

Course of

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Abstract

This research will focus on the provision of materials and sustainability in the world of luxury jewelry and fashion. In doing so we analyze Richemont company, one of the major luxury conglomerates. Sustainability is becoming increasingly more and more important for both consumers and companies, so this is the reason why it is relevant to study this trend now. The content analysis made in this research shows that there is an increasing concern about the environment and human rights at Richemont but not the same outcome comes from child labor and forced labor.

Introduction

Corporate Social Responsibility is a promising reality of modern luxury enterprises. Environmental, social and governance concerns are increasingly being incorporated into enterprises' practices by the production of reports that declare commitments and actions that should be directly enacted within business processes. CSR is a composite concept that hides several layers: one of these shades is the materials' provision, which is particularly discussed in modern times for issues like conflict minerals and Human Rights. Indeed, it is not uncommon to find public opinion's articles and research that unveil concerning practice¹ in luxury enterprises' chains of production. This concern has convinced many NGOs and Human Rights' defenders to ask for an improvement in accountability and transparency of the enterprises' actions. The growing legal and international engagement in terms of environmental themes started with the UNFCCC² and the subsequent Kyoto Protocols: these legally binding initiatives forced many global luxury enterprises to take in serious account the necessities of the Planet Earth and its peoples. In this thesis we chose Richemont as a case of study of the luxury firms because of its prominence and leadership in the sector; also, we decided to dig deeply into the materials 'provision theme to measure Richemont engagement in terms of CSR promotion. To do this, we adopted a conceptual content analysis on the Richemont's reporting activity, following common guidelines for the execution of the process. In the first chapter, we introduced the theme of CSR by reviewing the influent literature. At the same time, we focused on literature that dealt with concepts such as Circular Economy and Sustainability, with the aim to have a clear understanding of the theoretical context. In the second chapter, we introduced the method of research, presented the GRI Standards³, and listed some CSR and materials' provision reporting matters that can be found in Richemont's and its competitors' reports. In the third chapter, we presented Richemont as an enterprise by illustrating its history and understanding its internal CSR issues. In the final chapter, we executed a content analysis, attempting to answer three questions: 1) Is Richemont doing enough in terms of CSR promotion? 2) Is Richemont

¹ For instance, look at <https://www.hrw.org/report/2018/02/08/hidden-cost-jewelry/human-rights-supply-chains-and-responsibility-jewelry> and <https://jingdaily.com/posts/uniqlo-zara-skechers-xinjiang-cotton-controversy>

² This stands for United Nations Framework Convention on Climate Change.

³ Which have been crucial for the content analysis of the last chapter.

doing enough in terms of materials' provision promotion? 3) What about its competitors?

This research intends to complement the international literature that adopts content analysis; then, it intends to help fill gaps in understanding luxury enterprises' behavior when it comes to CSR and materials' provision promotion.

Chapter 1

1.1 Corporate Social Responsibility: what about it? History, theory and evidence.

Most academics consider Corporate Social Responsibility (hereinafter, CSR) as an essential driver for corporate organizations to define their role in society and apply ethical standards to their businesses (Lindgreen and Swaen, 2010; Lichtenstein et. al. 2004). Over the decades, the meaning of CSR has grown in terms of significance and intelligibility, even though – mainly in the past – several authors criticized the concept, affirming that business should not be concerned with “[...] promoting desirable social ends [...]” and with “[...] responsibilities in providing employment, eliminating discrimination, avoiding pollution [...]” (Friedman, 1970, p.2). The roots of CSR date back to the period 1945-1960, when corporate leaders were encouraged to include ethical concerns in business matters (B. Carroll and Shabana, 2010, p. 86). In the United States, the most relevant social movements of the 1960s corresponded to civil rights, women’s rights, consumers’ rights, and environmental associations: the social change put in place by these movements and social activists was at the foundation of the companies’ will to include ethical perspectives, attitudes, and practices into their own business reality (ivi, p. 87). Broad definitions of CSR started to exist in the 1970s, when Frederick⁴ (1978) made a distinction between CSR and Corporate Social Responsiveness. He stated that with CSR companies were intended to assume a “socially responsible posture”. A rather recent definition of the European Commission (2001)⁵ defines CSR “as a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis”. In the 21st century, CSR has been converted into an intangible asset of business organizations: academics research and marketplace polls indicate that consumers, officers, and investors tend to reward “good” enterprises and castigate bad ones (S. Du, C.B. Bhattacharya, S. Sen, 2010 p.8). For instance, a study from Cone Research (2007)⁶ attested that 87 % of American consumers would choose a brand instead of another if the first brand was considered to be linked with a good cause; 85 % of them would switch to another brand if a company were perceived to adopt bad practices in terms of CSR. Broadly speaking, integrating good policies and an internal CSR

⁴ Frederick, W.C. (1978), From CSR1 to CSR2: the maturing of business and society thought. Working Paper 279, Graduate School of Business, University of Pittsburgh.

⁵ European Commission (2001). Green Paper: promoting a European Framework for Corporate Social Responsibility.

⁶ Cone (2007). Cause evolution survey.

management would help enterprises maximize their consideration in front of consumers, who effectively become brand ambassadors of the “good business” (Bhattacharya et al. 2010). There are several arguments that are either in favor or against the implementation of CSR. Beginning from the positive considerations, the first point highlights the idea that it is in business’ long-term self-interest to be ethically responsible (A. Carroll and K. Shabana, 2010, p. 89): indeed, if enterprises want to operate in a “good and healthy” working environment in the future, they are obliged to take actions that ensure the economic ecosystem’s sustainability.

A second argument in favor of CSR (Davis, 1973, p.89) ⁷ is related to “let business try”: since enterprises – *especially the big ones* – have human and financial resources to solve internal business issues, they would maintain this solving attitude for social and public issues, like unemployment, civil rights, and economic inequality. Another argument that evaluates CSR in good terms is adherent to the concept that firms have to be proactive and not reactive: in fact, attempting to resolve social issues in advance, would be less costly than solving them once they have appeared (Carroll and Shabana, 2010, supra). In the end, it is believed that companies should be in line with public needs: since the consumers believe that enterprises have to take into consideration economic concerns and, also, be responsible for their workers, communities, and stakeholders, enterprises should respond with sound policies of CSR and making some sacrifices with regards to profit. However, there are several stances that are against the concept of CSR: the first one is the one that is already mentioned in this thesis, the Friedman one (1962)⁸. In this view, business professionals and management should not integrate social and ethical issues into their jobs because their only end lies in the maximization of profits for owners and stakeholders. A second stance against CSR is associated with the idea that business people, in general, and managers, specifically, would not have competence for societal issues: their specialization is related to finance and economic operations, not social and ethical problems (Davis, 1973). Another argument against CSR from the same author (Ibidem, 1973) insists on this suggestion: given that enterprises already hold a great power from an economic and financial perspective, it would not be beneficial to society to empower companies to act on social issues. Finally, one of the

⁷ Davis, K. (1973). The case for and against business assumption of social responsibilities. *Academy of Management Journal*, June, pp. 312–322.

