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The evolution of Corporate Social Responsibility and Sustainability in the luxury fashion industry: Moncler S.p.A. case study

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1. Introduction

From the dawn of time, most human societies have felt the necessity to develop attire and fashion, this being an exclusively manlike characteristic. In fact, the usage of clothing and textiles across the ages have always revealed the progress of civilization and technologies. “Throughout recorded history, clothing, along with food and shelter has been recognized as one of the primary needs of mankind” (Horn & Gurel, 1975). Moreover, apparel plays a number of different roles in a person’s daily life as well as character, and is significant in reflecting lifestyles, status, class and identity (Horn & Gurel, 1975; Calefato, 2004; Ross, 2008). We identify ourselves; we identify our membership to a certain group while distinguishing ourselves from others. Clothes are conveyors of meaning and value, giving shape to our personality and our beliefs (Calefato, 2004; Barthes, 2006; Fletcher, 2008; Wolfendale & Kennett, 2011). For these reasons, while clothing and fashion may seem trivial to some, its importance within the global society must not be understated (Kozlowski, 2012). Indeed, this can be said not only from a strictly subjective point of view by focusing on the impact fashion can have on a person’s way of being, but also taking a broader perspective and embracing also its economic aspect. As a matter of fact, the clothing industry is one of the most globally integrated, and thanks to the reduction of trade barriers, which lets goods, services and labour flow freely among countries, it is mainly developed on large corporations with widespread supply chains based on outsourcing production (Księżak, 2016). Not surprisingly then, the McKinsey Global Fashion Index forecasts an overall fashion industry growth of 3.5 to 4.5% in 2019, with the best-performing segment to be luxury, fuelled by fast-growing Asia-Pacific economies (The Business of Fashion and McKinsey & Company, 2019). Moreover, according to Statista, revenue in this segment amounted to 597,321 million US dollars in 2019, and it is expected to show an annual growth rate (CAGR 2019-2023) of 11.5%, resulting in a market volume of 922,005 million US dollars by 2023 (Statista, 2019).

Focusing on outsourcing, this can be viewed as a circular chain of cause and effect: globalization enabled companies to open their horizons and to enlarge their networks by transferring their production to highly populated countries with lower labour costs, but this is precisely the reason why the clothing industry was one of the first to become genuinely international. In fact, according to Perry and Towers (2013), it is “one of the most global industries in the world, with closely coordinated production and distribution lines spread out in regions with great variations in government regulation, employment and environmental protection, and wage levels” (p. 7). Therefore, given that the garment sector is labour-intensive, Corporate Social Responsibility is an important part of the management of this industry, especially considering the several changes it has faced in the past two decades due to varying economic trends, environmental transformation, rapid digital revolution, evolving consumer preferences and tastes, and legislative implementation, among other factors (Deloitte Italy S.p.A., 2018).

Precisely because of their high degree of globalization, transparency has become an expectation of companies, especially regarding their activism on, and investment in, the issues that matter to their employees, customers and communities. In fact, transparency is defined as a business condition of being visible and accessible to information concerning various business practices (Merriam-Webster, 2018). Millennials or Generation Y (early 1980s to mid-1990s) and Centennials or Generation Z (mid-1990s to early-2000s) in particular, which will represent more than 40% of the overall luxury goods market by 2025 (Deloitte Italy S.p.A., 2018), expect the brands they purchase from to run their business sustainably, ethically and openly. In fact, thanks to the instant information available through the internet, nowadays consumers are more than ever aware of the new modern concepts of fair trade, sustainability, green friendly, child labour free, free work exploitation, etc. Clothing and luxury brands are then performing more and more actively to meet these expectations, for example by making their environmental profit and loss accounting statement public, by implementing their codes of conduct and web profiles or by emphasizing their efforts to lessen the environmental impact of their production (McPherson, 2016).

Therefore, it can be stated that, as Paranjape et al. (2006) noticed, "globalization, constant innovations, and well-informed customers have made modern business environments dynamic and complex". In fact, even if profit remains a prevailing goal, corporations are becoming more and more the target of internal and external stakeholders, as well as nongovernmental organizations, with the aim of adopting a more holistic view of business success and of adapting to the always-to-date legislation (Bravo González, 2017). In response to these urgings, many corporations have made a commitment to apply the principles of Corporate Social Responsibility and Sustainability to their business. On the basis of the most widely accepted definition of sustainable development (WCED, 1987)[1], corporate sustainability could be interpreted as ''adopting business strategies and activities that meet the needs of the enterprise and its stakeholders while protecting, sustaining, and enhancing the human and natural resources that will be needed in the future'' (IISD, 1992). Therefore, it is crucial that luxury fashion industry stakeholders and enterprises adopt these strategies and

[1]"Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs."

activities in order to collaborate in ethical fashion movements towards making a tangible impact on the environmental and human resources (Godart & Seong, 2014). Taking an active stance in global responsibilities can also benefit companies in return (Smith, 2003), as being ethical and engaged in concrete actions can protect and promote a company's brand in light of changing social expectations.

To tackle these important issues, in this work I will firstly define the subject of my analysis, that is to say the luxury goods industry. In particular, I will describe the concept of luxury and how it has evolved over the years; then, I will investigate the characteristics of the luxury goods industry; whereas in the last section of this first chapter I will focus my attention on the specific sector of the luxury fashion.

Secondly, I will examine the topics of Corporate Social Responsibility and Sustainability: the development of these notions, their implications in the luxury fashion industry and the transformations and progress they faced in the last decades. Moreover, I will explain who the consumers of this industry are and how important these values are nowadays to them: how they are influenced in their purchase choices by sustainability, how they react to the changes in the market related to these issues, how in turn they are evolving and influencing the business.

Finally, I will relate this literature and investigation to a concrete case study: Moncler Spa. I will explain the history of the brand, how it emerged and how it managed to become one of the most innovative and fast-rising companies of our times, able to compete with the most historic and well-grounded fashion brands. Consequently, I will apply the previously analysed literature on this brand by describing its actions and the initiatives it has been undertaking in the field of CSR and Sustainability in order to show a real instance of how this industry is effectively progressing towards a more ethical way of making fashion.

2. The luxury goods industry

The luxury industry can be defined as a peculiar industry to investigate, due to several substantial differences compared to usual patterns of other sectors. In addition, the luxury market is seeing an ever-ending rate of growth since the last decade, thanks to an increased consumers' purchasing power among other factors. For this reason, it is worthwhile to examine its characteristics and its evolution throughout the years.

As everyone can guess, luxury is about pleasure and satisfaction of the senses (Okonkwo, 2010), and goods in this market are able to convey an emotional value, embedding intangible factors in their characteristics. However, it is not that easy to define this concept, and the only consensus among researchers is that there is little consensus in defining its meaning. "Much of this ambiguity can be contributed to the impact of globalization and conglomeration that previously impacted the economy, as well as trends in brand and product extensions. Regardless of how or why this industry evolved, a definitive unanimity can be made that the luxury brand industry is different than it once was" (Turner, 2016). It can also be affirmed that this industry has its own rules and because of this, general marketing or managerial strategies cannot be applicable. Nevertheless, it is not completely exempted from external environment's influences, and it has to find its fit as the society changes and evolves as every other industry. As a matter of fact, new trends and behaviours create new customers' needs that companies have to understand and satisfy incorporating them in their product offers. Moreover, nowadays luxury is more accessible and for this reason brands must be able to communicate also with new segments of the population and to constantly reinvent themselves to keep up with their changing habits and preferences.

In this chapter we will go deep in the various facets of the concept of luxury with the aim of trying to understand all its possible meanings and how these have evolved. Then, we will have a closer look on the construction of this industry: its complexity, its main characteristics, its developments and its future projection. Finally, we will examine in particular the luxury fashion sector by exposing the fundamental changes it has undergone in the last decades and that it is still facing today.

2.1. Defining luxury: a problematic concept

Historically, luxury goods have always been linked with wealth, power, exclusivity and the satisfaction of non-basic necessities. In fact, according to the Oxford Dictionary (2018), luxury is defined as "a state of great comfort or elegance, especially when involving great expense". For this reason, by definition luxury goods are something that is not affordable or owned by everyone. However, the consumption rate of these items in postmodern societies has steadily increased causing the idea of luxury to become vague. In fact, luxury is nowadays perceived as a "complex, ambiguous and ambivalent concept" (Walley & Li, 2015) and as a "diversified construct" (Godart & Seong, 2014). The term is then increasingly used, but its true meaning and value are rarely clear. For this reason, in order to distinguish luxury brands from other sectors, a precise definition of the various facets of the concept is needed.

Throughout the years, writers have tried to establish the main characteristics of luxury theorizing several definitions which most of the times differ a lot from one another. This large number results from the fact that they often reflect individual conceptions of luxury rather than try to define the concept. For example, De Barnier et al. (2012) have identified seven common elements characterising luxury, as they emerge from the three main scales adopted to date: these factors are exceptional quality, hedonism, expensive price, rarity, selective distribution and associated personalised services, exclusive character, and creativity (Kapferer & Michaut, 2015).

Furthermore, Godart and Seong (2014) affirmed that luxury originates from "the desires of powerful, high status consumers who want to assert their eminence and power". From his part, Chevalier (2012) theorized a series of components which he thought should always be present in a luxury product: exclusivity and rarity, high-quality and design, hedonism and the sense of satisfaction it can give to the consumer, as well as brand image, so the fact of being renowned and different from others. Along the same line, Kapferer (2009) proposed three key elements of a luxury good: usage value, that is to say its functionality; exchange value, so the competence to distinguish besides the price; and work value, an intangible such as a concept created by the founder of a firm and applied to the production process to create a unique product. This last characteristic is what differentiate non-luxury products from luxury ones.

Another interesting opinion to analyse is that of Berry (1994). In fact, he defined a luxury good as "an indulgence. It is a good that is thought desirable or pleasing by an individual, […] it is a good that it would be nice to have or experience". He also stated that luxury has four subcategories, namely sustenance, shelter, clothing, and leisure. He explained them with the example of a weekend holiday in a luxury hotel: sustenance would be related to food and drink (caviar and champagne, for instance); shelter would be associated with the accommodation provided by the building as well as its luxury services; clothing would be found in apparel or jewellery offered in the hotel; and leisure would essentially be the fact that the weekend stay is a holiday and that the hotel would provide an array of leisure activities.

From another perspective, Vigneron and Johnson (2004) proposed a different definition of luxury related to the product use. In this view, luxury goods can be defined as "goods for which the simple use or display of a particular branded product brings esteem on the owner apart from any functional utility" (p.486). The two writers also theorized a framework, which defines the different elements "lasting" luxury should display. According to it, luxury attributes can be divided into non-personal perceptions and personal perceptions. The former embraces conspicuousness, uniqueness and quality, whereas the latter includes hedonism and the extended self. In addition, they claimed that luxury needs to display a factor of human involvement, as well as limited supply.

In the opinion of Vickers and Renand (2003), luxury is characterized by functionalism, experientialism and symbolic interactionism. The first element refers to the utilitarian function of a product, the second one to how the costumer feels it, while the last one is related to the self-enhancement or sensory pleasure provided by the product and to how it allows the consumer to belong to a social group.

Chandon, et al. (2016) proposed three main categories, which are motivations to consume luxury products, values that luxury products represent, and perceptions of exclusivity conveyed by those products. For instance, a motivation could be a connection with a particular social group; a value could be hedonism or self-indulgence, while a perception may be how rare the product is.

As it can be inferred from this quick summary, there are considerable differences in the literature with respect to what constitutes luxury. However, the different attributes can be divided into physical and psychological ones. In the former category, we can find elements of excellence, quality, functionality/usage value, design, and materials (Vickers & Renand, 2003; Kapferer & Bastien, 2012; Chevalier & Gutsatz, 2012; De Barnier, et al., 2012; Hoffmann & Coste-Manière, 2012). On the other hand, among the psychological elements we can mention the identity of the brand, the value it is given by people, it exclusivity and prestige, the hedonic and experiential feel luxury products can provide, their limited access, their extraordinary and non-essential essence (Heine & Phan, 2011; De Barnier, et al., 2012; Fionda & Moore, 2009; Godey, et al., 2013).

From this outline, it can be implied that most luxury values rely on psychological aspects than on actual physical characteristics. For this reason, the definition of luxury is going to be subjective, as the meaning of luxury for one person is likely to be different for someone else. This may explain the lack of agreement as to what this concept actually means. However, despite this subjectivism, upper class and prestigious appear to be two predominant elements building the concept of luxury. To elaborate on what is meant by upper classes, Piff et al. (2012) stated that upper social classes are the ones that rank higher than others in society with respect to financial means, occupation, or prestige.

To clarify all this part, it should be noted that most of the definitions of luxury were theorized from 1994 to 2014. However, the recent work of Cristini et al. (2017) argued that traditional values of luxury such as exclusivity or uniqueness are no longer commonplace within the industry as luxury brands are becoming more accessible. Indeed, due to globalization, luxury is becoming increasingly prevalent among consumers implying that it is no longer too exclusive or unique, and neither too unreachable nor inaccessible (Silverstein & Fiske, 2003). According to Marco Semeghini, professor of Fashion Business at the Marangoni Institute of Florence, the key concept lies in the evolution of the meaning consumers are giving to the notion of exclusivity: brands are shifting the "inaccessible" from price to meaning. If in the past luxury goods were targeted at a restricted group of people, nowadays we are more and more hearing about "democratization of luxury" as a process of opening up the sector to a wider number of consumers (Maddalena, 2018). Hence, this democratization of luxury resulted in mass luxury, and brands have extended themselves to affordable offerings. In addition, a peculiar characteristic of this new luxury is that it is media-driven, that is to say that media innovations, interventions and expansions have an important role in the determination of its nature. By extension, it can be stated that the concept of luxury is changing at an exponential rate due to faster alterations in our societal and cultural norms as well as expectations. In their recent report, Skift and Marriott International interviewed more than 12,000 consumers across the United States, United Kingdom, China, Mexico and the United Arab Emirates and found out that their tasted and preferences varied according to their cultural perception of luxury. For example, more or less two-thirds of luxury consumers in the U.S., UAE and UK agreed with the statement that "luxury goods and services are about differentiating myself from others" in Skift's survey. Likewise, more than 90 percent of those in China and 75 percent of those in Mexico said the same. Furthermore, the study also points out that material wealth is no longer the only symbol of superiority because of the massive growth in disposable income in global markets. The main shift relies on the internalization of luxury by which the consumer tries to achieve their ideal state through the luxury experience having as ultimate goal their self-actualization. As Tina Edmundson, global brand officer at Marriott International affirmed, "our guests are seeking out experiences that help them express who they are, so their approach to luxury continues to be less formal, entirely more personal, and defined more by their interests and mindset than their geography and demographic" (Shankman, 2018).

Following this reasoning, Cristini et al. (2017) defined the actual traits of luxury. Firstly, with regards to the place, they affirmed that today luxury mostly exists for the benefit of consumers in their private space, yet also for public prominence (Young, et al., 2010). In fact, the desire is not simply related to the product itself, but also to the brands and the image they convey through the brand prominence (Kastanakis & Balabanis, 2012; Young, et al., 2010). Passing on to the quality side, the authors explained that due to the influence of media on tastes and values, consumers are more likely to be driven by a short-term consumption idea. For this reason, even if excellence might be the object of the contemporary desire, the challenge is that excellence requires effort; on the contrary, such desire is usually reached by the minimum effort, so making mediocrity prevail. In relation to this aspect, also creativity is influenced by this way of thinking: craving for experiences has replaced naturalness and authenticity, and even if luxury can still be excellent, creative, and exclusive, what was earlier related to art is now related to business. This implies that the artistic view of luxury has in most cases changed from creativity to profitability.

The fourth facet relates to timespan, since nowadays luxury is more and more associated with a short-term approach. Internet and the media are feeding consumers with so much information that they may result in being impatient, given that everything is knowable and accessible. Therefore, this instant desire cannot be met but with mass produced and branded luxury offerings. Another change is that luxury moved from being aimed at nourishing the spirit and the common good to indulging the self and serving self-seeking means.

Overall, Cristini et al. (2017) concluded that luxury rests on asymmetry, because although excellence, creativity and exclusivity are sufficient to describe it, they are not necessary. As said, the traditional association of this concept with these three characteristics (Okonkwo, 2007; Okonkwo, 2009; Jackson & Shaw, 2009) is less and less prevalent, and for this reason luxury can be perceived as so even if one of the three is not present. Yet, ultimately, luxury requires that all three conditions are high.

Nowadays, it can be said that a number of factors can influence consumers' perception of luxury goods and consequently their decision whether or not to purchase a particular item. Firstly, the perception of a brand image can be influenced by its country of origin or by the country in which its products are manufactured (Akther, 2014). Another element which can likely affect consumer's approach to a certain brand is the availability of counterfeits: this option is becoming more and more appealing to consumers who want to optimize their resources and belong to certain groups even not paying premium prices. But this behaviour has pernicious implications since the more the goods become accessible to everyone, the more consumers may see the brand losing its exclusivity and thus prefer not to pay premium prices. Obviously, the basic difference between counterfeits and authentic products is the quality, and this could be the only reason for which consumers decide to continue purchasing the real product. Thirdly, we can analyse the influence social perceptions have on the willpower of people. Indeed, Kemp (1998) claimed that the way people perceive items as luxury is based on social perceptions and individual values as well as tastes, putting the acceptance of the society before the product or the brand. Also Brun and Castelli (2013) affirmed that the fact of owning luxury goods for low-income people represents a status experience, since they feel a sense of belongingness and want to fit in: the main purpose is to impress others and belong to a specific group. Moving on to another factor, it can be said that it exists a strong relation between the demand of luxury goods and the income level. According to Equity Communications (2012), consumers who come from regions with a high GDP purchase more luxury goods, and as formulated by Thorstein Veblen in 1992, it is a way of displaying one's wealth. Lastly, the appearance of new media during the last decades has affected a lot the luxury industry, since the emergence of online retailers has boosted low-cost purchases thus threatening the status of value of high-priced goods.

In conclusion, luxury is both bound to traditions and cultural heritage, as well as innovation and trends. It can represent materialistic traits and superficial possessions to some, but deeper values, excellent craftsmanship and a country's identity to others. On the one hand, the global demand for luxury is increasing, whereas on the other true luxury is always associated with inaccessibility. In sum, luxury is a highly subjective concept and luxury goods are primarily bought for what they symbolise – this leads to precise implications for the understanding and management of luxury brands. Due to serious challenges of the ever-changing market environment, luxury brands must be capable of translating the deeper values of luxury in successful business models. Following a long-term strategy, understanding the consumers and their fundamental differences in the perception of and motivation to buy luxury brands is critical. The multidimensional criteria of financial, functional, individual and social luxury value provide a useful basis to identify and address consumer luxury perception and buying behaviour that differs between countries and industries (Hennigs, et al., 2013).

2.2. The luxury industry: complexity and developments

Because of the specific characteristics analysed in the previous section, it can be stated that the luxury industry has a business model of its own in which it can incorporate these particular aspects. Trying to explain this specific model, Kapferer (2009) proposed some anti-laws of marketing, that is to say strategies that in non-luxury industries could be considered illogical, but which are needed for luxury brands to be successful. For instance, one of these rules says that "the role of advertising is not to sell" as in traditional marketing. Indeed, advertisements in the luxury industry are not aimed at providing a sales proposal, but a way to project the dream of a brand, being a tool that is complemented by other activities such as private events, product placements and art exhibitions. Another theorized law is: "Protect clients from non-clients, the big from the small", which is about differentiating products and customers (i.e. offerings may be tailored for different segments or type of customers). For instance, only certain customers should receive invitations to prestigious events organized by the brand. A third example is the rule: "The presumed price should always seem higher than the actual price", since in luxury price is secondary. The result is that the imagined price for a luxury good will be higher than its actual price, and this occurrence contributes to create value.

To sum up, all the attributes of luxury are reflected in these anti-laws of marketing, and this illustrates how, within luxury, product values are aligned with company values. In addition, there are other elements arising from the anti-laws of marketing that are not directly linked to the attributes of luxury, but instead are reflective of strategies that luxury brands need to pursue. For example, the anti-law "Communicate to those whom you are not targeting" clearly stresses the importance that marketing has within luxury to drive awareness. In fact, luxury has two faces, one for itself and one for others. Therefore, according to this idea, it is important that the brand is known to others outside its target group (e.g. who cannot afford it) in order to keep its value.

However, in addition to differences of attributes, there are also differences at the industry level, which causes it to be heterogeneous and to need its strategies to be adapted depending on those diversities. These include differences by category and type of product; by degree of luxury; and how consumers and luxury managers perceive it.

Regarding the first element of differentiation, Kapferer (2009) categorized luxury companies into four main groups: luxury products, divided into products with a profitable core trade and those with a too-restricted core trade; perfumes; luxury services; and luxury high-tech. To clarify on the first point, products with a profitable core trade are relatively easy to find and can be afforded by a large number of costumers, while the others are more peculiar and expensive. Moreover, categorized luxury on the base of the functionality it provides. They theorized the following divisions: fashion (couture, ready-to-wear and accessories); perfumes and cosmetics; wines and spirits; watches and jewellery (Bruce, et al., 2004); luxury automobiles, hotels, tourism, private banking, home furnishing and airlines (Chevalier & Mazzalovo, 2012).

Passing on to the degree of luxury, it can be classified according to product discriminators such as price, quality, or its manufacturing process. For example, Vigneron and Johnson (2004, p. 488) affirmed that “not all luxury brands are equally luxurious”. In fact, in their opinion it exists a difference between upper and lower luxury brands, and among product lines within the same brand. On the same wavelength, Chevalier (2012) divided luxury on the base of the strategies pursued by brands sorting out four categories: authentic, intermediary, eccentric and sensible. Each have different characteristics. The former boasts craftsmanship, timelessness, aesthetic components with emotional value, and high price and identity. Secondly, intermediary luxury features creativity, communication, coherence in the management of brand identity, an upper middle price range, the production in large quantities, and the absence of artistry. Then, the eccentric type displays products that are individual and unique creations, a selected range of customers, and a considerable level of freedom in deciding how to operate. Lastly, sensible luxury would present creative products that change rapidly in an efficient way, reasonable products, as well as a carefully managed and promoted brand identity.

To sum up, some of these approaches differ considerably whereas some others overlap, making it difficult to classify luxury brands into a specific group.

As said, luxury can also be categorized based on how it is perceived by others. For the most part, it appears that perceptions of luxury can differ between brand management and consumers. A potential explanation may be given by the rationale of consumers to purchase luxury brands. Indeed, according to Amatulli and Guido (2012), external luxury is associated with the interest to show-off or demonstrate status to others (elements of external luxury include ostentation, materialism and superficiality). With regard to internal luxury, the writers argued that this type of luxury is related to the pleasure or hedonic feeling provided by buying or consuming a luxury good (elements of internal luxury include individual lifestyle, emotions/hedonism, and culture). Finally, an additional difference to consider within luxury perceptions is that they are likely to vary from country to country (Aiello, et al., 2009). According to De Pierro Bruno and Barki (2014), in France, luxury is more intimate and valued due to its heritage. In Italy, luxury is inspired by art, beauty and fashion. In Japan, luxury is more about social status recognition. For this reason, luxury brands need to take these factors into account to be able to respond to different types of customers with their offerings. However, based on the existing literature, it is not clear whether, in the view of luxury managers, these differences are considered to be important within the industry and/or if they are addressed strategically by brands.

In order to gain a better insight into how the luxury industry works, other types of differences can be discussed: dissimilarities between heritage and non-heritage brands; between tangible and intangible products; by brand category; and by global and non-global brands.

Heritage and non-heritage brands need to pursue different strategies to drive luxury and values. For the former, the need is to rest on their history and heritage created over a long period of time in order to gain a clear brand identity, and to make a name for themselves on the base of the design and quality of its creations, as well as on the prestige associated with their clientele. For this reason, they need to maintain a consistent brand vision, align the brand with their core values, and keep and advance the brand's core expertise (Cooper, et al., 2015). The aim is to capitalize on their heritage create value.

On the other hand, the latter must identify other strengths in their strategy and products such as craftsmanship, innovative design or materials, to be able to drive value. In addition, they need to have a solid marketing and advertisement management, departments and strategies so as to convey a precise image and idea of the brand. For example, they must choose carefully their spokespeople and brand ambassadors based on the values they want to be associated with.

In sum, the differences between heritage and non-heritage brands not only result in dissimilar business models but also on how clients perceive their products, since luxury consumers care about this aspect (Silverstein & Fiske, 2003). All things considered, it must also be noted that usually there are also tensions between new and long-established brands, since the former tend to pursue mass strategies to make luxury products more easily available; whereas the latter are reluctant to apply these strategies as they can dilute a brand (Truong, et al., 2009).

Over time, brands shape their DNA as they get to know their public and understand where they need to position themselves in order to satisfy customers. That is why long-standing brands like Hermès, Channel, Louis Vuitton or Ferrari have a clear identity and are able to devise strategies that are aligned with it (Bravo González, 2017).

Talking about the second reason of dissimilarities, we can compare companies offering tangible products, that is to say goods, and companies selling intangible products, namely services. Within luxury products, brands will invest in R&D/Design to create a product, and then, they will put it in the market through their own physical stores, online, or through third-party distributors. Within luxury services, the physical product is just a small part of what is sold to the customer, giving that the core part of it is made by the actual experience. This intangibility means that they cannot be "touched, seen, tasted, heard or felt" in the same way as luxury goods (Lau, et al., 2005). Furthermore, this service is delivered at the same time of its creation and this makes it more difficult for service brands to hide mistakes or quality issues than for luxury goods. Therefore, the business model for a luxury hotel or restaurant will not be the same as the business model for a company selling leather goods (Lee & Hwang, 2011). After completing a meal at a Three-Michelin Star restaurant, diners leave with no physical products. Conversely, when someone goes to a Louis Vuitton store to buy a $2,000 Louis Vuitton bag this is already made, and it is only a matter of asking for it to a sales assistant. The entire process can take as little as 15 minutes and the customers will leave with a physical bag. This tangibility, together with the fact that the quality of the bag will not vary from one Louis Vuitton store to another store (heterogeneity); the ability of the bags to be stored or inventoried (non-perishability), or the fact that the bags are not created when the consumption takes place (separability) are the key elements that distinguish goods from services (Lau, et al., 2005). On the other hand, the model for non-tangible luxury is centred on the emotional or experiential aspect of the non-tangible, so the experience provided by the brand and the service (Bravo González, 2017).

Consequently, a brand like Armani, Bulgari or Versace may face challenges as they expand their brands into the service/hospitality sector using the same model they use for their tangible product lines. Similarly, a brand like Mandarin Oriental or Four Seasons would probably be unable to venture into luxury goods with the same business model they use for hospitality services (Bravo González, 2017). As stated by Lee and Hwang (2011), hospitality brands need to focus on critical aspects such as service quality, food quality, menu items, staff and services cape (physical environment).

As previously outlined, luxury and therefore companies can be divided into a number of categories, such as fashion, fragrance and cosmetics, wine and spirits, watches and jewellery; or products, perfume, services and high-tech. The differences between these categories inherently result in the need to have different luxury models depending on the category.

For instance, for fragrance and cosmetics, a key characteristic is that brands will need to have a pillar product that will be the core of their offering. The reason behind this is that through the halo effect, consumers with a favourable view of 'star' products are likely to react positively to other messages sent by the brand (Hsieh & Li, 2008). Consequently, a loyal customer of Dior's J'Adore, may be more likely to buy other Dior fragrances such as Miss Dior or Poison. Also, considering that fragrances and cosmetics have more accessible prices than other brand categories, these products will usually be sold as 'mass products', and brands will not exert the same level of control and customer experience as, for example, prêt-a-porter or ready-to-wear (Bravo González, 2017). Similarly, for wine and spirits, considering that these products are 'commodity like' items, companies need to highlight the experiential or lifestyle attributes of their brands, rather than the product itself. For jewellery and timepieces, brands need to display the intrinsic value of the goods and emphasize their investment-type value. Additionally, for some luxury categories such as beauty products and jewellery, there will also be a stronger emotional association with the customer that luxury brands need to highlight (Bravo González, 2017).

In addition to brand category, luxury brands can also be classified based on their geographical markets. While there are hundreds of luxury brands, only a few can be considered global, such as Hermès, Chanel, Louis Vuitton, Cartier, or Dior. Global brands have specific characteristics not present in non-global brands. First, global brands are highly visible, and they are in the public eye, due to the products and services they offer and how these are marketed. As a result, it is through 'positive initiatives' that global luxury brands can increase their reputation and desirability. This increase in reputation and desirability can lead to higher brand value. By managing brand value and potential brand risks, global luxury brands are likely to become even more relevant (Bravo González, 2017). For example, based on data from Interbrand (2015), Mercedes-Benz and BMW have similar brand value (approximately $37 billion dollars). However, if Mercedes appoints a team of brand managers and high-level brand leadership charged with tracking and strategically managing the value of the brand, then Mercedes could achieve a higher brand value, an as consequence, become more relevant than BMW within the luxury car category.

Furthermore, an interesting consideration is that everything within luxury is related to time, as discussed earlier. Building a brand takes time and, therefore, not every brand within luxury can expect to become a global brand. It is virtually impossible for a luxury brand to become global 'overnight'. In fact, most of the existing global luxury brands have existed for decades. For example, Burberry was founded in 1856, but it was only in the 1990's when the brand started to take off as a global brand. This is something that non-global luxury brands, especially emerging luxury brands, need to take into account. Brands need to ensure that they grow naturally, without trying to pursue aggressive strategies such as mass production and distribution or price discounting to drive growth. In the medium- or long-term, such strategies will affect a brand, and it will not necessarily lead to a global brand status. Additionally, for well-established non-global luxury brands and existing global luxury brands, an important factor that needs to be considered is brand elasticity, since it allows to "extend and revive themselves". Thus, instead of trying to expand their market by going downstream, luxury companies should try to expand horizontally, by using their brand elasticity, as long as it is within the DNA of the brand. As an illustration, a brand currently producing only leather handbags, could start offering additional leather accessories, such as wallets. By doing so, the brand would preserve its upper class and prestige perception but, at the same time, would increase its revenue.

