Why is an important part of sustainability? If you agree that it's an important part.

00:04:46

Tone: Well, you know, if companies don't make money, then they go bankrupt. So in that way, of course, it ties to that. But if the world goes bankrupt, which it looks like it's happening right now, because the way we're misusing the resources, then we don't have a planet to have business on. So it's, you know, either way, you look at it, it's something much more structural that needs to change than just looking at the normal way of looking at profits and economic growth.

00:05:01

Me: So can we say that sustainability is good for business?

00:05:27

Tone: Well, if it's true sustainability. That one that is actually addressing the over extraction of resources, that one goes into an area or when actually it cuts consumption much, much more than we have right now. Of course, there has been a lot of decline in consumption. But in that way, of course, it will be harder for many companies to find a good business model that

functions within the system because they've been based on selling maybe cheap goods with cheap resources, cheap labour, and that's not going to work anymore. So if they address this whole sustainability in a completely different way, then I think it will be tied to new prosperity. But I think it's going to be a painful period in between now where the companies have to adjust to reality.

00:06:33

Me: So, answering to the next question, which is basically the same. For brand can be sustainable or a company. It has to come from the core, from the business model.

00:06:44

Tone: Yeah. So one of the first things they have to address is, can they actually scale down? Can they become more locally oriented? Can they have production more closer to the customers? And can they use more of the local resources that are actually available in that area? And for example, we've been working a little bit with an organization called Fiber Shed, which is based in California. But they also have offshoots now all over the world. And they work a lot with regenerative farming. So that you actually you're a net positive, not net negative when it comes to using the resources. And also, they go into the natural carbon cycles of the proteins that are produced, and also cotton, and that type of thing. And that type of system where you are actually scaling down to the basics. You're going back to the more local way of seeing things, in a more holistic way, and also how they fit together using much less chemicals and really using the local resources. Then there's hope.

00:08:13

Me: Yes. So this process, of course, it will be it will be hard for companies, like you said, and probably it will compromise economic growth, at least at a certain level, right? Because you need to change a lot, to truly try to be sustainable and make some change.

00:08:39

Tone: Yeah. And so that, you know, when you're looking at how to actually scale down. And at the same time actually make money, then you have to, you know, find out how and what are you going to offer to people. What are you going to say and actually sell them. Is it clothing or is it services or is it, you know, that type of thing. And you need a value proposition that is actually valuable for the for the consumer. And today, clothing has been so devalued because they've become so cheap that you're actually not offering them a good value proposition.

00:09:23

Me: And can luxury, since it is not like fast fashion, can luxury offer that value or add to the value that they offer?

00:09:37

Tone: Well, if they become, you know, companies that are actually slowing down the whole process. That they're not, you know, having ten different collections each season, which is happening to some of the companies now, we're seeing that. You know, some of them decided to drop all these season type of collections and then to scale down to one collection. And that's a good sign that, you know, that type of brands or those type of brands are thinking in the right direction. I don't think all of the luxury brands are thinking like that, but some of them are, and that's part of what needs to be done.

00:10:22

Me: And do you believe that, that change or that, way of thinking has to come from leaders, for example, from corporate responsibility. Do you think that's the key to change?

00:10:37

Tone: Oh, I think it needs to come from inside the companies, but it needs to come from the top and also from the bottom. So I think that they all need to be aligned with that. Now, it's been a usual now, that corporate social responsibility as a department or a person that is separate from the rest of the organization. And that's been very hard for a lot of companies because the CSR person keeps saying, "oh, we have to do this, we have to do that". And then the CEO just couldn't care less and goes ahead, and thus they always have. So I think that, you know, this is part of the change, that it becomes much more integrated in the companies.

00:11:21

Me: So there is a possibility to have a balance inside the companies between leaders and workers and activists and even maybe consumers to create that that change?

00:11:39

Tone: Yes. I think that, you know. I think now with the Covid-19, and people have sort of realized that we don't need that many clothes because we you know, we're all sitting at our computers and we're, you know, our old clothes and it doesn't make a difference. So it's sort of scaling down and showing us, what is it we actually need. And I think all companies to take that seriously, all through the organization, will be able to come up at the other end and actually offer products to consumers that are good for them.