⁸ Friedman, M. (1962). The social responsibility of business is to increase its profits. *New York Times*, September, 126.

major theorists of economic liberalism, Hayek (1969)⁹, following Friedman's steps, stated that adopting CSR in business practices would dilute the "proper aim" of economic organizations. According to Garriga and Melé (2004, p. 53)¹⁰, CSR theories can be divided into four distinct groups:

- 1) The first group of theories, *the instrumental ones*, only sees enterprises as a tool to create wealth and revenues for stakeholders and owners. In this sense, CSR would be functional to this logic, and could be viewed as a means to make a profit.
- 2) The second group of theories is called the *political one*: in this case, the social role of enterprises is emphasized and the relationship between companies and society is strongly highlighted. This group restores the concept of enterprises inside the political arena: the economic organizations, then, accept their role as active social players and cooperate with other societal entities.
- 3) A third group of theories speculates on the idea that business depends on society for its continuity: even the future existence of business is subject to the integration of ethical demands into enterprises' concerns. This theoretical group has been called the "*integrative*" one.
- 4) The fourth group of theories, *the ethical ones*, simply validates the connection between business and society and attests that this connection is filled with ethical values.

This classification of CSR theories has been subsequently criticized by Davide Secchi (2007)¹¹ – and other scholars – mostly for two reasons:

- It is not clear the boundary that separates the first two groups of theories: an instrumental theory can be also portrayed as a political one?
- The second issue regards the meaning of CSR in Garriga and Mele's contribution. In Secchi's eyes, that contribution only considers "direct literature", without citing all the theories that do not refer directly to social responsibility.

⁹ Hayek, F.A. (1969). The corporation in a democratic society: in whose interest ought it and will it be run? In Ansoff, H. (ed.), *Business Strategy*. Harmondsworth: Penguin Books, p. 225.

¹⁰ Garriga, E. and Melé, D. (2004). Corporate social responsibility theories: mapping the territory. *Journal of Business Ethics*, **53**, 51–71.

¹¹ Secchi D. (2007), Utilitarian, managerial and relational theories of corporate social responsibility, *International Journal of Management Reviews*, vol. 9, issue 4, p. 348.

The last consideration posed by Secchi (2007) towards the Garriga and Mele's classification of theories is not defined as a "critical" point: the author just questions the approach followed, which is mostly philosophical, and stresses that a classification of theories should be more concerned with "how and where" rather than "what". Following the abovementioned considerations, Secchi proposes a division of theories that acknowledges the role that theorists confer on enterprises. The result has been the classification of theories into three homogeneous groups (D. Secchi, 2007, *ivi*, p. 349):

- 1) The *utilitarian theories*: firms are considered as parts of the economic system. Self-interest is the fundamental core of doing business. This stream derives from the so-called neoclassical theories.
- 2) The *managerial theories*: societal and economic issues are faced by the firms. Enterprises are at the center through which external circumstances are evaluated.
- 3) The *relational theories*: relationships between firms and society are at the center of the analysis. Corporations are not central anymore and they are just viewed as a part of the ecosystem.

As to the evidence research in the CSR dimension, in a study of by Du, Bhattacharya, and Sen (2007)¹², statistical research demonstrated that good CSR beliefs of customers are associated with more loyalty and awareness of brands. In particular, consumers would tend to have more favorable beliefs about a certain brand if the positioning in this dimension is executed in an effective manner. Moreover, a correct positioning of one brand in terms of CSR can entail the transformation of consumers into advocates of the firm, in the long-term period. This has relevant implications for marketing and communication functions because being "ethical" seems to trigger a process of emotional affection that transcends cognitive convictions (V. Mahajan and Y. Wind, 2002, p.36)¹³. However, firms that want to derive benefits from CSR investments must deal with some obstacles associated with consumers' awareness. Most consumers, indeed, do not seem to be informed enough about CSR initiatives executed by commercial brands (Bhattacharya and Sen, 2004)¹⁴. The first deficiency on the firms' part is the lack of effective communication; the second drawback of

¹² S. Du, C.B. Bhattacharya, S. Sen, Reaping relational rewards from corporate social responsibility: the role of competitive positioning, *International journal of Research in Marketing*, 2007, pp. 224-241.

¹³ V. Mahajan, Y. Wind, 2002. Got emotional product positioning? *Marketing Management*, 11 (3), p.36

¹⁴ C. B. Bhattacharya, S. Sen, 2003. Consumer-company identification: a framework for understanding consumers relationship with companies. *Journal of Marketing*, 67(2), pp. 76-88.

consumers' awareness depends on the ability of a firm to convince that the motivation of CSR initiatives has *intrinsic* attributions and not *extrinsic* ones¹⁵.

1.2 CSR and Luxury

The relationship between CSR and Luxury has been the subject of controversial debate over the last few years. Indeed, Luxury brands are not always perceived as compatible with CSR: for instance, in a study of Achabou and Dekhilli (2013)¹⁶, it is pointed out that consumers have prejudices for luxury brands that use recycled materials. In another paper by Kapferer and Michaut-Denizeau (2014)¹⁷, in the framework of a survey of 966 luxury buyers, 33,8% of the interviewees highlighted the incompatibility between Luxury and CSR, which was partly explained by the frivolous lifestyle that is promoted by brands' communication and, also, the sustainability issues that are manifested by luxury firms – e.g. Manufacturing processes that are responsible for pollution; luxury industry perceived as advertising wealth inequality; the issue of overconsumption.

Some of these issues are inherently associated with the nature of luxury goods. Luxury goods have been defined as “relatively expensive products that provide increased prestige without providing additional utilitarian value” (Wang and Griskevicius, 2014, p.835¹⁸). Sometimes, small utilitarian features are included in a luxury product to create a functional alibi for consumers (Keinan and others, 2016¹⁹): this aspect entails an overevaluation of the customized features and an increased willingness to pay for a luxury product. CSR, as partly mentioned in the previous paragraph, has several definitions: one of them is the one provided by the European Commission, which focuses on the social and environmental concerns that are incorporated into the business operations. In interesting studies of Teona

¹⁵ Intrinsic motivations are associated with genuine reasons to undertake some CSR initiatives; Extrinsic attributions are, on the contrary, linked to a for profit orientation of the firm, which, in the eyes of the consumer, uses CSR to get to bigger slices of revenue.

¹⁶ M.A. Achabou & S. Dekhili, 2013, Luxury and sustainable development: Is there a match?, *Journal of Business Research*, 66 (10), 1896-1903.

¹⁷ J. Kapferer, A. Michaut-Denizau, 2014, Is luxury compatible with sustainability? Luxury consumers' viewpoint. *Journal of Brand Management*, 21(1), 1-22.

¹⁸ Y. Wang and V. Griskevicius, 2014, Conspicuous consumption, relationships and rivals: Women's luxury products as signals to other Women. *Journal of Consumer research*, Vol. 40 No. 5, pp. 834-854.

¹⁹ A. Keinan, R.Kivetz, O. Ana, 2016, The functional alibi, *Journal of the Association for Consumer Research*, Vol. 1 No. 4, pp. 479-496.

and others (2019)²⁰ environmental initiatives proposed by luxury fashion brands are perceived by consumers as more reliable than fast-fashion brands. Focusing on the Millennials' perspective, Kapferer and Michaut-Denizau (2014) found that most people belonging to this generation, when having to choose between brands, would be more likely to purchase products that are produced by companies that introduce CSR into their business spectrum. These considerations, according to Moraes and others (2017)²¹, can be also applied to the fine jewelry business: these academics stated that if morality must be incorporated into decision-making processes of jewelry management, this ethical aspect will be naturally associated with the consumption environment. In the retail setting, consumers produce a positive attachment to brands that introduce products advertised in a manner that pleases their feelings (S. Pankiw, B. Phillips, D. Williams, 2020, p. 305)²². In the jewelry CSR operation, this logical chain seems to remain the same (Biehal and Sheinin, 1998)²³. The link between functional alibis and CSR has been studied in depth by Pankiw and others (2020) and in their conclusions they indicate that jewelry luxury brands are still not reaping the potential benefits of incorporating CSR messages into their advertising. Hence, using CSR in their communication cannot still be considered as a functional alibi for consumers to purchase jewelry products. In their research (Ibidem, 2020, p. 319), they developed a strategic model for advertising Luxury Brand CSR that identifies four distinct manners for luxury firms to increase their results:

- 1) Ethical sourcing (using materials that are CSR compatible)
- 2) CRM²⁴ product (specific product to fund CSR activities).
- 3) Signal of product care and quality.
- 4) Signal of an authentic relationship with the consumer.

