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Sustainability reporting practices: an explorative analysis of luxury fashion brands

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ABSTRACT:

The purpose of this research is to identify the sustainable practices of luxury fashion brands through their communications via official reporting documents in order to classify business strategy practices used for communicating sustainability performance

This research uses the qualitative content analysis of GRI-oriented sustainability reports to examine the sustainable practices of 31 companies within the top 100 global luxury brands.

We classify our sample into four clusters: sustainability compelled, sustainability committed, sustainability compliant, and sustainability resistant. Our results indicate that companies in this sector are focused on the issue of sustainability, even though there is a remarkable fragmentation in terms of practices.

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Abstract

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This research uses the qualitative content analysis of GRI-oriented sustainability reports to examine the sustainable practices of 31 companies within the top 100 global luxury brands.

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Originality

The study contributes to a better understanding of sustainability reporting activities and approaches in the fashion luxury industry by describing best practices and the effect of sustainability in corporate communications.

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1. Introduction

Today, more than in the past, consumers are not only prone to consider luxury products as ostentatious status symbol. This perception is possibly true in the wealthy emerging markets such as China or Russia, whereas in western countries a growing attention on how luxury products are made, and whether, during their creation, a company has adopted production processes that respect people and the environment (Jayal et al., 2010; Marshall et al., 2016).

The growing pressure to meet sustainability requirements has encouraged several companies to launch sustainable programs to monitor and evaluate their processes and the effect of their activities along the value chain (Centobelli *et al.*, 2021). These companies release data on their economic, social, and environmental performance, and on their sustainability programs, in public reports (Jestratijevic *et al.*, 2020). Corporate non-financial reporting offers the shareholders and other stakeholders of a company information about an investment and the company's social and environmental performance, environmental risks and impacts, and the implications of such risks and impacts for the company's development (Perrini, 2006; Cormier *et al*., 2011). The issue of sustainable development in the luxury sector has received considerable and critical attention in academic literature (D'Anolfo *et al*. 2017; Kapferer and Michaut-Denizeau, 2014). Sustainable practices have been adopted to decrease negative environmental impacts, and to obtain competitive advantages (de Oliveira *et al*., 2022). Indeed, companies have realised the importance of sustainability and have tried to settle the unstable balance between convulsive economic growth and the urgency of climate, environmental, and health problems, through the adoption of corporate social responsibility (CSR) practices.

Many companies in the luxury industry have recently started to pay attention to sustainability through strategies to improve their current performance (Centobelli *et al*., 2021; Bundgaard and Huulgaard, 2019; Medcalfe and Miralles Miro, 2022). For example, much attention has been devoted to cruelty to animals, such as the protests against fur, and more recently against the well-known Birkin bags by Hermès, or to the social and economic impact of manufacturing processes, like the exploitation of women and children at work. A recent survey has found that sustainable sourcing at scale is the fashion industry's new must-have (McKinsey Apparel CPO Survey 2019) and fashion's commitment to environmental sustainability is becoming a top priority (The State of Fashion, 2022).

Although these issues have social relevance, they also have a significant effect on consumers' choices (e.g., cruelty-free dresses or the willingness to pay a premium price for garments or accessories made with sustainable materials and processes), and on the brand reputation of luxury fashion companies (Hennigs *et al*., 2013; Miller and Mills, 2012). Environmental impact, health effects, workers' conditions, and indications of how animals are treated are just some of the criteria that guide purchasing behaviour and show how the reputation of a brand increasingly involves an assessment of sustainability (Kapferer and Michaut-Denizeau, 2020). Not managing environmental problems can entail risks for companies in terms of image, to the point of negatively affecting economic results (Czinkota *et al*., 2014). Companies are thus called upon to commit to a path of sustainability based on relationships with stakeholders and the adoption of responsible management models throughout the value chain (Benn *et al*., 2006).

At the corporate level, companies have tried over the years to communicate their commitment to sustainability issues through a dedicated reporting system (Hooghiemstra, 2000; Jestratijevic *et al*., 2022). This reporting is on a voluntary basis and consists of stand-alone documents focusing on social, environmental, and governance-related issues. Several international reporting frameworks have been developed over the years, such as Global Reporting Initiative (GRI) and International Integrated Reporting Council (IIRC) (Christofi *et al*., 2012), to help companies understand how and what to include in these reports.

GRI standards are world's most widely used standards for sustainability reporting (GRI, 2022). In 2020, 69% of the top 100 businesses in the 49 nations examined and 72% of the 250 biggest businesses in the world by revenue, as determined by the Fortune 500 ranking, did so (Threlfall et al., 2020). Accuracy, balance, clarity, comparability, completeness, context for sustainability, timeliness, and verifiability are the reporting principles used by the GRI framework (GRI, 2021). According to Alonso-Almeida et al. (2013), there are three main reasons why businesses choose to use the GRI reporting framework: to foster relationships with stakeholders, to resist pressure from those stakeholders to omit reporting on sustainability, and to demonstrate that businesses are acting ethically to attract investors.

The impact of sustainability reporting and related communication at the corporate lever is entrusted to various types of documentation and reports and, therefore, reporting activities can be influenced by the choices made by companies (Landrum and Ohsowski, 2018). In this context, environmental and social governance (ESG) factors become a crucial element for consideration by external stakeholders when evaluating company performance (Carroll, 2021). In fact, scholars see the role of sustainability and business practices as balancing the existing trade-offs between environmental, social, and governance responsibilities. Critical issues which arise from the quality of reporting may not clearly reflect the activities carried out by companies. There is, thus, a lack of consensus in the literature regarding the adoption of sustainable reporting and communication practices in the fashion and luxury industry, despite their importance in understanding how global firms communicate their engagement in sustainability activities to their external stakeholders (Li *et al*., 2014; Kapferer and Michaut-Denizeau, 2014). It appears that luxury brands "*encounter a dilemma over their green CSR engagement and communication*" (Kang and Sung, 2022, p. 292) as a sort of paradox: on the one hand, they consider CSR to be a key pillar of their business; on the other hand, they could confuse consumers about the value of their brand by communicating their green practices.

Our study is aimed at increasing knowledge about sustainability activities in the fashion luxury industry through an analysis of sustainability reporting (Wells *et al*., 2021). In addition, because luxury brands need to avoid accusations of greenwashing (Mohr *et al*., 2001; Kang and Sung, 2022.), they need to develop an adequate approach to their CSR communication. In fact, due to the challenges of addressing paradoxes of sustainability (Hahn *et al*., 2015), it is unlikely that luxury brands use the same approach, and they need to develop adequate sustainable communications strategies.