00:12:30

Me: Yeah. I think you already answered this question, more or less. But in the sector, like the luxury sector where exclusivity, status, and quality are the main drivers for her, for clients. Why is it important for them, as luxury brands to fight for a sustainable future?

00:12:57

Tone: Because if they don't, they won't have any customers in 40 years. So, you know, they have to take it seriously. And all production of clothing, at least in this industrial level, causes as

havoc in the way that, you know, you're polluting the air. You're polluting the waterways. You have so much synthetic materials. You have the micro plastic, micro fibre problems. But you also have all this with the chemicals and the dyeing and finishing processes, which have been very hidden. Because everybody's been talking about, oh, this fibre is more sustainable than this fibre. And we should all switch to this fibre because it's much more sustainable, la, la, la... When what actually creates the most problem in the world is the dyeing and finishing. And the luxury brands have been just as bad as everyone else, when it comes to using toxic chemicals. And this is now, you know, being focused much more on the luckily but by people who have been very frustrated that all the focus has been on measuring, for example, through the HIG index, MSI, that cotton is a little bit worse than wool or wool is a little bit worse than cotton. And saying that, oh, then you'll have to switch from recycled synthetics because it's the best. It doesn't really help anyone.

00:14:40

Me: It's like a way to solve, it's not solve problems, but to solve problems in a quick way, but not in an effective.

00:14:54

Tone: Exactly. Yeah.

00:14:56

Me: And do you believe that consumers, understand the true concept of sustainability and, especially luxury consumers, since I'm focusing on that. Can see that sustainability reality in the brands. And when they are shopping, it's not just about luxury. Do you think they care, the luxury consumers, since they have the money, they can buy what they want. So is that important for them?

00:15:38

Tone: That depends on where in the world you are to that. You know that you will have, for example, luxury clients and in Russia, who couldn't care less. I mean, they absolutely could not care less about the sustainability issues. But I think that the consumer intrinsically understands what is the most sustainable, and that is having good clothes that last long and that you use much. But, and ideally, luxury is something that you do pay a high price for, something that you will value and you will try to wear it more because you really want to make use of it. And that's a much more sustainable type of behaviour than looking for that it's organic or, you know, labelled in a certain way. Still that, or they try to explain that they used less water, or less this and that. That's all good. But the real sustainable behaviour of the consumer will be to it to use the clothing that they do purchase for a long time and use it well.

00:16:54

Me: And so we can say that the luxury client. It doesn't go, when he is shopping or looking for

something. He is not concerned about if the brand that he is buying is sustainable or not. But the way that he then relates with the clothes, because he values them, because he keeps them for longer, that is the true sustainability of their behaviour.

00:17:29

Tone: Yes. And so I think they understand that, sort of automatically, because it makes sense. You know, it's logical.

00:17:39

Me: Yes, I am actually also conducting a quantitative study for consumers. Luxury consumers to understand what they say, because some of them say sustainability is really important. They love it. But then they say that they don't buy sustainable items and they can express what sustainability is and they don't know the problems in the fashion industry. For example, modern slavery the relations with climate change. So I think with my study, I will also be able to understand a little bit there's this ambiguity of, yes, I'm really concerned, and what I am going to do about it.

00:18:30

Tone: So, you know, I've been the countless conferences where some minister comes in to open the conference and the first thing he or she says is, oh, on my way here today, I tried to buy organic T-shirts, shirts so that I would have something sustainable.

00:19:01

Me: But do you think that consumers can also be drivers for this change, even in relation with their own behaviour and the relation they might have with the brands?

00:19:15

Tone: They are they are drivers in a way, especially right now, because they're not buying. And that's driving a change. Things will change. But even before that, you know, a lot of influencers and different people were doing "chop stuff" and swapping and things like that. So the conversation among consumers was sort of, you know, bubbling there. But now it's just become blatantly obvious that we have enough clothes.

00:19:55

Me: And consumer has the power. The power to make to make a change in brands. On how brands have to work, because if now we are not consuming anything or almost anything brands need to find a new way to through to sell their products are to come up with new services that can generate value for them. So consumers are also really important in that profitability sphere. So they need to be engaged in driving sustainable change.