Following this pattern, luxury firms would have the opportunity to “push” purchases and differentiate from other competitors that are present in the market and, in the meantime, be

²⁰ G. Teona, E. Ko, S.J. Kim, 2019, Environmental claims in online video advertising: effects for fast-fashion and luxury brands”, *International Journal of Advertising*, Vol. 39 no. 6.

²¹ C. Moraes, M. Carrigan, C. Bosangit, C. Ferreira and M. McGrath, 2017, Understanding ethical luxury consumption through practice theories: a study of fine jewelry purchases, *Journal of Business Ethics*, Vol. 145 No. 3, pp. 525-543.

²² S. Pankiw, B. Phillips and D. Williams, 2020, Luxury brands' use of CSR and femvertising: the case of jewelry advertising.

²³ G.J. Biehal, D.A., 1998, Managing the brand in a corporate advertising environment: a decision-making framework for brand managers. *Journal of Advertising*, Vol. 27 No.2, pp. 99-110.

²⁴ Stands for Cause Related Marketing.

aligned with the triple foundations of CSR activities: people, profit, and the planet. Even if these pathways to communicate CSR has been conceived to follow a best practice scheme in terms of marketing campaigns, we need to add that each of these points shows strengths and weaknesses. For example, ethical sourcing can certainly represent a manner to reduce skepticism toward a CSR oriented advertising, but a relevant issue might be to find correct and complete information about the components of the product itself – in this sense, receiving a certificate that attests products' origins can be a clear asset, particularly for large jewelry brands (Carrigan and others, 2017)²⁵. Producing a CRM good might be another excellent solution to convey the right image of the brand's CSR activities. However, it might be hard for consumers to grasp the real link between the product and the company; also, the relationship between the brand and the cause must be maintained in the long run to inspire credibility. The third strategy suggested by Pankiw, and others (2020) concerns the care and quality of a CSR initiative that is associated with the quality of a luxury brand. The weakness of this strategy deals with potential consumers' skepticism due to the company's reasons for advertising these aspects (profit reason vs genuine motive). The last strategy suggested is the creation of an authentic relationship with the consumer. In this respect, femvertising²⁶ demonstrates to be solid and able to create a real bond between consumer(s) and luxury brands. Nevertheless, luxury firms that adopt this strategy might be evaluated in stricter manners, so that the public can understand if the commitment is either real or profit-oriented. Concepts such as Sustainable development (SD) and CSR are now at the top of luxury firms' corporate agendas (R. Cavender, 2018)²⁷. Even though CSR does not seem to be the most relevant determinant for consumers in order to decide whether to buy a certain commodity or not (Luchs and others, 2011)²⁸, CSR strategies are globally by enterprises perceived as necessary. From a consumer perspective, dominant research poses a lot of attention on the perceived self-identity of the individual over the course of the decision-

²⁵ M. Carrigan, M. McEachern, C. Moraes, C. Bosangit, 2017, The fine jewelry industry: corporate responsibility challenges and institutional forces facing SMEs, *Journal of Business Ethics*, Vol. 143 No. 4, pp. 681-699.

²⁶ The production of advertising that highlights feminine traits and women (and, supposedly, men) matters, like gender equality.

²⁷ R. Cavender, 2018, The Marketing of sustainability and CSR initiatives by luxury brands: cultural indicators, call to action, and framework. C K. Y. Lo and J. Ha-Brookshire (eds.), *Sustainability in Luxury Fashion Business*, Springer Series in Fashion Business.

²⁸ M. Luchs, R. Naylor, J. Irwin, R. Raghunathan, 2010, The sustainability liability: Potential negative effects of ethicality on product preferences, *Journal of Marketing*, 74 (5), 18.31.

making process, when purchasing (Davies and others, 2012)²⁹. For example, in Bhattacharya and Sen (2003) and Rimé (2005)³⁰, consumers see themselves as “good, decent, and moral”. Consumers, indeed, would need to at least verify that there is a sort of congruence between their self-representation and what a brand offers in terms of principles and values.

1.3 CSR in materials provision

When introducing the theme of materials provision, we need to get accustomed to the concept of Circular Economy. This concept is depicted as “a combination of reduce, reuse and recycle activities, whereas it is oftentimes not highlighted that CE necessitates a systemic shift”³¹ (Kirchherr and others, 2017). This imagined shift is projected to transform the current linear economy into a circular one (Kumar Sharma and others, 2021)³²: the aim is the demand reduction of raw materials and the promotion of reuse and recycling practices. In particular, CE and materials have relevant studies published in academia which concentrated on the renewal of materials (Ghisellini and others, 2016)³³, secondary raw materials (Schreck and Wagner, 2017)³⁴, and recycling of products (Grohens and others, 2013)³⁵. The European Commission (2001) sustained the use of environmental CSR initiatives that procure a high level of transparency about the sources of raw materials and the impact of the manufacturing process. As we already mentioned with Achabou and Dekhili (2013), the average consumers tend to respond negatively to the use of recycled materials in luxury products: this characteristic would potentially decrease the value of these goods, which a lot of consumers consider to be made with “first class” components. On the contrary, sustainable luxury “promotes the return to the essence of luxury with its ancestral

²⁹ A. I. Davies, Z. Lee, I Ahonkhai, 2012, Do consumers perceive three levels of luxury? A comparison of accessible, intermediate and inaccessible luxury brands. *Journal of Brand Management*, 106 (1), 37-51.

³⁰ B. Rimé, 2005, *Le partage social des émotions*. Paris: Presses universitaires de France, coll. Psychologie Sociale.

³¹ Kirchherr, J., Reike, D., Hekkert, M., 2017. Conceptualizing the circular economy: an analysis of 114 definitions. *Resour. Conserv. Recycl.* 127, 221–232. <https://doi.org/10.1016/j.resconrec.2017.09.005>.

³² Kumar Sharma, N., Govindan, K., Kuei Lai, K., Kuo Chen, W., Kumar, V., 2021. The transition from linear economy to circular economy for sustainability among SMEs: a study on prospects, impediments, and prerequisites. *Bus. Strat. Environ.* 30 (4), 1803–1822. <https://doi.org/10.1002/bse.2717>.

³³ Ghisellini, P., Cialani, C., Ulgiati, S., 2016. A review on circular economy: the expected transition to a balanced interplay of environmental and economic systems. *J. Clean. Prod.* 114, 11–32. <https://doi.org/10.1016/j.jclepro.2015.09.007>.

³⁴ Schreck, M., Wagner, J., 2017. Incentivizing secondary raw material markets for sustainable waste management. *Waste Manag.* 67, 354–359. <https://doi.org/10.1016/j.wasman.2017.05.036>.