After having outlined the general characteristics of the luxury industry, we should now highlight how the market is evolving in present time. Firstly, it should be pointed out that "over the last three years, the luxury goods industry has seen moderate growth (plus 3% to 4% per year) and a greater heterogeneity of performance among major brands across all product categories, from personal luxury goods to high-end wine and experiential luxury goods" (Ernst & Young Global Limited, 2019). Boston Consulting Group estimated that by 2024, personal and experiential luxury alone will be a €1,1260 billion market (Boston Consulting Group, 2019).

According to Ernst & Young, this positive trend has been characterized, between other factors, by the new immediate connection due to the exponential growth in digital media – more than 60% of purchases are influenced by digital, and more than 70% of consumers connect to their favourite brands through social platforms; consumer spending in emerging luxury markets such as China, Russia and the United Arab Emirates, especially for cosmetics; and a constant push towards innovation since "consumers expect a range of on-trend products that respond to their needs, and multichannel, tech-enabled engagement and interaction with brands" (Ernst & Young Global Limited, 2019).

In fact, as Deloitte illustrated in its latest Global Powers of Luxury Goods report, our age is marked by fast changing trends which result in different company performances. Brands try to keep up with new consumers' preferences and global requirements by translating them in their business strategies, supply chain managements and products offers. Their principal aim is then to secure valuable present customers, but also build client relationships and business with those most likely to be amongst the most affluent consumers in the future. In particular, one consumer segment which is rising nowadays, and which is likely to become increasingly relevant in the future according to this report is HENRYs (High-Earner-Not-Rich-Yet), in addition to younger segments as Millennials and Generation Z (Deloitte Touche Tohmatsu Limited, 2019). According to Equifax's broader definition, HENRYs are aged on average 43, with an income of more than US$100,000 and investable assets of less than US$1 million; they are digital savvy, love online shopping and are big spenders, in particular the Millennial HENRYs (Equifax, 2019).

Following Deloitte's illustration, in order to engage these 'new' tech savvy generations which look for individualized, seamless brand relationship, companies are investing worldwide to market digitally, increasingly using social media to offer inclusive, yet individualized and self-expressive products with a distinct strategy. As a matter of fact, the rapid digitalization and ease of use of the digitalized platforms have led consumers, especially the youngest ones, to increasingly use social media tools to express their brand preferences. However, there are also specific rules on transparency in advertising (i.e. use of hashtags like #ad or #sponsored) which luxury brands have to follow especially when working with influencers for their social media campaigns (Deloitte Touche Tohmatsu Limited, 2019).

On the other hand, they are also re-examining the value of brand heritage and brand history for their customers with the aim of appearing always new and attractive adopting an onmi-personal approach, irrespective of the choice of channel. In fact, as of today brand history and heritage are found as much less important attributes of luxury brands when making purchasing decisions, being ranked sixth after quality, customer service, design, craftsmanship, and product exclusivity (Luxury Institute, 2019). For this purpose, they are relying more and more on digital technologies, such as Artificial Intelligence (AI) and Big Data, which are helping them in redesigning customer engagement techniques through data analytics. In fact, even if a special attention is needed towards personal privacy, this approach helps them convert it into an opportunity to offer more personalized products and services to their customers (Deloitte Touche Tohmatsu Limited, 2019).

As its importance is steadily rising, a special point which is also crucial to cover is sustainability. In fact, environment, sustainability, animal welfare, production and labour practices, positive impact on communities are all elements now taken into consideration by consumers when buying a product. In particular, younger generations and millennials are more socially and environmentally conscious, and so they have higher expectations of luxury brands to be more sustainable and ethical in their production processes so as to meet their own values. They want their preferred luxury brands to be involved and provide a positive contribution to their ecosystem with practical actions and are willing to pay a premium price for those products that come from a conscious brand (Deloitte Touche Tohmatsu Limited, 2019). However, as the climate emergency gains more and more visibility in everyday-life's news thanks to new activism and a new general awareness, sustainable development has become a key issue for all businesses not only with respect to their consumers, but also on the point of view of international regulations and environmental organizations. This is especially true for those luxury brands which have a high iconic status since they are the preferred target of activists such as Greenpeace and other NGO's looking for symbolic trophies of their fight for a better world (Kapferer & Michaut, 2015). We will further analyse consumers' perspective and the sustainable evolutions the fashion industry is living in the next chapter.

Another remarkable study to be considered and which can offer an additional insight on this subject is Luxury Institute's 2019 Luxury Trends from The Global Luxury Expert Network (GLEN), a crowdsourcing project created with its global consulting unit in order to analyse the key trends which affected the luxury industry in 2019. As a matter of fact, they outlined seven major tendencies the industry experienced and got shaped by.

Firstly, they explained the challenge big luxury brands faced with respect to alpha growth, "a Wall Street metric that measures a large company's ability to grow faster than its competitors, usually in high double digits, for a sustained period of time" (Luxury Institute, 2019). For example, under the leadership of President and CEO Marco Bizzarri, Gucci enjoyed a stunning alpha growth consistently throughout the past three years. According to Luxury Institute CEO Milton Pedraza, luxury alpha growth is achieved by executing three audacious moves: conduct an exercise which leads to radical reinvention to be able to permeate an emotionally intelligent and highly adaptive culture that discharges employee creativity; extend the enterprise to new terrains to foster test-and-learn co-creation and collaboration with consumers, influencers, charities, artists and other members of the brand's global ecosystem; leverage technology, data, analytics, and A.I. in order to effectively communicate the brand's story and engage in open dialogue with the entire ecosystem (Luxury Institute, 2019).

Furthermore, as mentioned in Deloitte's report, the second orientation luxury brands are following is a re-examination of the value of brand heritage and history. These two aspects are indeed losing importance from the point of view of new consumers (Millennials, Generation-X, Boomers) who consider them far less valuable than their predecessors. They rather reward superior quality, customer service, design, craftmanship and exclusive products, being guided by highly fast-changing preferences. In fact, "luxury brands that continue to lean heavily on heritage without radically reinventing themselves for relevancy are destined to be discarded, especially by a rapidly growing global affluent Millennial population" (Luxury Institute, 2019).

Thirdly, the Institute underlined the emergence of new categories in the industry thanks to innovative start-ups which can meet the interests of wealthiest consumers, for example in the fields of life extension biotechnology, hyper-experiential home virtual reality devices, neuro-scientific performance enhancers, health care robotics, and a multitude of travel experiences that defy gravity (Luxury Institute, 2019).

A fourth highlighted trend is the shift from product and technology innovation to people innovation. As a matter of fact, leading companies started to invest highly on data, analytics, A. I. and other technological innovations in order to reinvent their business and keep up with the market. However, they usually put a bigger stress on automation and supply chain improvements rather than on the human element, having marginal people resources training and development budgets (Luxury Institute, 2019).

Moreover, the next point of the study analysed how affluent consumers continue to lose trust in Facebook and other social media brands. In fact, in the Luxury Institute's 2018 Emotionally Intelligent Brand Index survey on technology brands, Facebook was rated lowest for emotional intelligence, according to affluent consumers. Further, according to Pew research, it is not only affluent adults who have lower participation on Facebook, as also teens in households with incomes of $75,000 or more use Facebook at a rate of 36% - as opposed to teens in households with incomes of less than $30,000 who use the platform at the rate of 70% (Luxury Institute, 2019).

The next surprising novelty in the industry is the development of an additional distribution channel apart from wholesale, retail and e-commerce, that is to say the consumer-to-consumer channel. Through some effective app technologies that connect to the brand's website, like Replika Software, loyal customers become local influencers and start selling directly to their friends and families: within ethical boundaries, this approach is considered far more personal and effective than using celebrity influencers who are being perceived more and more not true brand users or advocates (Luxury Institute, 2019).

The last tendency the Institute highlighted is the emergence of a new type of interaction between brands and their clients, namely an omni-personal relation similar to those they have with friends and family members capable of achieving long-term client relationships and higher sales gains (Luxury Institute, 2019).

To conclude, the luxury market is large and growing, but the rules of the game are changing rapidly, and brands have to be receptive as well as clever in order to stay competitive. As a matter of fact, as consumer behaviours are shifting towards a more digital and experiential trend, emerging and established luxury brands are realising the need to reinvent themselves constantly. Today more than ever, they have to understand quickly the new trends and consumer preferences if they want to ride the wave of prosperity and become established firms in the industry. However, as Tiffany chief executive Alessandro Bogliolo summarised: “We all share the same challenge — a continuous demand for change — of newness, of communication, product, everything. And this is a huge challenge because we must do it right, but we have to do it in a way that is not going to erase your personality. Constant change, but you still have to be yourself” (The Business of Fashion and McKinsey & Company, 2019).

2.3. The luxury fashion sector

The fashion industry began to develop mainly thanks to the birth of the sewing machine, the spread of the paper and printing industry, the discovery of synthetic dyes, the first apparel factories, and the rise of the middle class during the mid-1800s (Abernathy, et al., 1999; Ross, 2008; Welters, 2008). Regarding this last factor, it should be noted that emerging middle classes started to emulate the fashions of the upper classes as a way to aspire to climb the social ladder, and this obviously encouraged their expanding spending habits. In fact, Simmel's (2003) Trickle Down Theory asserts that one of the reasons for the increase in the pace and power of fashion was precisely the rise of the middle class. As a result, social advancement became directly linked with fashion, and it can then be stated that a major motivator for the consumption of fashion is the social status (Simmel, 2003; Veblen, 1899).

Talking about the 20th and 21st century, fashion had been extremely affected by capitalism and 'conspicuous consumption', a term coined by Thorstein Veblen (1899) to describe the attempt to impress and gain status through the consumption of goods, which most notably included fashionable apparel. Due to capitalism, the newly formed apparel factories, the introduction of the department store, and the standardization of sizing, the development of ready-made garments took place. In addition, apparel consumption highly increased primarily because of the notion of the democratization of fashion, that is to say that everyone could afford to be fashionable. This is a direct result of capitalist industrialization and its ability to produce mass goods for a lower cost (Agins, 2000; Welters, 2008).

In 1997, Allérès defined fashion luxury on the base of three different levels of accessibility: inaccessible luxury, which corresponds to exclusive haute couture; intermediary luxury, that is to say expensive replicas such as tailored dresses; and accessible luxury, corresponding to products created in larger series as in luxury brand's ready-to-wear lines. Then, based on a study aimed at identifying the key elements in a luxury fashion brand, Fionda and Moore (2009) concluded that it embraces nine elements: clear brand identity, culture, environment and service, heritage, exclusivity, premium price, design signature, product integrity, and marketing communications. It should be noted that while these elements were aimed at describing luxury fashion brands, they could actually be applicable to all luxury-goods brands.

Referring to the term itself, Godart and Seong (2014) claimed that the relationship between luxury and fashion is quite ambiguous since nowadays fashion does not fully belong to the luxury world but overlaps with it in its most expensive and exclusive forms. In addition, according to Kapferer (2012), these two realities share the common need for social differentiation, but they differ in two major aspects: first, whereas luxury is timeless, fashion is ephemeral (relation to time); and, whereas luxury is for self-reward, fashion is not (relation to self). For this reason, luxury fashion seems to be a contradiction as luxury is supposed to last, but as fashion is supposed to change frequently. However, thinking about this term as a whole, luxury fashion can be defined as recurrent change at its highest level, and it is distinguished from other luxury segments by its constant pressure for change.

Taking Doeringer and Crean (2006)'s pyramidal representation of fashion as a trademark, it can be said that luxury fashion stands above all other categories such as commodity, ready-to-wear and fashion basics. It is usually produced by high status fashion houses, which have been organizing bi-annual fashion shows (spring/summer and autumn/winter) since around 70 years ago during the couture times when Christian Dior used to send the invitation to his runway shows twice a year. However, especially in the last decade, it is possible to note how this sector is on a continuous state of mutation. In fact, taking into consideration the BoF-McKinsey State of Fashion Survey, the word that came to the minds of most executives (34 percent) to describe the industry is "changing." The second and third most common words were "digital" and "fast." The implication is that change has become a key priority among industry leaders, with a particular focus on digital and speed-to-market (The Business of Fashion and McKinsey & Company, 2019).

It can precisely be pointed out that the majority of key trends highlighted in the previous section in the evolution of the luxury industry in general can be applied also for luxury fashion in particular.

As a matter of fact, it must be noted that nowadays the most emblematic tendency for brands is the self-destruction: heritage is no more sufficient to have a solid ground in the market as younger consumers' preference for novelty and advancements in both digital technology and social media are reshaping the rules of the game. Younger generations do not really value a brand for its history and established name, but rather for the way in which they can express themselves through its products, and so they are more likely to follow up-and-coming brands. At the same time, social media has dramatically equalized the market, allowing these "challenger brands" to disrupt it since they are characterized by rapid growth, social media fluency and e-commerce focused distribution (i.e. Reformation, I.AM.GIA) (The Business of Fashion and McKinsey & Company, 2019). As established firms recognised this new flux, they are now developing a series of changes in their way of making business and in the impression they want to convey to their consumers.

In fact, it can be affirmed that this sector is losing track of time due to the new needs of the global and digital market; moreover, also the concept of space is changing since shopping has become international and without borders thanks to the e-commerce which revolutionized the traditional shop distribution. For this reason, during the last years brands are trying to cope with this new reality: in 2016 the Sao Paulo Fashion Week substituted the abbreviations of the seasons (SS and FW) with a simple 'N', which stands for 'neutral', so as to convey the lack of seasonality. Also, during the New York Fashion Week in February 2018, Alexander Wang expressed his desire to reschedule his runway shows in June and December to reduce the months between the presentation of a new collection to its release in the market.

Brands are also more and more launching exclusive capsules and collections with monthly or even weekly drops precisely to keep up with the high-speed innovations and to compete with the world of fast fashion, but also to be able to always offer novelties and demonstrate that they can reinvent themselves. The first brand to adopt this strategy was Luis Vuitton, which created a capsule with Supreme, renowned for releasing novelties every Tuesday. In fact, another trend is the collaboration between high fashion and streetwear companies through which a new kind of experimentation is becoming the norm (The Business of Fashion and McKinsey & Company, 2019). Then we can cite Moncler, which on February 2018 launched its Genius Project: eight exclusive collections created by eight different designers with monthly drops starting from June 2018. On the same line, on March 2018 Diesel introduced the Red Tag Project, which foresees unique collections released in different stores in the world. The same is doing Tod's with the Factory Project starting from June/July 2018 (Beghelli, 2018), or again Burberry, which announced its launch of "B Series," a new series of monthly product releases on the 17th of each month. In sum, as the CEO and President of Moncler, Remo Ruffini, stated in an interview for Il Sole24Ore in 2018, "the real cost, the real loss was the old model, with peaks of purchase in early autumn and spring and a sort of getting by for the rest of the year" (Crivelli, 2018).

Nevertheless, even if internet is taking over the hearts and the wallets of consumers thanks to its virtually endless assortment, "physical shops will remain a benchmark and a certainty for consumers against counterfeits, which are found the most precisely in internet", as Remo Ruffini affirmed (Crivelli, 2018). Therefore, fashion brands should aim at a multi-channel strategy having physical shops as the base but also a monitored percentage of e-commerce.

It must be said that not only the concept of time and space have changed in this industry, but also the philosophy behind its consumption. In fact, as we have already largely explained, the purchase of luxury brands was traditionally motivated by the desire of "buying to impress others" (Wiedmann, et al., 2007), and luxury was associated with "indulgence, extravagance, sheer look-at me bling – the antithesis of responsibility" (Simpson, 2012). However, in recent years, luxury consumers are becoming increasingly concerned about social and environmental issues and they "want the brands they use to reflect their concerns and aspirations for a better world" (Bendell & Kleanthous, 2007). They are more and more informed about brands and products, including controversial issues, to the extent that the term 'conspicuous consumption' turned to 'conscientious consumption' (Hennigs, et al., 2013). Consequently, consumers expect luxury brand managers to address ethical aspects of luxury goods and to have "convincing answers to questions of environmental and social responsibility" (Bendell & Kleanthous, 2007). As a result, based on a deeper, more authentic approach to the concept of luxury, consumers either reward or punish companies that stress or ignore the importance of social and environmental excellence (Grail Research, 2018). Therefore, in response to the rising consumer demand for sustainable luxury, luxury managers have to enhance the value of luxury brands with respect to superior environmental and social performance.

Turning to the supply chain management's side on this same topic, it can be argued that "fashion business system recently became more complicated because of constant changes in global marketplace such as competition, globalisation, and increasingly changing customer demands, requiring a greater coordination among different actors" (Oelze, et al., 2016). As a matter of fact, "fashion is seeing the start of a seismic shift where products are "pulled" into the market based on actual demand rather than "pushed" based on best-guesses and forecasts" (The Business of Fashion and McKinsey & Company, 2019). Therefore, given that the principal aim of luxury fashion companies is to align their product offer with growing customer demand, they put a set of competitive priorities along their supply chain (Caniato, et al., 2012), and seek to reduce process lead times by introducing quick response dynamic planning processes (Caro & Martínez de Albéniz, 2014). Fashion companies need to identify market changes to adapt their operational and managerial structures, and as Macchion et al. (2014) stressed out, industry growth could not be sustained only by marketing practices; rather, it is necessary to align supply chain processes according to a market-driven perspective.

Typically, fashion supply chains begin with fibre producers, moves to the textile mills, then to the manufacturers and finally to the retailers (Fulton & Lee, 2014). In addition, numerous fashion companies develop offshore manufacturing sites located in emerging countries since it is cheaper (Tokatli, 2007). From sourcing (resource extraction), production and manufacturing (energy use) to transportation (greenhouse gas emissions) and end-of-life use (waste or recycling), each stage of a product life cycle generates environmental and social impact (Fiorino & Bhan, 2016). Hence, the need to incorporate sustainability into supply chain management has become significant (Oelze, et al., 2016). Managing fashion operations in a responsible manner is no longer nice-to-have, rather a business imperative. Fashion companies, regardless of their segment, face increased costs in materials, energy, and compliance. Many companies have already started taking important steps toward sustainable supply chain management by ensuring their growth is sustainable (Fulton & Lee, 2014). Nevertheless, fashion companies are expected to increase their transparency on environmental, social, and governance indicators across all levels of operations. Therefore, companies must integrate sustainability considerations into design and development, engage suppliers on sustainability issues, actively monitor labour practices, and communicate their results of sustainability performance by stating what have been and what have not been achieved.

To conclude, it can be underlined that the fashion industry is on a perpetual state of change and that companies' fates can turn with frightening speed. As a matter of fact, new markets, new technologies and shifting consumer needs present opportunities but also risks. The market is more and more shaped by consumer shifts linked to technology, social causes and trust issues, alongside the potential influence of the disruption from geopolitical and macroeconomic events. Therefore, only those brands that have the courage to "self-disrupt" and be guided by these trends will emerge as winners (The Business of Fashion and McKinsey & Company, 2019).

3. Corporate Social Responsibility and Sustainability in luxury fashion

Sustainability is certainly one of the key determinants of future economic and social development since it has become a crucial driver of innovation in several business sectors and a critical success factor for firms (Donato, et al., 2019). As a matter of fact, companies' competitiveness will be increasingly based on their ability to orient or re-orient their overall vision, mission, and strategy, and by extension, their product, branding, and communication activities, to sustainability. They are paying greater attention to sustainability issues involving the environment, their employees, customers, and society at large.

"A similar trend of rising interest can be seen among consumers and the general public, facilitated by their exposure to sustainability issues on the vast array of digital and social media platforms available today" (Donato, et al., 2019). For instance, it can be outlined that consumers have become quite sensitive to how and to what extent companies dedicate their commercial profits to improve the well-being of relevant stakeholders, communities, and the surrounding environment. Aware of this growing interest, companies are seeking to not only design sustainability actions, but also communication strategies and messages that can publicly reflect their ability to benefit the environment, their employees and other relevant stakeholders (Donato, et al., 2019).

This type of sustainability-oriented initiatives is widely defined Corporate Social Responsibility, that is to say "a company's continuous effort and commitment toward behaving ethically and contributing to the improvement of the general quality of life" (Maignan & Ferrell, 2001). Due to the ever increasing pressure of mass-media coverage, consumer advocacy groups, and rising numbers of web sites dedicated to company ethics, companies are more and more perceiving the urgency to engage in and effectively communicate CSR initiatives (Donato, et al., 2019). In fact, several studies show that information on companies' CSR actions affects consumers' attitude toward firms, their purchase behaviours and the extent to which they identify with the company. As a consequence, companies have tried to centralize sustainability-related activities by creating CSR departments which are generally tasked with managing and communicating a company's commitment to minimizing the harmful effects of its business while maximizing its long-term, positive effects on society at large (Mohr, et al., 2001). Since sustainability issues cross all areas of the business, companies typically create CSR departments as a way to organize activities that are multi- and cross-department, while still allowing a firm to transcend mere legal compliance by generating positive social value (Alvarado-Herrera, et al., 2017).

According to Langenwater (2009), it is possible to distinguish three dimensions that reflect the essence of sustainable development: the social dimension, which assumes that sustainable development contributes to the general improvement of life quality; the environmental dimension, which states that sustainable development involves reducing natural resource usage while producing eco-friendly goods, and the economic dimension, which considers that sustainable development involves the regulation of resources usage across generations. Considering that CSR is usually aimed at integrating social and environmental aspects into corporate activities (Baumgartner, 2014), it is possible to claim that CSR and sustainability are deeply related concepts, most of the time used interchangeably, however whereas for business sustainability reflects their concerns for the long-term impact of their activities on future generations and the environment, CSR can be interpreted as a means by which companies formalize their commitment to sustainable development (D'Anolfo, et al., 2017).

In this chapter we will illustrate the model of Corporate Social Responsibility, its definition and its evolution by presenting different theories from various scholars. Then, we will apply this literature to the world of the luxury fashion in order to understand if the industry is receptive of these notions and values and also if it is compliant with the current legislation.

3.1. Corporate Social Responsibility

3.1.1. The evolution of the model

The concept of Corporate Social Responsibility (CSR) has gained a remarkable importance and relevance in the last decades, being the object of formal writings especially in the past 50 years. However, it cannot be defined as a new notion. In fact, evidences of the business community's concern for society can be traced for centuries and throughout many countries, but particularly in the United States, where the greater part of literature was produced.

It can be affirmed that the earlier references to this topic appeared during the 1930s and 1940s, thanks to a number of remarkable voices such as Chester Barnard in The Functions of the Executive (1938) and Theodore Kreps in Measurement of the Social Performance of Business (1940). Furthermore, from a more practical point of view, it is worth notice that during those years 'businessmen' were interviewed by Fortune magazine about their social responsibilities (Carroll, 1999).

Scholars largely agree on considering Howard R. Bowen's book Social Responsibilities of the Businessman (1953) as the beginning of the modern period of literature on this subject. In this work, Bowen elaborated an initial definition of businessmen social responsibilities claiming that "it refers to the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society" (p.6). For this reason, he stated that social responsibility is an important truth, which must guide business in the future, so setting forth the modern and well-grounded discussion about the topic.

After this landmark work, the attempts to define and formalize CSR started to grow consistently. One of the most prominent voices during the 1960s was Keith Davis, who defined social responsibility as referring to "businessmen's decisions and actions taken for reasons at least partially beyond the firm's direct economic or technical interest" (Davis, 1960). He also affirmed that socially responsible decisions could be justified by the belief in a long-run economic gain for the firm, which became a commonly accepted idea in the late 1970s and 1980s. In fact, the author became known especially for his views on the connection between social responsibility and business power. He also created the famous 'Iron Law of Responsibility', which recites that "social responsibilities of businessmen need to be commensurate with their social power" (p.71).

Another contributor who wrote in these same years is Joseph W. McGuire. For him, "the idea of social responsibilities supposes that the corporation has not only economic and legal obligations, but also certain responsibilities to society which extend beyond these obligations" (McGuire, 1963). This is a somewhat more precise definition of the topic than the previous ones, since he considered it as extended beyond economic and legal obligations. In fact, he later claimed that the corporation must take an interest in politics, in the welfare of the community, in education, in the happiness of its employees, and so in the whole social world, acting like a proper citizen (p.144).

In 1967, Keith Davis revised his initial definition in the article "Understanding the social responsibility puzzle: What does the businessman owe to society?" published in the review Business Horizons (vol. 10, p.45-50). He asserted that "the substance of social responsibility arises from concern for the ethical consequences of one's acts as they might affect the interest of others" (p. 46) and that it emphasizes institutional actions and their effect on the social system; on doing so, "it broadens a person's view to the total social system" (p.46). In the same year, Clarence C. Walton, another thinker on this subject, presented different models of social responsibility in his book titled Corporate Social Responsibilities. Here, he affirmed that the new concept of CSR "recognizes the intimacy of the relationships between the corporation and the society and realizes that such relationships must be kept in mind by top managers as the corporation and the related groups pursue their respective goals" (p. 18). He also pointed out the essential elements of the corporation's social responsibilities, which in his opinion are voluntarism, an indirect linkage with other voluntary organizations, and the awareness that costs, and possibly losses, are involved.

The foremost writer of the next decade was Morrell Heald, who was concerned with the definition and the experience that businessmen had and made of social responsibility: he thought that it should have been eventually sought in the actual policies with which they were associated. He also described community-oriented programs, policies, and views of business executives of that time suggesting that business people were significantly concerned about corporate philanthropy and community relations (Heald, 1970). Harold Johnson's was of the same idea, since in his book Business in Contemporary Society: Framework and Issues (1971) he claimed that "instead of striving only for larger profits for its stakeholders, a responsible enterprise also takes into account employees, suppliers, dealers, local communities, and the nation" (p.50). This concept is presented as 'conventional wisdom', that is to say when managerial staff balances a multiplicity of interests. His second view supposes a long-run profit maximization since it states that "businesses carry out social programs to add profits to their organization" (p. 54). The third approach is called 'utility maximization': "it assumes that the prime motivation of the business firm is utility maximization; the enterprise seeks multiple goals rather than only maximum profits" (p. 59). All things considered, he finally defined a socially responsible entrepreneur or manager as “one who has a utility function of the second type, such that he is interested not only in his own well-being but also in that of the other members of the enterprise and that of his fellow citizens (p. 68). The fourth and last view is called ‘lexicographic view of social responsibility’ in the sense that:

> “The goals of the enterprise, like those of the consumer, are ranked in order of importance and that the targets are assessed for each goal. These target levels are shaped by a variety of factors, but the most important are the firm’s past experience with these goals and the past performance of similar business enterprises; individuals and organizations generally want to do at least as well as others in similar circumstances” (p.73).

In Johnson’s theory, this last view explains that the more a firm is profit-oriented, the more it may engage in socially responsible behaviour.

It must be said that another great contributor to this concept was the Committee for Economic Development (CED) with its 1971 publication entitled Social Responsibilities of Business Corporations. What is particularly noteworthy is that this entity was composed of business people and educators, so it reflects an important view of that period. The starting observation of this work is that “business functions by public consent and its basic purpose is to serve constructively the needs of society – to the satisfaction of society” (p. 11). The Committee underlined the substantial change in the contract between business and society, since during that time the former was assumed to take broader responsibilities with respect to society and to serve more human values by contributing more to the quality of life of citizens. In fact, it also predicted that “the future of business would depend on the quality of management’s response to the changing expectations of the public” (p. 16). Furthermore, in this publication, the CED also paved the way for new theories about CSR by providing a baseline concept made of a three concentric circles definition. The first layer is called inner circle and it includes the basic responsibilities a business must tackle to efficiently execute its economic function (products, jobs, economic growth). Then, the level of the intermediate circle concerns the ability to exercise this economic function in line with the changing social values and priorities. The last stage is named outer circle and it encloses the new responsibilities the business should shoulder to actively play a role in improving the social environment (Carroll, 1999).

In 1972, the American Enterprise Institute sponsored a great debate on CSR, which involved economics professors Henry G. Manne and Henry C. Wallich, and which was summarized in their book The Modern Corporation and Social Responsibility (1972). From his part, Manne stated that in order to qualify a business activity or expenditure as socially responsible, it “must be one for which the marginal returns to the corporation are less than the returns available from some alternative expenditure, must be purely voluntary, and must be an actual corporate expenditure rather than a conduit for individual largesse” (pp. 4-6). In any case, he also affirmed that sometimes is difficult to distinguish a real charitable intent from an only claimed one, since business expenditures may have multiple motives. On the other hand, Wallich wrote that three basic activities are involved in the exercise of CSR: the setting of targets, the decision whether or not to chase them, and the funding of these objectives. Overall, he favoured stockholder instructions to the corporations, even if in some circumstances CSR might be defensible.

In 1973, in an article published on the review Academy of Management Journal, Keith Davis reopened this debate. In the introduction, he quoted the different views of Milton Friedman and Paul Samuelson, two renowned economists. Friedman (1962) thought that the acceptance of a social responsibility by a corporation only undermines the foundation of a free society, and that it should only stick to its profit targets. On the other hand, Samuelson (1971) argued that “a large corporation these days not only may engage in social responsibility, it had damn well better try to do so” (p. 24). Developing his own idea, Davis claimed that CSR “refers to the firm’s consideration of, and response to, issues beyond the narrow economic, technical, and legal requirements of the firm” (p. 312). He also added that the firm is obliged to evaluate the effect of its decision on the social system, and this means that it is not being socially responsible if it merely complies with the minimum requirements of the law.