00:20:36

Tone: Yeah. And I think, you know, everybody's seeing that now that, you know, it's not just about the climate crisis. It's also about, you know, biodiversity is about all these other problems that are related in the micro fibres and all the toxic chemicals that are that are out there. And I think, you know, there's more writing about this, more in the media about it so that they understand that all these complex questions or problems are sort of creating so much problems for the world that that we just have to stop this mass consumption.

00:21:26

Me: So, last question of the question. Do you think that the influence and the power of being positive economically. That the luxury sector can drive sustainable change throughout the industry? For example, Kering they developed the Environmental Profit and Loss method, and that's available for four other brands. From for the people that want to know about it. Do you think that they or other luxury company being at the top, being one of the most known and profitable companies, they can be a driver of change through what they do through what they promote?

Tone: Well, I think in one way, yes, but in another way, no. Because I think that there are so many rankings and tools and indices and would more or less drowning in reports right now from that are being paid by many of these companies throwing money after reports to show that, you know, do this or do that type of solution. But that also I think that, of course, that putting a sum on what water and air, clean air is worth, it's a good thing because it shows that these are values that that we're not paying for today and the companies aren't paying for them. So, but at the same time, then then I think that they are also trying to keep things more or less in the same way. Just, you know, let's make a little change here, a little change there. When, you know, maybe they should just scrap the whole thing and start over again. Look at, you know, their value chains that that have been moved. Even the luxury brands have been moved a lot, too, to the Far East and our producing at some of the same factories that the H&M and the, you know, the cheap brands are. So it's the same factory producing it. Well, that they originally they used to have, you know, the artisan, the craftsmanship in Portugal, in Italy, in France. And then they just sort of let that just disappear. There are very few of the luxury brands who have, Chanel is maybe one of them, that have been able to keep those artisans and some of the, you know, the local workshops that have been in Scotland have been, you know, visited knitting factories in Scotland where they were producing for Chanel, for example. And then you're using the actual artisans who would need to be the valued. And they need to take that much more seriously.

00:25:05

Me: And Luxury Brands sell that view, that world to the clients, so maybe they should actually do it. Can I just ask you just two other questions. They're not in the form. It is about what we have discussed. And if you don't want to answer, it's ok. But do you think that now that every

company is offsetting the things that they can reduce their carbon emissions and water? Do you think that that's the solution or that can be a solution?

00:25:58

Tone: Depends on how well you handle it. I know that the Kering has, for example, done some of that and are sort of posting a lot about it. But I also know that I've talked a lot to somebody who works in a rivalling company. I will not mention the name of the company, but who has been working a lot on the ground. Going to the farms that have been working with the cotton production, that type of thing. And he's very frustrated because he says that all at all the conferences Kering is saying that they're doing all these good stuff. But when I go to the actual place, I don't see them. They're not there. They're just not there. So, you know, one thing is, is saying that you're doing this, that everything another thing is actually doing it.

00:26:54

Me: And the final question that I want to ask you is that in your e-mail, you said that you have an unconventional opinion. And I want to ask you why. Why do you say that is an unconventional opinion?

00:27:15

Tone: Because, you know, talking about growth or even green growth, and circular economy, that's what everybody is talking about today to sort of solve the problem. But that's not actually solving the actual problem. It's just sort of bringing us a little bit this way or that way. But if we want to have a better future, where we are safe and where the earth is safe, then we need to take the earth at face value and understand how nature actually works. And think within the natural boundaries of what we can do and what we can't do instead of trying to pretend that we're superhumans and we'll come up with some sort of technology that will save us anyway, because innovation isn't going to save us.

00:28:19

Me: It's going back to the roots, yes. Okay. Thank you so much, I hope I didn't take a lot of your time. It was it was a big help. Thank you so much. Bye. Have a nice day.

Appendix 4

Questionnaire presented to the representative for the United Nations. Response of the questionnaire with Dr Afonso Lages dos Santos, first secretary of the Portuguese mission for UN, participant in the development of the Agenda for 2030 and the commission of society and development and the environment. The response to the questionnaire was sent on the 15th of June, 2020.