³⁵ Grohens, Y., Kishor Kumar, S., Boudenne, A., Weimin, Y., 2013. *Recycling and Reuse of Materials and Their Products*. Taylor & Francis Group, New York, United States. <https://doi.org/10.1201/b14597>.

meaning, the thoughtful purchase, the artisan manufacturing, the beauty of materials in its broadest sense, and the respect for social and environmental issues” (Gardetti, 2016)³⁶. To protect their core business, luxury CEOs are recommended to work on innovation for materials and manufacturing processes (Carcano, 2013)³⁷. Preservation of scarce materials and timelessness are recognized as the core characteristics of sustainable luxury (Cavender, 2018)³⁸: these elements might entail a process that increases company prices, on the opposite of what Achabou and Dekhili (2013) sustained. The relation that includes material attributes (like uniqueness and quality) and sustainable production process (craftmanship and ethical raw materials) triggers the creation of value for the consumer, as investigated by Hennigs and others (2013)³⁹. When talking about materials, we need to focus on two concepts: eco-materials and eco-packaging. We know that at the end of a product’s life, some materials might produce residuals, waste, and emissions (it is the case of nitrogen, carbon dioxide, (and) oxide of sulfur): eco-materials include biodegradable, compostable and recycled raw ingredients⁴⁰ (S. Choi, D. Duhan, M. Dass, 2022, p.122). The same concept is strictly related to “Eco-packaging”, which entails a reduction in the average use of materials and an increase in using renewable and recyclable materials (Ibidem, 2022). In an interesting study by Morea, Fortunati, and Martiniello (2021) authors attempted to combine CSR and CE concepts, also by citing the Bom, Jorge, and Ribeiro (2019) model⁴¹, which identifies seven dimensions for the production process:

- i. Design/Ideation.
- ii. Sourcing.
- iii. Manufacturing
- iv. Packaging.
- v. Distribution.

³⁶ Gardetti, M. A. (2016). Loewe: Luxury and sustainable management. *Handbook of Sustainable Luxury Textiles and Fashion*, 2, 1–16.

³⁷ Carcano, L. (2013). Strategic management and sustainability in luxury companies. *Sustainable Luxury: A special theme issue of The Journal of Corporate Citizenship*, 52, 36–54.

³⁸ R. Cavender, The marketing of sustainability and CSR initiatives...v. supra.

³⁹ Hennigs, N., Wiedmann, K. P., Klarmann, C., & Behrens, S. (2013). Sustainability as part of the luxury essence: Delivering value through social and environmental excellence. *Journal of Corporate Citizenship*, 52, 25–35.

⁴⁰ Sunhee Choi, Dale F. Duhan, Mayukh Dass, 2022,

The influence of corporate social responsibility appeals (CSRAs) on product sales: Which appeal types perform better?. *Journal of Retailing* 99, pp. 115-135.

⁴¹ Bom, S., Jorge, J., Ribeiro, H.M., Marto, J., 2019. A step forward on sustainability in the cosmetics industry: a review. *J. Clean. Prod.* 225, 270–290. <https://doi.org/10.1016/j.jclepro.2019.03.255>.

- vi. Consumer use.
- vii. Post-consumer use.

This model demonstrates to be solid for several reasons: first, it does not end with the acquisition of the product itself but incorporates a phase where the consumer decides not to use that product anymore. Second, it makes clear that the theme of the provision of materials is not a linear one but more of a circular one: indeed, materials can be either raw or “used” ones. For example, let us consider a firm of fine clothes: essential material for the production process might not only be the silk made up by fibroin that needs insect larvae to produce cocoons⁴², but it also might include recycled silk; silk that has been excluded from a production process; silk that was dumped by consumers. We can see a role for materials’ provision in at least four stages of the model: Sourcing; Manufacturing; Packaging and Post-consumer use. In the sourcing stage, firms that adopt a strict CSR and CE approach declare to undertake clear preservation actions for the environment and biodiversity (Morea and others, 2021) by either choosing raw materials of natural/organic origin or adopting similar practices in terms of materials’ provision – when using the term “organic”, in CSR environment, we are referring to a narrow ensemble of agricultural products. Over the manufacturing process, attention might be drawn to vegetable-based raw materials employed for production. Some companies declare the objective to have a 100% vegetable origin for their products (Ibidem). As to the packaging stage, companies are increasingly focusing on recycled materials and on decreasing the packaging volume and weight. Just some of them are using refillable containers to get customers more used to a circular approach: it is the case of the Shiseido Group, L’Oreal Group, and Guerlain Group (Ibidem, p. 4). When speaking of the “post-consumer use” we enter the most critical phase of the product cycle. Indeed, many products that had value for consumers become trash and harm the environment (specifically, this often happens for marine and forest ecosystems). Some companies, in their reports, state a goal of zero waste in landfills; others fix a 90% objective of recycling, and some consider the use of biodegradable plastic (which is also a relevant aspect for the packaging stage). Another way for some enterprises to comply with sustainable materials provision is to adopt a cruelty-free policy for sourcing and research: this means that animal testing is not conducted for certifying product safety. Some firms

⁴² Wikipedia: Silk

label this policy by placing a bunny face or a bunny logo on the packaging⁴³. In a paper written by Chan, Wei, Guo, and Leung (2020) CSR practices of luxury brands and fast fashion brands are compared to measure the “sustainability performance”. They focused on Nike, H&M, and Louis Vuitton. This last luxury brand, according to its CSR reports, does not consider several practices related to materials, such as creating new recycled fabrics and employing renewable sources of energy. On the contrary, successful sustainable luxury brands – like Stella McCartney – have some products realized with recycled polyester, vegan leather, and organic cotton (Ibidem). According to the resource-based theory, recycling and using environmentally friendly substances and materials can help enterprises achieve a competitive advantage and strengthen their market position (Bhupendra and Sangle, 2016)⁴⁴. This literature review of CSR in materials’ provision was intended to introduce these two concepts from a theoretical and practical perspective. Let us now continue to explain the relation between luxury and materials provision.

⁴³ Lee, G. Courtney, 2016, the animal Welfare Act at fifty: problems and possibilities in Animal Testing Regulation”, *Nebraska Law Review*, 95, pp. 194-247.

⁴⁴ Bhupendra, K.V., Sangle, S., 2016. Strategy to derive benefits of radical cleaner production, products and technologies: a study of Indian firms. *J. Cleaner Prod.* 126,236–247.

Chapter 2

2.1 CSR reporting in Luxury industry: general introduction and methods of research

In the past few years, luxury companies faced a crucial challenge: producing new luxury goods and expanding their business when, in the meantime, trying not to damage natural and social ecosystems by drawing sustainable decisions (Athwal and others, 2019)⁴⁵. Even though luxury leaders are engaged in expanding CSR approaches into their corporate strategies, public opinion concentrated their focus on many incidents that happened in the luxury sector: just to cite one of the most famous ones, Burberry, a well-known luxury brand, recently admitted of destroying 37 million worth of their unpurchased luxury goods by the use of incineration, an environmentally unsustainable process that is common practice in the luxury industry⁴⁶. This kind of approaches still create a lot of mistrust towards the industry but many aspects have recently changed. Currently, a relevant method for enterprises to communicate their impacts in terms of social and environmental issue has been the production of “CSR or sustainable reports”, which include concepts of circular economy, the four dimensions of CSR⁴⁷ and sustainability issues. Production of these documents is mostly due to the strategic nature of CSR (Garcia Rivas and others, 2003)⁴⁸. Reporting sustainable practices of the organization implies, as a major consequence, that luxury enterprises have to give facilitated access to knowledge information and sustainable actions undertaken. This process, if kept under real consideration by the enterprise, triggers accountability on the economic actors’ side, which eventually causes credibility and good reputation. An important aspect of this chain is the consistency that the actor involved has to demonstrate: it is, indeed, necessary that values, actions and information have a perfect balance in order to generate economic results for the organization (Ibidem). This equilibrium between values, actions and information has been studied also in terms of brand strategy: indeed, in addition to good’s specifics, the strategy adopted in the market is quite relevant (Janssen, Vanhamme, Leblanc 2016)⁴⁹. Luxury brands tend to rely on a brand

⁴⁵ Athwal, N., Wells, V. K., Carrigan, M., & Henninger, C. E. (2019). Sustainable luxury marketing: A synthesis and research agenda. *International Journal of Management Reviews.*, 21, 405–426. <https://doi.org/10.1111/ijmr.12195>.