Our study thus aims to explore the connection between the adoption of GRI guidelines in the luxury global market and a firm's communication effectiveness. Specifically, we seek to answer the following research questions:

RQ1. *Which disclosure strategies for sustainability are used by the luxury fashion brands?*

RQ2. *What are the main factors affecting sustainability policies and practices in fashion and luxury brands?*

Company approaches to sustainability were clustered using a qualitative content analysis of GRI-oriented sustainability reports.

Our study thus contributes to the growing body of literature on sustainability and CSR reporting. First, we shed light on the different types of communicative disclosure strategies used by luxury companies. Our results indicate that companies in this sector are focused on the issue of sustainability, even though there is a remarkable fragmentation in terms of practices. From a decision-making perspective, the study adds to the ongoing debate by suggesting that firms adopt the GRI guidelines and communicate their activities to signal their commitment to CSR. These findings also indicate that luxury companies follow the standards and criteria needed for their external verification processes, and, in the absence of the GRI guidelines, which deliver relevant indicators and criteria for assessing CSR information, they are therefore more likely to limit their communication. Secondly, we found that some factors, such as company dimensions in terms of revenue and the presence of a sustainability commitment, are likely to be important determinants for the adoption of sustainability reporting. Factors such as the company's nationality seem to have less relevance in this regard, leading to the conclusion that any institutional pressures within specific countries are not sufficient to push luxury firms to adopt governance behaviour with respect to sustainability reporting.

The remainder of this paper is organised as follows: Section 2 outlines a literature review on sustainability reporting that provides the basis for research design. Section 3 describes the research methods, and the operationalisation of the factors that affect the adoption of a sustainability report based on the Global Powers of Luxury Goods. Section 4 presents qualitative results. In the final section, findings are discussed, and conclusions are drawn.

2. Literature review and background

In the era of globalisation, the devotion on the issues related to sustainability reporting is growing in both research and practice and has attracted the attention of all industries including luxury. Several different studies have contributed to this body of knowledge, taking various aspects into consideration. The growing compatibility between luxury and sustainability stems from the fact that luxury possesses characteristics that make it "inherently sustainable", and that it can therefore naturally offer multiple benefits to different categories of stakeholders (Garvare and Johansson, 2010). To better explain the theoretical background of the research, the following sections aim to: (i) describe the implementation of sustainability reporting over the years; (ii) identify factors characterising the effect of sustainability in the fashion luxury market.

2.1 The implementation of sustainability corporate reporting

The requirements of new legislation, for example in Europe, the NFI Directive (2014/95/EU) and the proposals for a Corporate Sustainability Reporting (CSR) Directive (2021/0104 (COD), and the fact that investors increasingly consider CSR-oriented firms as suitable investments (Durand *et al.*, 2019), mean that sustainability reporting has become a mainstream practice (Yang *et al*., 2021). Sustainability reporting is used by companies to disclose environmental, social, and governance information, and is more focused on the concept of sustainable development (Minutiello and Tettamanzi, 2022).

Many theoretical frameworks inform the study of sustainability reporting in non-financial disclosure, and previous contributions have highlighted an increase in the quantity and quality of non-financial voluntary disclosure over time (Santamaria *et al*., 2021). On one hand, as found in Bartolacci *et al*., (2022), a recent research trend sees the combined utilisation of several different theories. Indeed, in addition to the main theories (legitimacy, stakeholder, and institutional), other theories have been used in the field of sustainability reporting, with particular reference to agency, signalling, discourse, attribution, social movement, and structuration. On the other hand, many studies have focused mainly on the determinants of the adoption of sustainability reporting, taking into consideration various aspects that are internal (e.g., characteristics of the board of directors) and external (e.g., national culture) to the company. For example, based on previous studies (Cucari *et al*., 2018; Bae *et al*., 2018; Hussain *et al*., 2018; Kolk, 2008; Elkington, 2006; Aras and Crowther, 2008), it can be assumed that the characteristics of a board of directors, and, more generally, the corporate governance model adopted by a company, are the determining factors of a company's disclosures and effort.

From a managerial standpoint, it is important for companies to disclose information in a modern, timely, convenient, and effective way (Invernizzi *et al*., 2021). According to Goodman (2004), three concepts form the cornerstones of corporate communications: the concepts of stakeholders, identity, and reputation. Regarding the last two, corporate identity is referred to by Fill (1999, p.563) as "the formation of the cues by which stakeholders can recognize and identify", and corporate reputation is represented by the way that stakeholders perceive the company over time based on its behaviours, performance, and collective experiences (Balmer and Greyser, 2003).

It is therefore crucial to understand "*how*" companies have implemented sustainability reporting, and "*which*" strategies are used (Lee and Rhee, 2007). For example, Usmani *et al*. (2020) documented a symbolic and superficial approach to producing sustainability reports; however, according to Helfaya and Whittington (2019), there is no consensus about the best design to assess the quantity of disclosure (how much is disclosed), the content of disclosure (what and how is disclosed), the credibility of disclosure (adopting reporting guidelines and inclusion of an assurance statement), and the presentation of this disclosure (using text, tables, graphs, or pictures).

Recently, the paradox perspective has been used to delve deeper into the tensions inherent in sustainability (Van der Byl and Slawinski 2015; Soderstrom and Heinze, 2021). The paradoxical framework enables organisations to move beyond simple considerations of the relationships between economic, environmental, and social concerns to generate innovative approaches to sustainability goals. Specifically, the paradoxes of sustainability manifest in different ways: i) regarding triple bottom line goals; ii) regarding the short- and long-term perspective; and iii) the interaction with multiple stakeholders. Therefore, we support the idea that the paradox approach offers a more rigorous approach to understanding corporate sustainability tensions than the other approaches, with its holistic and systems view.

2.2 The role of sustainability in the luxury market

The terms "sustainability" and "luxury" have been considered non-compatible, or even two opposing concepts, in the last few years. The general belief was that a luxury product did not require a "sustainable" positioning to improve sales (Joy *et al*., 2012). Luxury brands have realised, however, that many consumers with high purchasing power were paying more attention to the environment (Garcia-Torres *et al*., 2017; Kapferer and Michaut-Denizeau, 2014; Mattia, 2013). A shift in the paradigm is therefore taking place: luxury brands are working on sustainability efforts and the concept of "sustainable luxury" is emerging as a hot topic (Athwal *et al*., 2019; Karaosman *et al*., 2020; Kunz *et al*., 2020).