Academic Questionnaire

The present Questionnaire aims to understand the view of some Industry Players and Leaders on how the fashion industry is working and how its business connects with the changing world. Discussing if it is possible to work for a more sustainable future, the importance of Corporate Responsibility and understand the place of Fashion Business at the present time.

Please respond to the following questions.

“By incorporating the Ten Principles of the UN Global Compact into strategies, policies and procedures, and establishing a culture of integrity, companies are not only upholding their basic responsibilities to people and planet, but also setting the stage for long-term success.” (United Nations)

1 - What is the UN Global Compact Guide to Corporate Sustainability, and why is it important for companies?

Lages: The UNGC Guide to Corporate Sustainability lays out the five defining features of Corporate Sustainability. It helps companies in advancing the global sustainability agenda, and simultaneously paves the way for them to generate value in the long run.

The United Nations Global Compact were developed to work as a global framework for a sustainable and responsible business around the world.

2 - How do you define Sustainability?

Lages: According to the Ten Principles of the UNGC, sustainability comprises four main dimensions: Human Rights, Labour, Environment and Anti-Corruption.

3 - How can a company/brand be sustainable?

Adhering to the principles of sustainability implies a buy-in from business leadership, and an active implementation of those principles within the company, for instance through the elaboration of operational guidance notes, training of employees, cleaner production, reporting of emissions, etc.

4 - Do you believe that consumers really understand the concept of Sustainability?

Lages: Numerous businesses use Sustainability as a part of their marketing strategies, so the concept of Sustainability is eloquent to customers.

The “Global Goals, balance the three dimensions of sustainable development: the economic, social and environmental” (United Nations, 2017) alongside investing in a social strategy where organizations are driving and advancing sustainable development and long-term business success.

5 - Why is profitability an important part of Sustainability?

Lages: Economic sustainability is an integral part of the concept of Sustainability.

6 - Do you believe that Prosperity can also come from consumers' higher engagement? Is that important?

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To have cleaner processes and more effective measures can translate in an increased productivity and long-term economic and environmental benefits.

7 - Is Sustainability good for business?

Lages: Yes, numerous businesses use Sustainability as a part of their marketing strategies.

8 - Does being sustainable compromise Economic Growth?

Lages: Yes, economic sustainability is an integral part of the concept of Sustainability. Making our economies greener can be an important driver for economic growth and job creation.

Part of the 2030 Agenda for Sustainable Development, the Sustainable Development Goals (SDGs), were created upon decades of work from the United Nations.

9 - Do you think that the Fashion Industry is working to be more sustainable?

Lages: Some companies in the fashion industry are paying more and more attention to the sustainability of their production, for instance by reusing materials.

10 - How the way the Fashion Industry is changing connects with the sustainable Development Goals?

Lages: The fashion industry can be a trend-setter, raising awareness for more sustainable consumption and production patterns.

The Globalization allows companies, people and countries to work together and expand with limited boundaries. However, not all countries and cultures are the same, and the capacity to address issues like this is limited, involving poor countries is difficult.

11 - Do you believe that the adoption of Corporate Responsibility is important for companies and brands?

Lages: Yes, it is both important for companies and brands, and important for the achievement of the Sustainable Development Goals (SDGs).

12 - Can Corporate Responsibility be an answer for sustainable development?

Lages: Corporate Responsibility is one of the underlying principles for companies to take action towards sustainable development.

“With business relying on natural resources directly and via supply chains, new corporate efforts are needed to address environmental responsibilities, value natural capital, and better understand the linkages between resources” (“Guide to Corporate Sustainability,” 2015).

13 - Is it possible for Luxury Brands to achieve sustainable balance?

Lages: Yes, luxury brands can also achieve a sustainable balance, and can act as important trend-setters in that regard.

14 - Do you believe that, although Sustainability may not be one of the consumer drivers for the Luxury sector, it can work as a connecting value between consumers and the brand?

Lages: Yes.

To enable sustainable growth in the global fashion economy, brands must focus on “social, environmental and business governance to drive a more sustainable fashion future” (British Fashion Council, 2020).

15 - Can Luxury, with its influence and “power”, be a driver of sustainable change?

Lages: Yes.