⁴⁶ Ozdamar-Ertekin, Z. (2019): Can luxury fashion provide a roadmap for sustainability? *Markets, Globalization & Development Review*, 4 (1).

⁴⁷ Being the philanthropic, the economic, the ethical and legal pillars.

⁴⁸ M. I. Garcia-Rivas, F. J. Galvez-Sanchez, J.M. Noguerra-Vivo, V. Meseguer-Sanchez, Corporate social responsibility reports: A review of the evolution, approaches and prospects, in *Heliyon* 9, p. 2, (2023).

⁴⁹ Janssen, C., et al., Should luxury brands say it out loud? Brand conspicuousness and consumer perceptions of responsible luxury, *Journal of Business Research* (2016), <http://dx.doi.org/10.1016/j.jbusres.2016.12.009>

conspicuousness strategy in order to adhere to consumers' preferences, which include a will to show their wealth and social status. Typically, luxury brands are related to self-enhancement values, like hedonism, success, or, therefore, conspicuousness (Hagtvedt, Patrick, 2009)⁵⁰. On the contrary, CSR communication is associated with self-transcendence values, like environmental sustainability, social care and human development (Torelli, Monga, Kalkati, 2012)⁵¹. This contradiction in terms between these values could suggest a negative relation between CSR and Luxury: interestingly, Janssen et. al. (2016) revealed that a luxury brand that adopts an inconspicuous branding strategy are the cause of more favorable CSR trust than in the case of a conspicuous strategy. This means that luxury brands that opt a conspicuous branding strategy have issues in inspiring credibility for their CSR activities. This is also due to the kind of consumer that usually acquires luxury companies' products: many of them, indeed, have a "modest self-identity" and acquiring inconspicuous products lead them to a more extended congruity between their personality, the brand CSR strategy and the product's characteristics. As a result of the development of CSR communication strategies, several tools have been developed to create a "standard" to produce sustainability and CSR reports: the most famous instrument to realize this end is the Global Reporting Initiative (GRI, 2023)⁵², which attempts to create general and specific standards that can be acknowledged by most economic, political and non-governmental organizations. Citing a passage of the GRI standards purposes "The objective of sustainability reporting using the GRI Sustainability Reporting Standards is to provide transparency on how an organization contributes or aims to contribute to sustainable development" (GRI Standards, Consolidated Set of the GRI Standards, 2021). The main end of this study is to focus on the materials' provision CSR of luxury brands by investigating on the particular case of one of the biggest holdings of the global scenario: the Compagnie Financière Richemont. Reasons to choose this company firstly deal with the relevance of the company itself: Richemont is, at the moment, the third luxury group in terms of annual revenue and is an important point of reference in the industry. Seemingly to other holding companies, in the last few years, Richemont produced several Sustainability reports that claim to be compatible with the GRI Standards: these reports, starting from 2018, will be the

⁵⁰ See H. Hagtvedt, V.M. Patrick, 2009, The broad embrace of luxury: Hedonic potential as a driver of brand extendibility. *Journal of Consumer Psychology*, 24(3), 336-354.

⁵¹ Torelli, C. J., Monga, A. B., & Kaikati, A. M. (2012). Doing poorly by doing good: Corporate social responsibility and brand concepts. *Journal of Consumer Research*, 38(5), 948-963.

⁵² V. GRI site at

fundamental basis of our research. After having highlighted the structure of Richemont reporting, we will proceed with a content analysis, enumerating the number of CSR practices that the company observed is undertaking. This kind of analysis is of the utmost importance to have a dimension of what Richemont actually does in terms of CSR. This will be made, also, by comparing GRI Standards guidelines with Richemont reports, highlighting good practice of reporting and the bad one.

There are three questions that will be guiding the analysis process:

- 1) Is Richemont a good CSR practices' promoter?
- 2) Is Richemont doing enough in relation to CSR promotion of materials provision?
- 3) Is Richemont at the same level of the other competitors when speaking of CSR promotion of materials provision?

As to the last question, we will review the Sustainability reports produced by competitors. In particular, we will take into account:

- Estee Lauder and its most recent report⁵³.
- Swatch and its most recent report⁵⁴.

In this chapter, we will start by introducing the subjects of CSR of materials provision in the Luxury industry and we will directly cite sources from the reports previously mentioned. After defining the entities that are part of the game, we will describe the themes of CSR of materials provision that are inside the abovementioned reports. Finally, we will try to explain the reasons why these enterprises produce the abovementioned reports: indeed, some of them have been pressed by the civil society in order to do so; some did it because of transparency reasons and because of practices that are becoming increasingly more relevant at a global level (we are talking about the GRI Standards); most of them, given the consumers 'modern preferences, have incorporated sustainability issues and the need for a new circular model. In this research, a case study on Richemont is conducted to understand the level of CSR initiatives: specifically, we will start by collecting information⁵⁵ and executing a content analysis. Our content analysis will be a conceptual one, with the aim to quantify the

⁵³ See Estee Lauder 2023-2022 reports.

⁵⁴ See Swatch Sustainability report 2021-2022.

⁵⁵ Which is extracted from the reports, the sites and the available documents of the abovementioned enterprises.

amount of words and phrases associated with GRI Standard concepts which are present in the texts analyzed. The methodology that will be used is created upon the guidelines provided by the Colorado State University⁵⁶ and the Columbia University⁵⁷. The use of this analysis has several objectives (Ibidem):

- “First, it is needed to identify trends, intentions and focus of individuals, groups and institutions.
- Describe attitudinal and behavioral responses to communications.
- Determine the psychological or emotional state of persons or groups.
- Reveal international differences in communication content.
- Reveal patterns in communication content.
- Pre-test and improve an intervention or survey prior to launch.”

In our case, we will focus on the identification of trends and intention of Richemont in terms of CSR of material provisions; will reveal patterns in communication content of Richemont in terms of CSR of material provisions.

2.2 Who?

Most firms currently operate CSR of materials provision: the way how they do it is by producing CSR reports, that are defined “a voluntary governance practice and legitimacy of a firm to communicate its sustainability commitment to internal and external stakeholders (Campbell, Craven, Shrives, 2003)⁵⁸. In the luxury industry nothing changes: most conglomerates every year adopt a sustainability or CSR report that is intended to disclose how firms intend to deal with environmental issues in order to do sustainable business. As we already know, most firms adopt several international practices to standardize these documents towards the public⁵⁹. As a matter of fact, most firms tend to declare the use of a certain standard in the premises of a report. For example, Swatch Group’s Sustainability report of 2022 at the first page states⁶⁰: “This sustainability report has been prepared in accordance with the GRI Universal Standards 2021. We followed all the reporting principles and requirements contained in the GRI 1 Foundation standard to identify content and

⁵⁶ See <https://writing.colostate.edu/guides/guide.cfm?guideid=61> .

⁵⁷ See <https://www.publichealth.columbia.edu/research/population-health-methods/content-analysis>

⁵⁸ See Campbell, Craven, Shrives, 2003, Voluntary social reporting in three FTSE sectors: a comment on perception and legitimacy, in *Account, auditing account, J.*, 16 (4), pp. 558-581.