According to the recent systematic review by Kunz *et al*. (2020), it is possible to identity three broad research streams: the first investigates issues around harm, supply chain, and communication; the second includes questions related to CSR and the sustainable activities of luxury producers as such; and the last focuses on consumers and the effect of their characteristics on the purchase of sustainable luxury, the compatibility of luxury and sustainability as perceived by consumers, and the paradox of consumerism. Consequently, luxury brands have gradually incorporated green practices into their operations (Kang *et al*., 2022), although luxury brands that work on social and environmental responsibility also need to maintain their exclusive branding. Indeed, this situation can create pressure on companies, because while sustainability requires values such as equality, and universalism, luxury brands relate to principles of exclusivity, and hedonism (Torelli *et al*., 2012; Wong and Dhanesh, 2017). This could create a contradiction, and such a situation offers an interesting background to examining how companies communicate sustainability efforts and values to strengthen their corporate identities (Balmer *et al*., 2011), in line with our research questions.

Fashion and luxury brands are trying to demonstrate to consumers and other stakeholders their efforts to be perceived as more sustainable (Kapferer and Michaut-Denizeau, 2014). For example, Arrigo (2018) discusses the importance of flagship stores which "enhance stakeholder awareness about the luxury fashion brand's commitment to sustainable development". The paradox between sustainability and luxury is to be considered in view of the ongoing changes in the demand side. The paradox by its definition refers to the coexistence and permanence over time of contradictory elements such as sustainability orientation in the production, distribution and consumption phases. Paradox theory has been mainly concerned with the definition of strategies for their management. In particular, according to Smith and Lewis (2011), there are two main approaches to paradox management strategies, defensive thinking and active thinking. Wong and Dhanesh (2017) identify two macro strategies that of coexistence and convergence and the related sub-strategies of paradox management and CSR communication within the luxury sector.

A lack of environmental and social management problems can entail risks for companies in terms of competitiveness (Hassan, 2015). Companies are thus called upon to commit to a path of sustainability based on relationships with stakeholders and the adoption of responsible management models throughout the value chain (Benn *et al*., 2006). Although the specific negative environmental effect of the fashion industry remains unknown, it is certainly sizable. The industry's boundaries have spread globally, and its multi-tiered supply chain remains complex and opaque. The sustainable strategies implemented by the major luxury holdings therefore demonstrate that companies can increase their global environmental and social standards, playing a key role in promoting a cultural shift and in the sustainable storytelling of their products (Woodside and Fine, 2019). Studies show that the prevailing sustainability dimensions in the fashion luxury market are: (i) the production chain; (ii) the product's lifecycle; (iii) the product itself and its environmental footprint; (iv) the social impact that companies have in consideration of their stakeholders; and (v) the corporate governance, intended as mechanisms and internal policies to implement the company's goals (Li *et al*., 2014; Karthik *et al*., 2015; Mukherjee, 2015; Rosenau, 2017).

According to Kunz *et al*., 2020 (p. 552), the "communication of luxury producers tries to transport the perception of a harmonious togetherness between sustainability and luxury without sacrificing any promises made by luxury". Specifically, luxury fashion companies appear to be the ideal basis for the design and marketing of products that preserve social and environmental values (Lee *et al*., 2018). The intrinsic sustainability of luxury products includes not only the high technical quality of fashion luxury products, but also presents objective benefits for consumers in terms of the durability of products over time (Ki and Kim, 2016). This has direct and indirect benefits for consumers: reduced average expenditure in the long term; reduction in the time and effort spent in the search for new products (Hennigs *et al*., 2013). The sustainability of a fashion product depends not only on the raw material and the correct management of the processing and production cycle, but also on traceability, intended as an informative characteristic that guarantees the origin of the raw materials used for the production process (Joy and Peña, 2017).

Some studies have shown that large luxury brands are more advanced at implementing sustainability practices, while other studies show that over-communicating sustainability can devalue the prestige of luxury brands (Athwal *et al*., 2019; Janssen *et al*., 2017). Consequently, communication practices and the strategies used to reflect these issues have naturally broadened the scope of sustainability communications. For example, Lee and Gordon-Wilson (2021) identified four main strategies across ten sustainable luxury fashion brands: *Elite Activist, Capitalist Strategy, Re-orientation Strategy,* and *Silent Activist.* Following this stream of literature, our study addresses these issues by furthering our understanding of the luxury industry in the context of sustainability reporting. We thus respond to calls for research into the reporting of environmental, monitoring, and enforcement practices by luxury companies (Wells *et al*., 2021; Athwal *et al*. 2019).

3. Method and data

3.1 Research Design

The research was gathered from secondary data sources (Morhardt *et al*., 2002). To highlight how fashion companies in the luxury sector face the challenges of corporate communication guidelines on sustainability, the analysis was structured as follows: (i) case selection from the analysis of the Global Powers of Luxury Goods 2019 ranking (Deloitte, 2019); (ii) analysis of the corporate websites of the companies in the sample to identify documents regarding sustainability; and (iii) content analysis of published documents.

Parts (i) and (ii) allowed the first research question to be answered, while the third phase of the work allowed to collect data aimed at identifying factors affecting sustainability policies and practices in fashion and luxury brands.

We decided to focus on results related to the 2019 because it represents a situation not affected by the shock of Covid-19 pandemic. Being the path toward sustainability an evolutive process, rather than a revolutionary one, the post-pandemic effects on sustainability approaches of the luxury industry are still in the making. Therefore, referring to 2021 data could have offered a picture of a fluid situation with insights of future directions, but requiring a wider time span to be confirmed.

3.2 Sampling

In order to classify sustainability approaches within the luxury industry, the first stage of our research concerned the selection of companies to be included in the sample. The 2019 Global Powers of Luxury Goods rankings (Deloitte, 2019) were reviewed to identify luxury fashion companies, ranging from traditional ultra-luxury and super-premium, aspirational luxury, to affordable luxury. The Deloitte report also includes different categories of luxury goods: designer clothing and footwear (ready-to-wear); bags and accessories; jewellery and watches; and prestige cosmetics and fragrances. The report also identifies the top 100 luxury goods companies globally, based on the consolidated sales of luxury goods in 2018 (for the financial year ending on June 30, 2019), and provides a global economic outlook of their performance in all geographical and product areas.

Starting from this report, the companies were selected based on three criteria: (i) core Activities in the fashion sector; (ii) sustainability report availability within corporate websites; and (iii) belonging to ultra-luxury and super premium companies.