In 1979, Archie B. Carroll proposed the following four-part definition of CSR: “The social responsibility of business encompasses the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time” (Carroll, 1979). Before explaining in detail this theory, it must be said that the writer further elaborated it in 1983 adding that the discretionary component also involves voluntarism and/or philanthropy, meaning that the conduct of a business should be socially supportive, besides being economically profitable, law abiding, and ethical. Therefore, “profitability and obedience to the law are foremost conditions to discussing the firm’s ethics and the extent to which it supports the society in which it exists with contributions of money, time and talent” (Carroll, 1983).

Then, in 1991, he claimed that these four categories should be seen as a pyramid with the economic part as the base and built upward through legal, ethical, and philanthropic categories. In conclusion, “the CSR firm should strive to make a profit, obey the law, be ethical, and be a good corporate citizen” (Carroll, 1991). According to Visser (2006) “Carroll’s CSR Pyramid is probably the most well-known model of CSR”, and as claimed by Lee (2008), the article in which the four-part model was published has become “one of the most widely cited articles in the field of business and society”.

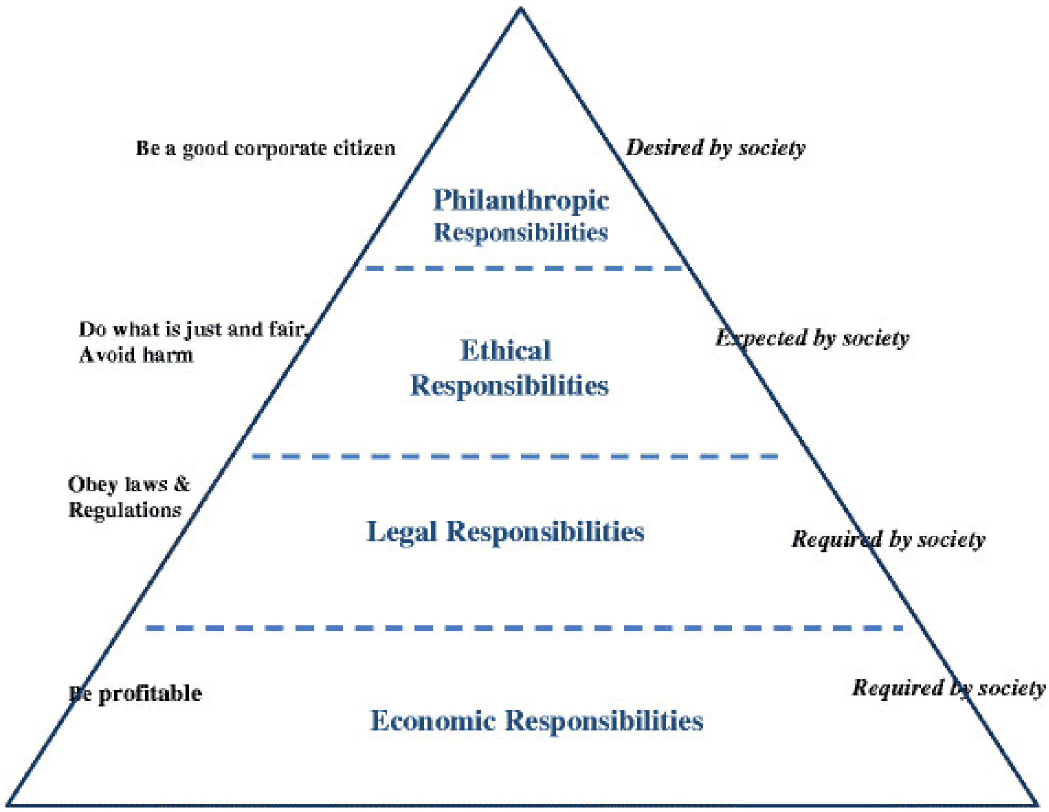

Figure 1. Carrol's pyramid of CSR

In explaining this definition, Carroll (1979) firstly pointed out that business institution is the basic economic unit in our society, and that it is responsible for producing goods and services that society wants and for selling them at a profit (p. 500). This means that society expects and requires business organizations to be able to sustain themselves and the only way they can do it is by being profitable and able to incentivize owners and shareholders to invest. Businesses create profits when they add value, and by doing so they benefit all the stakeholders. In fact, profits are necessary both to reward owners and investors as well as for business growth when they are reinvested into the business. For this reason, all the economic systems virtually recognize the vital importance of business profits to the society (Carroll, 2016). In addition, society also establishes the minimal rules under which businesses are expected to operate and function, that is to say laws and regulations, which form the framework of legal requirements established by the relative legal system. However, complying with these rules is not sufficient: society also demands that businesses conduct their affairs ethically. This implies embracing those activities, norms, standards, and practices which are expected even though they are not codified into law. Moreover, it means that businesses should conduct their affairs in a fair and objective manner even though the legal system does not provide a clear guidance about it.

In addition to these facets, also the universal principles of moral philosophy such as rights, justice and utilitarianism must be considered as guiding factors for the decision-making process of a company. For this reason, we come to analyse the last element, namely the discretionary or philanthropic one. It concerns all the voluntary roles that business engages but on which society is not very clear on its expectations. In fact, these are left to individual managers and corporation's judgment and choice, even if expectations still exist and are driven by social norms. It has to be clarified that although sometimes business giving is driven by a sincere altruistic motivation, most of the times companies engage in philanthropic activities as a way to demonstrate their good citizenship and in order to enhance its reputation. Some examples could be making philanthropic contributions, conducting in-house programs for drug abusers or providing day-care centres for working mothers (Carroll, 1979).

To conclude, in terms of understanding each type of responsibility, it could be said that the economic and legal responsibilities are 'required' by society; the ethical responsibility is 'expected' by society; and the philanthropic responsibility is 'expected/desired' by society. An important aspect to consider is that as companies try to balance these four elements tensions and trade-offs inevitably arise (Carroll, 2016). In the short run, companies' expenditure on legal, ethical and philanthropic obligations conflict with their responsibilities to their shareholders. Indeed, the traditional thought is that these spent resources might necessarily detract from profitability, but the 'business case' for CSR proved this belief wrong. This term refers to the arguments supporting why the business community should accept and advance the CSR cause. Many business case arguments have been made in the literature, for example those developed by Kurucz et al. (2008), which include cost and risk reductions, positive effects on competitive advantage, company legitimacy and reputation, and the role of CSR in creating winning situations for the company and society.

Overall, Carroll's pyramid holds that firms should engage in decisions, actions, and policies that simultaneously fulfil the four components, seeing the pyramid as a unified or integrated whole (Carroll & Buchholtz, 2015). Furthermore, this structure should be deemed sustainable since these responsibilities represent long-term obligations that will influence future generations of stakeholders as well. However, it has to be elucidated that when Carroll theorized his original four-part definition in 1979 and then his pyramid in 1991, he did so having the American capitalistic society as benchmark. However, since that time a number of writers have put forward the need of a re-elaborated version in order to meet the conditions of other countries or smaller business. In fact, considering developing countries, Visser (2011) argued that the order of the CSR facets differs from the original structure: economic responsibility gets the most emphasis, followed by philanthropy, legal and ethical responsibilities. He also claimed that CSR is driven by some 'glocal' (global + local) factors, such as cultural traditions, political reforms, crisis, and socio-economic priorities. In addition, Baden (2016) held that business has become increasingly globalized since Carroll's first definitions, and that this new reality has created new challenges for ethical business, due to differing cultural norms but also to a decreased level of regulatory control over multinational corporations. As a consequence, these can choose to site their operations in countries where they can exploit poor working conditions, low wage and lack of effective regulation.

While the 1970s were a florid period for the development of new definitions and concepts of corporate social responsibility, the 1980s saw the spread of more research and alternative themes and models. For instance, Thomas M. Jones proposed an interesting perspective of CSR in 1980 in his article entitled "Corporate social responsibility revisited, redefined". He suggested that according to his notion firms must create groups in society other than stockholders and beyond what is described by law and union contract. This obligation must be voluntary, and it is figured as a broad one extending beyond the traditional duty of shareholders towards customers, employees, suppliers, and nearby communities (pp. 59-60). Moreover, he stressed the emphasis on CSR as a process and not as a set of outcomes, which he referred to as a revised or redefined concept in the title of the article.

In 1982, Dalton and Cosier proposed a model made of two axes with 'illegal' and 'legal' one axis, 'irresponsible' and 'responsible' on the other one: they affirmed that there are four faces of CSR and that the 'legal-responsible' cell is the appropriate strategy to follow, but it is very difficult to define (p.27).

During the decade of the 1990s, very few unique contributions to the definition of CSR were elaborated. Indeed, it served more as a base point to develop other concepts such as stakeholder theory, business ethics theory, or CSP.

As the world entered the new millennium, corporations and mid-size companies developed a more responsive attitude and a greater degree of values, announcing the new CSR era among top managers, scholars and academicians, as well as for public opinion and secondary stakeholders (Milioto, 2015). As of today, “the economic argument for CSR is perceived as the last stage of CSR development where it brings true value to a company’s business as opposed to earlier understandings where philanthropy or discretionary arguments created costs for the company, rather than being a valued added for the business” (Olšanová, et al., 2018). It can then be stated that “CSR is a way of matching corporate operations with stakeholder values and expectations that are constantly evolving” (Chandler, 2019).

According to Maon et al. (2010), there are three phases companies and its stakeholders overcome to integrate CSR strategies in their business structure, that is to say cultural resistance, cultural grasp and embedment. The first one corresponds to the initial situation in which CSR is perceived as a constraint and social responsiveness is ignored; stakeholders are generally limited morally and are motivated by short-term self-interest at corporate level. The second step foresees CSR as a value which protects organizational goals and companies start to be focused also on reputation and the impact of their processes in the short-term; stakeholders care for others but still being fairly self-regarding. In the last progression businesses embrace an integrative approach to CSR responsiveness by having a long-term commitment’s view with a larger impact on business opportunities as well as on social change; stakeholders are normative but also derivative, and they are animated by an intrinsic morality (Maon, et al., 2010).

Therefore, as of today, we can say that, even if some lag behind more than others, the majority of companies are moving to the last phase of cultural embedment by fully integrating CSR concepts and values in their supply chains and business strategies. However, it has to be pointed out that nowadays the concept of CSR is more focused on “satisfying the needs of its stakeholders without compromising the ability to satisfy those of future stakeholders” (Dillick & Hockerts, 2002), so the final aim is still the economic prosperity. To do so, this multi-faceted paradigm that involves environmental, social and economics results and which apply sustainability at an organizational level (Carcano, 2013), must be incorporated into a long run development strategy, pertaining to many corporate processes such as: transformation, product design, human resources management, etc. (Epstein, 2008). Moreover, as stated by Bansal (2005), sustainable companies need to pursue an environmental integrity, an economic prosperity, and a social equality in both their products and policies.

As Arrigo pointed out in his article for the review *Symphonia. Emerging Issues in Management* (2015), we can highlight three main approaches to corporate sustainability in the managerial academic literature: the first contemplates environmental and social sustainability policies as a tool for reaching a competitive advantage; the second involves the measurement of sustainability performance; and the last one focuses on proposing multidimensional measures of corporate sustainability (Carcano, 2013; Arrigo, 2015).

Overall, CSR will be no longer viewed as a mere ethical issue, but as a challenge leading to a great economic and social opportunity. It can be said that the business community is fully aware of the importance that CSR represents in marketing and in fulfilling customer satisfaction: it plays a major role in promoting innovation among industrialized countries and allows a deeper connection among producers and buyers worldwide. Therefore, brands are constantly trying to strengthen their health and safety department and to invest in corporate social responsibility strategies by employing sustainability and CSR professionals; this to ensure they can offer a fair wage and safe working conditions within their network (Milioto, 2015).

In conclusion, when CSR becomes an essential part of a company's culture, organization and processes, it will integrate three critical components: the organization's self-interests, its rights and also its responsibilities. The relation between these three components creates a place or "strategic CSR zone for meaningful economic change" (Olšanová, et al., 2018). To the extent that the expected responsibilities do not violate its rights and align with its self-interest, the chance of introducing meaningful change and building a more sustainable economic model increases (Chandler, 2019).

3.1.2. Corporate Social Responsibility in luxury fashion

As previously stated, in the last years the fashion world has become fully aware of the importance of having an effective CSR strategy as the base of the supply chain. In fact, as Perry and Towers (2013) affirmed, an enterprise is as sustainable as its supply chain, meaning that a company cannot claim its commitment to CSR if its supply chain presents multiple violations. Fashion and luxury companies have then reinforced their corporate sustainability values and spread awareness among external stakeholders to defend their brands from the accusation of damaging the ecological and social environment. In fact, corporate sustainability has emerged as a new managerial model based on stakeholder relationships and the capacity to strategically integrate economic, social and environmental issues into business operations (Arrigo, 2015).

However, analysing the general context, an initial consideration to be made is that in terms of CSR the luxury industry has always been considered to lag behind other sectors (Bendell & Kleanthous, 2007). In fact, Pessanha Gomes and Yarime (2014) argued that the luxury sector was a late adopter of CSR, and that this advancement started as a response to stakeholder pressures and actions initiated by People for the Ethical Treatment of Animals (PETA), Global Witness, Greenpeace, and other organizations. According to Moraes et al. (2015), in addition to stakeholder pressure, government regulation and trading standards have also contributed to set more responsible practices within the luxury industry. Thus, the luxury industry has started to implement CSR with the sole objective of preserving brand image and company reputation (Bravo González, 2017).

Despite the increased relevance of CSR within luxury, the luxury industry still faces criticisms for not being ethical (Davies, et al., 2012). Opponents of CSR within luxury may support Milton Friedman's view that the purpose of businesses is to create wealth (Garriga & Melé, 2014). Based on this view, it can be argued that luxury does not fulfil a social mission, other than providing prestige, self-pleasure, and social status to luxury consumers. Nevertheless, even if luxury companies take a free market and wealth creation view to justify their lack of engagement with CSR, it can no longer be ignored. In fact, even Friedman recognizes the importance of integrating ethical aspects in business and responding to some social demands, as long as organizations are profitable (Garriga & Melé, 2014).

Notwithstanding the apparent relevance of CSR in luxury, it is important to highlight that there are opposing views in the literature in terms of the compatibility between CSR and luxury.

Firstly, Godart and Seong (2014) considered that from a moral perspective, luxury can be associated with both positive and negative connotations. On a positive side, they argued that luxury could be perceived as a source of pleasure and economic contribution; while from a negative side it could be considered morally inappropriate. This moral inappropriateness could be associated with the view that luxury is often perceived as an excess (Kovesi, 2015).

In terms of the unethical connotations associated with luxury, Kapferer and Michaut (2015) stressed that there are views considering the luxury industry as unsustainable. Examples include a wide spectrum of issues, such as their supply chains (knowing the source of raw materials such as gold, diamonds, or rare earths), animal rights (use of skin from endangered species or force feeding to produce foie gras), worker rights (unfair working conditions, hiring of illegal immigrants), or environmental issues (depletion of water resources and pollution by the hospitality industry, use of mercury in leather manufacturing).

Overall, it is possible to argue that many of the negative connotations mentioned in the literature could be linked to any industry, and not just luxury. In contrast, it needs to be noted that luxury has a number of attributes that can counterbalance its negative connotations. For instance, due to its higher quality, timeless design, and know-how of craftsmen and artisans involved in the production process, luxury products can last and can be used longer, without having to be replaced. Also, because of their higher price, they are less likely to be treated as disposable goods once consumers want to replace them. In fact, they can be donated to charity shops or sold online, so that their usage life may be considerably longer than for non-luxury products.

According to Davies, et al. (2012), luxury goods have a potential for growth in the field of CSR. In the view of the authors, a luxury product can have three different views, and each of them can be connected to CSR: a) Economic, which considers that luxury-goods have two values, an utilitarian and an exclusive value premium; b) Psychological, the primary value of a luxury good: consumption of luxury goods is based on a combination between social and individual factors; c) Marketing, which embraces the economic and psychological view of a luxury product and aims to maintain the perception and motivation for luxury. Under the economic view, CSR can develop if its incorporation into the brand and the product increases the exclusive perceptions of those goods (Guercini & Ranfagni, 2013). For example, if Louis Vuitton produces a $4,000-dollar bag solely made with certified environmentally friendly materials, and this bag gets high awareness within consumer circles, luxury consumers may be willing to pay that high price, as the bag would be considered more exclusive. Secondly, with regards to the psychological aspect, consumers may be interested in that bag because it is made with environmentally friendly materials, and they personally have high regard for the environment and other CSR values. In addition, they may decide to buy luxury products with CSR attributes in order to fit in and be accepted by a particular group of people. Finally, under the marketing perspective, luxury brands should be able to market the CSR characteristics of their products to both types of clients, the ones interested in CSR because of its exclusive value premium, and the ones consuming these products because of the social or individual value they convey (Bravo González, 2017).

While in the previous examples it is assumed that customers could be willing to pay more for getting certain benefits associated with CSR, there could also be a case where luxury companies implement widespread CSR practices regardless of whether their customers see a reason to pay a higher price (Bravo González, 2017). For example, if Chanel decides to source only organic cotton for the products they normally manufacture with standard cotton, this is likely to lead to increased product costs, which in turn can increase the price of those articles. In this case, there are opposed views in the literature. Riley et al. (2004) stated that price is not a primary issue for consumers of luxury goods as is usually the rule in non-luxury. Thus, if a Chanel customer buys a product made with organic cotton, but that customer does not care about whether it is organic or not, they would still not question the additional price premium charged by Chanel for using an organic fabric. An additional consideration is that, as claimed by Campbell et al. (2015), sometimes non-luxury customers consider CSR-related price premiums to be fair, as occurs with fair-trade products. In their view, these price premiums do not have an impact in consumer demand. Furthermore, there is evidence in the literature supporting the view that CSR features such as fair-trade labels can increase the luxury perception of products (Schmidt, et al., 2016).

On the other hand, a potential reason why consumers may be hesitant to pay premium prices for CSR in luxury is provided by Janssen et al. (2013), who considered that CSR practices might be more appropriate for more lasting products such as jewellery. Following their reasoning, this has to do with the fact that consumer perceptions regarding CSR can change by type of product: if a product is more ephemeral, then its CSR perception could be lower than if it is perceived as scarce and long-lasting. For example, consumers would have a lower CSR perception of a t-shirt (even if it is made of organic cotton) than of a diamond ring.

An additional consideration as to why CSR is not widely demanded in luxury could be that, despite CSR not being a new concept, there is low consumer awareness of CSR (Gordon, et al., 2011), in addition to a lack of consumer understanding of this concept (Kapferer & Michaut, 2015). In fact, De Pierro Bruno and Barki (2014) affirmed that consumers are more aware of the environmental side of CSR than of the social aspect. Still, for the most part, luxury and CSR practices are compatible (Godart

& Seong, 2014), as ethical attributes or socially responsible policies can be implemented across luxury's three different areas – economic, psychological and marketing. Nevertheless, despite the low level of interest in CSR and the lack of understanding of this concept, consumers are starting to look into ethical practices (Bravo González, 2017). In the view of Carrigan, et al. (2013) consumers are becoming more 'careful' in their consumption patterns and more sensitive towards social and environmental causes. Furthermore, research shows that luxury consumers are also interested in learning more about CSR practices undertaken by luxury brands, as they believe these have environmental and social responsibilities they need to fulfil (De Pierro Bruno & Barki, 2014). Macchion et al. (2014) even argued that CSR efforts undertaken by luxury firms are being driven by consumer expectations. It is important to underline though that consumer expectations do not necessarily correspond to consumer demand. In other words, consumers may expect firms to have a certain level of CSR standards and implementation (Green & Peloza, 2014), but that does not mean they are actively looking at whether or not the brands they purchase from actually undertake CSR activities (Du, et al., 2010).

As outlined above, there are variations in the level of CSR awareness and interest among consumers. However, it is important to highlight that these variations also occur within the definition of ethical or socially responsible consumption (Bravo González, 2017). Ethical consumption can encompass a broad spectrum of activities ranging from purchasing fair trade or environmentally friendly products to avoiding or even boycotting certain brands (Carrigan, et al., 2004; Szmigin, et al., 2009). Thus, being ethical (or socially responsible) can mean different things to different people, as there is no agreement among consumers on what elements constitute a responsible company (Carrigan, et al., 2004). Irrespective of these differences, it appears that, in general, consumers are increasingly showing non-apathetic attitudes towards CSR and are starting to look into CSR initiatives, as well as becoming more sensitive towards environmental and social causes (Bravo González, 2017).

Talking about the companies' perspective, Pessanha Gomes and Yarime (2014) found a high degree of CSR implementation across leading luxury groups. After analysing a number of luxury brands, the authors found that some of the most renowned names in luxury including Kering and LVMH had high CSR scores. More interestingly, these groups were not just complying with CSR standards, but were even pursuing innovative strategies within the area of sustainability. Examples included eco-design, communication of CSR issues to consumers and integrated CSR policies across their organizations. In addition, groups such as Compagnie Financière Richemont (Richemont), Hermès and Tiffany & Co.

were found to have moderate CSR scores as their CSR activities were focused on preserving their brand reputation. For instance, maintaining an ethical image to avoid being criticized, managing environmental impacts, engaging in philanthropic activities and controlling risk in their supply chain by setting codes of conduct. This study shows that CSR implementation in luxury is more widespread than it was originally considered to be as it is something that can lead to a competitive advantage to luxury brands (Pessanha Gomes & Yarime, 2014). These are just some examples of brands which throughout the years have implemented their CSR and sustainability sections.

In Księżak's view (2016) the structure of the luxury and garment industry creates multiple opportunities for CSR improvements. In fact, throughout all the process of creating, selling and using these products society and environment are highly affected (CO_2 emissions, waste or the disorders commonly associated with fashion industry, like anorexia and bulimia). Gardetti and Torres (2014) share this opinion too since they analysed the impact of the fashion industry on its surroundings: every step of the production process can bring damages to the environment, from fibre production to dyeing and tailoring; they all use chemical products, create waste, use large amounts of water and energy, and might violate human rights to dreadful working conditions. Along the same way of thinking, Gupta (2012) affirmed that Corporate Social Responsibility is relevant throughout the whole fashion industry supply chain, from suppliers, through retailers and end consumers. To give a holistic idea of what a socially and environmentally responsible fashion industry should be she quoted Dickson and Eckman's definition of a responsible business:

> "An orientation encompassing the environment, its people, the apparel/textile products made and consumed, and the systematic impact that production, marketing, and consumption of these products and their component parts has on multiple stakeholders and the environment. A philosophy that balances ethics/morality with profitability, which is achieved through accountability-based business decisions and strategies [and] a desire for outcomes that positively affect, or do very little harm to, the world and its people" (Dickson & Eckman, 2006).

It is interesting to note the different points of view between Gardetti and Torres' (2014) idea and Perry and Towers' (2013) thesis: the former gave more emphasis to the effects that the fashion industry has on the environment and possibly on people with its type of production, whereas for the latter the main issues of CSR in this industry are working conditions, working hours and wages, so the focus is on social responsibility towards employees. Furthermore, Perry and Towers (2013) also stressed the importance for companies to spread their ethical views and CSR standards to their subcontractors, since outsourcing and offshoring are commonly used strategies in this sector. For example, they should encourage suppliers to follow international standards (ISO 9001, ISO 14001, OHSAS 18001, SA8000), create extended frameworks, implement suppliers code of conduct, and conduct supplier social audits. ISO stands for the International Organization for Standardization, an independent, non-governmental international organization founded in 1947 with a today's membership of 161 national standards bodies. Through its members, it brings together experts to share knowledge and develop voluntary, consensus-based, market-relevant international standards that support innovation and provide solutions to global challenges. These standards give excellent specifications for products, services and systems to ensure quality, safety and efficiency; they are instrumental in facilitating international trade. As of today, ISO has published 22.855 International Standards and related documents, covering almost every industry, from technology, to food safety, to agriculture and healthcare (International Organization for Standardization, 2018). Talking about fashion industry and its connection to CSR, one of the most cited standards is ISO 14001: it belongs to the ISO 14000 group, which provides practical tools for companies and organizations of all kinds looking to manage their environmental responsibilities. In particular, ISO 14001:2015 specifies the requirements for an environmental management system that an organization can use to enhance its environmental performance. The intended outcomes of this system include enhancement of environmental performance, fulfilment of compliance obligations, as well as achievement of environmental objectives. It is applicable to any organization, regardless of size, type and nature, and applies to the environmental aspects of its activities, products and services that the organization determines it can either control or influence considering a life cycle perspective. It is also important to specify that it does not state specific environmental performance criteria (Standardization, 2015).

Overall, it is worth mentioning that CSR implementation within luxury has improved. However, the public perception of CSR implementation is contingent with its communication through reports, website and public statements. Thus, if a luxury brand conducts CSR effort but it does not communicate it, then consumers and stakeholders are likely to assume that the given brand is not socially responsible (Bravo González, 2017). Kapferer and Michaut (2014) highlighted this particular situation. In their study, they argued that luxury brands tend to avoid disclosing information about their CSR practices. This is specially the case with family owned and/or not publicly listed companies, as they do not have a legal requirement to disclose financial or business-related information. A potential explanation of this phenomenon is that it is not clear for luxury brands how consumers may react to CSR practices (McEachern, 2915), and that, for instance, CSR disclosure has been associated with lower brand evaluations (Torelli, et al., 2012). However, according to Torelli et al. (2012), consumer perceptions towards CSR can change, and actually, CSR efforts undertaken by a brand can be seen more favourably when the brand is associated with conservation efforts.

As mentioned by Godart and Seong (2014), luxury brands can undertake actions to change consumer perceptions. For instance, they could promote the purchase of sustainable fashion as socially acceptable, work with the rest of the industry to develop sustainable luxury products, and make changes to their brand DNA, so that it can fully support CSR. Moreover, Gordon et al. (2011) state that marketing has been focused on selling goods, increasing consumption and company revenue and, therefore, its potential to drive CSR awareness has been overlooked. The authors refer to two marketing approaches to communicate CSR: green marketing and social marketing. The former is related to the development of products and services where sustainability efforts take a key role, whereas the latter refers to encouraging sustainable behaviour not only among consumers, but also among businesses and decision makers. These strategies can be pursued through upstream and downstream actions. Upstream approaches focus on promoting CSR through changing consumer behaviour by giving incentives, promulgating legislation/regulation, or by working on R&D/Design for the environment (Gordon, et al., 2011). On the other hand, downstream schemes involve providing information to consumers when their practices are vulnerable to change (Carrigan, et al., 2011). Despite the need to implement both upstream and downstream efforts in order to achieve real change in terms of CSR (Carrigan, et al., 2011), most CSR actions within luxury appear to be focused on downstream approaches, and in many cases, they involve addressing scandals that have already occurred, or preventing future ones. For example, the release of the movie Blood Diamond, which influenced consumers to avoid purchasing diamonds from unknown sources, resulted in the implementation of basic responsible sourcing measures by the jewellery industry (Godart & Seong, 2014).

On the same wavelength, Donato et al. (2019) proposed a double approach companies could develop to communicate to the right segment of consumers. This was theorized starting from two different and sometimes opposing approached to luxury consumption: on one hand, consumers may see luxury goods as status symbols and mainly buy them to demonstrate their social status; on the other hand, consumers may buy luxury goods as a way to satisfy their individual taste and style. The former tendency which is names as “external” luxury consumption is cantered on social visibility, whereas the latter is defined as “internal” consumption and is focused on personal style. According to the authors, this dichotomy is likely to have relevant implications with regards to CSR initiatives since customers of the first type could considered them attractive as they are highly visible and easily recognizable by others (i.e., widely identifiable from outside the company). However, consumers who fall on the second category could be less interested in this visibility as they actually seek products which align with their inner values, individual style, high-quality standards, and intimate emotional needs. “Therefore, luxury companies should consider developing external (i.e., the legal and philanthropic ones) or internal (i.e., the ethical and economic dimensions) CSR dimensions based on whether their customer base exhibits an externalized or internalized approach to luxury” (Donato, et al., 2019).

Overall, companies can have different approaches on this topic and the reasons to invest in CSR policies vary a lot. For example, CSR can be presented as the main ideology of a company or it can also be treated as a market demand and a response to customer needs (Plonka, 2014). In addition, CSR can turn out to be a tool for powerful public relations, which sometimes results in pure ‘greenwashing’. According to the Oxford Dictionary (2018), greenwash means “to make people believe that your company is doing more to protect the environment than it really is”. Moreover, it can also indicate a practice for which a company tries to differentiate its products or services from its competitors’ by promising a more efficient use of power or by being more cost-effective over time (Rouse, 2007). While greenwashing is not new, its use has increased over recent years to meet consumer demand for environmentally friendly goods and services. Critics of the practice suggest that the rise of greenwashing, alongside with ineffective regulation, contributes to consumer scepticism of all green claims, and diminishes the power of the consumer in driving companies toward greener solutions for manufacturing processes and business operations (Dahl, 2010).

With regards to regulation, it is necessary to highlight that while it can be helpful to drive CSR implementation, it does not necessary mean that it is free from faults. Carrigan, et al. (2016) stated that there are many instances where business interests play a role in influencing the regulatory/legislative agenda and having an impact on the intended purpose of these actions. In these cases, luxury trade associations, brands and stakeholders could work together to enforce voluntary CSR standards aimed at promoting CSR practices among consumers.

All things considered, fashion has emerged to be both resilient to implementing a responsible approach and at the same time the best field to practice it as fashion garment manufacturers inseparably influence the sensitive areas of sustainability, human rights and general compassion, which includes animal well-being (Bravo González, 2017). It is crucial to have innovative CSR practices as it touches all three of the most important ethical fields that are still neglected, that is to say environment, animal rights and human rights (Plonka, 2014). In summary, despite the positive progress made by the luxury industry in terms of CSR in the recent years, it must be remembered that it still need to implement more comprehensive sustainability strategies before it can be considered a sustainable industry and, thus, move from a philanthropic or integrative type of CSR to a more comprehensive approach such as innovative CSR (Pessanha Gomes & Yarime, 2014).