⁵⁹ As we mentioned, it is the case, for instance, of the GRI Standards, but there are many more.

⁶⁰ Swatch Group’s 2022 sustainability report, p. 1.

prepare the report”, while at the foreword states⁶¹: “Since last year, Swatch Group publishes a separate sustainability report in line with the GRI Standards in order to increase the scope of reporting, transparency and comparability”. Seemingly the Estee Lauder 2023 Social Impact & Sustainability report⁶²: “this report has been prepared with reference to the Global Reporting Initiative (GRI) Standards”. The same case can be cited for 2023 Richemont ESG report that at page 4 mentions: “This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards (2021). The GRI Standards are the most widely used sustainability reporting standard globally”⁶³. Some other firms decide to create their own standards: this is for example the case of LVMH. Indeed, this conglomerate has no presence of references to the GRI Standards in the premises of its 2022 report neither in the rest of the document⁶⁴. It is indicated at the section “Social Methodology”⁶⁵ that “all the rules for consolidating the quantitative and qualitative data are set out in the LVMH work-force related reporting protocols, which are updated annually by the Talent Management and Social Responsibility divisions within the Human Resources Department”. In a similar status-quo we find the “Environmental Methodology”: “All consolidation and calculation rules are defined in the LVMH environmental reporting protocol, which is updated annually and published by the Environmental Development Department. All requests to consult the document should be sent to the following address: contact.environment@lvmh.com”. In the case of Kering, it has been instituted a “Kering Standards for raw materials and manufacturing processes” that has been the “outcome of several years of research conducted internally, with the Group’s houses, external experts and NGOs”⁶⁶. Surprisingly, Kering does not produce any document that can be understood as a comprehensive Sustainability or CSR report. Indeed, the abovementioned document is only directed to suppliers of Kering itself. Even observing the two biggest brands of the conglomerate, Gucci and Yves Saint Laurent, there is no material that can actually be considered as a “sustainability or CSR report” that applies international reporting standards. We will focus on this later, while executing the content analysis. All in all, major luxury conglomerates seem to take the CSR

⁶¹ Ivi, p.3.

⁶² See Estee Lauder Companies’ 2023 SIS report, p.2.

⁶³ See ESG Report Richemont 2023.

⁶⁴ See LVMH 2022 Social and Environmental Responsibility.

⁶⁵ See Ivi, p. 136.

⁶⁶ See Kering website, available online at <https://www.kering.com/en/press/special-reports/sustainability/>.

or sustainability themes in good consideration. The manner how they do it in terms of reporting standards, however, can change at a large scale.

2.3 What?

Reporting activity of the cited conglomerates, as abovementioned, is developed at different levels of extent. As to the content of this reports, usually, at the end of these documents, it can be found a little section that enumerates the GRI Disclosures present in the text. For example, it is the case of p.110 and the following 4 pages of Swatch group Sustainability Report (2022). Indeed, the company, starting from the General disclosures, indicates for every category the document's page where it has been cited. As to the "Organizational details" of the GRI General disclosures⁶⁷, Swatch Group has dedicated page 4, with a clear description of the conglomerate and the whereabouts of its business activities:

"Swatch Group is an international group with 17 consumer brands working in the manufacture, marketing and sale of finished watches, jewelry, watch movements and components. It manufactures all the necessary mechanical and electronic components itself and supplies such parts to third-party manufacturers in Switzerland and around the world."⁶⁸

As indicated in the GRI 2 (2021) the organization:

- a) Used its legal name.
- b) Attested the nature of ownership⁶⁹.
- c) Indicated the location of its activities.
- d) Indicated the countries of its operations.⁷⁰

In the ESG report by Richemont, seemingly to Swatch, it is included in the appendix a section with the "GRI Content Index". In the section are indicated the disclosures implied, the document's pages which mentions the theme concerned, and any omissions of the disclosures' requirement⁷¹. This inclusion of the "omissions" is quite rare to find in reporting practices of luxury enterprises and demonstrates a certain level of accuracy that is provided by Richemont in producing sustainability reports. Focusing on Richemont's "GRI Content Index", we can cite for instance 2.14 General disclosure, which is associated with the "Role of the highest governance body in sustainability

⁶⁷ See GRI 2 (2021), General disclosures.

⁶⁸ See Swatch Group Report 2023, p.4.

⁶⁹ They use the formula "It is an international group with 17 consumer brands".

⁷⁰ A map points every single country where the operations are executed.

⁷¹ This is indeed a great progress from the last

reporting”⁷². Here it is stated that “The governance and Sustainability Committee supports the development and review of ESG strategies, policies and guidelines and convenes five times per year” and “The Governance and Sustainability Committee serves as an advisory body on the following matters:

- Oversight and approval of proposals regarding greenhouse gas targets, climate change and biodiversity, as well as water and forest-related issues;
- Oversight of due diligence processes and the materiality assessment, which focus on Richemont’s impact on ESG topics and include insights on internal and external stakeholders’ engagement (the effectiveness of such due diligence and engagement processes is reviewed on an annual basis);
- Management proposals regarding diversity, equity and inclusion, human and labour rights and social impact on supply chains and communities;
- ESG or sustainability-related amendments to strategic plans.

Needless to say, the Governance and Sustainability Committee “reviews all management proposals regarding our sustainability roadmap and approves the annual ESG report”.

The description of the abovementioned Committee seems to be completely in line with Disclosure 2-14⁷³ which requires to report “if the highest governance body is responsible for reviewing and approving the reported information, including the organizations’s material topics [...]”. Richemont, interestingly, does not seem to be really compatible with the second part of this last quote “[...] and if so, describe the process for reviewing and approving the information”: indeed, it is not displayed any significant description of the process to review and approve the reporting activity. More interestingly, in the “omissions” section of the GRI Standards Index, at the end of the report, there is no reference to any negligence of Richemont from this point of view. In conclusion, the 2023 Estée Lauder sustainability report’ GRI Content Index⁷⁴, in the GRI 3.3 Section, mentions that “Our Social Impact and Sustainability Goals and Commitments reflect our priority focus areas as informed by stakeholder concerns and sentiments. Additional information on specific stakeholder topics of interest are included throughout this report [...] Please refer to

⁷² See p. 85 of the Richmont’s ESG Report.

⁷³ See GRI 2, General Disclosures 2021 p. 25.

⁷⁴ See Social Impact and Sustainability Report, 2023, p. 89.

individual priority focus areas in this report for related disclosures on governance, policies, strategy, and fiscal 2023 progress”. Differently from the Richemont ESG Report, at first sight, this Estée Lauder’s GRI Content Index seems to be “poorer” in terms of classification: for example, it is not stated if there is any omission among the information disclosed. Digging deeply into the material topics theme, following the advice of this luxury enterprise, we try to look for “strategy” in the document and it appears, not surprisingly, that the word is repeated for 62 times. Since there is no specification of a certain page, which is necessary to focus on specific topics, it seems really hard to verify how Estée Lauder has worked on what was mentioned by themselves. It is perhaps better, at this point, to start asking a different question. Why enterprises produce these reports, according to literature and the enterprises themselves?