This screening led to the definition of a sample of 31 companies. A strong Western country-of-origin presence is evident (Europe with 28 companies, and North America with three companies) due to the lack of clarity or, in some cases, the absence of sustainable policies in Asian countries, which are present with a total of 20 companies. Notably, the most represented country is Italy, with 15 companies. The overall portfolio of the selected companies consists of 60 sub-brands and the average size in terms of turnover is 2.47 billion dollars. Five of the selected companies are among the top 15 luxury goods companies, with sales of more than 5 billion dollars. Fifty percent of the sample includes institutional disclosure requirements, due to being listed companies.

INSERT TABLE 1 HERE

3.3 Data preparation

The data was prepared by analysing: (i) a specific section related to sustainability in the corporate website of the companies in the sample; and (ii) the corporate documents – sustainability reports and/or other non-financial documents – available for download on institutional company websites (Hahn and Lülfs, 2014; Dilling, 2010). Sustainability communication was defined as any content, including text and images, that discussed or mentioned one or more of the indicators of sustainability performance.

3.4 Data analysis

A content analysis (Krippendorff, 2004) of the documents was carried out to evaluate the economic, environmental, and social commitment of the companies in the sample. Two-tier independent coding process was conducted to ensure coding accuracy and improved reliability and validity. The content analysis was carried out manually, and to improve reliability, results were cross checked by two different researchers so that the classification of the texts would conform to the same standard. The researchers use coding protocol (Weber, 1990), define the coding units for classification and developed the coding schemes. The coding schemes are developed inductively through an analysis of the collected data (Drisko & Maschi, 2016) to rich to the coding categories. The coding categories, which represent different characteristics of interest according to the research objective, are apply to the entire body of the text to extract uniform and standard information. The valid coding scheme with the coding process constitute the core component of a success content analysis (Duriau et al., 2007).

In this research a total of 41 documents and around 500 pages were examined.

The documents were analysed based on a checklist where “0” represents the absence of the information, and “1” the presence of information within a document (Hahn and Lülfs, 2014). The information was categorised into three main dimensions and four more specific subdimensions (Figure 1): (i) environmental impact, related to the production chain: mapping steps in which companies intervene, ranging from raw material procurement and production process to the delivery of the final product within the distribution channel and their effect on CO2 emission reduction; (ii) social impact concerning two sub-dimensions: (ii-i) human resources, considering actions to develop appropriate systems for the human resources management, and (ii-ii) community: strategies aimed at improving the social and environmental conditions of communities; (iii) governance impact: this dimension includes information concerning effects of governance aimed at the responsible management of people in the company, safe and respectful work environments, transparency and traceability, and the involvement of all stakeholders. The coding categories and subcategories are developed by the researchers in consultation with field experts who have deep knowledge of sustainability corporate communication and coherently with the sustainability pillars identified by the GRI guidelines. Once the presence of the information was identified, the text related to these dimensions and subdimensions was then saved and catalogued to proceed with the analysis.

INSERT FIGURE 1 HERE

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4. Findings and results

The following table provides a summary of the results of the analysis of the available documentation within the company websites (Table 2).

INSERT TABLE 2 HERE

The data showed that luxury fashion companies are reporting sustainability according to codes of conduct (94%) and other non-financial documentation (87%), while just over half the sample published a sustainability report (52%).

4.1 Environmental impact

The analysis of the above documents showed that the majority of the companies in the sample paid attention to environmental issues. Raw materials sourcing and production s were the environmental impacts most frequently included in the communication and reporting of luxury fashion companies. In fact, most of the companies present a Code of Conduct addressed to suppliers from whom they demand respect for the company's values, including integrity, respect for the law, and the application of fundamental human rights. The ethical standards of companies such as LVMH and the Estée Lauder Companies extend to acting responsibly towards the environment and animal welfare. Companies carry out various control audits to ensure compliance with the main rules of ethical-social behaviour, safety standards in the workplace and respect for the environment. The aim of this is to improve traceability and gradually increase the use of raw materials from responsible and well-managed sources. Given the specificities of the sector, all the reports offered evidence about materials, such as cotton sourcing, the quantity of materials used, and the percentage of recycled materials and synthetic fibres. The analysis also showed that the other factors in which companies are most involved through the production chain are logistics sites and production site restructuring. In these cases, the initiatives concern the reduction of waste of water and energy resources, and many companies have already taken steps to install a LED lighting system at their point of sales, and educational activities on environmental responsibility issues, such as recycling.

The main sustainability strategies carried out by the companies in the sample focused on environmental actions (e.g., chemical control, CO_2 emissions reduction, and energy efficiency increase), sustainable materials, and the reduction or recycling of waste. These included energy management activities relate to direct and indirect consumption, renewable energy-based products, efficiency, and initiatives for reduction and improvements.

Packaging is another element that companies use to mitigate their environmental impact, including plastic use and management, efficient resource use, chemicals utilization and the distribution of their final products.

4.2 Social impact

The second dimension observed is related to social impact. The companies seem to be very active in this area. The main issues are related to responsible human resource management, including skills improvement, training and skills development, a non-discriminatory working environment, equal opportunities, and occupational health and safety. Many policies are adopted to address the development and skills of workers and are reflected in training programs to help employees expand their knowledge and skills. In some cases, leadership development programs for managers have also been reported.
To promote a non-discriminatory work environment in areas where production and manufacturing take place, many companies adopt group education programs and provide platforms to report behaviour that does not comply with the company's Code of Ethics. Another topic that emerged from the analysis is the commitment to reducing the gender pay gap. The companies are engaged in activities to support the communities in which they operate, both internationally and locally, by supporting organisations working in the social field in various ways.
The social impacts most important to companies include the protection of women and children, contributions to the economic and social development of the most disadvantaged countries, the providing of education and facilities, the economic support for the health sector and the protection of the artistic and cultural heritage.

4.3 Economic impact

The focus of the companies in the sample is related to the diffusion of a culture of sustainability understood as the development of new products, mitigation of the environmental impact of manufacturing, and the innovation offered by manufacturing and digital technologies.
The social and environmental issues analysed below have a predominantly economic impact on companies. In fact, these activities require the development of processes to assess the sustainability of the supply chain (contractors, sub-contractors, suppliers, contracts, etc.), especially referred to the level of risk or exposure to risk, and the planning and implementation of preventive measures to address them. This includes the identification of slavery conditions or human trafficking within any business or supply chain. Some luxury companies have already started to integrate ethical standards into their corporate strategy, and sustainability is therefore becoming an integral part of a brand's governance. The role of company management, in this scenario, is of fundamental importance, as it must be able to face change from the perspective of constant improvement.
Companies in this sector are looking at the opportunities offered by technology and innovation to reduce the environmental impact of their production activities, containing consumption, as well as designing and manufacturing objects. The innovation effort

reported by these companies is also focused on the development of digital tools, that is, e-commerce platforms to reach new audiences, increase brand awareness, and establish a broader geographic reach.