Before concluding this section, it must be underlined that there are key business advantages resulting from the implementation of CSR. For example, Gordon et al. (2011) considered that CSR contributes to differentiation, while Melo and Galan (2011) claimed that firms can increase their reputation or image status through CSR, which can then lead to financial gains. Also Drews (2010) supported this theory by affirming that CSR provides a number of monetary and non-monetary, quantitative or qualitative, benefits to businesses. Monetary quantitative benefits include an increase in brand value and also in revenues, as well as reduced risk. From the non-monetary side, qualitative gains involve a greater access to capital and secured license to operate, while quantitative advantages encompass improved costumer attraction and retention alongside with enhanced reputation (Drews, 2010).

Furthermore, Lin, et al. (2009) defined CSR as "an active source of competitive advantage" since it can turn out to be "a proactive business strategy and an effective marketing tool to create and sustain a competitive advantage". In fact, they reported that corporations realized that to survive and compete in the hyper-competitive global market, they must evolve from 'doing good' to 'doing better' (Stroup & Newbert, 1987) and maybe to 'doing best' by building added societal value. However, they also pointed out that in some companies, management has resisted, arguing that additional CSR investment is inconsistent with efforts to maximize profits. For example, Friedman (1970) asserted that a business's primary responsibility is to make money, and that the only interests that matter when making managerial decisions are those of the shareholders. He argued that ethical and discretionary considerations are irrelevant, and decisions that include these factors may harm a firm's financial performance. These negative views are proved wrong by many companies which realized the link between being socially active, increasing stakeholder expectations, and creating profit (De George, 1995; Hardjono & Marrewijk, 2001); they made apparent that including CSR as an integral part of business strategy is highly beneficial in terms of CSR evaluation and measurement, and determining its impact on profit. Moreover, according to a study by Anderson and Bieniaszewska (2005), business awareness of the relationship between socially responsible investment and reputation, linked to their desire to have a positive impact on the societies in which they operate, indicates that business strategies play an important role in CSR; also, that such an approach to CSR may result in higher financial flexibility in terms of increased social investment.

On the other hand, while CSR is recognized as a creator of brand value and business profits (Liu, et al., 2014) producing significant advantages to firms, it is important to note that in certain cases it could also impact a brand negatively. This does not suggest that luxury brands should neglect CSR, but instead, they need to be cautious in terms of the CSR actions they pursue and how they communicate them. A potential explanation of this negative link between CSR and brand value could be greenwashing, of which we have already talked in this section. In fact, according to Kapferer and Michaut (2014), greenwashing is a prevalent issue that can rebound on brands.

3.2. Sustainability and sustainable development

3.2.1. A brief history of the concept and its application at corporate level

The history of sustainability traces human-dominated ecological systems from the earliest civilizations to the present. In fact, although the terms ‘sustainability’ and ‘sustainable’ appeared for the first time in the Oxford English Dictionary during the second half of the 20th century, the equivalent terms in French (*durabilité* and *durable*), German (*Nachhaltigkeit*, literally meaning ‘lastingness’, and *nachhaltig*) and Dutch (*duurzaamheid* and *duurzaam*) have been used for centuries (Van Zon, 2002). In fact, the term ‘sustainability’ was first used in German forestry circles by Hans Carl von Carlowitz in his book *Sylvicultura Oeconomica* (1713). In this book, Carlowitz suggested a sustainable use of forest resources, which implied maintaining a balance between harvesting old trees and ensuring that there were enough young trees to replace them (Van Zon, 2002). Indeed, at that time wood was an indispensable resource used in almost all production processes both as fuel and construction material.

Then, also in the 18th century, concern about population growth and its consequences for the consumption of resources started emerging, whereas in the 19th century the focus shifted to coal as the most important source of energy, and alarms were raised that coal deposits may be exhausted.

More than a century before the term ‘sustainable development’ came into general use, as a number of publications appeared which dealt with what we would today call sustainable development. For instance, in *Principles of political economy* (1848), John Stuart Mill included a short chapter on the ‘stationary state’, which implied a stationary condition of capital and population, but not of human improvement. “I sincerely hope, for the sake of posterity”, he wrote, that the world’s population “will be content to be stationary, long before necessity compels them to it” (Mill, 1848). Another example is George Perkins Marsh’s *Man and nature*, published first in 1865, which has been described as the origin of the conservation movement (Lowenthal, 1958). In this work, Marsh stated: “Man has long forgotten that the earth was given to him for usufruct alone, not for consumption, still less for profligate waste” (Marsh, 1965). He described how different aspects of the natural environment had been disturbed by human intervention and argued that the Earth might become unfit for human habitation, which might even result in the extinction of humankind. Nevertheless, he also discussed possible remedies for environmental problems, since he wanted to protect nature for the sake of humankind, which is similar to the approach of the contemporary proponents of sustainable development.

Passing on to another author, in his retrospective assessment of the successes and failures of the 19th century, called *Our wonderful century* (1898), Alfred Russell Wallace included a chapter on the spoil of the Earth. He discussed the damage done by the "reckless destruction of the stored-up products of nature" and regarded the unlimited extraction of coal, oil, gas and minerals, and the exploitation of the rain forests as an "injury done to posterity". Van Zon (2002) concludes that all the themes covered in the Brundtland Report of 1987 were already present in Wallace's text. As happened before with wood and coal, when oil became the primary source of energy there was a drastic increase in oil consumption and the alarm was raised that oil supplies might be exhausted soon. In the first half of the 20th century scientists such as Gifford Pinchot, G. A. Brender à Brandis and F. M. Jaeger discussed the limitations to the supply of raw materials and energy sources and warned against wasteful consumption (Van Zon, 2002). Also, Thorstein Veblen (1917) and A. C. Pigou (1929) called for what we would today define sustainable development. Around the middle of the century Egbert de Vries (*De aardebetaalt*, 1948), William Vogt (*Road to survival*, 1948) and Henry Fairfield Osborn (*Our plundered planet*, 1948 and *The limits of the earth*, 1953) dealt with the consequences of the overexploitation of natural resources and urged people to use these resources in a responsible manner in order to ensure the continued existence of civilized society (Van Zon, 2002).

Overall, the 20th century was a century of fluctuation between optimistic and pessimistic outlooks with regard to human development. The optimism reflected by the predictions of almost unlimited possibilities thanks to scientific and technological advances was overcame by economic crisis and destructive global wars during the first half of the century. But soon after World War II, from the 1950s, an unprecedented economic boom paved the way for renewed optimism about the prospects of rising living standards worldwide. However, it was during this period of industrial and commercial expansion that the environmental crisis started spreading, forcing people to change their basic assumptions about growth and development. Therefore, especially around the end of the 20th century, the concept of sustainable development seemed to have been one of the driving forces of world history (Du Pisani, 2006).

By the late 1960s and early 1970s the different ideas about progress, sustainability, growth and development which had developed over many years started heading towards the concept of sustainable development. It was realized that 'progress' had provided justification for free market, for colonial exploitation of non-Western societies, and for ravaging the biosphere. However, according to the critics of the concept, it was nothing but an illusion. They argued that the application of the criteria for progress would show that at no stage in world history had real human progress taken place (Gowdy, 1994). In fact, although it was clear that science and technology would progress ever more rapidly, experience had taught that both the material and moral condition of humankind would remain open to regress as well as progress.

Scientific and technological progress was also causing terrible damage to the natural environment. During the period of unprecedented industrial and commercial expansion after World War II, people became aware of the threats which rapid population growth, pollution and resource deficiency posed to the environment and their own survival as humans. From the 1960s, dreadful scientific information about the damage caused to the natural environment by human activities was published in books such as Rachel Carson's *The silent spring* (1962), Paul Ehrlich's *The population bomb* (1968), Edward Goldsmith's *A blueprint for survival* (1972) and Fritz Schumacher's *Small is beautiful* (1973). Moreover, ecological disasters received much media publicity as films, TV programmes and pop music popularized the idea of an imminent ecological crisis. Earth Day was celebrated for the first time in 1970, and the first environmental non-governmental organizations (ENGOs), namely Greenpeace and Friends of the Earth, were established. Therefore, environmental concern became more acute and radical because of the fear that economic growth might endanger the survival of the human race and the planet. A growing body of academic literature at that time affirmed that "if we continue our present practices we will face a steady deterioration of the conditions under which we live" (Dubos, et al., 1970) and that humankind "may destroy the ability of the earth to support life" (Dubos, et al., 1970). This alarmist mood, in expectation of an imminent ecological catastrophe, stimulated a new mode of thinking about development and prepared the way for sustainable development as an alternative to unlimited economic growth.

Actually, expectations of unconstrained economic expansion were discouraged when a worldwide recession occurred in the mid-seventies (1974-1976), following the first oil crisis of 1973, which had demonstrated the potential consequences of resource shortages. All efforts to get the world economy rising again failed and the downward trend continued into the 1980s, when the northern hemisphere started to recover (Tylecote, 1992). Reflection upon the causes of this recession led to an awareness of the limits to economic growth, as people started realizing that it was "becoming increasingly doubtful whether the blissful effects of technology can be permanently extended beyond the confines of the industrialized countries to the vast and rapidly growing majority of people who do not yet share them but enviously long for them" (Von Wright, 1997).

It is important to stress that during this period of general recession, the existing notions of 'progress', 'growth' and 'development' were being challenged. In fact, formerly, development and conservation had been regarded as conflicting ideas, because conservation was understood as the protection of resources, whereas development as the exploitation of resources (Paxton, 1993). On the other hand, the concept of sustainable development emerged as a compromise between the notions of development and conservation, which came to be seen as interdependent issues. Also, the term 'sustainability', a noun used in ecology to refer to a state or condition that can be maintained over an indefinite period of time, was introduced on a more regular basis than before into development discourses.

The earliest instances of the term 'sustainable development' appeared in the 1970s. Some scholars argue that this term was coined at the beginning of the decade by Barbara Ward (Lady Jackson), the founder of the International Institute for Environment and Development (Ward & Dubos, 1972). Others think that the expression, with its current connotations, firstly emerged in the book *The Limits to Growth* (1972), a study of the Earth's carrying capacity in relation to the population explosion of that time. The authors of this work declared that "it is possible to alter these growth trends and to establish a condition of ecological and economic stability that is sustainable far into the future. […] The state of global equilibrium could be designed so that the basic material needs of each person on Earth are satisfied and each person has an equal opportunity to realize his individual human potential" (Meadows, et al., 1972). This publication is considered as "the key moment in the transformation of disparate anxiety about environmental problems into more focused discussion of an alternative to present-day society" (Kenny, 1994), and it is believed to predict the most frequently cited definition of sustainability included in "Our Common Future", the 1987 UN-commissioned study known as the Brundtland Report: "Humanity has the ability to make development sustainable to ensure that it meets the needs of the present without compromising the ability of future generations to meet their own needs" (WCED, 1987). According to this definition, at its core, sustainability is concerned with a resource use consistent with the carrying capacity of our planet so as to maintain human life (Allen, 2016; Craig, 2016).

Moreover, the subject started to be being tackled and taken more seriously at the level of international organization too. In fact, the first international conference on this topic was held in Stockholm in 1972 by the United Nations and it was called United Nations Conference on the Human Environment. Here it was stated that:

> “A point has been reached in history when we must shape our actions throughout the world with a more prudent care for their environmental consequences. Through ignorance or indifference, we can do massive and irreversible harm to the earthly environment on which our life and wellbeing depend. Conversely, through fuller knowledge and wiser action, we can achieve for ourselves and our posterity a better life in an environment more in keeping with human needs and hopes. […] To defend and improve the human environment for present and future generations has become an imperative goal for mankind”

From this statement we can understand that at that point it was realized that development needed to be sustainable, in the sense that it should not focus only on economic and social matters, but also on issues related to the use of natural resources.

Paxton (1993) explained that the idea of sustainable development stemmed from the awareness that the solution to the poverty of the developing countries did not lie in ‘throughout growth’, i.e. by following the industrialization and high consumption patterns of the industrialized world. Indeed, if everyone in the world reached those levels of consumption it would lead to an unsustainable situation, because the Earth’s finite resources would not be able to support all the people. It was realized that economic growth would be necessary for a period of time in less developed parts of the world, but it would have to be a different kind of growth, targeted to the needs of the people and sensitive to the needs of the environment.

At this stage, the United Nations commissioned a group of 22 people from developed and developing countries to identify long-term environmental strategies for the international community. This World Commission on Environment and Development (WCED), better known as the Brundtland Commission, submitted its report entitled “Our common future” to the UN in 1987 (WCED, 1987). The Brundtland Report focused primarily on the needs and interests of humans and was concerned with securing a global equity for future generations by redistributing resources towards poorer nations to encourage their economic growth in order to enable all human beings to achieve their basic needs. It expressed the belief that social equity, economic growth and environmental maintenance are simultaneously possible, thus highlighting the three fundamental components of sustainable development, namely environment, economy, and society, which later became known as the triple bottom line. It also discussed the need to apply integrated, sustainable solutions to a broad range of problems related to population, agriculture and food security, biodiversity, energy choices, industry, and more. Thus, overall it acknowledged the tension between economic growth and environmental protection concluding that economic growth was essential, particularly in the developing world, but that there should be a switch to 'sustainable development', which would be environmentally sound (Du Pisani, 2006).

Another important conference was the UN Conference on Environment and Development (UNCED), which is also known as the 'Rio Conference', or the 'Earth Summit'. It was held in June 1992 although the preparation began in 1989 with four International Preparatory Committee (PrepComs) meetings held in different parts of the world. Parallel to these, each UN member country was expected to produce a national report covering current national environmental and developmental aspects and drawing up an action plan for promoting sustainable development within the national context. The UNCED led to the production of major international documents such as the Rio Declaration, Agenda 21, and conventions on desertification, biodiversity, and climate change. However, although a great deal of importance was attached to these documents and declarations signed at the end of the conference, the most important legacy of UNCED was the very nature of the preparatory process, which, in most countries, involved participation of major stakeholders down to the working-class level. This process took the concept of sustainable development to every corner of the world, exposing it to questions such as: What does it really mean for each community? How can we get beyond generalities and put them into practice? How do we know if we are moving toward a sustainable world? (Mebratu, 1998).

As anticipated above, in 1994 John Elkington, the founder of a British consultancy called SustainAbility, coined the term 'Triple Bottom Line' to define sustainability as the integration of social, economic, and environmental value. His argument was that companies should be preparing three different (and quite separate) bottom lines. One is the measure of corporate profit related to sustainability, so the value creation and enhanced financial performance of an organization's sustainability-related activities. The second is the bottom line of a company's 'people account', which encourages organizations to consider their impact on society and addresses issues such as community relations, support for education, and charitable contributions. The third is the bottom line of the company's 'planet account', namely a measure of how environmentally responsible it has been fostering activities that do not erode natural resources due to prudent corporate environmental management efforts (The Economist, 2009).

The start of the new millennium caused more and more worries and doubts about the future of the planet and its capacity to keep up with human development and growth. In September 2000, the United Nations held The Millennium Summit, the largest gathering of world leaders in history as of then. It had the purpose of discussing the role of the United Nations at the turn of the 21st century, and the world leaders also ratified The United Nations Millennium Declaration. This document asserts that every individual has dignity; hence, it establishes the right to freedom, equality, and to a basic standard of living, that includes freedom from hunger and violence as well as encouraging tolerance and solidarity. In order to achieve the rights set forth in this Declaration, eight international development goals for the year 2015 were established and named as The Millennium Development Goals (MDGs). All the 191 United Nations member states and at least 22 international organizations which participated to The Millennium Summit committed to help achieve these goals, which aimed to:

- Eradicate extreme poverty and hunger;
- Achieve universal primary education;
- Promote gender equality and empower women;
- Reduce child mortality;
- Improve maternal health;
- Fight HIV/AIDS, malaria, and other diseases;
- Ensure environmental sustainability;
- Create a global partnership for development.

Figure 2. The Millennium Development Goals

Each goal had specific targets and dates for achieving them. They emphasized three broad areas: human capital, infrastructure and human rights (social, economic and political), with the intent of increasing living standards. Human capital objectives include nutrition, healthcare (child mortality, HIV/AIDS, tuberculosis and malaria, reproductive health) and education. Infrastructure objectives consist of access to safe drinking water, energy and modern information/communication technology; increased farm outputs using sustainable practices; transportation; and environment. Whereas human rights objectives embrace empowering women, reducing violence, increasing political voice, ensuring equal access to public services and increasing security of property rights (United Nations, 2015).

To accelerate progress, the G8 finance ministers agreed in June 2005 to provide enough funds to the World Bank, the International Monetary Fund (IMF) and the African Development Bank (AfDB) to cancel $40 to $55 billion in debt owed by members of the heavily indebted poor countries (HIPC) in order to allow them to redirect resources to programs for improving health and education and for alleviating poverty. Despite the efforts, as of 2013 progress towards the goals was uneven, since some countries achieved many goals, while others were not on track to realize any. For example, the major successful countries included China (whose poverty population declined from 452 million to 278 million) and India, whereas Benin did not achieve any goal.

Overall, The Millennium Development Goals (MDGs) marked a historic and effective method of global mobilization to achieve a set of important social priorities worldwide. There was widespread feeling among policy makers and civil society that progress against poverty, hunger, and disease was notable; that the MDGs have played an important part in securing that progress; and that globally agreed goals to fight poverty should continue beyond 2015. In a world already undergoing dangerous climate change and other serious environmental ills, there was and there still is widespread understanding that worldwide environmental objectives need a higher profile alongside the poverty-reduction objectives (Sachs, 2012).

For these reasons, after 2015 the world's governments seem convinced to adopt a new round of global goals. In 2012, speaking at the ceremonial Opening Session of Rio+20 Conference on Sustainable Development, UN Secretary-General Ban Ki-moon affirmed: "We gather in Rio de Janeiro to shape the future of humankind. Let us not mistake this for mere hyperbole rhetoric. To the contrary, we are here to face the existential threat. For too long we have behaved as though we could indefinitely burn and consume our way to prosperity. Today, we recognize that we can no longer do so" (United Nations, 2012). Moreover, during this Conference Ban Ki-moon's high-level global sustainability team issued a report recommending the world to adopt a set of Sustainable Development Goals (SDGs). In fact, negotiations on the Post-2015 Development Agenda began in January 2015 and ended in August 2015. A final document was adopted at the UN Sustainable

Development Summit in September 2015 in New York City, and it was titled "Transforming our world: the 2030 Agenda for Sustainable Development", later shortened in “2030 Agenda”. As for The United Nations Millennium Declaration, this Agenda set a series of 17 Sustainable Development Goals (SDGs) or Global Goals for Sustainable Development, which are broad and interdependent but with separate lists of targets to achieve and indicators to evaluate them. These goals tackle social, economic development and environmental issues and aim to:

- End poverty in all its form everywhere;
- End hunger, achieve food security and improved nutrition, and promote sustainable agriculture;
- Ensure healthy lives and promote well-being for all at all stages;
- Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all;
- Achieve gender equality and empower all women and girls;
- Ensure availability and sustainable management of water and sanitation for all;
- Ensure access to affordable, reliable, sustainable and modern energy for all;
- Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all;
- Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation;
- Reduce income inequality within and among countries;
- Make cities and human settlements inclusive, safe, resilient, and sustainable;
- Ensure sustainable consumption and production patterns;
- Take urgent action to combat climate change and its impacts by regulating emissions and promoting developments in renewable energy;
- Conserve and sustainably use the oceans, seas and marine resources for sustainable development;
- Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss;
- Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels;

- Strengthen the means of implementation and revitalize the global partnership for sustainable development.

Figure 3. The Sustainable Development Goals

To set a brief comparison between MDGs and SDGs, it can be stated that the former not only were fewer, but targets set for these goals applied primarily to least developed or poor countries; whereas the latter established targets that call all countries to action, both developed and least developed ones. Moreover, upon their creation, the MDGs were determined by a small team of technical experts at the headquarters of the United Nations. In contrast, the SDGs were agreed upon by an open working group composed of 30 members who collectively represented 70 different countries. Lastly, one of the main contextual differences between the two is that the SDGs are regarded as drastic improvements to the MDGs, which in retrospect fail to consider the root causes of poverty and fall short of considering the holistic nature of development. In fact, the SDGs cover topics from consumption to global trade and are considered to be better equipped to handle coming challenges as well as those currently existing (West, 2016).

It has to be pointed out that sustainable development has not gained a critical importance just for international organizations, governments and people at large, but obviously also for businesses society and companies. As a matter of fact, as we outlined in the previous chapter, nowadays companies are more and more realizing that their supply chains and market strategies have to align to the developments and the needs of their consumers and environments. This is in fact especially happening since consumers are increasingly sensitive about these issues and also because of the recent widespread media coverage. Indeed, as new social movements as Greta Thunberg's Fridays for Future take the streets all over the world, people's attention for these matters is really sharpened and if companies misstep it could be the start of their end as they are usually the target of public criticism and accusations.

For this reason, the topic of sustainability started to represent a vital aspect for businesses especially in the last couple of years. In order to better examine its application at corporate level, it is relevant to point out some aspects. Firstly, it can be affirmed that corporate sustainability bases itself on Freeman's stakeholder theory which accounts for multiple entities impacted by businesses such as employees, suppliers, local communities, creditors, and others, by addressing morals and values in managing an organization (Freeman, 2010). Furthermore, nowadays, the pressure toward sustainability has pushed companies to become responsible for not only their direct activities but also for those of their supply chain partners. Consequently, the topic of "sustainable supply chain management" has become very complex and the definition and management of sustainable policies inside a company's network branched on a global level represents a big competitive challenge. Finally, another key aspect lies in the shifting of the business focus from the only financial dimension to Elkington's three bottom line approach in which the economic, environmental and social dimensions should be equally relevant (Arrigo, 2015).

According to Nidumolu et al. (2009), companies that start a process to become sustainable, go through the following subsequent stages:

- Compliance with norms as opportunity: if companies stay focused on emerging norms, they may gain time to try new materials, technologies and processes before competitors and enjoy a fist mover position. Moreover, the conformance to unique global sustainable standards helps firms to save money, as being compliant to many different local environmental regulations could be very costly and time wasting;
- Making supply chains more sustainable: companies try to become more efficient by reducing the consumption of petroleum, coal, gas, and water along the entire supply chain;
- Developing sustainable products: companies provide customers with eco-friendly offers and by looking for sustainable products and services try to develop innovative products;

- Developing sustainable business models: companies become able to enhance customer value propositions by looking for new ways for meeting their needs and therefore changing their business strategies.

The increasing pressure to meet sustainability requirements has also pushed several companies to develop sustainable programs to monitor and assess their processes. In fact, companies pursuing a sustainable path have to disclose data and information about their economic, social, and environmental performance and sustainability programs in publicly available reports (Arrigo, 2015). These are often based on global reporting systems such as the Global Compact or Global Reporting Initiative (GRI) guidelines that help companies to set goals, evaluate performance and drive a change to become more sustainable.

3.2.2. The unsustainability of the fashion industry

As largely known and documented, the fashion industry is one of the most polluting industry of our economy and of our times. In particular, it is the second largest polluter in the world after the oil industry (Sustain Your Style, 2019). Moreover, its greenhouse gas emissions account for 8% of all carbon emissions globally, which is more than those emitted by all international flights and maritime shipping combined (Quantis, 2018).

As explained above, after the Industrial Revolution, the innovations of this sector led to increased supply and reduced costs, but it was especially during the second half of the 19th century that noticeable negative environmental and social impacts emerged in industrialized nations such as Europe and North America (Kozlowski, 2012). In fact, the wet finishing processes of textiles required the use of mordants (iron, tin, chrome, copper) to fix or bind the colouring agents in dye to the fabric (Welters, 2008). These were discharged directly into nearby rivers and streams along with other chemicals used in the wet processing of textiles such as organic solvents, surfactants, phenols and chloride. Working conditions were also problematic as manufacturers employed immigrants, mainly women and children, who were subjected to long hours, poor wages and occupational hazards (Ross, 2004; Welters, 2008).

Then, during the 20th century, this situation aggravated since advances in technology continually provided cheaper, more comfortable, and attractive garments to an ever-increasing number of people from different countries. This increased volume of apparel production and consumption had and has still today many negative environmental and social impacts. These include wastewater emissions from dyeing, finishing and washing processes, increase in pollution, solid waste production, as well as significant depletion of resources from consumption of water, fossil fuels and raw materials (DEPA, 2003; Allwood, et al., 2006; Fletcher, 2008). On the other hand, the most notable social impact is the use of sweatshop labour (Kozlowski, 2012), which is defined as poor and unsanitary working conditions with unregulated hours, forced overtime and pay that is below a living wage (Abernathy, et al., 1999; Israel Rosen, 2002).

Despite this critical situation, it took many more decades for environmental regulations to appear in an attempt to limit the growing pollution caused by textile production, especially concerning air and water contamination. Unfortunately, this positive advancement caused the creation of a vicious circle since due to this growing labour and environmental ruling, the cost of producing textiles and apparel began to increase while decreasing profits; and this consequently led companies to less regulated and less costly offshore production facilities (Abernathy, et al., 1999). This delocalization of production to emerging and developing economies has eliminated supply chain transparency and exported all the environmental and social problems associated with apparel production (Abernathy, et al., 1999; Welters, 2008; Steinberger, et al., 2009).

In fact, starting from the middle of the 20th century, global consumption of clothing has been on a steady rise especially with fast fashion taking form. It is interesting to underline that in the mid-1990s American consumers purchased on average 29 garments (not including intimates) per capita while in China this number was estimated to be only two per capita (AAMA, 1996). On the other hand, by 2000, global sales of apparel had reached US $1 trillion where two-thirds of the sales were from developed nations and almost a quarter from Asia (Allwood, et al., 2006). It is estimated that the average person nowadays has four times more clothes than in the 1980s, which is more clothes than any other time in history (Siegle, 2011). In 2012, the European Union Commissioner for Climate Action Connie Hedegaard stated in an interview “that there will soon be three billion middle-class people on the planet who will be consuming more and more commodities such as clothing.” He also acknowledged how “the paradigm for clean and green fashion now needs to move from the margins into the mainstream”, foreseeing what is now nearly becoming an obligation.

Digging deeper in the long and complicated production chain of the fashion industry, it must be said that all its different stages can have a negative impact on the planet. These phases include resource production and extraction, fibre and yarn manufacturing, textile manufacturing, apparel assembly, packaging, transportation and distribution, consumer use, recycling, and ultimate disposal (Kozlowski, 2012).

Starting from the type of fibres used in the production of garments, which can be natural (e.g. cotton, silk, wool), man-made bio-synthetics (e.g. viscose), and synthetic (oil is used to create polymers e.g. acrylic or polyester) (Allwood, et al., 2006; Fletcher, 2008), an important point has to be clarified. Indeed, a common misunderstanding is that natural fibres are environmentally friendly while synthetics are not. This preconception is due to a number of factors such as raw material renewability, biodegradability, and the associated stereotypes of factories and chemicals (Fletcher, 2008). Actually, cotton cultivation is extremely chemically intensive since pesticide use leads to damaged soils, loss of biodiversity, water pollution, decreased water tables, and increased salinity (Ferrigno, 2012). For example, a typical 0.25 kg t-shirt requires nearly 3,000 L of water and 0.15 kg of pesticides to be produced (Ridoutt & Pfister, 2010) while one pair of jeans (roughly 1 kg) can use 11,000 L to 20,000 L of water from the cotton field to the finished product (Soth, et al., 1999). In fact, cotton is the world’s thirstiest crop utilizing between 7,000,000 L and 9,000,000 L of water to produce 1,000 kg of cotton (Mekonnen, et al., 2011). It also has many natural predators such as boll weevils and thrips, and the drier the climate, the greater the need for pesticides and water irrigation to produce the necessary yields. Overall, cotton accounts for 2.4% of global arable land use, utilizes 11-12% of all global pesticides produced (Chen & Burns, 2006; Ferrigno, 2012; World Wildlife Foundation, 2012) and employs over 300 million people, 30 million of which are farmers (Environmental Justice Foundation, 2009).

Talking about synthetics fibres, they were originally introduced in the market around the middle of the 20th century and have known a continuous spread ever since. They are essentially made from petrochemicals or polymers originated from crude oil and include nylon, acetate, polyamide, elastan/spandex, rayon, and polyester, which is the most widely used textile today (Allwood, et al., 2006; Claudio, 2007). Unlike these, acrylic is made from mineral oils or other hydrocarbons such as benzene, is more energy and water intensive than polyester, and produces N_2O emissions (Laursen, et al., 2007; Fletcher, 2008). Differently from cotton, the production of synthetic fibers uses little to no water but consumes twice as much energy to produce 1 kg of material (Fletcher, 2008). Moreover, it requires large amounts of crude oil, and releases volatile organic compounds (VOCs), particulate matter, CO_2, N_2O, hydrocarbons, sulphide oxides, carbon monoxide, acetaldehyde, 1,4-dioxane, and acid gases like hydrogen chloride.