2.4 Why?

Recalling what’s been cited by Garriga and Melé (2004, p. 53)⁷⁵, CSR theories can be categorized in distinct schools of thought. The first school of thought, *the instrumental one*, looks at CSR as a way for enterprises to create wealth and revenue. CSR reporting, in this sense, would be just one of the advertising aspects of luxury firms to convince consumers about the uniqueness of a certain product. Differently from this perspective, the *political* school of thought sees the role of the enterprises as that of an active participation: economic organizations would accept their role as part of the civil society and actively work for the common good of the society, incorporating social and environmental concerns. The third group of theories gives credit to the idea that society is a crucial determinant for defining firms choices in terms of policy and, therefore, in terms of Corporate Social Responsibility. In this case the ethical demands that are considered as key by the civil society are incorporated into the enterprises’ mission: this is what defines the *integrative* groups of theories. The last group of theories, *the ethical ones*, simply acknowledges that economic entities are ethical themselves: in this case, CSR activities are promoted by firms because of their belonging to the society and its concerns. As already mentioned, this classification has been contested by Davide Secchi (2007)⁷⁶ which distinguishes between three groups of theories: 1) the *utilitarian ones*, where firms are considered to do what they do because of

⁷⁵ Garriga, E. and Melé, D. (2004). Corporate social responsibility theories: mapping the territory. *Journal of Business Ethics*, **53**, 51–71.

⁷⁶ Secchi D. (2007), Utilitarian, managerial and relational theories of corporate social responsibility, *International Journal of Management Reviews*, vol. 9, issue 4, p. 348.

their self-interest. This group of theories is really similar to the instrumental ones presented by Garriga and Melé. 2) the *managerial ones*, where enterprises face societal and economic issues being and are at the center of the analysis. 3) the *relational ones*, where firms are in a strict bond with society and there is a reciprocal influence of the two entities.

Getting back to CSR reports produced by luxury companies, reasons that support the incorporation of societal concerns into business vary depending on the reports considered. For instance, in the Foreword section of the Swatch Group's report⁷⁷ it is declared that "Swatch group has always been committed to responsible operations, responsible corporate governance and sustainability [...] Since last year, Swatch Group publishes a separate sustainability report in line with the GRI Standards in order to increase the scope of reporting, transparency and comparability". Given that the GRI Standards exist from several years and that Swatch Group started to produce sustainability reports from one year, it is difficult to find a complete consistence in the Swatch Group's statement and premises. As to the Estée Lauder Group⁷⁸, the report does not really introduce reasons that backed the report's publication. This last Group seems to maintain a "minimal" approach throughout the report and does not ethically explain the association with social and environmental concerns. Richemont⁷⁹ declares that "has been reporting on its CSR activities since 2012. This year, Richemont publishes for the first time an ESG Report [...] in accordance with the Global Reporting Initiative (GRI) Standards (2021)" and continues with "The GRI Standards are the most widely used sustainability reporting standard globally". This declaration of Richemont can be evaluated as a middle point between the statements of Estée Lauder and those ones of Swatch: Indeed, even if Richemont does not provide a critical and supportive comment on the sustainability reporting – as Swatch seems to do – the backing to the reporting approach comes from the affirmation that they have been reporting since 2012, giving the idea that the Group is firm in sustaining this kind of activity – as it was not the case for Estée Lauder, which simply executes the reporting activity and points out that the document is in line with GRI Standards (2021).

⁷⁷ See Sustainability Report 2022 of Swatch Group.

⁷⁸ See Sustainability Report of Estée Lauder Group.

⁷⁹ See ESG Report 2023 of Richemont.

Chapter 3

3.1 Case Study: Richemont

The choice of Richemont as a case study for this research has a solid basis: since the birth of the company, in 1988, Richemont has been working to become one of the major actors in the luxury world scene. Anton Rupert started its entrepreneurial path by investing in tobacco and alcohol (B.C. Gobel, 2017)⁸⁰. His company “Rembrandt” began manufacturing cigarettes in June 1948, in the city of Johannesburg. Since Rembrandt had to focus a lot on the quality of cigarettes to outperform its competitors, Rupert started having the idea of a luxury business, because of the high quality intrinsically associated with this sector⁸¹. This aspect of diversifying the family business became a reality with the acquisition of Cartier in 1988. With the will to manage all of his assets, Rupert founded Richemont – in the same year of Cartier’s acquisition⁸². At the time of the foundation, Richemont controlled Cartier and Dunhill, which at the same time controlled other luxury brands like Yves Saint Laurent⁸³, Montblanc and Chloé. Over the same year, Cartier acquired two Swiss watch companies⁸⁴ and in 1993 all luxury companies were gathered in the Vendome Luxury Group, a division of Richemont. Interestingly, in the first phase, the Richemont group continued to diversify their business instead of concentrating on a specific one. In 1994, for instance, they bought the gunmaker Purdey. This diversification of business continued until 1999: from this year on, Richemont opted for a strategic exit from all those businesses that were not linked to luxury⁸⁵ (P. Y. Donzé, 2018). For example, they progressively reduced their engagement in the tobacco⁸⁶ and media business. Also, the holding started making crucial investments: several manufacturers involved in the production of watches’ internal parts were purchased by Richemont⁸⁷, while still keeping acquiring watches’ producers⁸⁸. The road to invest in luxury business put in contact with Ralph Lauren, which in 2007 allowed for the use of their brand in order to produce watches under license (Ibidem)⁸⁹. Since the presence in luxury fashion was becoming prominent, the group decided to keep

⁸⁰ See Bianca Christine Gobel, *Restructuring in the Richemont Group: a consequential historical analysis, 1988-2013*, University of Johannesburg, 2017.

⁸¹ Ibidem.

⁸² Pierre-Yves Donzé, 2018, *The Birth of Luxury Big Business: LVMH, Richemont and Kering*

⁸³ Which was owned by Cartier.

⁸⁴ We are talking about Piaget and Baume & Mercier.

⁸⁵ Pierre-Yves,

⁸⁶ This business was transferred to another holding, always controlled by Rupert family.

⁸⁷ It is the case of Donzé-Baume (2007).

⁸⁸ Minerva (2006) and Roger Dubuis (2008).

⁸⁹ Ibidem.

expanding with the incorporation of the French house Azzedine Alaia (2007) and the US brand Peter Millar (2012). In the end, Richemont bought the majority of equity at Net-A-Porter Group (2010), the most relevant online luxury fashion retailer, which eventually merged with the Italian company Yoox⁹⁰.

The success of companies like Richemont has been explained by several reasons:

- 1) First, the total assets of the conglomerate changed from 5.2 billion in 2004 to more than 20 billion euros between 2015 and 2016. This has also been reflected in the increase in the total workforce, which reached 28,324 employees in 2015 (Ibidem).
- 2) Second, Richemont was able to create a very diverse portfolio of brands, which is considered to be crucial in the sector⁹¹.
- 3) Third, Richemont, like many of the luxury enterprises, is controlled by a family and it seems that this is a distinctive characteristic of the sector⁹².
- 4) The international expansion is another aspect that allowed Richemont to reach a solid position in terms of total revenue: indeed, all the biggest luxury conglomerates have expanded their position by going out of their continents of origin⁹³ and improving their sales mostly in Asia markets.

Digging deeply into the second point analyzed, the various Richemont's acquisitions with the dimensional growth of the historical subsidiaries helped the company to concentrate its business on the Luxury sector, progressively diminishing the tobacco business. There has been a strong transformation in terms of assets, as represented by the figures 1.1-1.2. In 2001, Richemont already was a big player in the Luxury Scenario. It is interesting to notice that from 2014 nine out of 18 brands belonged to the "Watch" division of Richemont⁹⁴. This list of watch brands includes: IWC, Jaeger-Le Coultre, Piaget, Vacheron Constantin, Officine Panerai, Baume & Mercier, A.Lange & Sohne, Roger Dubuis, Ralph Lauren Watches. All of these watches are certified as "Swiss made" and have a long brand history.