The economic impact of these activities is related to the medium-long term investments that companies make to offer greater performance in the future.

Table 3 presents a summary of the indicators addressed in the analysis.

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5. Discussion

The analysis allowed us to understand the factors affecting corporate communication practices in luxury fashion companies. In exploring the types of approaches on sustainability reporting we have included both internal and external variables into account, even in accordance with the stakeholder theory (Freeman et al., 2010). Economic sustainability refers to internal variables that are committed to enabling the internal capabilities and performance of the organization. Reporting on social and environmental sustainability has so far been one of the external elements that motivates businesses to run successfully and develop their brand to maintain and enhance performance.

Companies should concentrate their sustainability reporting on results and impacts to educate stakeholders about carrying out their legal obligation to protect the environment and sacrifice profits by internalizing expenses for the welfare of society and the environment. Businesses evaluate the results and effects of sustainability activities and audit data produced using various approaches (Pucker, 2021).

The results revealed four types of approaches put in place by the examined firms, according to the grade of sustainability reporting disclosure: (i) Sustainability Compelled; (ii) Sustainability Committed; (iii) Sustainability Compliant and (iv) Sustainability Resistant.

The characteristics of the companies in each cluster are shown in Table 4.

INSERT TABLE 4 HERE

5.1 Sustainability Driven (10 companies)

This cluster includes companies presenting a special area on their official websites dedicated to the theme of sustainability, where the relevant reports can be downloaded.

The companies in this cluster can be defined as leaders of sustainability in the luxury market. There is insight into sustainability classification, based on CSR disclosure, so we can assume that companies which have Sustainability Driven elements have a positive impact on CSR performance (Nazari *et al.*, 2017). On the other hand, the cluster includes companies of different size, brand portfolio and nationality, highlighting that such variables do not explicate the attitude towards reporting practices, in line with previous studies (Bonsón and Bednárová, 2013).

Four of these reports provide non-financial information through an integrated report, which aims to connect the traditional consolidated report with the sustainability report, including performance data in the social, environmental, and economic context. The remaining seven companies have a sustainability report that is separate from their traditional annual report. Five of these describe their performance following the GRI standards. Integrated reporting provides the main guidelines for companies and organisations wishing to produce integrated reports to accelerate such individual initiatives and increase efficiency in the reporting process itself. The more an organisation incorporates integrated reporting into its operations, the more natural it becomes to apply the concept of information connectivity to management reporting, analysis, and decision-making. This approach also enables the more effective integration of the information systems that support internal and external reporting and communications, including the preparation of the integrated report (Dumay *et al*., 2016).

The sustainability report is primarily aimed at business partners, customers, employees, investors, non-governmental organisations (NGOs), private shareholders, and representatives of business, politics, science, and society. The report provides a range of quantitative and qualitative information about existing and planned future sustainability goals and activities. Thanks to this transparency, customers and stakeholders can check the responsible behaviour of brands. The whole group shares the approach to the SDGs developed by the UN in 2015 via the reports. Companies identify the sustainable development objectives that best suit their business and translate them into specific actions to be developed internally and on which to concentrate their resources. The companies in this group are primarily committed to good health, quality education, renewable energy, climate action, good employment and economic growth, sustainable cities and communities, and responsible consumption.

All the companies are committed to those key factors that are useful for achieving a more sustainable luxury business: sustainable material mix; circular luxury system; collaboration with all stakeholders; traceability; CO2 reduction; efficient use of resources and safe and respectful work environments. Governance plays a key role in these companies, but social and environmental issues remain the focus, and have been communicated for at least five years.

5.2 Sustainability Newcomers (6 companies)

Companies in this cluster have been integrating sustainability issues into their business models and decisions, moving towards a long-term strategy.

Sustainability policies focus on three dimensions: the environment, workers, and the community. The analysis showed that the main environmental interventions concern the product (i.e., how to obtain more sustainable materials and eliminate chemicals); the efficient use of water and energy resources, both in production sites and in sales and logistics; the reduction of C02 emissions; and animal welfare. Companies pay attention to the protection and health of employees throughout the value chain, including the supply phase, where suppliers must comply with the Code of Business Conduct. Other issues include inclusion and diversity, training and the development of skills, and the empowerment of workers. Responsible community-based practices see companies supporting a variety of initiatives, both privately and in partnership with not-for-profit

companies, to improve the living conditions of the companies in which they operate.
These companies have similar characteristics to the first group, however, while Sustainability Driven companies have been operating for several years in a sustainable direction, the companies in this cluster have only recently formalised their own sustainability program. Consequently, there are fewer available results attesting to their responsible behaviour. In fact, although the sustainability reports of Sustainability Newcomers companies do not lack data that substantiates the activities carried out in the last period, it is easier to find information about the goals that are intended to be achieved in the coming years (2020/2030). As for the previous cluster, this one confirms a contradictory relationship between sustainability reporting practice and companies' characteristics. Even in this case, in fact, at least on an inductive basis, the analysis does not allow to draw a paradigmatic conclusion. What it can be said from an inter-cluster differentiation is that the average turnover is well below the leaders (Sustainability Driven) (see Table 5) Therefore, sales performance appears to impact of sustainability disclosure, according to previous studies (Waheed and Yang, 2019; Swati Chauhan, 2014).