Once selected, textiles undergo wet processing which includes dyeing, printing, and finishing to create colors, prints, patterns and special performance characteristics. These processes have adverse environmental impacts due to the dyes and chemicals used such as solvents, and alkaline wastes (USEPA, 2002). They occur mainly in developing countries which stands as a problem in the treatment and discharge of effluents as these countries generally have poor working conditions, weak or no regulation on environmental protection, and poor enforcement (Fletcher, 2008; Dickson, et al., 2009). For instance, in developing countries 70% of industrial wastewater is discharged into rivers and streams untreated (United Nations, 2002) causing the contamination of municipal drinking water. Environmental analysts Miller-McCune found that one in four of China's 1.35 billion people drink contaminated water on a daily basis. This is a result of booming industries such as textiles where only about 10% of dye wastes are recycled and about a third flow directly into aquatic systems (Wood, 2009). In general, textile dyeing is resource intensive in terms of use of water, chemicals, and energy. Moreover, wastewater from dyes is a major source of heavy metal pollutants (such as zinc, copper, chromium, nickel, lead, antimony, mercury, tin, cobalt, and arsenic) (Laursen, et al., 2003). Depending on the type of fiber and color, dyes can contain acids, salts, heavy metal salts, reducing and oxidizing agents. Heavy metals and toxic chemicals are added to dye baths as a mordant to increase the affinity of dyes for textiles and colorfastness. In particular, synthetic materials such as polyester and nylon are particularly difficult to dye, can only be achieved under pressure and pose risk to human health. In fact, many of the disperse dyes used on polyester have been shown to cause allergic contact dermatitis (Chen & Burns, 2006; Laursen, et al., 2007). Global water use by the textile industry is estimated at 378 billion liters of water each year (Clay, 2004) and The World Bank estimates that up to 17-20% of the world's industrial pollution comes from textile dyeing and treatment (Chan, et al., 2011). In China, in 2010, the textile industry discharged 2.46 x 1,012 billion liters of wastewater: this was the third highest of the 39 major industries in China, accounting for 11.6% of all discharged industrial wastewater (Institute of Public & Environmental Affairs, 2012). On average, an expert dyehouse will use 60 L of water to dye 1 kg of cotton whereas an inefficient dyehouse will use 800 L (Siegle, 2011).

Apart from the pollution caused for the production chain itself, it must be shed light on the environmental impacts arising from the consumer use phase. They were first emphasized in a study by Franklin Associates for the American Fiber Manufacturers Association in 1993 (Smith & Barker, 1995). They conducted a life cycle assessment (LCA) of a polyester blouse and found that 82% of the energy use and 83% of the CO_2 emissions are a result of the consumer use phase. These data increase for natural fibers such as cotton and linen as they require more time to dry. For example, linen can utilize 14% more energy than cotton due to the use of ironing for linen garments, and it has similar results to the polyester blouse in that 80% of water and energy use during the life cycle are a result of the consumer use phase. Concerning water, the average washing machine in 2008 was found to use 150 L of water per load and 319 kwh/yr. Furthermore, there has been also rising concern over the release of chemicals used in manufacturing through laundering (Laursen, et al., 2003; Allwood, et al., 2006; Fletcher, 2008; Greenpeace, 2010; Siegle, 2011). This is because chemicals such as nonylphenol ethoxylates (NPEs) are used in textile manufacturing and are found to remain in the clothing sold by major retailers. A significant percentage is then released during consumer laundering, subsequently entering municipal water systems.

A recent study by Browne et al. (2011) on this matter suggests that a large proportion of microplastic fibers retrieved in the marine environment may be derived from sewage as a consequence of washing of clothes. Eighteen sites were investigated worldwide, and scientific evaluation discovered that the microplastic found in the shoreline sediment had the proportions of polyester and acrylic fibers observed in apparel. The sites involved were habitats that received both sewage effluent and sewage discharges. Therefore, final conclusions suggested that a large proportion of the microplastic fibers found in these marine environments could be a result of apparel washing.

Another major problem about the life cycle of a fashion product is the increased consumption rates and rapid obsolescence of apparel especially due to fast fashion. In fact, products that become obsolete quickly are destined for landfills at a quicker rate as these garments are generally not left in a good enough condition to enter the second-hand apparel market (Allwood, et al., 2006; Hethorn & Ulasewicz, 2008). For example, it is estimated that British consumers throw away an average of 30 kg of apparel per year (Minney, 2012) or 1.5 million tons per year; this textile waste results in more than three million tons of CO_2 emissions (Siegle, 2011).

To sum up, the fashion industry has a huge impact on our world, which can be synthetized in the following main issues: the outsourcing of production, which causes the exploitation of poor countries' environments and workforce; the mistreatment of workers who are usually forced to work overtime in disdainful hygienic and safety conditions being paid the minimum wage or even less; the effects of chemicals used in garments productions on human health, such as cancer, birth defects, mental or physical retardation, but especially on the environment; the over-exploitation of land, especially for cotton plantations; water pollution caused by toxic wastewater, and obviously extremely high water consumption . The list could go on and we explained in this section, but we also have to acknowledge that, as previously affirmed, the industry is working hard especially in the last couple of years to reduce its environmental and social footprint. In the next section these developments will be examined thoroughly.

3.2.3. Towards sustainable and ethical fashion

At the beginning of the new millennium, a series of natural disasters as well as economic and political crises highlighted the need of a re-examination of business cultures, questioning the ethical dimensions of business and creating a demand for greater transparency in the age of instant digital communication. Indeed, during the first decade of the twenty-first century, a growing number of initiatives were developed by governments, academics, trade unions, campaign groups, fashion brands, retailers, and small, design-led fashion companies, often working in cross-sector collaboration, to tackle major environmental, social, and economic sustainability issues in practical ways (Black, 2015).

In fact, the way fashion is produced and consumed has undoubtedly changed over the past few decades, and we are finally witnessing sings of consumer interest in sustainable fashion, which apparel corporations are responding to (Atamian, 2017). Kering, for example, announced in January 2017 the next phase of its sustainability strategy across its 16 luxury brands. The group has committed to reduce its greenhouse gas emissions by 50 percent in transportation and distribution, business flights, and fuel and energy-related emissions by 2025 (Kering, 2017). Or again, popular brands like H&M, which has a strong history in sustainability, is taking its sustainability ambition to another level. In fact, the company recently announced its commitment to use its size and scale to lead the change towards circular and renewable fashion while being a fair and equal company.

Furthermore, in July 2017 Marie Claire, the major fashion magazine, published its first ever sustainability issue which is a great step forward as historically fashion magazines stay away from such issues. “The more we learned about sustainability, the more we realized we had to learn” said editor-in-chief Anne Fulen wider. The issue incorporates pieces like “Fashioning the Future” which spotlights 12 leaders in sustainability such as Francois-Henri Pinault or Stella McCartney, as well as discussing The Weather Channel's "United States of Climate Change" project (Marie Claire, 2017).

Clearly, consumers in all social classes are increasingly concerned about social and environmental issues and start to prefer ethical and green products that reflect their own values and beliefs. Of course, consumer demand is only one factor, alongside others such as increasing investor pressure, as well as managing business risks associated with sourcing raw materials. But the greater the pressure is from customers, the faster businesses will be encouraged to make the changes that need to be made within their businesses (Atamian, 2017). In fact, the concept of sustainability started to become a priority for luxury brands as well.

However, as already underlined, the luxury industry is perceived by experts and consumers to lag behind other industries in terms of sustainable commitment (Bendell & Kleanthous, 2007). Nevertheless, the essence of luxury brands that is traditionally based on high quality, superior durability, and deeper value is a perfect basis for the design and marketing of products that preserve fundamental social and environmental values (Kapferer, 2010). So, while the term 'luxury' was originally often associated with a lifestyle of excess, indulgence and waste (Dubois, et al., 2005; Kahn, 2009), luxury brands have recently changed their direction and adopted sustainability as part of the luxury essence (Bendell & Kleanthous, 2007; Kendall, 2010; Davies, et al., 2012).

Actually, the increasing awareness towards ethical fashion both from the producer and the consumer sides started emerging during the 1980s, particularly with regards to ethical sourcing and apparel production (Shen, et al., 2012). Ethical fashion, to use a definition suggested by Joergens (2006), is "fashionable clothes that incorporate fair trade principles with sweatshop-free labour conditions while not harming the environment or workers by using biodegradable and organic cotton". Based on the notion that ethical fashion can be achieved on both social and environmental dimensions, Godart and Seong (2014) divided the concepts into two highly interrelated categories: eco-sustainable fashion and socially responsible fashion. This conceptual categorization is in line with the so-called 3P (people, planet, profit) or triple bottom line (TBL) approach (Elkington, 1998). As previously explained in this work, the TBL approach affirms that a "corporation's ultimate success or health can and should be measured not just by the traditional financial bottom line, but also by its social/ethical and environmental performance" (Norman & MacDonald, 2004). So, eco-sustainable fashion engages in environment-related practices with the specific aim of reducing environmental damage during and after the production process, while socially responsible fashion focuses on improving issues related to communities, working conditions or salaries.

In pursuing eco-sustainability, luxury fashion is faced with additional challenges that do not necessarily exist in other luxury segments, such as luxury jewelry and watches. In fact, while it shares some of the challenges of the luxury industries in general, like how to manage scarce resources and conflicts, it is also subject to the constant pressure for change inherent in the fashion industry. Indeed, unlike in other luxury segments where products are made to last (e.g. luxury watches and cars), luxury fashion serves the need of consumers to signal their luxury affiliation not only by purchasing the 'right' luxury goods, but also by following constant changes in fashion style driven by the industry's fashion cycles (e.g. spring/summer and autumn/winter seasons). Since luxury fashion consumers are most sensitive to such cyclical changes in style, luxury fashion faces the problem of how to pursue eco-sustainability when it distinguishes itself from the lower segments of the fashion industry by driving the mechanism of systematic, recurrent change (Bravo González, 2017).

In order to measure environmental and social sustainability throughout the supply chain, the Sustainable Apparel Coalition, a non-profit organization founded by a group of fashion companies, the United States Government Environmental Protection Agency, and other non-profit entities, launched the Higg Index in 2012. This tool empowers brands, retailers, and facilities of all sizes, at every stage of their sustainability journey, to measure their impact on environmental and social dimensions and to identify areas for improvement. It is based on three modules: brand, facilities, and product. The brand module measures amongst others the degree of transparency, environmental/social impact tracking as well as fashion brands' collaboration with facilities. The facilities module focuses on environmental and social measures implemented by fashion-industry suppliers; while the product module provides general frameworks to be utilized especially by brands in their design processes to optimize design and material choices with regards to sustainability. The Higg Index can be defined as the most extensive and representative existing transparency measurement tool of the fashion industry, since it covers the majority of large companies and was extended to gain a view on currently underrepresented small to medium-sized players (Lehmann, et al., 2018).

The effective global and holistic performance score is named the Pulse Score, and it is powered by the Higg Index: it gives a precise measuring and tracking of the sustainability of the global fashion industry on key environmental and social impact areas. Perhaps more important, it creates a foundation for the landscape for change, channeling investment and innovation into those areas that smart businesses will capture and benefit from. As the Pulse report is released annually, the Pulse Score further allows tracking the progress of the industry over time.

Over 2018, the fashion industry's overall Pulse Score rose from 32 to 38 out of 100 possible points (by design it is impossible to achieve a score of 100 on sustainability, as this is intended to be aspirational). While all progress was encouraging, the Pulse still remained weak across the majority of the industry. As a matter of fact, "the 2019 Pulse Score shows that the fashion industry has improved its social and environmental performance in the past year, but at a slower rate than the previous year (from 38 to 42, which means that the speed of measurable progress has decreased by a third)" (Lehmann, et al., 2019). Despite all its improvements, the industry cannot be considered sustainable yet, especially since the findings demonstrate that companies are not implementing sustainable solutions fast enough to counterbalance negative environmental and social impacts of the rapidly growing fashion industry. As a result, if the industry does not implement changes at a faster rate, it will not be able to achieve the United Nations Sustainable Development Goals or meet the Paris Agreement. As the report points out, “even under optimistic assumptions, the industry’s existing solutions and speed of progress will not deliver the impact needed to transform the industry” (Lehmann, et al., 2019).

In summary, while many companies have made progress, the fashion industry as a whole faces growing pressures and difficulties in keeping up with the speed of time. For this reason, this report offers concrete actions for every phase of the sustainability journey thanks to the Roadmap to Scale and the Pulse Curve, as well as guidance in setting strategic priorities and implementing solution. In particular, the Pulse Curve presents a five-phase trajectory of the industry’s social and environmental performance, providing guidance for fashion companies as they develop their supply chains and business strategies. Each phase defines a set of priorities and milestones for companies to focus on, which are summarised by the CEO Agenda; on the other hand, the Roadmap to Scale captures these priorities along the Pulse Curve and offers actionable guidance for the sustainability journey of fashion companies (Lehmann, et al., 2019).

To be specific, the CEO Agenda released in March 2018 provides a guideline on what to prioritize to become more sustainable by spelling out seven priorities that should be top of mind for any CEO in fashion. The three core priorities for immediate implementation are supply chain traceability; efficient use of water, energy and chemicals; and respectful and secure work environment. Then, there are four transformational priorities for fundamental change, namely sustainable material mix; closed-loop fashion system; promotion of better wage systems; and fourth industrial revolution. On this base, the Roadmap to Scale is divided into three phases: building the foundation, implementing core actions, and expanding to scale (Chalmer, et al., 2018; Lehmann, et al., 2018).

To conclude this overview, the 2018 study also pointed out that improving a fashion brand’s environmental and social performance actually boosts profitability. In fact, if companies implement the activities explained in the Roadmap to Scale, they can expect a positive EBIT margin uplift of 1 to 2 percentage points by 2030, as compared to the 2015 baseline outlined in 2017’s report. The case for sustainability is even stronger once the profitability uplift from implementing the roadmap is compared to continuing business as usual. In fact, they calculated that continuing normal business will result in an EBIT margin decline of 3 to 4 percentage points by 2030, considering the expected rise in the cost of labour and other resources. Comparing this decline with the positive EBIT uplift reveals the true value of sustainability (Lehmann, et al., 2018).

Despite the negative findings of 2019 report, it can be said that fashion companies are showing signs of developments and efforts to continue evolving towards a fully sustainable market, even if not enough, apparently.

One of the most recent remarkable events is the Fashion Pact signed on August 2019 by 32 fashion companies, including pillars of the world's luxury fashion market—Chanel, Ralph Lauren, and Prada among them—as well as fast fashion players like H&M Group and Zara. It is a non-legally binding agreement to combat greenhouse gasses and emphasize sustainability in the industry, and it was announced at the Group of 7 summit in Biarritz, France. As Kering chief executive François-Henri Pinault affirmed, "this Fashion Pact is about saying: we have acknowledged the 21st century's environmental issues, and we are taking our responsibility through collective action and common objectives" (Tashjian, 2019). As a matter of fact, despite many doubts about its goals and implementation, the Pact represents a shift in the priorities of the industry shedding light on environmental issues. "Meaningful change will start here, given the volume and breadth of companies that have agreed to be part of this pact, and that is extremely exciting," said Marie-Claire Daveu, the chief sustainability officer of Kering (Paton, 2019). To fight the climate crisis, the signatories committed to implementing "science-based targets" that could contribute to achieving zero greenhouse gas emissions by 2050. These may include sustainable sourcing of key raw materials, and 100 percent use of renewable energy within supply chains by 2030. However, there will be no punitive measures for brands that fail to meet their targets. "This is not about regulation," Mrs Daveu said. "We cannot punish groups directly. But by committing to improved and collective transparency, there is an incentive for those in this pact to stick to targets and not fall behind" (Paton, 2019). The overall philosophy in fact is that one company cannot solve the environmental challenges facing the planet alone, but that by collaborating brands can drive real change.

Recently, scrutiny of the fashion industry's impact on the global climate crisis has augmented, driven by consumer pressure to tackle its carbon footprint, putting pressure on brands to publish updated public sustainability commitments (Paton, 2019). Sustainability reporting is indeed receiving a prominence among companies around the world, even if there is still not a general consensus on what these reports should encompass and how they should be structured. The World Business Council for Sustainable Development states that sustainability reports are public reports to provide external as well as internal stakeholders with a depiction of corporate position and activities on environment, society, and economy (Karaosman, et al., 2019).

However, to be accurate, some brands were already stating the importance of these topics back at the start of the new millennium, like for example Stella McCartney. As a matter of fact, she has been reshaping fashion since launching her first collection in the early nineties, and she is known for creating modern garments that convey natural confidence, being a forerunner of alternative materials and cutting-edge technologies (The Good Trade, 2018). “She has preached and practiced the values of sustainable luxury since founding her brand in 2001, using faux leathers and suedes, and working with Adidas to develop ground-breaking recycled fabrics” (Tashjian, 2019). A member of the Ethical Trading Initiative, the brand is also careful with its selection of suppliers, many of whom are small businesses are artisans in Europe. When not designing her own products, Stella McCartney collaborates with numerous NGOs and environmental conservation organizations as well, including Wildlife Works and Parley for the Oceans (The Good Trade, 2018). Looking back now, it can be stated that she was a real pioneer in this field, and that she is still today a massive example for other companies together with Vivienne Westwood, whom AW17/18 fashion show “Ecotricity” was all about renewable energy and calling out other luxury labels to switch from fossil fuels to green energy (Van Heerde, 2019).

To cite another luxury brand which is showing efforts to switch to a more sustainable way of working, one of Gucci’s first attempts to sustainability was creating a 100% traceable handbag collection in partnership with sustainability advocate Livia Firth. Among other initiatives, in 2014 they shifted from charitable donations to more corporate social responsibility practices and they announced that their goal was to achieve leather and fur coming from 100% to “verified captive-breeding operations or from wild, sustainably managed populations,” where suppliers employ “accepted animal welfare practices and humane treatment in sourcing” (Van Heerde, 2019). Moreover, in 2018 the company launched the project “Gucci Equilibrium” to aim for more transparency and sustainability: a website which is designed to connect people, planet and purpose by allowing Gucci’s member of staff to dedicate one percent of their working time to volunteering in local communities. It is part of Gucci’s 10-year sustainability plan that includes a “scrap-less programme” that reduces the quantity of leather that is treated during the manufacturing process (Van Heerde, 2019). Furthermore, Gucci is among a list of companies who pledged to become fur-free, together with Versace, Jimmy Choo, Armani, Michael Kors Calvin Klein, Givenchy, Hugo Boss, Ralph Lauren and Tom Ford, for example.

Talking about another important brand, Burberry has been named the leading luxury brand in the 2018 Dow Jones Sustainability Index, which tracks the performance of companies in terms of economic, environmental and social criteria. The British heritage label has been included in the index's 'Textiles, Apparel & Luxury Goods' sector for the fourth year running due to a series of eco-friendly initiatives such as the recent pledge to stop destroying unsold clothes, which it previously did as a way of preserving its exclusive image. The brand also announced that it would no longer be using real fur in its products and will be phasing out existing products made from real fur. These new measures come after Burberry launched a responsibility agenda in 2017, partnering with sustainable luxury company Elvis & Kresse to turn 120 tonnes of wasted leather offcuts into saleable products (Petter, 2018).

Luxury brands are then increasingly becoming environmentally conscious and as we saw many are adopting more sustainable business strategies in order to appease ethically minded consumers. However, for today's young luxury consumer, actions speak louder than words and in order for luxury brands to be taken more seriously on these issues, they need to show consumers that they are indeed making the effort (Lake, 2018). As a matter of fact, although 72% of companies mention UN's Sustainable Development Goals (SDGs) in their annual reporting, only 27% actually include them in their business strategy, according to a study published in 2018 by PwC (Scott & McGill, 2018). However, nowadays it is not so easy as it once was for brands to hide the reality of their businesses to their consumers. The public continues to demand greater transparency from the industry, and a legal framework according to the circumstances on the part of governments (Luxiders, 2018).

Consequently, as a 2019 survey by McKinsey & Company for the Italian Fashion Chamber shows ("Global Sustainability Report: sustainability matters, but does it sell?"), sustainability is really becoming an essential element at the heart of the business strategies of fashion and luxury labels, generating a genuine economic benefit (Muret, 2019). "The survey confirmed that sustainability has grown beyond a level of mere awareness, becoming a genuine strategic factor for the development of brands. It is indeed a necessary condition [for brands] to be able to operate within sophisticated markets in department stores," said Antonio Achille, a partner in charge of the luxury industry worldwide at consultancy firm McKinsey & Company. By interviewing 90 buyers from department stores operating in 25 countries (i.e. Le Printemps, Hyundai, Saks, Barneys, Lane Crawford, La Rinascente…), the survey pointed out that sustainable products account on average for 23% of department store purchases (26% in Europe, 24% in the USA, 22% in Japan and South Korea, 19% in China) (Muret, 2019). Moreover, for 68% of the buyers interviewed, sustainable development is more directly linked to tangible elements like materials, production processes and working conditions, rather than to intangibles like marketing, brand reputation or philanthropy. Another interesting finding was that over one quarter of the buyers interviewed said they had to withdraw a label from

their range for reasons linked to sustainability, such as societal and ethical issues, animal well-being or because the label's brand image wasn't consistent with the concept of sustainability (Muret, 2019). After the 'International Roundtable on Sustainability' organised by the Camera Nazionale della Moda Italiana, CNMI on 26th March 2019, in which this survey was presented, the chief sustainability officer and head of international institutional affairs for Kering Marie-Claire Daveu affirmed that "on this issue, we are increasingly being queried by credit rating agencies and investors, while in the past this happened much less frequently. We are noticing that interest [in the issue] is increasing significantly. The fact that the financial community is getting involved is important" (Muret, 2019).
The survey went on to underline that labels investing in sustainable development are estimated to increase from 20% to 85% in 10 years. Moreover, it stated that sustainability is currently a purchase driver for 20% of consumers and 25% of department store buyers, but that it will increase to respectively 90% and 95% in luxury goods purchases in 10 years. Also, according to the buyers interviewed, now nearly 70% of consumers are willing to pay a premium for a sustainable product, and 40% of department stores are now promoting sustainability using dedicated corners, temporary shop-window displays or more direct visual strategies. Regarding how sustainable development is perceived in different geographical areas, the survey found that US department stores, with a 33% share, and European ones (32%) are more oriented towards sustainability, followed by those operating in Asia-Pacific (29%) and China (21%). Italy leads the ranking of the "countries positively associated with sustainability" with 20%, followed by Japan (14%), Germany (13%) and France (10%). On the other hand, China is regarded as the country more "negatively associated with sustainability" (25%), followed by India (11%), Pakistan (7%) and Vietnam (7%) (Muret, 2019).

To conclude this chapter, it can be affirmed that a number of promising, disruptive innovations are emerging to move the industry, but success will depend on a strong ecosystem rooted in the efforts of regulators, consumers, nongovernmental organizations, and other stakeholders (Lehmann, et al., 2018). As a matter of fact, the industry must overcome its blockades to achieve more substantial improvements that lead to a systemic change, and in this sense collaboration is a prerequisite to advance the sustainability performance (Lehmann, et al., 2019).
Taking the 2019 Pulse of the Fashion Industry report as reference, it has to be underlined that 40% of the industry did evolve beyond the first two phases (pre-phase and phase one) of the Pulse Curve, which highlights the urgent need for these companies to laying the foundation and move toward targeting core business processes and impact areas for improving their social and environmental

performance (Lehmann, et al., 2019). Once these fashion players have created their right basic conditions, they can then focus on the four core priorities in the CEO Agenda by:

- Increasing supply chain traceability by tracking their manufacturers;
- Fighting climate change by implementing measures to reduce greenhouse gas emissions;
- Improving efficient use of water, energy and chemicals by enforcing efficiency programmes in processing stages;
- Deepening efforts to establish respectful and secure work environments by upholding standards for the respect of universal human rights for all people employed along the value chain (Lehmann, et al., 2019).

The other 60% of the industry should focus on augmenting their impacts on the core priorities for immediate implementation and on accelerating collective action to the next level of transformational priorities to create fundamental change by:

- Establishing a sustainable material mix by reducing the negative effects of existing fibres and developing new innovative, more responsible fibres;
- Building circular fashion systems by designing, producing, selling and collecting products that enable the reuse and recycling of post-consumer textiles at scale;
- Promoting better wage systems by collaborating with industry stakeholders to explore opportunities to develop and implement better wage systems;
- Taking advantage of the fourth industrial revolution, by embracing the opportunities in the digitalisation of the value chain and engaging with other brands, manufacturers, and governments to prepare for the transition of workforce (Lehmann, et al., 2019).

In order to accomplish these aspirational goals, the market should start working in synchrony with a number of key players in the eco-systems.

Firstly, governments and policymakers, in order to create a supportive regulatory framework which the industry should seize and seek to further develop. This important cooperation is especially wished by governments and policymakers for two reasons: the first is that the call for sustainability comes from citizens, or more specifically, the electorate; the second is that the pace of the industry's work toward better practices is not happening fast enough and policy intervention can help accelerate it by, for example, applying incentive structures in favour of sustainability actions (Lehmann, et al., 2019).

As a prerequisite for close collaboration, policymakers need to be clear on what the role of governments should be, and on the other hand business should define its commitment to change. One factor that indeed contributes to the ongoing lack of clarity is the traditionally low overall policy engagement from the fashion industry itself (Lehmann, et al., 2019).

Secondly, NGOs and media must continue pushing businesses and consumers to support this transformation by encouraging consumers to find and exercise their voice and urge businesses to supply high-quality sustainable products. In fact, NGOs focused on consumers have a significant role to play in educating them via tools such as the Fashion Transparency Index or Good On You, which provide them with ethics ratings and sustainability information about factories and suppliers involved in the manufacturing of garments from the brands and retailers they purchase from (Lehmann, et al., 2019).

Lastly, investors have important responsibilities too as they can serve as a catalyst for change toward better ways of doing business if they prioritise sustainability in their investment decisions. They should then agree to standard disclosure requirements, driving impact and helping to push for common reporting frameworks. In addition, investors should engage their investees on the topic of improved social and environmental practices and ask them to join the push for a common framework, potentially working together with legislators (Lehmann, et al., 2019).

3.2.4. A focus on consumers: who they are and how they purchase

After having thoroughly analysed the impact of CSR and sustainability in the fashion industry, it is worthwhile to have a closer look also on the consumers' perspective. As a matter of fact, we have repeatedly stated that today's consumers are more and more mindful of a brand's footprint and impact on the environment and also on society. Businesses are then keen on developing these areas of their supply chains in order to meet the needs and requirements of customers, as well as not to lose their position in the market.

Before taking a closer look on their opinions and habits regarding sustainable luxury goods, we have to understand who they are, and which are their main habits. As Deloitte's 2017 "Bling it on. What makes a millennial spend more?" report shows[2], nowadays "the top segments of the luxury and premium consumer markets are still dominated by Baby-Boomer and Generation X buyers" (Deloitte LLP, 2017). These segments have adopted some of the online spending patterns of the generation that followed, and they also retain older consumption habits such as being brand-loyal, valuing traditional store buying and personal contact, and responding to traditional brand messaging. However, they are increasingly being supplanted by the new generation, the Millennials, who mostly grew up in the internet era and thus have different assumptions, social patterns and values (Deloitte LLP, 2017).

As the report explains, this critical group has indeed some specific characteristics and habits that we will now resume. Firstly, unlike the generations that preceded them, millennials are not necessarily richer than their parents were at that age. However, recent research by the Demand Institute[3] suggests that among Millennials there is a significant part of wealthy individuals who stand out for their distinctive consumer mindset and propensity for brand engagement; they tend to be younger and more urban than other consumers; they have higher disposable income and both the ability and the propensity to spend on higher priced products (Deloitte LLP, 2017).

Secondly, according to this research, wealthy Millennials spend their money essentially to please themselves, not to impress others. 'I like to treat myself' and 'it makes me feel good' were together the most common reasons for buying, whereas impressing friends and family scored low, followed

[2] The findings were drawn by interviewing over 1,000 20-30-year olds in the US, UK, Italy and China who said they were either interested or very interested in luxury spending. They were evenly spread over the four geographies (US 23%, UK 29.7%, Italy 23.6%, China 23.8%), and a large proportion of them had already bought luxury items in the last year. 38.2% were men and 61.8% were women.

[3] http://demandinstitute.org/connectedspenders/

by emulating influencers. The need to impress was the only category where men were more likely than women to cite this as a motivation: the gender difference appears to be that women are more likely to buy for themselves, to look and feel good, while men are more likely to engage in gift buying, and to impress others. It is interesting to underline that in terms of geographical difference, China is the market where consumers are markedly more likely to value having the latest product. It is in fact no news that Chinese buyers account for more luxury buying than any other country (30%-35% of global luxury sales), and that most of that spending takes place outside of China (only 7-10% of luxury sales are made at home) (Deloitte LLP, 2017).

Talking about another characteristic, it can be affirmed that Millennials are information-rich, but they do not have a preferred channel of information and influence, since they make buying decisions based on information from multiple sources, such as traditional magazines, videos, websites and blogs among others. Social media is the most cited information channel in all geographies except China, where brand and fashion websites are more important than elsewhere (Deloitte LLP, 2017).

Moreover, focusing on the buying moment, it can be defined as fragmented and impulsive, not limited to the routine. In fact, Millennials say they are most likely to buy when they receive extra income (such as a bonus), for a special occasion, for a personal treat, or for replacement of an older luxury possession. In addition, the majority of millennials still like to buy in store, even if the way they consider them is quite different from the previous generation: they do not typically visit stores for the store experience, or for help and advice from sales assistants, but they are most likely to go to get close to products, to experience the touch and feel of luxury goods, and for the opportunity to try them. However, they are more likely to browse online before they enter the store, specifically to see and try that product. In addition, these buying experiences are essentially drawn by quality as most attractive factor, and millennials tend to have access to extensive data on the real quality of luxury products, through online comparative resources and discussion forums (Deloitte LLP, 2017).

Lastly, personalisation and experience when buying a luxury product are core concepts for Millennials, and this is relatable to the little importance they give to brand loyalty. They tend to buy what they like regardless of brand, even if this tendency is mostly observed in men than women (Deloitte LLP, 2017).