5.3 Sustainability Potential (11 companies)

This cluster includes companies which have not been found to have sustainability reports specifying their commitment, although they mention respect for society and the environment on their website or in the code of conduct. All the companies in this cluster have a public code of conduct or ethics. The Code of Conduct contains a set of principles and rules whose observance for the prevention of crimes is provided by law, but also concerns the good functioning, reliability, and reputation of the companies. According to Erwin (2011), a formal code of conduct is a "*common CSR tool employed by companies to establish and communicate responsible business practices and an ethical organizational culture"*. The Code of Ethics, which refers to the values of companies such as operating in accordance with the principles of fairness, equity, integrity, loyalty, professional rigor, and protection of health and the environment, obliges all employees, officers, and directors to always act in the best interests of the company. In addition to the Code of Ethics and Business Conduct, these companies also publish a Supplier Code of Conduct, which expressly prohibits the use of any form of forced labour and obliges suppliers to respect fundamental human rights and company values.
Some companies have also published other documents, such as a report on the gender pay gap, a sustainability manifesto, and statements on their commitment to certain issues. Furthermore, on their corporate websites, some companies declare their adherence to certain ISO certifications, that is the international standard SA8000 in the field of social responsibility, ISO 14001 environmental certification, or compliance with REACH, the European regulation of chemicals. Other companies report more detailed information on their websites about specific sustainability practices, such as purchasing responsible materials and joining the Better Cotton Initiative (BCI). Based on the material made available, it looks like their commitment to society and the environment is associated with an "institutional CSR" and not a "political CSR" (Garriga and Merlé, 2004), where corporate responsibility is associated with internal motives to politically influence the

corporation, as well as the market as a whole. We can therefore say that the companies belonging to this group implement some environmental practices, but these are individual initiatives, more active in terms of social impact, especially for the protection and health of workers along the supply chain and community support. These companies appear to have understood the importance of merging their self-enhancing marketing positioning with the adoption of sustainable values (Torelli et al., 2012). However, the sustainability discourse has not moved into a holistic approach, reflected by a structured reporting practice (Du et al., 2010): better to say, the early stage of the sustainability reporting practices does not necessarily affect the implementation of the sustainability strategy. As for the sustainability newcomers, it has to be noted a remarkable decrease of the average sales performance, which supports the evidence of a relationship between turnover and sustainability disclosure.

5.4 Sustainability Passive (4 companies)

The luxury companies in this cluster have not published anything specific about environmental policies, carbon emissions or working conditions in low-wage countries. It is therefore unclear whether such companies are committed to sustainability or not. Looking at the four companies in the sample, two present a Code of Ethics, but no other documents were found for the remaining two, except those of a financial nature. The Code of Ethics for companies in this group refers to protecting the health and safety of workers and/or respect for the environment. These statements are the only ones available, however. This group focuses more on qualitative issues, typical of luxury goods, such as the excellence of the raw materials used, the care of the manufacturing processes, and the reliability that derives from tradition, know-how, and creativity, neglecting issues of social and/or environmental responsibility.

INSERT TABLE 5 HERE

The analysis suggested that fashion and luxury companies frame their sustainability communication in a flexible way. They highlight substantial contributions to sustainability reporting efforts and convey impact in abstract terms, evoking emotions over logic. A summary of the evidence for the companies in each category can be found in Table 6.

INSERT TABLE 6 HERE

The analysis shows that there is a relationship between sustainability and the business strategies of corporate communication. This relationship could develop into a “paradoxical contradiction”, where, on the one hand, there is a corporate need to project a sustainable image and, on the other hand, the distrust and even the opposition that it stirs precisely for exploiting this image (Smith and Lewis, 2011). The paradoxical contradictions could be higher in the luxury sector than in other sectors, and therefore, we support the idea that if the sustainability message does not reflect sustainability practice, it could exacerbate this contradiction. A further characteristic shared by all identified clusters is a very low relationship with the commitments to the SDGs declared within their own documents. This is because the GRI is not directly comparable with the SDGs due to its structure.

The companies which are considered Sustainability Driven and Sustainability Newcomers manage to communicate sustainability at an identity level. This means that the effort put into communicating activities related to a product or the efficient use of production processes is communicated in an institutional way, and strengthens the reputation, identity, and image of the company.

The most important aspect of implementing sustainability reporting and communication is to allow the external validation of the responsible behaviour implemented by the company. This can be achieved by publishing high-quality and comprehensive information on relevant activities of the company in reports and other corporate documentation. The effective communication of sustainability activities should provide an understanding and recognition of the value of the company, which in the final phase influences corporate identity, and, subsequently, on the corporate image.

6. Concluding remarks

Since few studies critically analyse how luxury brands formally report on sustainability (Wells *et al*., 2021), the aim of our study was to shed light on the communicative strategies used by companies to describe activities in sustainability reporting. Our paper enriches the limited literature on communication in the context of sustainable practices and fashion luxury goods. Specifically, our analysis allowed us to classify the luxury companies in the sample according to four different approaches. The Sustainability Driven approach encompasses the companies defined as "leaders" of sustainability in their sector, since they have long been putting into practice responsible behaviour towards the planet, people, and the community, and have been drawing up a sustainability report for several years.

The Sustainability Newcomers group is represented by luxury companies which have only recently defined sustainability objectives and whose environmental and social performance reports are recent. The Sustainability Potential group includes luxury companies that don’t publish a sustainability report but produce other non-financial documents that mainly refer to the protection of workers, both within the company and along the entire value chain, and other information on the website regarding social and/or environmental issues. The Sustainability Passive group includes companies that do not present information on social and environmental issues on their websites, and for which sustainability reports are not available.

The results of our analysis provide some interesting insights into the different corporate communication approaches that the fashion luxury industry companies have taken towards sustainability commitment. The outcomes showed that the companies in the sample are attentive to the issue of sustainability, recording positive results in this regard. Most of them present on their websites a section dedicated to topics such as "CSR", "sustainability", a "Code of Ethics", and other information regarding the protection of workers, although in some cases, statements on these issues are general.

The GRI Sustainability Reporting is an outstanding framework to promote and accept integrated reporting based on globally recognised standards that provide good comparability across geography and time. From a transparency standpoint, the substantial engagement of enterprises, institutes, academics, and practitioners in debating, trying, and developing the model leads to expected continued refinement. However, the presence of an internationally agreed reporting methodology does not guarantee that corporate disclosure is successful. Indeed, it is necessary to use dependability and transparency logic in external communication. Such logic requires a strong company culture founded on shared ideals of responsibility on behalf of all stakeholders, and oriented toward meeting their knowledge and assessment requirements.

However, numerous recommendations have been presented in previous research to improve GRI framework issues. Utama (2011) recommended, among other things, that companies share audited information and that the GRI framework give a global vision for the company. Even to increase stakeholder participation, new criteria were suggested by Siddall et al. (2013). More harmonized GRI reports, and a more user-friendly reporting mechanism were suggested by Quilice et al. (2018). Even though businesses have mostly accepted the GRI reporting methodology, there are two clear developing tendencies. First, to change the firm's approach, the GRI framework now includes the UN SDGs for reporting. Second, businesses are deliberately tying more and more of their sustainability reporting initiatives to the UN SDGs.

This framework also promotes involvement and collaboration while ensuring information symmetry. The adoption of internationally recognised integrated reporting methods would undoubtedly help to strengthen corporate communication in the direction of long-term value generation, however, the integrated reporting model should serve as a roadmap for increasing transparency and closing the gap between communication, perception, and behaviour, expectations and outcomes, and information for diverse users.

6.1 Theoretical Implications

Luxury companies have paid increased attention to many matters of sustainability. In some cases, this is because of internal strategies driven by their own purpose; in other cases, it is as a result of the activism of institutional investors, who always focus attention on sustainability issues. Our study is therefore of interest to companies and institutional investors in the luxury sector, but also to policy makers, to facilitate the implementation of robust sustainability reporting practices.

First, our study extends paradox theory by applying it in the context of luxury sustainability reporting. In this way, we extend prior sustainability reporting research into the luxury sector, highlighting that there is no "one size fits all" strategy for doing so. Secondly, the study envisages that sustainability communication practices should possess a long-term vision, becoming part of the competitive strategy. As a consequence, it would be advisable that sustainability actions become communicated actions, closing the gap between things done and things known. Thirdly, sustainability reporting should expand its purpose to include the wider involvement of consumers, especially as far as communication style (such as the simplicity of language and wide diffusion of the documents) is concerned.

6.2 Managerial implications

The goal of sustainability reporting is not intra- and inter-firm comparison, but rather the quantified, verified contribution to sustainable development that each company has made. Based on these evidences, enterprises should be encouraged to report on outputs due to the current emphasis on sustainability standard-setters to report consistent and comparable information regardless of their commitment to sustainability.

As noted, sustainability can become a marketing strategy for moving customer expectations forward (Cronin *et al*., 2011; Peattie and Crane, 2005). As the trend for sustainable fashion becomes stronger, all companies are seeing an even greater demand for corporate sustainability reporting. The insights generated from this study will contribute to practice in three important ways. Firstly, the identified clusters provide an overall framework for understanding the different approaches of companies in communicating their sustainability efforts and offer clarification and an overview that facilitates the identification and understanding of each approach. Secondly, the standardisation of non-financial reporting is necessary to develop effective monitoring of companies implementing their corporate sustainability reporting. The rules relating to corporate disclosures should therefore: (i) clarify which information on sustainability should be disclosed; and (ii) specify minimum general and sector-specific requirements for disclosures. Thirdly, this study highlights different approaches that luxury brand practitioners could use to overcome their dilemma with respect to communicating their CSR contributions and maximising the performance of their brand.

Scholars who have analysed Paradox theory have focused on the communication of the paradox between CSR and luxury online (Wong & Dhanesh, 2017), and in some cases with respect to reporting (Ning et al. 2021, Ebinger et al., 2006). To the best of our knowledge, therefore, research conducted on sustainability communication through reporting and online communication is limited, as is the application to the world of luxury fashion, which becomes a communication tool for environmental positioning strategy. Our research also shows that codes of ethics and codes of conduct predate sustainability-driven companies: sustainability is a driver that companies use a constellation of communication tools and media.

6.3 Limitations and Future Research

This study is not without limitations. The selected sample comprised a wide but not comprehensive set of companies. Several selection criteria were applied, so as to include in the sample only those cases that were relevant to the objectives of the study, but such a limitation can be addressed in future research. In future research, it would be useful to investigate how the progression of the subsets of sustainability communication tools adopted by companies has evolved. This is because it is evident from the results that the type of communication varies according to the type of stakeholders the company interacts with. Future research might investigate how the sustainability communication of the same company changes with respect to consumers or other stakeholders (e.g. investors).

Although these findings provide an initial empirical investigation into sustainability reporting in the luxury sector, further exploration is needed. One of the limitations of the case study presented is the focus on 2019 sustainability reports. More longitudinal observation and an analysis of sector-specific sustainability initiatives reporting practices may be conducted in the future to confirm and further investigate the results that emerged from this analysis.

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Table

Table 1. Sample size

Company name	**Selection of Luxury Brands**	**Country of origin**	**Turnover 2019 billion (Mld)**
LVMH Group	Louis Vuitton, Fendi, Bulgari, Loro Piana, Emilio Pucci, Acqua di Parma, Loewe, Marc Jacobs, TAG Heuer, Benefit Cosmetics	France	€ 53.7
Kering Group	Gucci, Bottega Veneta, Saint Laurent, Balenciaga,	France	€ 15.8
Chanel Limited	Chanel	UK	$ 12.3
Ralph Lauren Corporation	Ralph Lauren, Polo Ralph Lauren, Purple Label, Double RL, Club Monaco	US	$ 6.3
MARC O'POLO AG	MARC O'POLO	Germany	€ 4.7
Michael Kors Holdings Limited (now Capri Holdings Limited)	Michael Kors, MICHAEL Michael Kors, Jimmy Choo	US	$ 4.5
Giorgio Armani SpA	Giorgio Armani	Italy	€ 4.2
Gianni Versace SpA	Versace, Versace Collection, Versus Versace	Italy	€ 4.0
Liu.Jo SpA	Liu.Jo	Italy	€ 3.4
Prada Group	Prada, Miu Miu, Church's, Car Shoe	Italy	€ 3.2
Hugo Boss AG	BOSS, HUGO	Germany	€ 2.9
Brunello Cucinelli SpA	Brunello Cucinelli	Italy	€ 2.9
Burberry Group plc	Burberry	UK	GBP 2.7
Moncler SpA	Moncler	France	€ 2.7
Ted Baker plc	Ted Baker	UK	€ 2.4
PVH Corp.	Calvin Klein, Tommy Hilfiger	US	€ 2.1
OTB SpA	Diesel, Marni, Maison Margiela, ViktorandRolf	Italy	€ 1.5
Salvatore Ferragamo SpA	Salvatore Ferragamo	Italy	€ 1.4
Dolce and Gabbana	DolceandGabbana	Italy	€ 1.4
Valentino	Valentino, REDValentino	Italy	€ 1.2
Ermenegildo Zegna Holditalia SpA	Ermenegildo Zegna, Zegna, Agnona	Italy	€ 1.1
Max Mara Fashion Group (Safilo)	MaxMara, SportMax, Marina Rinaldi, Max and Co, PennyBlack	Italy	€ 0.9