In order to consider other characterizing habits of this specific consumer segment, we can also analyse the findings of The State of Fashion 2019’s report. In fact, The Business of Fashion and McKinsey & Company highlighted some major shifts in consumers habits.

Firstly, the end of ownership as consumers have demonstrated an appetite to shift away from traditional ownership to newer ways in which to access product. This evolution is mainly driven by growing consumer desire for variety, sustainability and affordability, but also by the young generation's hunger for newness. Therefore, rental, resale and refurbishment models lengthen the product lifecycle while offering the newness consumers desire, as well as being highly cheaper (The Business of Fashion and McKinsey & Company, 2019).

Furthermore, another evident trend is that younger consumers are increasingly concerned with social and environmental causes: they demonstrate it with their shopping habits, favouring brands that are aligned with their values and avoiding those that don't. As a matter of fact, 89% of Gen Z would rather buy from a company supporting social and environmental issues over one that does not, even if then just 65% pay attention to company's CSR efforts when deciding what to buy; 94% believe that companies should address social and environmental issues (vs. 87% Millennial and 86% General Population); and 81% believe they can have an impact on social or environmental issues by using social media (Cone, 2017). Moreover, nine in ten Generation Z consumers believe companies have a responsibility to address environmental and social issues, differing in part from millennials who usually have a greener focus. However, this type of concerns is not restricted only to these younger consumers: around two-thirds of consumers worldwide say they would switch, avoid or boycott brands based on their stance on controversial issues; half of these regard themselves as activists, driven by passion, whereas the other half are less dogmatic. Moreover, over the past three years a third of consumers worldwide have started incorporating their values and views in their purchasing decisions in order to express their deeply-held beliefs (The Business of Fashion and McKinsey & Company, 2019).

Another shift which is worth mentioning is very interrelated with the previous one, that is to say more distrusting consumers who expect full transparency across a brand's value chain. Not surprising, 52% of Millennials agrees that they always research for background information before buying, compared with 45% of Gen Z consumers and 41% of baby boomers. In addition, "81% of Millennials expect the brands that they buy into to be transparent in their marketing and actively talk about their sustainability impact" (Luxe Digital, 2019). Indeed, the issues they are mostly interested about are usually fair labour, sustainable resourcing and the environment, but also value for money which reflects increased product saturation, proliferation of product information and reviews and the rising ability to compare prices (The Business of Fashion and McKinsey & Company, 2019).

As regards to consumers' opinions regarding sustainability attributes in luxury fashion, they appear somewhat divided. The longevity of such products is viewed in itself as an indication that sustainability is a fundamental attribute. On the other hand, an opposing perspective would argue that luxury items are by definition not sustainable because of them being non-essential purchases. Indifference is also apparent, while some individuals are sceptical when firms make claims about the sustainable qualities of their offerings. Following these varying beliefs, it is not surprising to find different motivations prevailing in how sustainability impacts purchase of luxury fashion products. Based on these differences, a study by Henninger et al. (2017) highlighted that firms can classify consumers into specific types respectively labelled as exceptors, translators, selectors and indulgers. The first category generally considers sustainability as an integral aspect of their lifestyle; they aim to make sustainable purchases in all product categories and also conduct research into organizations before buying products from them; they use social media to remain constantly alert of issues within the fashion industry and condemn firms involved in practices like worker exploitation and use of child labour. Secondly, translators can be characterized as being more passive towards sustainability and this is manifested in their dependence on others to provide them with information and recommendations, but also willingness to adopt sustainable behaviours if personal reference groups are doing likewise. Furthermore, consumers in the selector group are effectively a hybrid of exceptor and translator types since they typically choose sustainable options when making purchases within certain product categories and are motivated by alternative factors for some other types of product. The first instance might include opting for organic food because of environmental and health benefits, while in the latter case these consumers might buy luxury fashion items because of their trendiness or hedonic appeal. The apathy toward sustainability is even stronger among indulgers, at least where luxury fashion is concerned. As a matter of fact, these consumers often readily engage in recycling and other sustainable practices, but these principles are abandoned when it comes to selecting luxury items because of their inclination to overlook any suggestion that a luxury brand is involved in dubious practices or unethical behaviours and to use luxury items to feel good or as a means of expressing their affluence, status or uniqueness relative to others. In essence, their sole objective is the fulfillment of personal desires (Henninger, et al., 2017).

Apart from this particular division, the general rise in consumers' interest for social and environmental responsibility in the fashion industry cannot be denied. As the 2019 Pulse of the Fashion Industry report pointed out, 75% of consumers surveyed in Brazil, China, France, the UK and the US[4] view sustainability as extremely or very important. This is further substantiated by an increase in sustainability mentions on social media, which was a third higher than the overall growth of social media posts. This research also shows that 38% of consumers report actively switching from their preferred brand to another because it credibly stands for positive environmental and/or social practices. Deepening the analysis, young consumers are more interested in social and environmental practices in fashion, with 48% of the Founders generation[5] stating they have switched brands based on these considerations, compared to just 28% of Baby Boomers[6]. Furthermore, according to the same research, more than 50% of consumers plan to switch brands in the future if another brand acts more environmentally and socially friendly than their preferred one. As a result, the question for luxury companies is no longer whether it is necessary to improve sustainable business practices, but rather how long it will take before consumers stop buying from brands that do not act responsibly (Lehmann, et al., 2019).

However, the negative note is that sustainability considerations are not yet powerful enough to be the most important purchasing criterion. As a matter of fact, for only 7% of consumers, sustainability is the key purchasing criterion, of which 23% prioritise high quality, 17% looking successful and 16% receiving good value for money (Lehmann, et al., 2019).

Regarding consumer perception on the importance of switching to a brand with more responsible practices, three broad segments and six subgroups emerged by the findings of this survey. The first category is defined as Open (16%) and include consumers who have a high interest and knowledge about production conditions: they ask brands difficult questions and for them responsible practices are a key purchasing criterion, at the same level of style and quality. They basically range from high-income Gen Xers with graduate or professional degrees and retired Baby Boomers with medium income to Millennials who are employed full-time with medium income. Geographically, they have a proportionally strong representation in Brazil (20%) and the US (18%). Moreover, this segment can be further broken down into three subgroups: the enthusiasts (3%), for whom sustainability is a key purchasing driver; the subgroup high involvement (10%), where sustainability plays a major role in

[4] Research conducted in March 2019 with almost 3,000 participants spread out between Brazil (523 participants), China (514 participants), France (529 participants), the UK (703 participants) and the US (703 participants). To complement the results, a social media listening has been conducted.
[5] Founders are defined as being born between 1997 and the mid-2000s. The survey sample only includes individuals aged 18 or older and the Founders in the survey were born between 1997 and 2001.
[6] Baby boomers were born between 1947 and 1966.

purchasing decisions; and the believers (3%), who take sustainability into account in purchasing decisions (Lehmann, et al., 2019).

Secondly, we have to analyse the group of Middle ground (49%): these purchasers express a mild interest in sustainability in fashion and other product categories; their knowledge about it is superficial, but they expect brands to take action and communicate about it; they usually follow the recommendations of brands or people they trust. In terms of purchasing practices, they view a company's attitude about responsible practices as being important, but their key purchasing drivers are aesthetic and price. Typical members of this segment have medium income, are often female and may be self-employed, homemakers or otherwise not employed. They have a proportionally strong representation in China (54%) and they can be broken down into supporters (7%) and low involvement (42%). While the former subgroup supports sustainability in fashion and other categories but does not consider it upon purchase, the latter pays attention to the topic without concretely supporting it (Lehmann, et al., 2019).

The third and final segment is called Resistant or rejectors (35%) and embraces consumers who are not interested in the topic of sustainability in fashion, or in other categories, such as food and furniture. They might even feel deterred from purchasing products marketed as more responsible, because they expect them to be more expensive, as price is their first purchasing criterion. The typical member of this segment is a Baby Boomer, has low to medium income, usually has a high school education, and is either retired, a homemaker or unemployed. They have a proportionally strong representation in the UK (42%) (Lehmann, et al., 2019).

As a consequence, brands have to use these segments to refine their messaging, with the goal of making their communications relevant to the broader middle ground and the believer subset of open consumers (totalling 52% of consumers). Furthermore, they also need to figure out how to make resistant consumers aware of sustainable products as a new and necessary normal, basically by understanding their specific needs and create an overlap between them and sustainability drivers (Lehmann, et al., 2019).

Focusing on the part of society this study defined as rejectors, it can be said that they are not present only in the luxury fashion sector. Indeed, research keeps on pointing at the inconsistency between attitudes and behaviours when talking about ethical criteria in decision making: people might support corporate social responsibility (CSR) and ethical concerns but are not ready to pay more for them (Bhattacharya & Sen, 2004). A recent study by Leary et al. (2014) has shown that ethical concerns transform into behaviours only if consumers felt their simple action could have a domino effect and market influence. In addition, Ehrich and Irwin (2009) demonstrated that consumers tend to purposefully ignore sustainability issues when they purchase, even though they say they are concerned. Moreover, we can also cite Davies et al. (2012) who proposed a number of explanatory factors for this unwillingness to buy sustainable luxury products: they firstly pointed out that luxury purchases are rare, so consumers do not directly perceive their impact on the environment, unlike mass-produced items such as cotton T-shirts; secondly, each luxury purchase is considered as a blessed moment, a parenthesis for dreaming, and there is then no need to trouble it with negative ideas; finally, people would expect that luxury brands more than any other would take all into account, considering their high price and the fact that they have to obey their already existing national laws about the protection of nature.

In general, it can be affirmed that “consumers are particularly interested in sustainability when they perceive that their choice has an immediate impact” (Jones, 1991; Leary, et al., 2014), for example considering repeatedly purchased products (i.e. the ‘conscious’ collection by H&M) . On the contrary, the very few purchases of extraordinary luxury goods are usually not included in this way of thinking as they are meant for the client to feel unique, thus tending to maximise the feeling of privilege and rarity, minimise the feeling of volume and of the potential impact of this rare purchase on sustainable development (Davies, et al., 2012).

However, as already mentioned, although they do not seem to hold sustainability as a criterion for their purchases, luxury consumers do have strong expectations (Gardetti & Torres, 2014): in their intimacy, they believe luxury brands have the duty of being sustainable, since they have to be an example due to their price and promised exceptional quality (Kapferer & Michaut, 2015). “It is not surprising to find that expensive products that would not respect the environment and society would not only disappoint customers but even create anger” (Kapferer & Michaut, 2015). Sustainability has then become an implicit need without having previously been an expressed one (Berger, et al., 1993).

4. The case study: Moncler S.p.A.[7]

Founded in 1952 in Monestier-de-Clermont, Grenoble, France, Moncler is now located in Italy. It is present in all major markets through the retail channel, consisting of directly operated stores (DOS)[8], the online store, and through the wholesale channel, represented by multi-brand doors and shop-in-shops in department stores.

Moncler's strategy is based on an integrated and flexible business model which is aimed at having direct control of the phases of production, focusing on the pursuit of ever-increasing quality. The promotion of a responsible supply chain is a fundamental part of this process, so against this background the company has established during the last year a Sustainability Unit dedicated to supporting the integration of social and environmental factors into the business decision-making (Moncler S.p.A., 2019).

According to Deloitte's "Global Powers of Luxury Goods 2019" report, Moncler is ranked 44th among the top 100 luxury goods companies by sales. Most notably, alongside with Pandora, in the same report of 2018 it was defined as the most notable high achiever for sales growth since it had delivered double-digit growth and profit margins in all years FY2014-16 (Deloitte Italy S.p.A., 2018). Not surprisingly, it gained the tenth position on the ranking of the 20 fastest-growing luxury goods companies worldwide (FY2015-17 CAGR[9]). The number of Italian companies in this list has decreased from six in FY2016 to just two in FY2017: Furla and Moncler. "Moncler was again arguably the best all-round performing Italian company, with FY2015-2017 CAGR, year-on-year luxury goods sales growth and net profit margin all in double digits, driven by strong organic growth and expansion of its mono-brand retail stores network" (Deloitte Touche Tohmatsu Limited, 2019).

Furthermore, the brand was recently ranked fourth among the hottest brands in The Lyst Index Q4 2019. "To compile the results, global fashion search platform Lyst analyses the online shopping behaviour of more than nine million shoppers a month searching, browsing and buying fashion across 12,000 designers and stores online. The formula behind The Lyst Index takes into account global Lyst and Google search data, conversion rates and sales, as well as brand and product social media mentions and engagement statistics worldwide over a three-month period" (The Lyst Index, 2019). As said, Moncler was ranked fourth behind Off-White, Gucci and Balenciaga especially because

[7] All information retrieved from https://www.monclergroup.com
[8] Include freestanding stores, concessions, travel retail stores, outlets; retail mono-brand stores as at 31/12/2018
[9] Compound annual growth rate

of its CEO Remo Ruffini being named Business Leader of the Year at the Fashion Awards, its new flagship store in Munich, Germany, as well as the launch of its carbon-neutral jacket made of plant-based materials.

In an interview for the Sole24Ore, the President and Creative Director Mr. Ruffini used three words to explain the unbounded growth of his company: uniqueness, selectivity, and control, since for him creativity and innovation always have to be inserted in a specific framework in which new projects have the possibility to flourish. He also affirmed that the 'control' part is connected with the rise of the retail sector of the brand as by definition the wholesale channel is impossible to master; however, in his opinion, the relationship with the multi-brand world is essential, because if there were only direct shops the risk of self-centeredness and self-indulgence would be too high to tackle (Crivelli, 2018).

In this status of prosperity and growth, the 'Moncler Genius Building' project came as a further boost for the appeal, visibility and prestige of the brand. In fact, starting from its first presentation during the Milan Fashion Week on the 20th of February 2018, this new attitude both towards the product and the communication has been taking the brand to another level by offering considerable opportunities to broaden its client base, expand its price mix and develop new non-core categories (Paronetto, 2018). It is a project born to evolve, transform and improve for a brand which wants to be global and has to adapt to different geographies and cultures (Crivelli, 2018). It is aimed at disrupting the traditional twice-yearly rhythm of the fashion shows, by showing different collections all at once, while rolling out them with monthly drops through individual and dedicated 360° launch plans. Indeed, the collections offer the consumer the possibility to convey their own personality through the multiple facets of the brand: each designer's individualized cell represents a different aspect of the brand's identity and alludes to its unique vision for the future of fashion and design. The result is a grand composite of extraordinary minds united by the desire to innovate and create the new as well as by the necessity to keep up with the ever-changing fashion world (Moncler S.p.A., 2019). Every season, the brand unveils new designers to supplement the previous group: for example, the latest new entries were Richard Quinn, Valextra and Alyx. As a matter of fact, the aim is to offer all year long a continuous program and a continuous dialogue with the costumer, always preserving the uniqueness and the heritage of the brand relying on an absolutely unique and free vision.

4.1. The history of the brand

The company was founded in 1952 by the entrepreneur and mountain articles producer René Ramillon, alongside with André Vincent. The name comes from the abbreviation of Monestier-de-Clermont, a small mountain village near Grenoble, France, where the company was born.

At the outset, Moncler only produced quilted sleeping bags, a single model of a lined hooded cape and tents with a telescopic structure and outside cover, which were the best-sellers. These robust, functional articles immediately proved a hit with the public, as the new social phenomenon of mountain holidays began to take hold (Moncler S.p.A., 2019). The next step was the production of the renowned down jackets, which began in 1954. The first quilted jackets were conceived for protecting workers from the cold since they used them on top of their overalls in the small mountain factory of the company. The first to note them and realize their potential was the French mountaineer and Ramillon's friend Lionel Terray. Under his guidance in the same year, Moncler developed its first specialized collection for high-altitude mountaineering called "Moncler pour Lionel Terray": quilted jackets, salopettes, gloves, high-resistance sleeping bags, which all offered extreme protection being suitable for the harshest climates; they were indeed put to the test in the course of multiples expeditions and were gradually improved. In the same year, these quilted jackets were chosen to equip the Italian expedition to K2 (8.611 meters), which culminated with the conquest of the earth's second highest summit by Achille Compagnoni and Lino Lacedelli. Moreover, in 1955 Moncler supplied the French expedition which reached the summit of Makalù (8.470 meters) and was the official supplier for expeditions in Alaska organised by Lionel Terray in 1964 (Moncler S.p.A., 2019).

Later on, in 1968, Moncler became the official supplier of the French national downhill skiing team for the Grenoble Winter Olympics thanks to a worldwide media platform broadcast via television. This was a special event which also marked the change in the logo: Mount Eguit, which rises up behind Monestier-de-Clermont, was replaced by the cockerel. Furthermore, in 1972 the French national downhill skiing team requested a variation on the quilted jacket: it was no longer to be the double version but a single garment that would be more manageable, light, and well-suited to competition requirements. Initially called "Huascaran" and then "Nepal", with the addition of leather paulettes for resting the skis on without damaging the fabric, this more flexible and comfortable version of the jacket was to all intents and purposes the precursor of the present-day Moncler jacket. In the same period, thanks to the exponential rise of the mass winter tourism, the quilted jacket became more and more popular with a positive effect on sales (Bolelli, 2002).

As a matter of fact, the 1980's were a period of great expansion for the company, since the original jacket with its unique stitching and lacquered effect in bright colours made its entrance in the everyday life. The style was also revisited by the designer Chantal Thomass, one of the coolest creative minds of the Parisian scene of the period who collaborated with the brand until 1989: he replaced the zips with buttons and introduced fur trim, satin and reversible fabrics (Moncler S.p.A., 2019).

In 1992 Moncler became an Italian brand under the Pepper Industries which in turn sold it to Finpart. This listed and then bankrupted company entrusted the brand to the entrepreneur Remo Ruffini alongside with Mittel and Guido De Vivoin in 2003; they also took over the other brands of the group, namely Henry Cotton's, Marina Yachting, Como Coast Weber & Ahaus and the license 18CRR81 Cerrutti. In 2008 Marco de Benedetti, chief of the Carlyle fund in Italy, entered among the main shareholders finalising the recovery of the brand. Then, in 2011 the French fund Eurazeo became the first shareholder of the company, followed by Remo Ruffini and the Carlyle fund, all united by the same purpose: speed up the growth in the international market, including China and The United States, and build a global fashion luxury brand (Jacchia, 2011).

Under the guidance of Remo Ruffini, Moncler distinguished itself even more working on fit, aesthetic research, experimentalism and materials, ensuring the utmost attention on quality with every garment made entirely in Europe. In 2006 the Moncler universe was further enhanced with the launch of the Haute Couture Moncler Gamme Rouge collection, a frontier of female elegance and sophistication, firstly designed by Alessandra Facchinetti and then by Giambattista Valli. In 2009, the company also launched the Moncler Gamme Blue collection: a men's line which combined the sartorial sensitivity of the American designer Thom Browne with the brand's sporting DNA. Both the collections were concluded in 2017, with the spring-summer 2018 as the last season, since the company decided to vary and widen its horizons with the Moncler Genius Building. Never contradicting its boost towards innovation and novelties, in 2010 the company presented the brand-new men's and women's Moncler Grenoble collection in New York. For the first time it reinterpreted the styles of the past, reworking the brand heritage while giving a contemporary look to the skiing garments and après-ski wear, as well as to more urban garments (Moncler S.p.A., 2019).

In December 2013, Moncler was listed in the Telematic Shares Market (MTA), organised and managed by the Italian Stock Exchange of Milan, signalling Europe's greatest success story in recent years. Starting from March 24th, 2014 the company is part of the FTSE MIB segment. Then, in 2015, Ruffini returned to being the first shareholder, and in 2016, he concluded an agreement with two long-term strategic investors, that is to say the Temasek group from Singapore and Juan Carlos Torres, president of the Swiss group called Dufry (Dal Maso, 2016).

In 2014, Moncler supplied the technical equipment to the team of the “K2 – 60 Years Later” expedition, which celebrated the Italian conquest of K2 60 years later. Furthermore, the brand personalized the new Leica X ‘‘Edition Moncler”, and Fabien Baron shot a series of photographs in Greenland that are then presented in an exhibition at Sotheby’s in London during Frieze Art (Moncler S.p.A., 2019).

In 2015, the company released its first Sustainability Report and Sustainability Plan. In addition, a joint venture regulated by Moncler was established in Korea, allowing the company to obtain direct control on all the markets where it operates. Additionally, it finalised the acquisition of a production site in Romania, as its aim is to create a technological R&D hub for down jackets and vertically integrate a portion of its production. This production site was completed in April 2016 through the recruitment of about 600 additional employees, who have later been integrated in the hub that was previously acquired and that is today operating with about 900 employees (Moncler S.p.A., 2019).

4.2. Philosophy, values and vision

The grounding values of the company are authenticity, excellence, and talent, in order to seek challenges, and to pursue shared and sustainable goals. In fact, the driving desire is to innovate while remaining true to itself and its heritage, to strive for continuous and uncompromising quality, and to grow through changes while pursuing new challenging standards. Moreover, the client is treated as the cornerstone of Moncler's business and the central focus of all decisions, while the talent of people is declared as its most important asset. Looking into its internal structure, the group considers its people a strategic resource, since they made the brand's past success possible and they are the key to its future growth. For this reason, the company holds the nurture of the individual as a core value since to create long-term value it needs to act responsibly and inclusively (Moncler S.p.A., 2019).

Over the years, Moncler has consistently and faithfully based its philosophy on simple yet solid principles, summarised in the words of the Company's Chairman and Chief Executive Officer, Remo Ruffini. "There is no present or future without a past. Moncler is a unique brand, and its products are synonymous its creativity, quality excellence, and constant evolution without ever losing sight of the brand's true essence" (Moncler S.p.A., 2019). Indeed, with over 60 years of history, the brand conveys its DNA through innovative, versatile and still timeless products, inspired by values stemming from the love for sports and nature, and deliver renowned elegance and quality excellence. To do so, it adopts an integrated business model that focuses on quality control, and directly manages and coordinates the higher value-added activities within its value chain.

As defined by Mr. Ruffini, "Moncler is a globophonic company: while its vision is global, its strategy is local" (Moncler S.p.A., 2019). In fact, its policy is to have a direct presence in the regions in which it operates, with local management and organisational structures acting in close coordination with the Parent Company. It operates through its headquarters and five regional organisations (*Regions*): EMEA, Asia Pacific, Japan, the Americas, and Korea.

As there is no growth without responsibility and respect, Moncler judges the value of its results also by how it achieved them, believing there can be no long-term growth without responsibility and respect. Which is why, a few years ago, the Company started to integrate sustainability issues into its business model and decisions. In this sense, Moncler's goal is to pursue sustainable and responsible growth within the global luxury goods segment, while remaining faithful to its unique heritage (Moncler S.p.A., 2019).

Overall, the company's strategy is closely related to the group's philosophy and values, and is based on six pillars: having a strong identity and unique positioning, as its unique heritage represents its main asset and permeates its entire strategy; being a global brand with no filters with the market (today 87% of Moncler's revenues are generated outside of Italy); boosting a selective product range expansion; having a direct relationship with clients, to always surprise them; supporting a digital channel development in an omni-channel perspective; ensuring a sustainable growth to create value for all stakeholder (Moncler S.p.A., 2019).

As the expression of the philosophy and values underpinning the company's vision, in July 2018 Moncler launched its new advertising campaign called 'Moncler Beyond': it featured 19 celebs coming from different sectors and countries (Millie Bobby Brown, John Boyega, Crystal Zhang, Conie Vallese, Guillaume Nery, Lexie Alford, Maye Musk, Miyavi, Eiza Gonzalez, Walter Villadei, Carmen Jorda, Xiuhtezcatl Martinez, David De Rothschild, Olga Karput, Danny Bowien, Beb eVio, Sheck Wes, Liya Kebede e Gus Kenworthy) who were shot by the famous photographer Craig McDean and then filmed while telling their own way of 'going beyond'. In fact, this campaign represents "the expression of the human strength which pushes people to go beyond frames and pre-established models". This is a concept which comes from the heart of the company's DNA since it mirrors the company's evolution from a mountain gear firm to a comprehensive luxury brand with universal appeal, which has gone "beyond fashion, straight into life," as the claim reads (Tortora, 2018). The message then is strong: every target is reachable if the individual is brave enough to believe in their uniqueness. For example, the Paralympic athlete Bebe Vio gave voice to her personality and attitude with the motto 'beyond perfection', while actor John Boyega explained his vision of going beyond obstacles.

4.3. CSR and Sustainability

4.3.1 Code of Ethics

In the last years, especially after its floating on the Telematic Shares Market (MTA), Moncler has developed a well-grounded and genuine disposition towards the spheres of Corporate Social Responsibility and Sustainability, both regarding its employees and its business. In fact, the corporate governance system adopted by Moncler is based on the transparent and responsible running of business operations. It is aimed at creating sustainable medium and long-term value both for shareholders and stakeholders, as well as to create and implement the best practices of corporate social responsibility applicable in all countries in which the brand operates (Moncler S.p.A., 2019).
Among the main cornerstones of this corporate governance system, the Code of Ethics and the corporate policies related to it are fundamental since they govern the decisions and conduct of both the group and its employees towards stakeholders. This resource is applied uniformly across all countries in which the Group operates and can be defined as the *vademecum* for the good conduct of the Company and its activities, since it includes all the major areas and targets the Brand focuses on (i.e. Anti-Corruption Policy; the Environmental Policy; the Occupational Health and Safety Management Policy , among others) and it is based on the main existing national and international regulations, guidelines and documents on corporate social responsibility and corporate governance, human rights and the environment, including: the United Nations Universal Declaration of Human Rights, the Charter of Fundamental Rights of the European Union, the decent work standards contained in the ILO (International Labour Organization) conventions and the OECD (Organisation for the Development of Multinational Enterprises) guidelines (Moncler S.p.A., 2019).
This valuable resource is then defined as a guide for the conduct of employees, managers and also the various contractors who work with Moncler in fulfilling their duties and responsibilities. The Code is also a fundamental and integral part of the Organisation, Management and Control Model adopted by the Company in accordance with Italian Legislative Decree 231/2001. Compliance with the Code of Ethics and the Model is monitored by designated supervisory bodies through audits and specific checks, which may also take place based on reported behaviour that does not comply with the principles of conduct required by Moncler (Moncler S.p.A., 2019).
To sum up, the Code represents the set of values that the group identifies with, shares, and promotes, as well as reflecting the main regulations, guidelines, and standards in force at national and

international level on Corporate Social Responsibility, corporate governance, human rights, and the environmental field. It was lastly updated on 26th February 2018 in order to be aligned with the most up-to-date international practices and to better integrate sustainability issues and anti-corruption guidelines. It also includes the key principles set out in the Supplier Code of Conduct such as the Anti-Corruption Policy, the Environmental Policy, the Health and Safety Management Policy, and the Group's policies on taxation, the management of human and financial resources, and asset protection. In this regard, the Supplier Code of Conduct was firstly adopted in 2016 and it addresses Moncler's expectations regarding responsible sourcing. It consists of six sections describing the binding provisions related to: Labour and Human Rights, Occupational Health and Safety, Environment, Animal Health and Welfare, Safety and Quality of Products and Services, and Corporate Ethics and Intellectual Property Protection. Moncler conducts regular audits across the supply chain to verify compliance and it is also committed to carrying out relevant training and awareness activities among internal departments and suppliers alike (Moncler S.p.A., 2019).

4.3.2. Sustainability Governance

In order to increasingly integrate sustainability into its business, Moncler has implemented a governance system based on the interaction of various dedicated bodies supervising and managing sustainability issues.

First of all, we can cite the Sustainability Unit, which is responsible for identifying sustainability risks, reporting them to senior management, and tackling them, as well as for identifying areas for improvement and relevant necessary measures. The Unit is also tasked with proposing the sustainability strategy, drafting the Sustainability Plan, preparing the Consolidated Non-Financial Statement, and fostering a culture of sustainability within the Group. Lastly, the Unit promotes a dialogue with stakeholders and, together with the Investor Relations division, handles the requests of sustainability rating agencies and the needs of Socially Responsible Investors (SRIs) (Moncler S.p.A., 2019).

The Sustainability Unit relies on the advice of the Sustainability Steering Committee, which comprises the members of the Strategic Committee and a number of heads of the Group's most relevant functions. In its advisory capacity, the Committee assesses the proposals of the Sustainability Unit, supervises the sustainability guidelines and targets, and analyses the extent to which they are achieved (Moncler S.p.A., 2019).

Moreover, the Company also established the Control, Risks, and Sustainability Committee which depends on Board of Directors and which is formed by three Non-Executive, Independent Directors; its principal tasks are: supervising sustainability issues associated with the business activities of the Company and its interactions with stakeholders; defining strategic sustainability guidelines and the relevant action plan (Sustainability Plan); reviewing the Consolidated Non-Financial Statement (Moncler S.p.A., 2019).

Diving deeply into the Company's strategy, the Sustainability Plan is the expression of the group's commitment to an ever-more sustainable and responsible growth. In fact, through this fundamental document, Moncler has the possibility to share its medium/long-term sustainability strategies with stakeholders with the aim of maintaining continuous and strong relationship based on constant dialogue and active engagement. For this reason, the Plan focuses on a number of priority areas with regards to its different stakeholders and their needs: promoting employee wellbeing; improving occupational health and safety; fostering a responsible supply chain, respectful of animal welfare; mitigating environmental impacts; increasing client satisfaction; promoting the social and economic development of local communities. Clearly, the sustainability planning has some precise steps to follow among which there is also the creation of the Plan: firstly, the planning stage in which the Sustainability Unit works with the heads of the relevant departments to identify areas for improvement and related projects, on the basis of which it formulates a draft proposal for the Sustainability Plan; then, when the document is ready to be submitted to the Sustainability Steering Committee, we enter into the operation phase, during which the latter analyses its contents and feasibility, and the Control, Risks, and Sustainability Committee verifies its consistency with Group strategy and gives its opinion to the Board of Directors, which is responsible for final approval; lastly, the monitoring stage, when the Sustainability Unit asks for regular progress reports on projects, and updates the Control, Risks, and Sustainability Committee accordingly in order to ensure adherence to the commitments made (Moncler S.p.A., 2019).