Canada Goose Holdings Inc	Canada Goose	Canada	€ 0.6
Aeffe SpA	Moschino, Pollini, Alberta Ferretti, Philosophy	Italy	€ 0.6
Fashion Box SpA	Replay	Italy	€ 0.3
TWINSET—Simona Barbieri SpA	Twin Set, SCEE	Italy	€ 0.2
J Barbour and Sons Ltd	Barbour	UK	€ 0.2
Paul Smith Group Holdings Limited	Paul Smith	UK	€ 0.2
Mulberry Group plc	Mulberry	UK	€ 0.2
Acne Studios Holding AB	Acne Studios	Sweden	€ 0.2
Marc Cain Holding GmbH	Marc Cain	Germany	€ 0.1

Table 2. Companies for type of sustainability documents (n=31)

Documents	**Companies**	
	Frequency	**%**
Sustainability section on the corporate website	26	84%
Sustainability Report	16	52%
Other non-financial documents	27	87%
Codes of conduct	29	94%

Table 3. Indicator themes identification

Dimension	**Indicator themes**
Environmental impact – Production chain	Materials Sourcing and Use Production sites, logistics sites, and point of sales restructuring Energy Consumption Packaging
Social impact – Human Resource Management	Skills improvement Training and skills development Non-discriminatory working environment Equal opportunities Occupational health and safety
Social impact – Communities	Protection of women and children Contributing to the economic and social development Economic support in the health sector Protection of the artistic and cultural heritage
Economic impact – Corporate Governance	Contractors regulation Definition of ethical standards Investment in digital and innovation

Table 4. Classification of companies based on the proposed framework

Company name	Selection of Luxury Brands	Approach
LVMH Group	Louis Vuitton, Fendi, Bulgari, Loro Piana, Emilio Pucci, Acqua di Parma, Loewe, Marc Jacobs, TAG Heuer, Benefit Cosmetics	Sustainability Driven
Kering Group	Gucci, Bottega Veneta, Saint Laurent, Balenciaga,	Sustainability Driven
Chanel Limited	Chanel	Sustainability Driven
Ralph Lauren Corporation	Ralph Lauren, Polo Ralph Lauren, Purple Label, Double RL, Club Monaco	Sustainability Driven
Michael Kors Holdings Limited (now Capri Holdings Limited)	Michael Kors, MICHAEL Michael Kors, Jimmy Choo	Sustainability Driven
Prada Group	Prada, Miu Miu, Church's, Car Shoe	Sustainability Driven
Hugo Boss AG	BOSS, HUGO	Sustainability Driven
Ted Baker plc	Ted Baker	Sustainability Driven
Gianni Versace SpA	Versace, Versace Collection, Versus Versace	Sustainability Driven
MARC O'POLO AG	MARC O'POLO	Sustainability Driven
PVH Corp.	Calvin Klein, Tommy Hilfiger	Sustainability Newcomers
Burberry Group plc	Burberry	Sustainability Newcomers
Moncler SpA	Moncler	Sustainability Newcomers
Brunello Cucinelli SpA	Brunello Cucinelli	Sustainability Newcomers
Mulberry Group plc	Mulberry	Sustainability Newcomers
Acne Studios Holding AB	Acne Studios	Sustainability Newcomers
Giorgio Armani SpA	Giorgio Armani	Sustainability Potential
OTB SpA	Diesel, Marni, Maison Margiela, ViktorandRolf	Sustainability Potential
Salvatore Ferragamo SpA	Salvatore Ferragamo	Sustainability Potential
Dolce and Gabbana	DolceandGabbana	Sustainability Potential
Valentino	Valentino, REDValentino	Sustainability Potential
Ermenegildo Zegna Holditalia SpA	Ermenegildo Zegna, Z Zegna, Agnona	Sustainability Potential
Marc Cain Holding GmbH	Marc Cain	Sustainability Potential
Liu.Jo SpA	Liu.Jo	Sustainability Potential
J Barbour and Sons Ltd	Barbour	Sustainability Potential
Fashion Box SpA	Replay	Sustainability Potential
Paul Smith Group Holdings Limited	Paul Smith	Sustainability Potential

Canada Goose Holdings Inc	Canada Goose	Sustainability Silent
Aeffe SpA	Moschino, Pollini, Alberta Ferretti, Philosophy	Sustainability Silent
Max Mara Fashion Group (Safilo)	MaxMara, SportMax, Marina Rinaldi, Max and Co, PennyBlack	Sustainability Silent
TWINSET—Simona Barbieri SpA	Twin Set, SCEE	Sustainability Silent

Table 5. Revenue for each cluster

Cluster	**Average Revenue (Million $)**
Sustainability Driven	$ 6.197,5
Sustainability Newcomers	$ 2.056,0
Sustainability Potential	$ 951,4
Sustainability Silent	$ 264,3

Source: Authors' elaboration

Table 6. Characteristics of the clusters

Approach	Main characteristics
Sustainability Driven	The companies in this cluster can be defined as leaders of sustainability in the luxury market. They present on their official websites a special area dedicated to the theme of sustainability, where the relative Reports can be downloaded. The whole group shares the approach to the SDGs developed by the UN in 2015 and translate them into concrete actions to be developed internally and on which to concentrate their resources. They are primarily committed to good health, quality education, renewable energy, climate action, good employment and economic growth, sustainable cities and communities and responsible consumption. The sustainability Report provides a range of quantitative and qualitative information on existing and planned future sustainability goals and activities. Social and environmental issues are one of the main focus in this group and had been communicated for at least 5 years.
Sustainability Newcomers	Companies in this cluster have been integrating sustainability issues into their business models. Sustainability policies focus on three dimensions: environment, workers and community. They have similar characteristics to the first group, but they have only recently formalized their own sustainability program and consequently the available

	results attesting their responsible behavior are lower: the goals that are intended to be achieved in the coming years (2020/2030).
Sustainability Potential	All the companies in this cluster have a public Code of Conduct or Ethics but they have not been found with sustainability reports concretizing their commitment to the society and the environment (fairness, equity, integrity, loyalty, professional rigor and protection of health). On their corporate websites some companies declare the adherence to certain ISO certifications, other companies report more detailed information on the website about certain sustainability practices. They support and implement some environmental practices, but they are more active in terms of social impact, especially with regard to the protection and health of workers along the supply chain and community support.
Sustainability Passive	The luxury companies in this cluster have not published anything concrete about environmental policies, carbon emissions or working conditions in low-wage countries. Some of these companies present the Code of Ethics, refer to the protection of the health and safety of workers and/or respect for the environment. However, these statements are the only information available.

Figure 1. Conceptual Framework