In connection with all the aforementioned actions, it has to be noted that as a multinational and sustainably engaged company, Moncler is committed to contributing to the achievement of the goals published in the '2030 Agenda for Sustainable Development' signed by the 193 member states of the United Nations (UN) in 2015. As previously explained in this work, the Sustainable Development Goals (SDGs) call for joint global action between governments, businesses, and society, and aim at mobilising all efforts around a common set of goals to be achieved by 2030. Of these 17 goals, the group is actively contributing to 10 of them either directly or through organisations with which it collaborates. As a first step, Moncler also verified the degree to which the targets already included in its Sustainability Plan align with the SDGs, observing that some of its objectives are already linked to 6 of the 17 UN Goals[10] (Moncler S.p.A., 2019).

In fact, regarding the improvement of occupational health and safety measures, one of the actions of the group is the definition and implementation of a certification process. In 2017, the production site in Romania and the offices and stores in France, Germany, United Kingdom, and Switzerland obtained the OHSAS 18001 certification, and in 2018 it was extended to all offices and stores in Europe and the United States. The target for 2019 was the extension of this certification, with the new IOS 45001 standard, to all offices and stores worldwide. These objectives are related to the Goal 3 (good health and well- being) and 8 (decent work and economic growth) (Moncler S.p.A., 2019).

Besides, talking about the promotion of a responsible supply chain, among the multiple initiatives, the brand is constantly working for the implementation of audits to verify compliance with social,

[10] See https://www.monclergroup.com/en/sustainability/strategy/sustainability-plan for the full chart.

ethical, and environmental standards: in 2018, 144 social and ethical audits were performed, involving 100% of direct suppliers of jacket manufacturers; in particular, on element in which the Brand has a strong interest is the analysis of wastewater generated by the production processes of suppliers. In addition, with regards to products, ongoing review and monitoring of banned or restricted substances (Restricted Substances List, RSL) in products and production processes is always in place: the Company constantly amends supply contracts due to the extension of the List and to the inclusion of new thresholds that are stricter than the legislative ones. Moreover, it always tries to integrate innovative and sustainable solutions in the development of new products, for example the introduction of recycled materials. In fact, it recently introduced its first bio-based and carbon-neutral unisex down jacket, made with plant-based fabrics and accessories. "In particular, the fabric, lining, buttons and zips all derive from castor beans, a raw material that allows for a 30% reduction of CO_2 emissions compared to a fossil origin source" (Salibian, 2019). The castor plant is a sustainable and renewable source since it does not affect food supply and agriculture; as a matter of fact, it is cultivated in arid regions and requires extremely small amounts of water to grow. Moreover, inside labels are made in cotton while the logo appearing on the frontal pocket is rendered in wool. Last but not least, the company has offset the emissions generated throughout the whole life cycle of the down jacket through REDD+ certified projects, which are focused on preserving the Amazon rainforest, consequentially making the bio-based style carbon neutral. This project follows the recent introduction of the Moncler Grenoble Recycled line, which included pieces made of recycled fabrics (Salibian, 2019).

All these actions are related to the Goal 12, namely the establishment of a responsible consumption and production (Moncler S.p.A., 2019).

This goal is also linked to the purposes of the energy efficiency and reduction of CO_2 emissions actions. In fact, the group is engaged in the environmental impact assessment of key offices and stores, and in the implementation of improvement and/or offsetting measures. In this respect, the 2018 results were the creation of the new logistics hub in Castel San Giovanni, Piacenza, which also obtained the ISO 14001 certification alongside with the Italian corporate offices, as well as the introduction of the LED lighting in the production site of Romania. The plan for 2019 was the maintenance of this ISO certification at the production site in Romania and also in Piacenza (Moncler S.p.A., 2019).

As mentioned, a related measure is the purchase of electricity from renewable sources, which in 2018 accounted for the 100% of electricity consumption at offices, stores, and logistics hub of the group in

Italy. The target for 2019 was the ongoing total consumption of this type of electricity, alongside with the progressive replacement of traditional lighting systems with LED lamps at the logistics hub in Piacenza. These are connected to the Goal 7, that is to say renewable energy. Again, this goal is clearly included in the integration of sustainability requirements at Directly Operated Stores (DOS), such as the use of air conditioning and lighting systems with low environmental impact. In fact, in 2018 96% of stores worldwide[11] were equipped with LED lighting, and the group is constantly working to pursue this type of lighting in all stores worldwide (Moncler S.p.A., 2019).

In this context, Moncler is also committed to reduce the environmental impacts of its logistics processes, for which one of the practical efforts is to the management of the environmental impact of transports. This will be possible through numerous studies on the feasibility of increased transport with lower environmental impact. Furthermore, another related element is the assessment of existing air-conditioning systems in stores, for which the analysis of stores in Europe, the Americas, Asia and the Rest of the World started, with the consequent preparation of the replacement plan. The Company also contributes to the fight against climate change by compensating all CO_2 emissions generated by the corporate car fleet in Italy and Romania and also by reducing them at the production site in Romania. Talking about car fleet, additional low environmental impact cars (hybrid and electric) have been introduced in 2018 in order to promote the ecological behaviour among employees. These actions are all related to the Goal 13, climate action (Moncler S.p.A., 2019).

Lastly, speaking about communities, Moncler is active in supporting medical and scientific research and innovation. In particular, it regularly organizes initiatives and funding of research grants to raise awareness and support associations working in the field of research and innovation. For example, in 2017 it encouraged the *Countdown to a Cure for AIDS* research initiative of the amfAR Foundation (American Foundation for AIDS Research), aimed at finding a broadly applicable cure for HIV by 2020, as well as providing support to various cancer prevention and research projects promoted by the Umberto Veronesi Foundation. The grounded will is to be further supportive to scientific research in the upcoming years which is linked to the Goal 3, explicitly good health. Furthermore, for the group is also fundamental to promote the social and economic development of local communities, also via partnerships with associations and non-profit organisations. To this end, in 2018 a new nursery school was inaugurated in Pieve di Torina, Macerata, thanks to the contribution of Moncler through the Francesca Rava – NPH Italia Onlus Foundation; besides, the group implemented the *Warmly*

[11] Excluding the 15 shop-in-shops in which lighting is provided by the host department stores, where Moncler cannot take action.

Moncler project together with Unicef for the second year running for children living in emergency situations. Obviously, the desire is to keep sustaining the social and economic development of the local communities in which the Group operates, which is tied to the Goal 11, namely sustainable cities and communities.

Thanks to all these remarkable innovations, in 2018, Moncler received the "Industry Mover Sustainability Award" from RobecoSAM, an asset manager specialised in sustainable investments. As a matter of fact, The SAM Corporate Sustainability Assessment (CSA) is a comprehensive annual evaluation of companies' sustainability practices and performance: the Company led the way also in 2019 among the Textiles, Apparel & Luxury Goods industry in SAM Corporate Sustainability Assessment based on its Total Sustainability Score in last year. Furthermore, it has also been included in the ECPI EMU Ethical Equity, ECPI Euro ESG Equity and ECPI World ESG Equity indices, which are focused on Environmental Social Governance (ESG) issues (Moncler S.p.A., 2019).

Lastly, in September 2019, the Brand has for the first time being included in the Dow Jones Sustainability Indices World and Europe, being recognized as the Industry Leader in the textiles, apparel and luxury goods' sector. As a matter of fact, the Dow Jones Sustainability Index globally ranks the leading sustainability-driven companies based on economic, environmental and social responsibility criteria, which are analyzed by RobecoSAM's trusted sustainability investment specialist. Commenting this ground-breaking result, Remo Ruffini affirmed that "at Moncler, we have long been committed to creating value for all stakeholders through the continuous integration of sustainability into our business model. A lot has been done to date, but we know that we need to do much more in order to find solutions to the imminent social and environmental challenges facing humankind globally" (Zargani, 2019). Entering the ranking is "an extraordinary result" for Moncler, continued Ruffini, and "testament to the great commitment of our more than 4,000 people who put their professionalism and best energy into their work every day to contribute to delivering a bright future for generations to come" (Zargani, 2019). The company is also committed to becoming carbon-neutral regarding its global direct emissions by 2021.

4.3.3. Environmental liability

Moncler pays particular attention to the environmental aspects involved in the conduct of its business, although it can be affirmed that its most significant environmental impacts are indirect. To this end, the Group has set out specific rules, processes, and control procedures to prevent and manage any environmental risks linked to its suppliers of raw materials and manufacturing services, which are required to adopt the Group's Code of Ethics and Supplier Code of Conduct. Compliance with the binding provisions contained in these documents is monitored through environmental audits carried out by specialised third parties (Moncler S.p.A., 2019).

Concerning its direct environmental impacts, Moncler implements numerous initiatives to minimise them, for example by: leveraging the adoption of both an Environmental Policy and an Environmental Management System; purchasing electricity from renewable sources; adopting more efficient technologies and lighting systems, as well as green ICT solutions; adopting technologies that enable interaction amongst employees, thus reducing business travel; using resources efficiently and buying from responsibly managed sources; engaging its employees in reducing paper, toner, and energy consumption; and promoting waste sorting. Moncler has also adopted a Group-wide compliance procedure to: disseminate the meaning of compliance at Moncler; define the areas of application; establish the general compliance principles adopted by Moncler; define employee roles and responsibilities; and provide guidelines based on the pillars of the Group Compliance Programme, which is regularly updated. Since its establishment, the Group's Compliance function has been engaged in activities aimed at strengthening the monitoring and management of risks of non-compliance, starting from the areas considered to be most sensitive, such as those related to antitrust, health and safety, privacy, and anti-corruption issues (Moncler S.p.A., 2019).

Furthermore, in 2017, Moncler approved a Group Environmental Policy to confirm its full compliance with all applicable laws and regulatory requirements, as well as its commitment to continuously improving its environmental performance, by minimizing the impact of its production site and facilities (offices, warehouses, and stores), as well as that of its activities, services, products, and logistics (Moncler S.p.A., 2019).

One of the most important factors the Company's sustainability strategy focuses on is its energy consumption and CO_2 emissions. As previously cited, a tangible result in this sense is the ISO 14001 certification obtained in 2017 for the production facility in Romania and the extension of certification in 2018 to its Italian corporate offices and to the logistics hub in Castel San Giovanni, Piacenza. The certification process required very thorough work, divided into three macro-phases:

- Environmental analysis in accordance with UNI ENI ISO 14001: during this phase, the characteristic environmental aspects of the company's activities were examined to identify the most significant ones;
- Development of the environmental management system: based on the analyses carried out, a management system was developed and the organisational and operational procedures for managing environmental aspects were defined and shared;
- Inspection by the certification body: during this phase, audits were conducted by the certification body at the sites subject to certification to verify the effectiveness and correct implementation of the management system (Moncler S.p.A., 2019).

Moreover, from 2017, 100% of Moncler's purchases of energy in Italy are from renewable sources. In 2018, the Company also added about 30 vehicles with low environmental impact to its company car fleet. In addition to reducing its footprint, in 2018 Moncler launched an initiative in collaboration with AzzeroCO2, a company specialised in supporting companies in identifying paths to reduce consumption and compensate for residual and unavoidable CO_2 emissions, to compensate for the emissions generated by the business travel of its employees. In particular, by planting about 2,600 trees in the municipality of Gaggiano, Milan, Moncler compensated all the 1,800 tons of CO_2 associated with travel by air and train and with the company car fleet of its Italian employees and the travel of 400 employees from all the Regions that participated in the 2018 worldwide summit in Zermatt, Switzerland (Moncler S.p.A., 2019).

Besides, as for the efficiency of lighting systems, Moncler has achieved important results. In particular, to date, 96%[12] of shops worldwide (100% in the United States, South Korea and Europe) are equipped with Light-Emitting Diode (LED) lights. Significant investments were also made in 2018 to provide the production site in Romania and the new logistics hub in Castel San Giovanni, Piacenza, with LED lighting. Concerning the corporate offices, from 2017, as part of the renovation project of Trebaseleghe, an entire area was already equipped with more efficient lighting systems, using LED lamps, and with insulation systems ensuring greater energy efficiency. Latest-generation LED technology delivers high-quality lighting and, under certain conditions, up to 80% in estimated

[12] Excluding the 15 shop-in-shops in which lighting is provided by the host department stores, where Moncler cannot take action.

energy savings compared to the former lighting systems, with less residual heat. In terms of environmental impact, LED lights have an average life that is significantly longer than that of traditional light bulbs and are made almost entirely of recyclable materials (Moncler S.p.A., 2019).

In addition, in the field of energy saving, in 2018 the Company began an evaluation of the existing air conditioning systems in its shops in order to identify more eco-efficient solutions. In order to develop a better understanding of the initiatives that could feasibly reduce the environmental impact of shops, Moncler is also engaged in assessing sustainability requirements in the shop design process (Moncler S.p.A., 2019).

Moreover, the company is also committed to minimizing the environmental impact of its Information and Communication Technology (ICT) systems, by implementing increasingly efficient and innovative solutions and thus providing all offices with guidelines for the purchase of green ICT equipment. In fact, the offices mainly use multi-functional devices that print, copy, and scan all-in-one, thus reducing energy consumption and simplifying maintenance. Besides, over the years the group has been replacing all hardware components and monitors in Italy with new Energy Star-certified devices. Developed by the United States' Environmental Protection Agency and Department of Energy, Energy Star was devised to reduce costs and help protect the environment through the adoption of energy-efficient products and practices. Connected to this issue, the group has also continued to reduce, replace, consolidate, and virtualize its servers, which has led to considerable benefits in terms of energy consumption and related CO_2 emissions. In particular, the extension of virtualization technologies led to smaller, low-consumption servers, designed to minimize the amount of energy required to cool the machines, as well as to optimize the use of space and overall performance. In 2018, the infrastructure used reached 372 virtual servers (67 more than in 2017), mainly upgrading the infrastructure of the logistics hub in Castel San Giovanni, Piacenza, where a new server room was built with integrated refrigeration and fire protection systems that allow optimizing energy consumption for cooling the hardware (Moncler S.p.A., 2019).

Furthermore, Moncler exploits the potential offered by new technologies that favor remote communication, including the most innovative video conferencing and telepresence systems, which reduce the impact of business travel on both the environment and people's quality of life. To present, Moncler has 24 conference rooms equipped with modern video conferencing or telepresence technology, 6 more compared to 2017 (thanks to the set-up of new facilities at the offices in Milan, Trebaseleghe, Paris, Hong Kong and Tokyo). In 2018, these systems theoretically prevented about 22.5 million kilometers of business travel, estimated to be equal to approximately 3,650 tonnes of

CO2 equivalent. In addition to the video conferencing systems in the offices, in 2018 the "web desk conference" project was launched: this is a video conferencing system that can be used by a user's IT device and integrates with the systems in the video rooms of the company's offices, as well as connecting external video conferencing systems to the company network. This new video communication system offers staff outside the company the possibility to contact internal staff without having to physically move (Moncler S.p.A., 2019).

The estimation of saved CO_2 was made on the base of different elements. Firstly, only video/teleconference calls lasting more than 20 minutes were taken into consideration. Secondly, an average number of four participants in each video/teleconference call was assumed. Then, they estimated the flights avoided per each international video/teleconference call, and CO_2 estimates were calculated based on the distance in kilometres between the cities linked via video/teleconferencing, assuming two people flying in economy class. Moreover, also the road trips (by diesel-powered car) avoided per each national video/teleconference call were evaluated, and CO_2 estimates were consequently calculated on the basis of the distance in kilometres between the cities linked via video/teleconferencing. Finally, only one calling point and one receiving point for calls involving more than two countries (e.g., Italy, Japan, and the United States) were considered, and the emissions saved were calculated based on the coefficients provided by the Department for Business, Energy & Industrial Strategy (BEIS) (Moncler S.p.A., 2019).

Finally, the company is also obviously engaged to use resources efficiently and buy from responsibly managed sources. In fact, the main raw materials used by Moncler are fabrics, yarns, and down, and the Company requires its suppliers to have production processes which are structured with the aim of optimizing material usage and cutting, thereby avoiding waste. The same attention is given to paper and cardboard used for office purposes or product packaging, with improvement projects focusing on origin certification, the percentages of recycled content, and, where possible, usage limitations and waste sorting for recycling. To this respect, an awareness initiative was implemented globally to promote the use of paper from responsible sources. Thanks to this joint effort, about 100% of the paper used in offices and stores since 2017 come from responsible sources, and all logoed material used worldwide is made of Elemental Chlorine Free (ECF) paper from responsible sources, all being ISO 14001-certified. With regards to packaging, the boxes used are made almost entirely of paper and cardboard from responsible sources and all of Moncler's shopping bags are made of paper that is 100% from responsible sources and 40% made from recycled material, and reinforcement cardboard that is 100% from responsible sources and 90% made from recycled material. The shopping bags also have cotton components (Moncler S.p.A., 2019).

Lastly, another significant source of environmental impact is the transportation of products from production chains to retail markets. To this end, the group does its best to implement logistics solutions that ensure not only operational efficiency and compliance with deadlines, but also respect for the environment.

The logistics system is two-fold, featuring an industrial level covering production processes ("material logistics"), and a commercial level covering product distribution ("finished product logistics"). Moncler's industrial logistics are organized around a single hub, located in Castel San Giovanni (Piacenza, Italy), which receives all raw materials and accessories from suppliers, both domestic and foreign, of all commodity groups, checks their quality and divides them into work orders that are sent to the workshops that manufacture the garments. The flow of industrial logistics closes with the receipt of the product at the Piacenza hub where the quality of the garments is checked to certify its suitability for being placed on the market. On the other hand, the distribution logistics has a much more articulated organisation as it must supply more than 70 countries, as well as the different sales channels in each of them, in which the brand is present; for this reason, it is a network comprising different levels, where the first level collects all of the Company's products, the second is a distribution reference point for one or more countries and, in cases characterised by a high concentration of business, also by a third level, which covers service needs of specific geographical areas (Moncler S.p.A., 2019).

In line with the challenges that Moncler has tackled in the last decade, in order to support a global business strategy, centred on the direct relationship with end clients and with ever faster services, in 2017 a project was launched to redesign the distribution logistics. In the period 2018-2020, it will provide the Company with cutting-edge technological and digital instruments that will allow it to respond to the increased complexity of the distribution flow system. The vision of the project is based on four key elements: speed, traceability, serial number management and process automation. As a function of this plan, the logistics hub in Castel San Giovanni has been expanded by about 20,000 m^2, strengthened, automated and enhanced in terms of the services provided. Since 2018, the hub has been progressively carrying out quality control activities on the finished product as well as repairs using state-of-the-art management tools. In the first half of 2019, the entire serial number management system has been activated, supported by highly automated systems for hanging garments, and by the early months of 2020, an automatic system will be activated with Shuttle technology for handling and storing boxed products (Moncler S.p.A., 2019).

To conclude, four main drivers underpin Moncler's commitment towards a sustainable logistics system: the identification of efficient routes in order to reduce distances travelled; the optimization of flows in order to minimize movements; space-efficient packaging so as to ship the same product volumes in less space; and the use of transport vehicles with low environmental impact (Moncler S.p.A., 2019).

4.3.4. Social commitment

Over the years, Moncler has promoted and sponsored many initiatives in support of local communities and charitable organizations mainly through cash contributions (93%), the donation of goods (garments) (5%), and organizational support to national and international projects (time[13], 2%). In particular, the main types of activities have been community investments (60%), commercial initiatives with social impacts (38%), and donations (2%). Moreover, Moncler's commitment to communities have found particular expression in programmes related to natural disaster and emergency relief (42%), medical and scientific research and prevention (23%), and social development (16%). In addition, the company implements further endeavors (19%) to support local communities near its main areas of operation, in collaboration with authorities and the population alike. Speaking about the contribution by geographical area, the group declared to address 32% of its resources for Italy and 68% for the rest of the world (Moncler S.p.A., 2019).

All this is made possible by the constant interaction and dialogue between the heads of the company's main offices and local representatives and administrations, which helps Moncler understand community needs and expectations, recognize the impact of its operations on the community itself, and ensure social consensus. In 2018, Moncler invested about 2.7 million euros[14] in local community initiatives (Moncler S.p.A., 2019).

Among all the concrete actions in which Moncler is engaged, it has always particularly believed in and support research and innovation as key drivers for continuous development and improvement. In fact, this belief goes beyond company boundaries, as evidenced by Moncler's commitment to promoting research in the medical and scientific sector. In 2018, a total of 600 million euros was devoted for research grants and loans to support researchers at the Umberto Veronesi Foundation, and for donations to a number of associations and foundations involved in medical research and in supporting the ill, including Theodora, an Onlus which helps hospitalized children find relief, and Anlaids (*Associazione Nazionale per la Lotta contro l'AIDS*) (Moncler S.p.A., 2019).

The Umberto Veronesi Foundation was established in 2003 and its promoters include 11 Nobel Prize winners, who form the Foundation's Honorary Committee. It supports medical and scientific research through grants for young physicians and researchers involved in the most advanced fields of

[13] Monetary value of hours volunteered by employees during regular working hours and costs incurred to organise volunteering activities.
[14] The data include both cash contributions and the donation of goods.

oncology, cardiology, and neuroscience. Furthermore, it actively disseminates scientific information through conferences, projects with schools, awareness campaigns, and publications. In 2013, the Foundation launched the Pink is Good project to support breast cancer research and raise prevention awareness across the community. From its part, Moncler has strongly supported this project since its inception, by donating part of the revenues generated by its main Italian retail stores during one day in October every year, and by handing out information brochures to clients to raise prevention awareness. Furthermore, in 2018 Moncler particularly supported two of the Foundation's researchers: one from the University of Rome Tor Vergata, engaged in the development of a self-diagnosis test for breast cancer, and the other from the Italian National Institute for Cancer Research and Treatment in Milan, which is studying the role of lung bacterial microflora in debilitating the immune system and allowing cancer to develop. Moncler also continued to support the Foundation's commitment to pediatric oncology by contributing to the *Gold for Kids* project, which aims at: raising awareness of the delicate issue of pediatric and adolescent cancers, promoting research, and contributing to the development of innovative treatment protocols capable of delivering innovative therapies and the highest chance of recovery. In particular, the group kept funding the five-year *SARGEN 2016* protocol for the treatment of bone and soft tissue sarcomas, which account for 10-15% of childhood cancers. Besides, in 2018, in order to promote research into treatment as well as diagnosis, Moncler also funded a three-year study to assess the risk of secondary leukaemia in cancer survivors: it will analyze the DNA of children who survived cancer, in order to develop a genetic test to predict risk and enable the early diagnosis of blood diseases resulting from cancer therapies (Moncler S.p.A., 2019).

In addition to the engagement in the scientific and medical research and funding, Moncler is also committed to contributing to the welfare of the communities in which it operates. This is made possible not only by promoting individual projects, but also by endorsing organizations working in the social sphere with a focus on supporting young people and spreading a culture of respect for the environment. Indeed, the company has been supporting new generations in difficulty by ensuring access to medical treatment, adequate levels of education, and a clear growth path. To do so it collaborates with associations and foundations such as: Francesca Rava – N.P.H. Italia Onlus, UNICEF, the San Patrignano recovery community, I Bambini delle Fate Onlus and Amici di Cometa Onlus (Moncler S.p.A., 2019).

Focusing on these particular associations and foundations, the Francesca Rava Foundation helps disadvantaged children in Italy and across the globe through child sponsorships, targeted projects, awareness campaigns on children's rights, and volunteer work. In Italy, the Foundation represents the international humanitarian organization N.P.H. (*Nuestros Pequeños Hermanos* – Our little brothers and sisters), which has helped save orphaned and abandoned children since 1954 by welcoming them into its own orphanage homes and hospitals. Moncler has upheld the Foundation since 2010 by supporting the N.P.H. Saint Damien pediatric hospital in Haiti (which assists 80,000 children a year). In particular, it funded the purchase of oxygen generators that supply enough medical gas to cover hundreds of beds in the facility's general ward and intensive care unit, as well as its four operating rooms, and donations to cover the salaries and the costs of training (both in Italy and on site) of new pediatric surgeons (Moncler S.p.A., 2019).

On another perspective, Moncler also supports projects focusing on the protection and preservation of the environment, such as the Keep Karakorum Clean and Keep K2 Clean initiatives promoted by the Ev-K2-CNR Association to protect mountain areas. To cite another one, the project to restore the landscape, environment, and rural buildings in the natural areas of Mount Fontana Secca and Col de Spadaròt Quero Vas in Belluno (Italy), promoted by the FAI (Fondo Ambiente Italiano – National Trust of Italy), which Moncler has supported since 2015 (Moncler S.p.A., 2019).

Ev-K2-CNR is a private non-profit association that promotes collaborative development projects and scientific research focusing on fragile mountain ecosystems. The association collaborates with international organizations, among others, such as WWF (World Wildlife Fund), UNEP (United Nations Environment Programme), UNDP (United Nation Development Programme) and WMO (World Meteorological Organization). Its activities are centered on the study and monitoring of climate change, the protection of biodiversity, and sustainable development in mountain areas. For several years, the association has been promoting projects in the mountain areas of the Hindu Kush-Karakoram-Himalaya region, as well as in Nepal, Pakistan, Tibet and India; it also has a laboratory-observatory at 5,050 meters of altitude on the Nepalese side of Mount Everest. United by the same passion and respect for the mountains, Ev-K2-CNR and Moncler have collaborated since 2014 in promoting environmental education programmes, such as *Keep Karakorum Clean* and *Keep K2 Clean*. These initiatives, also developed within the scope of the K2 expedition and in collaboration with local institutions, have led to annual waste clean-ups at base camps, which were restored to their natural conditions. In collaboration with the authorities from the Central Karakorum National Park (CKNP) and Gilgit-Baltistan territory in Pakistan, a waste sorting system and recycling centre have been set up, together with an environmental education programme to raise awareness among Pakistani workers of the importance of preserving parks and glaciers. Furthermore, thanks to Moncler's support, in 2018, the CKNP and Ev-K2-CNR hired a team of workers who collected and

disposed of 5,000 kg of waste during the summer to ensure the environmental conservation of the Baltoro Glacier, one of the largest freshwater reserves in Gilgit-Baltistan (Moncler S.p.A., 2019).
Lastly, in 2018, for the second year running, Moncler teamed up with UNICEF in order to support once again the most vulnerable children living in some of the coldest areas in the world, through its Warmly Moncler for UNICEF project. The Company has supported the programme to the tune of over 1 million euros, supplying medicines, basic necessities, neonatal kits and winter blankets to 25,000 newborn babies and children (in the two-year period 2017-2018) in Nepal and Mongolia (Moncler S.p.A., 2019).
On a different level, Moncler is also committed to help populations affected by natural disasters. In October 2016, when a devastating earthquake hit a number of municipalities in central Italy, Moncler promptly took action to offer its help. Through its partnership with the Francesca Rava Foundation, the company donated more than 2,000 down jackets to students and teachers from schools affected by the earthquake in the towns of Norcia, Cascia, and Arquata del Tronto. In Cascia, it also funded the construction of the new elementary school and the set-up of a multifunctional sports facility. Moreover, in 2018, Moncler financed the construction of a playground at the nursery school in Pieve Torina, Macerata: its design was inspired by an educational concept focusing on environmental issues, through research into and study of exclusive games, created by architects from the University of Camerino. The opening of the school in Pieve Torina was attended by 15 Moncler volunteer workers who, together with some volunteer entertainers from the Foundation, engaged the children in a series of entertainment activities inspired by the theme 'Mountains and Bears'. Finally, in 2018, an extraordinary wave of bad weather hit northern Italy, causing the loss of about 14 million trees and endangering the hydrogeological stability and environmental balance of these areas from Trentino to Alto Adige, from Veneto to Friuli. Through its collaboration with Treedom, Moncler has decided to contribute to reestablishing forests in Veneto, planting a thousand trees and donating them symbolically to all employees in Italy (Moncler S.p.A., 2019).

Moncler not only is engaged in the help for communities and people outside its walls but it also invests great energy in creating the best working environment supporting the professional growth and wellbeing of its employees. Indeed, the company strongly believes in the connection between the creation of long-term value and the development of human capital.
At 31 December 2018, the Moncler Group had a total of 4,155 employees – a 19% increase over 2017, equal to 657 additional employees, mainly driven by the development of the sales network. The increase involved almost all the countries where the Company operates, but particularly Japan,

which continued to show the strongest growth, followed by France and the United States (Moncler S.p.A., 2019).

In order to enhance and strengthen individual skills while also disseminating the company's values and strategy, the group is committed to invest in training thus supporting cultural and organizational growth. In 2018, a sum of over 712,000 euros was invested in training and over 96,000 hours of training (about 39% more than in 2017) were delivered to about 4,000 employees, of whom 72% were women. Of the employees who participated in training activities (up 54% from 2017) 50% were white-collars, 30% workers, 11% professionals, 7% managers, and 2% executives and senior executives. These training hours were provided through classroom activities in 91% of cases, and although e-learning still accounts for only 9% of the total, it has grown significantly compared to previous years, thus confirming the investment that the Company is making in training also in terms of diversifying learning methods and opportunities. Moreover, there was a greater variety of activities than in the past, with an increase in managerial training and the launch of language courses. In general, the number of hours dedicated to vocational training accounted for 65% of the total, while those on health and safety amounted to 29% (Moncler S.p.A., 2019).

In 2018 a Pattern Making School was created at the production site in Romania, with the aim of enhancing the skills of the Company's staff and thus strengthening some departments, such as pattern making, CAD, development and placement, all activities that have been outsourced so far. The school will yield clear benefits in economic and time-to-market terms, as well as in terms of staff loyalty and employment opportunities. In 2018, 10 Romanian students, hired in March, attended a training programme that included both a practical course in pattern making on paper and prototyping and a software course (Moncler S.p.A., 2019).

On the other hand, at retail level, Moncler continued to invest in a number of initiatives aimed at boosting the professionalism of sales personnel, particularly through the Retail Excellence project. Training programmes covered multiple topics, ranging from technical product knowledge (of both raw materials and the production processes for footwear, handbags, and sunglasses), to understanding the Brand and its history, to the development of interpersonal and managerial skills, with a view to promoting a service model and sales style that make the shopping experience unique and distinctive (Moncler S.p.A., 2019).

Talking about the remuneration packages offered to employees, they feature a wide range of benefits, from life insurance and pension plans to wellness options, based on professional category, irrespective of type of employment contract. In Italy, the Moncler Corporate Welfare Plan was continued: a two-year initiative, devised to ensure greater care and attention to the wellbeing of Moncler's people, which provides for a wide range of benefits and services, some of which are also offered to employees' families, including the reimbursement of school expenses, vouchers, leisure and sports activities, and wellness packages, as well as co-pay arrangements for supplementary pension funds. Since May 2018, Moncler has also been a member of Sanimoda, a supplementary healthcare fund for workers in the fashion industry in Italy, which provides healthcare services complementary to those of the Italian national health service. Finally, a welfare plan has been established for UK employees, providing access to a range of value-enhancing goods and services, including childcare, computer purchasing, legal advice and health and wellness packages (Moncler S.p.A., 2019).

Concerning occupational health and safety, Moncler operates in full compliance with the applicable laws in the countries in which it is present, with an approach always focused on continuous improvement. From the Group's headquarters, a team of specialized professionals (the Health and Safety staff) is responsible for: ensuring that workplaces worldwide are safe and compliant with applicable laws; defining occupational health and safety guidelines; coordinating monitoring activities and, where necessary, the interventions to improve safety conditions; supervising the activities of designers and architects; and ensuring an ongoing dialogue with Italian workers' safety representatives. A big emphasis is also placed on the safety of workers and contractors who work within the perimeter of Moncler's operations. In Italy, all business operations involving contractors require a signed risk assessment report identifying any interference risks associated with the work to be carried out on Company premises, as well as the implementation of strict prevention measures for any work considered high risk (Moncler S.p.A., 2019).

Among the multiple initiatives to protect and promote health and safety in the workplace, Moncler implements an efficient management system as per OHSAS 18001 international standard. In fact, this standard is a framework for an occupational health and safety (ohs) management system and is a part of the OHSAS 18000 (sometimes incorrectly identified as ISO 18000) series of standards, along with OHSAS 18002. It is helpful for putting in place the policies, procedures and controls needed for an organization to achieve the best possible working conditions and workplace health and safety, aligned to internationally recognized best practice. The main benefits of this standard are: create the best possible working conditions; identify hazards and put in place controls to manage them; reduce workplace accidents and illness to cut related costs and downtime; engage and motivate staff with better, safer working conditions; demonstrate compliance to customers and suppliers (The British

Standards Institution, 2018). Moncler's commitment to implement its management system as per this standard is clearly stated in the Occupational Health and Safety Management Policy, which was shared with all group employees worldwide in 2017. The Policy sets the health and safety principles and guidelines to be implemented in every sphere of activity and provides for: the dynamic and preventive assessment of activities, so as to eliminate any root causes of risk; the continuous improvement of every activity that may impact safety; the enhancement of knowledge, competence, and awareness of all employees through targeted training and practice. As previously stated, in 2018, Moncler extended OHSAS 18001 certification to all its offices and stores in Europe and the United States, in addition to renewing the certification obtained in 2016 for all its offices and shops in Italy and at the production site in Romania, covering a total of over 2,900 employees (about 71% of the workforce). The Company's objective is to extend OHSAS 18001 certification to all offices and stores worldwide (excluding shop-in-shops), in accordance with the new ISO 45001 standard, and to renew expiring certifications with the new standard (Moncler S.p.A., 2019).

It has to be pointed out that although the group's business is not high-risk, Moncler adopts a preventive approach to minimize any possible risk of accidents. As a matter of fact, before the opening of any new workplace occupational health and safety risks are carefully evaluated through in-depth audits. Offices and stores already in operation are regularly subjected to compliance checks through document analyses and workplace inspections (verification of work environments and equipment), with improvement plans drawn up as necessary. This monitoring process, originally implemented in Italy alone, was extended in 2018 to the places of work in Europe and the United States, and in 2019 it was implemented in Japan, South Korea and APAC. In 2018 on-site inspections to verify employee health and safety at the production site in Romania continued: they were conducted both by in-house staff and by external bodies and were required to renew OHSAS 18001 certification (Moncler S.p.A., 2019).

As part of the prevention initiatives promoted by the company, in 2018 it provided about 28,000 hours of training on occupational health and safety (double as much compared to 2017), of which over 26,000 at the production site in Romania. Specific training programmes were developed and customized based on different roles and risk levels, so as to transfer the knowledge, skills, and values required to work safely. The majority of employees attended a training programme on general safety in the workplace, in keeping with legal provisions, and additional training modules were specially designed for Company managers and officers, to improve monitoring and ensure that employees' behaviors are in line with law provisions and Company regulations on occupational health and safety.

An online health and safety course with specific content for shop employees was also provided to all certified shops (Moncler S.p.A., 2019).
Another aspect to be stressed is that Moncler's commitment to promote and protect the health of its employees goes beyond the workplace and occupational risks. This explains the meaning and purpose behind the various training and information initiatives on prevention organised by the Company. In 2018, in collaboration with the association Piccoli Punti, an awareness-raising meeting was held in both Italian corporate offices to discuss the issue of melanoma prevention. All employees of the corporate offices were then given the opportunity to receive a free dermatological check-up directly at the Company. Moreover, at the end of 2018, Moncler also collaborated again with the Umberto Veronesi Foundation, organizing two meetings on prevention at the table. The information meetings, aimed at employees at the corporate offices in Milan and Trebaseleghe, provided numerous practical tips and, at the end of each session, a live demonstration with the available ingredients was also carried out. These awareness and prevention sessions, both with Piccoli Punti and with the Umberto Veronesi Foundation, were very much appreciated and met with the interest and enthusiasm of the employees. In fact, they saw a great turnout (about 670 people), for a total of over 1,000 hours of training (Moncler S.p.A., 2019).
During 2018, Moncler also implemented numerous initiatives to promote the health and wellbeing of employees at its production site in Romania, from the offer to carry out annual blood tests directly at the site to free eye exams and contributions to the purchase of eyeglasses. In addition, an evaluation of the ergonomics of some workstations was carried out and an improvement plan was defined to reduce staff fatigue and maximise productivity. For the ironing department, for example, new ironing boards were purchased that can be adjusted according to the height of workers, to ensure a better posture during work. In addition, a lighting test was carried out in the production and cutting department of the production site in Romania to verify the difference in working conditions between a traditional lighting system and an LED system. It showed that the working conditions are much better in the case of LED lighting and, therefore, at the end of 2018 Moncler decided to introduce LEDs throughout the site, bringing a clear benefit also in terms of environmental impact (Moncler S.p.A., 2019).
Another aspect regularly monitored by the Company is noise in the workplace, which can cause a number of problems to workers' health. At the production site in Romania, noise measurements are carried out annually to verify compliance with the permitted limits in each area. Air quality, temperature and humidity can also cause discomfort in the workplace, affecting both the physical

health and psychological wellbeing of workers. Specifically, in order to ensure proper ventilation of workplaces at the production site in Romania, where there are several micro-climates due to the different stages of processing, Moncler has installed latest generation ventilation systems that are periodically checked. Two temperature monitoring systems were also installed in the Castel San Giovanni, Piacenza, logistics hub to monitor the degree of heat inside and assess its suitability in view of the specific activities carried out and in relation to outdoor temperatures (Moncler S.p.A., 2019).

Last but not least, another important asset of Moncler's social commitment is the relationship with its clients.

In 2015, the Company began to implement the Retail Excellence project, covering 15 areas of operation, including redesigning the client experience, reorganizing both shops and sales staff, and redefining shop procedures and operations. The essence of each intervention has been to design through the eyes of the client, which is key to achieving the sole objective of the project: to enhance the shopping experience for customers, involving them more and more in Moncler's world. The project was completed in 2018 and this milestone marks a stepping stone in a new direction based on digitalization and an omni-channel approach. Talking about the digital landscape, the strategic integration of all online and offline touchpoints is essential to offer clients a consistent, integrated and seamless shopping experience. For this purpose, Moncler has launched several projects aimed at redesigning the retail world from an inclusive perspective to offer clients a consistent experience across all channels. In the EMEA area, for example, an Omni-channel project has been implemented, which involves the development and provision of four multichannel services: Click and Reserve, Click from Store, Return In Store, and Pick Up In Store. These services allow clients to manage their purchases in a flexible way, tapping the full potential of the various contact channels: it becomes possible to book an item online and then try it on and eventually try it on and buy it in the shop (Click and Reserve), to order an item in the shop with the support of a Client Advisor and receive it comfortably at home (Click from Store), to make a return directly in the shop even if the purchase was made online (Return in Store) or to buy an item online and then pick it up directly in the shop (Pick Up in Store) (Moncler S.p.A., 2019).

In 2018, the Retail Excellence 2.0 project was also launched, which contributed to further enhancing client experience in shops through digitalization, while remaining faithful to the fundamental principles of the retail channel. Several activities have been launched to provide comprehensive technological management of shops: from the Match to Traffic system, which allows scheduling activities on the sales floor and thus improving client service, to the management of the warehouse with RFID that allows expediting the various transactions. The use of these technologies optimizes operational tasks in shops, increasing efficiency and speeding up the various transactions. the use of these technologies leads to an optimization of operational tasks in the shop, favoring efficiency and thus providing more time to be devoted to end clients (Moncler S.p.A., 2019).

The philosophy and principles of the Retail Excellence, aimed at improving the purchasing experience of clients and their involvement in the Moncler universe, have also been extended to all partners in the wholesale channel, starting with mono-brand stores and airports. These required specific initiatives in the various operating areas: from in-store training, to the creation of personalized moments with clients aimed at developing long-term relationships, from the extension of after-sales services, to the consolidation of client service activities and communication (Moncler S.p.A., 2019).

Furthermore, in 2018, Moncler extended the VIBE project worldwide which provides for the systematic collection of client feedback after each purchase through a brief questionnaire that rates the different aspects of the shopping experience, including hospitality, personalization, and service, on a scale of 1 to 5. The goal is to identify and redress any instance of client dissatisfaction, but above all to further support and focus Client Advisors in getting to know their customers, in order that they can offer a service that meets their expectations. The survey is structured in five phases: the day after their purchase, clients will receive by email or SMS a summary of their purchase, which they can save, and a questionnaire consisting of five short questions. Client feedback (VIBE) is immediately notified in the specific app available to the Client Advisor, who can then view the comment left by clients and thank them in order to strengthen the relationship. In 2018, Moncler recorded a high VIBE score, which measures our clients' willingness to recommend Moncler to others. It stood at 89 (on a scale of 1 to 100) (Moncler S.p.A., 2019).

Following this path, in 2017 the Company developed a new direct communication channel, the Client Service. The Client Service was set up to serve as both a reference point for clients and a means to ensure a constant two-way dialogue with Moncler, with a view to continuous improvement. In 2018, the service, which is fully active in Europe, handled approximately 70,000 service requests from clients from the various channels, both physical and digital, in an omni-channel perspective. Therefore, client relations are being expanded to include after-sales, which is an integral part of the broader client experience with Brand. After defining a global policy in 2017, identifying quality local tailors and providing its stores with a replacement accessories kit to make the service fast and excellent, in 2018 Moncler provided global training on both technical aspects and the client relationship, to all Client

Advisors. Moncler has launched also other projects that aim to improve the after-sales experience of its clients by making it global and consistent in all channels. Among these is the inclusion of a new feature dedicated to the after-sales service and integrated in MonClient, the digital Customer Relationship Management (CRM), which, in addition to managing directly and personally communication with clients, will promote an even more comprehensive management of the relationship (Moncler S.p.A., 2019).

4.3.5. Philosophy towards suppliers and stakeholders

Moncler's philosophy towards its suppliers and partners is grounded on the will to build long-lasting relationships with those who not only demonstrate technical and quality excellence and reliability, but also share its values and its social, ethical, and environmental principles. In order to do so, the company is focused on encouraging a rich dialogue with its suppliers through regular institutional meetings and through daily interactions with Moncler experts and inspectors tasked with overseeing the various activities involved in production. Indeed, Moncler's experts provide specialist support at all stages of production in order to share technical know-how and resolve any critical issues (Moncler S.p.A., 2019).

Approximately 445 suppliers[15] are involved in the manufacture of the Company's products, and they can be grouped into four categories: raw materials, façon, finished products, and services.

Raw material suppliers (58%) mainly provide fabrics, yarns, down, leathers, accessory components (buttons, zips, ribbons, elastics, etc.), and furs. Fabrics are sourced primarily from Japan and Italy, while suppliers of yarns and accessory components are almost exclusively Italian. On the contrary, furs are sourced primarily in Europe, while down is purchased from European, North American and Asian suppliers (Moncler S.p.A., 2019).

Secondly, façon manufacturers (21%) are identified as specialist garment manufacturers with high technical know-how; Moncler supplies them with raw materials and entrusts them with the manufacture of its final products. The production process is carefully monitored by the company's experts, who verify compliance with required standards through a strict methodology and regular on-site inspections. This process applies to jackets, trousers, skirts, dresses, all knitwear, and some adult cut-and-sew knitwear. Most of these suppliers are located in Eastern Europe, where a long manufacturing tradition guarantees high technical expertise and suitable production capacity. In 2018, the new business model introduced by the Genius collections created the need to find new suppliers, particularly in Italy, with strong skills in particularly specific and complex processes (Moncler S.p.A., 2019).

Then, finished product suppliers (20%) create products on behalf of the Company based on the technical designs received, sourcing the raw materials themselves as per Moncler standards, with the exception of strategic materials such as down, nylon, and logoed materials, which are provided

[15] Excluding prototype and pattern making suppliers, and suppliers with sales orders of less than 1,000 euros per year.

directly by the company. These suppliers and brand's experts interact at all stages of the manufacturing process, which is carefully supervised by the latter to ensure final products meet the high-quality standards required. Cut-and-sew knitwear (especially T-shirts and polo shirts) and hats, scarves, gloves, footwear, handbags, as well as small leather goods are mainly produced through these suppliers. In particular, cut-and-sew product suppliers are vertically integrated, and are located in Europe and in Turkey. On the contrary, soft accessories suppliers (hats, gloves, and scarves) are mostly Turkish and Italian and have a high level of specific skill, while footwear and handbags are produced by European suppliers, most of whom are Italian (Moncler S.p.A., 2019).

Lastly, service suppliers (1%) assist Moncler in pattern making and quality control processes and are mainly located near the company. From 2018, several of these activities, including in particular quality control, have been consolidated at Moncler's hub in Piacenza to guarantee even greater efficiency in terms of time to market and hence customer service (Moncler S.p.A., 2019).

Where possible, the group benefits of local suppliers situated near its main offices, which simplifies logistics and generates income and jobs across the local communities in which the company operates. The majority of Moncler's suppliers (90%) are located[16] in EMEA, primarily in Italy (69%), while the rest is situated in Asia and the rest of the world (9%) and in Americas (1%). Furthermore, Moncler diversifies its purchasing expenditure across a number of partners so as to avoid dependency on any given supplier, which would pose a potential business risk. The Company's top 50 suppliers account for about 70% of the total value of orders. The Group is careful to promptly identify any critical situations with the potential to cause supply disruption, addressing them accordingly to mitigate risk (Moncler S.p.A., 2019).

In 2018, a development and innovation program for the Operations & Supply Chain department was launched and it was called Supply Chain Excellence: it aims at taking the supply chain to an even higher level of excellence by developing the operational and industrial area according to an advanced model capable of mastering the constant evolution of the market. The focus is indeed on the product quality, at all stages of the process, from design to delivery, as well as on shorter lead time and greater precision and punctuality in delivery. In particular, the time taken to cross the supply chain was analyzed with the aim of reducing the time needed from product launch to production and delivery. This work has also involved an effort to fine-tune and improve the information sharing process and

[16] For façon manufacturers and finished product suppliers, the geographic location corresponds to the country the product was 'Made in'; for service and raw material suppliers, it corresponds to the country in which the supplier's head office is registered. Percentages calculated on the total number of suppliers

the planning of timing to ensure punctuality on the market. Particular attention was also paid to the sizing and development of the supply chain in line with the Company's strategic vision. All the initiatives developed have been supported by innovative IT tools to support the business to ensure better responsiveness and coordination of all business areas involved (Moncler S.p.A., 2019).

Apart from an efficient supply chain, the Company's attention is also focused on ethical, social and environmental aspects. This effort starts precisely from the supplier selection phase and continues with systematic awareness raising and monitoring activities. As a matter of fact, knowledge, traceability, sharing of best practices and monitoring are fundamental not only to limit risk situations, but also and above all to generate culture and promote responsible and sustainable business development, to the benefit of the entire supply chain (Moncler S.p.A., 2019).

When entering into a contract, suppliers are consequently required to sign the Code of Ethics, which, as explained above, outlines the principles and guidelines that inspire the Company's activities and guide the behavior and actions of all those with whom Moncler has relations. By signing the Code, suppliers undertake to comply with these principles and to have their subcontractors comply with them as well. Any violation of the principles set out in the Code constitutes a breach of contract, which entitles the Company, depending on how serious the breach is, to terminate the contract immediately. Potential suppliers also need to provide adequate information and documentation that may help understand their actual commitment in the social and environmental field. In addition, preliminary visits and checks on these aspects are carried out by in-house specialists and/or qualified third-party bodies before the Company enters into new business relationships, as well as a comprehensive sustainability Self-Assessment questionnaire. The outcome of this assessment is a prerequisite for initiating any form of collaboration (Moncler S.p.A., 2019).

The monitoring of its supply chain continues with stringent ethical, social and environmental audits in order to verify compliance with the applicable laws and the principles set out in the aforementioned Codes. In fact, during the year, Moncler further consolidated its auditing activities across the supply chain, going from 60 audits in 2017 to 144 audits in 2018 on suppliers and subcontractors. In line with previous years, the audits were conducted by qualified and experienced independent bodies to ensure maximum impartiality. The audits were centred on fundamental human and workers' rights, particularly on forced labour, child labour, freedom of association, working hours, minimum wages, as well as occupational health and safety (Moncler S.p.A., 2019).

During the two-year period 2017-2018, the Group carried out 204 ethical and social audits (on both suppliers and subcontractors), covering 100% of the volumes assigned to outerwear manufacturers (of jackets), 90% of the volumes assigned to knitwear manufacturers and suppliers of footwear and bags, 70% of down suppliers and a sample of suppliers of other raw materials. In the same period, 10 environmental audits were carried out on a sample of raw material suppliers (in particular, on fabric and down suppliers and on suppliers with in-house galvanic processing), and the Company aims to continue strengthening its monitoring activities in this area. Additional audits on animal welfare and on down traceability as per DIST Protocol (Down Integrity System & Traceability) were conducted across the entire down supply chain (Moncler S.p.A., 2019).

In 2018, most instances of non-compliance were related to issues of occupational health and safety and management of employment relationships. All non-compliance cases were addressed through corrective actions agreed upon with the suppliers and these were verified via follow-up audits. The audits carried out in 2018 found two cases in which the supplier's conduct was found to be not in line with Moncler's ethical principles and therefore the collaboration in place was terminated (Moncler S.p.A., 2019).

Aware that fostering supplier responsibility principles benefits mutual sustainable growth, in addition to ongoing awareness-raising activities on ethical, social and environmental issues, in 2018 Moncler decided to support its supply chain in a number of ways. The Company has indeed launched a support program for a number of strategic suppliers, making health and safety experts available to provide advice and develop knowledge of best practices, as well as financial support for investments in technologically advanced machinery for special processes. Moreover, Moncler is updating its vendor rating system by including new social and environmental indicators with the aim of providing an overall assessment of the supplier that takes due account of sustainability aspects. Each indicator will be weighted, contributing to the overall assessment of each supplier based on scores achieved in the different areas. The vendor rating macro-areas updated in 2018 were:

- sustainability and compliance (working conditions, environmental practices, animal welfare, etc.);
- quality (defect rate in manufacturing, quality grievances reported to the customer service, etc.);
- delivery and service level (flexibility, punctuality of delivery, etc.);
- costs (price competitiveness, logistics costs, etc.);
- innovation (technological capacity, appetite for innovation, etc.) (Moncler S.p.A., 2019).

As part of its commitment to ensuring animal welfare, Moncler demands and verifies that all its down suppliers comply with the strict requirements of the DIST Technical Protocol (Down Integrity System & Traceability), first implemented in 2015, which regulates farming standards, respect for the animal, down traceability, and down technical quality. As a direct consequence, Moncler only purchases down that is DIST-certified. As key principles down must be derived exclusively from farmed geese and as a by-product of the food chain, besides no form of live-plucking or force-feeding of animals being permitted (Moncler S.p.A., 2019).

The Protocol was the result of an open and constructive dialogue within the scope of a multi-stakeholder forum established in 2014, taking into account the expectations of the various stakeholders involved and providing a scientific and holistic approach to animal welfare and product traceability. In January 2019, the fifth multi-stakeholder forum was held to discuss Protocol updates to make it even more stringent. It focuses on the animal's environment (in terms of availability of food and water, space to pasture, etc.), but it also provides for the careful observation of the animal itself (as per European Commission guidelines) through the so-called Animal-Based Measures[17] (ABMs), which enable the direct assessment of the animals' conditions by observing how the geese respond to various factors within their environment (outcome approach). The Protocol features nine ABMs including, among others, those designed to identify unusual behaviour or aspects such as feather-pecking, twisted or broken wings, feather irregularities, and abnormal beak colour. These phenomena occur when the welfare of the geese is compromised owing to a number of reasons, including high stocking density, poor diet, lack of pasture, and inappropriate animal management methods. Another important and innovative indicator introduced by the Protocol regards the human-animal interaction, which is assessed according to the responses to a specific test (Moncler S.p.A., 2019).

In order to verify Protocol compliance in the field and to ensure the utmost impartiality audits are commissioned directly by Moncler and not by the supplier. This certification process is carried out by a qualified independent body, whose auditors are trained by veterinaries and zootechnicians of the Department of Veterinary Medicine at the University of Milan (Italy). Then, audit results are verified by a second accredited external body. Moreover, an important change introduced in 2017 was the inclusion of a tag indicating 'Down certified under DIST' in all Moncler jackets, which was achieved by

[17] The Animal-Based Measures are indicators that rely on the direct observation of the animal to assess its actual conditions in relation to its ability to adapt to specific farming environments. These measures include physiological, pathological, and behavioural indicators.

extending down traceability as per DIST Protocol across the entire supply chain down to the finished product, and by performing extensive audits on façon manufacturers of jackets (Moncler S.p.A., 2019). Apart from protecting animal welfare, the group obviously works also for guaranteeing the health and safety of its clients, thus by requiring all its suppliers to perform in full compliance with the most stringent international regulations on hazardous and potentially hazardous chemical substances, including the European Union's REACH[18] regulation, China's GB[19] standards, and the Japanese JIS[20] standards. Suppliers are also required by contract to comply with the guidelines of the Restricted Substances List (RSL), which outlines the most stringent standards for the use of certain substances. The proper implementation of these guidelines is verified through tests performed at independent specialized laboratories, at the request of the supplier and/or Moncler itself. The testing program in 2018 was significantly intensified by involving suppliers in an increasingly proactive way, establishing an ongoing dialogue to solve all issues related to compliance and sustainability (Moncler S.p.A., 2019). All Moncler products are designed and manufactured under the Company's direct and close supervision. Moncler manages the creative stage, the development of prototypes, and the purchase of raw materials (including accessory components) internally, while it closely oversees the manufacture of final products at its production site in Romania or outsourced to external suppliers. Before starting the production process, every model undergoes a series of fittings to verify every detail and consistency with design and model specifications, and to ensure maximum comfort and wearability. Prior to sale, all products undergo a final and even more stringent quality inspection, introduced in 2018. This inspection, through a structured and recorded process, ensures and verifies down to the last detail: aesthetics, characteristics, size, and proper labels and tags. In this final stage, the anti-counterfeiting protocol is checked and activated using sophisticated latest-generation technology. In addition, from 2018, through major investments in technology, Moncler began to expand its Piacenza hub where, in addition to logistics activities, other services, including quality control of the finished product and after-sales service, are carried out (Moncler S.p.A., 2019).

[18] Registration, Evaluation, Authorisation and restriction of CHemicals.
[19] National Standard of the People's Republic of China.
[20] Japanese Industrial Standards

5. Conclusions

As the base of its essence, the fashion industry is tied to the natural world and is dependent on water, crops such as cotton and linen, and crude oil for a variety of chemicals and synthetic fibres. However, since the beginning of the 21st century when the world started to realize the disruptive consequences of industrialization and globalization with massive climate changes, continuously higher temperatures, considerable level of pollution and always more frequent natural disasters, also this industry is now recognizing the impact of its actions on habitat loss, decreasing freshwater reserves, shrinking biodiversity, climate change, increased use of natural renewable and nonrenewable resources and growing textile waste (Kozlowski, 2012).

In fact, as largely discussed in this work, Corporate Social Responsibility is a growing area of concern in the increasingly globalized supply chains of the luxury fashion industry, and it refers to “the continuous commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large” (World Business Council for Sustainable Development, 1999). As studied, this can be further defined in terms of environmental responsibility, which mainly relates to the textile pipeline with issues of pollution and depletion of natural resources, and social responsibility, which is more pertinent to the garment manufacturing function and covers issues of wages, working hours and working conditions (Perry & Towers, 2013). In fact, as reported, especially in the last decades manufacturing practices within the luxury sector are changing and evolving with social responsibility becoming an important criterion (Brun & Moretto, 2012). Moreover, this rise in the concerns for environmental and social problems not only is taking place within the companies’ business and philosophy, but also at consumers’ level. In fact, Bendell and Kleanthous (2007) asserted that consumers’ increasing alarm for these issues is the greatest cultural shift of the 21st century.

Therefore, facing serious challenges such as counterfeiting, fast fashion, the democratization of luxury as well as increasingly conscientious consumers, luxury marketers are beginning to accept the perspective that sustainability excellence has become a fundamental market responsibility (Hennigs, et al., 2013). In fact, as analyzed in this work, instead of being diametrical opposites, luxury and sustainability are closely related concepts that inspire and complement each other. For this reason, products that cause social and/or environmental damage “are no longer considered by affluent consumers to be best in class” (Bendell & Kleanthous, 2007), and so the credibility of luxury brands in offering superior performance in any perspective is at stake.

In conclusion, to enjoy the advantages of being both profitable and sustainable and meet the expectations of their stakeholders, luxury brands have to adjust their definition of excellence that is no longer associated with shallow glamour but with positive engagement and deeper values. For luxury brands, the question is no longer why to create a sustainable value chain, but rather how to transform their supply chain to address their stakeholders' growing concerns with environmental and social issues and thus protect their reputation (Hennigs, et al., 2013).
As we saw, Moncler S.p.A. represents a clear example of how this industry is advancing with respect to these issues. This company demonstrates indeed that it is actually possible to become a renowned and prestigious brand while remaining true to its own values and philosophy, as well as leading the way to a new era of socially and environmentally responsible fashion business.
As analyzed, through the Sustainability Unit and the Sustainability Plan, the company set its target also in relation to the 2030 Agenda, which is a sign of its commitment and devotion at international level. Moreover, Moncler is actively engaged in the support and assistance of the nearby communities through the funding of a number of different organizations and foundations, especially with regards to medical and scientific research. Obviously, another milestone of the company's philosophy is to offer the best working environment and possibilities to its employees while shaping through the Code of Ethics their responsible and environmentally thoughtful behavior. On a different level of relationship, Moncler also makes particular efforts to work with the best and most conscientious suppliers by giving them a series of rules and guidelines to be followed in the Supplier Code of Conduct. Lastly, the company strongly believes in the necessity of developing the most efficient production and energy system in order to lessen its impacts on the environment; similarly, over the years it has continuously updated its rules, demands and inspections in terms of animal rights. Therefore, the luxury brand is both transparent and effective in all the three areas of ethical fashion, that is to say human rights, ecology and human rights.
As a final and general consideration, there are plenty of opportunities that still exist for further reductions in the environmental and social impacts of the fashion industry. In any case, change will require supplementary development of the collaborative actions of these brands. Indeed, as the CEO of the H&M Group Karl-Johan Persson affirmed, "the big challenges facing the world can only be tackled by working together. This is a prerequisite for making the fashion industry part of the solution rather than part of the problem" (Lehmann, et al., 2018). As he continued, their collaborative mindset has, for example, helped them when setting the ambitious goal to become climate positive by 2040. This means they will go beyond minimizing the negative consequences of their business to create a

positive impact on the planet. “But no matter if the challenges are about recycling innovation, new sustainable materials or working conditions for the people making our clothes, our collaboration with others is key to make lasting change” (Lehmann, et al., 2018).

For this reason, whether involved in the creation, production, communication, or representation of fashion or simply as consumers, everyone is implicated in the difficult issues inherent in this endemically unsustainable and complex system. Research indicates that a sustainable fashion system requires an integrated and interdisciplinary approach to environmental, social, and economic issues together with a vital program of education for those working within the fashion system and for consumers in general, who can subsequently make more informed decisions and choices and raise a collective challenge to the status quo (Black, 2015).

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