⁹⁰ That was present in the same kind of business.

⁹¹ It has been the same acquisition strategy of Kering and LVMH. Still, LVMH did not only invest in Luxury fashion, but also in champagne and spirits, perfumes, cosmetics and jewelry.

⁹² Indeed, for instance, LVMH and many other firms from this business often have owner, managers and operators that come from the same family – even several family generations that are directly involved in the business. Special voting rights allow

⁹³ Mostly America and Europe.

⁹⁴ S. Terasaki, S. Nagasawa, Richemont as focused luxury Conglomerate (2014), in *International Journal of Affective Engineering* Vol. 13 No.1 (Special Issue) pp. 1-10.

For example, Vacheron Constantin was founded in 1755, while Cartier and Dunhill in 1847 and 1893. As to the group sales on a global level, in Richemont the contribution of

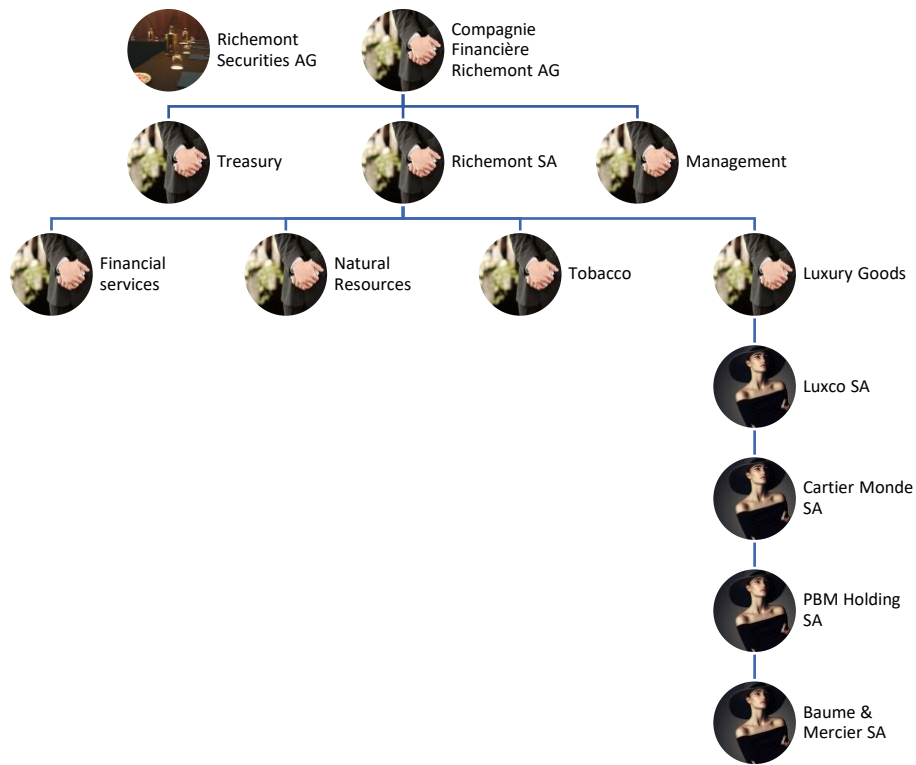


Figure 1.1. Compagnie Financière Richemont AG, July 1989.

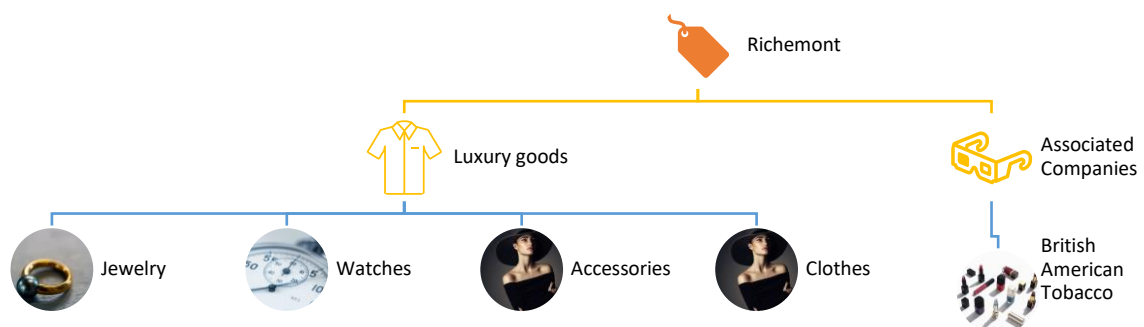


Figure 1.2. Richemont structure, 2001.

Europe is still relevant, even if the share of Asia-Pacific sales (without Japan) expanded from 25% in 2008 to 42 % in 2011. That is visible in figure 1.3:

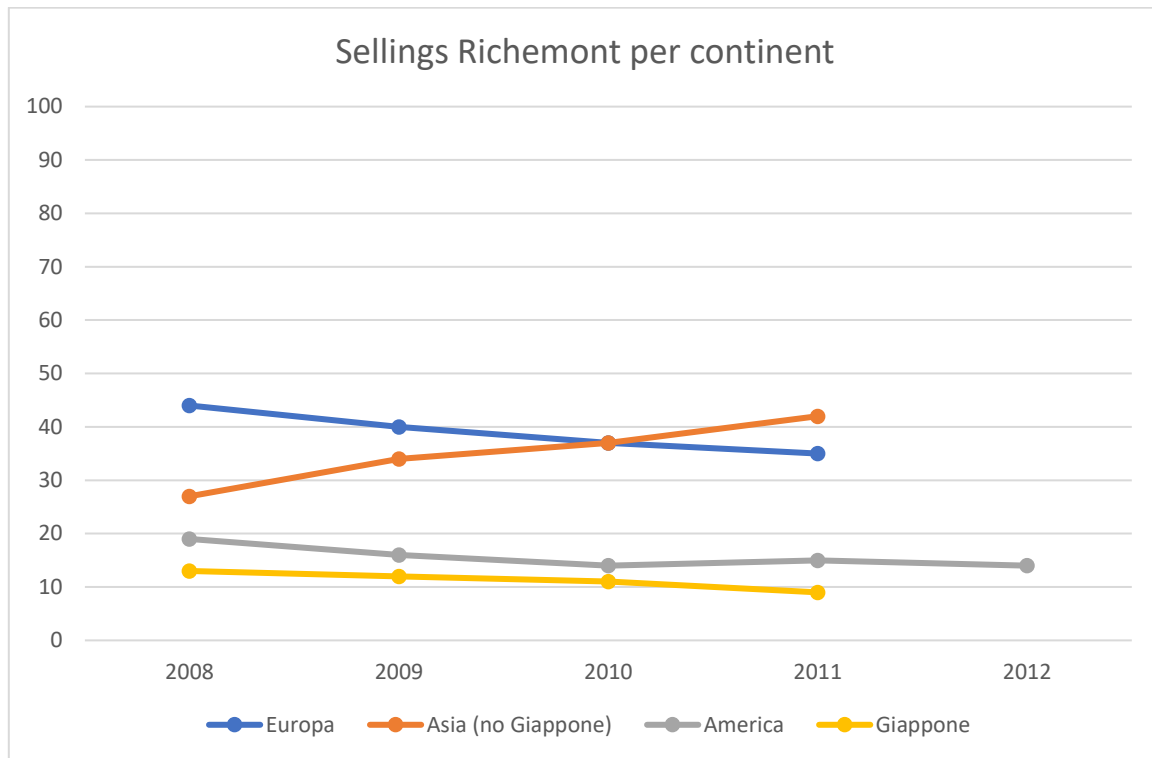
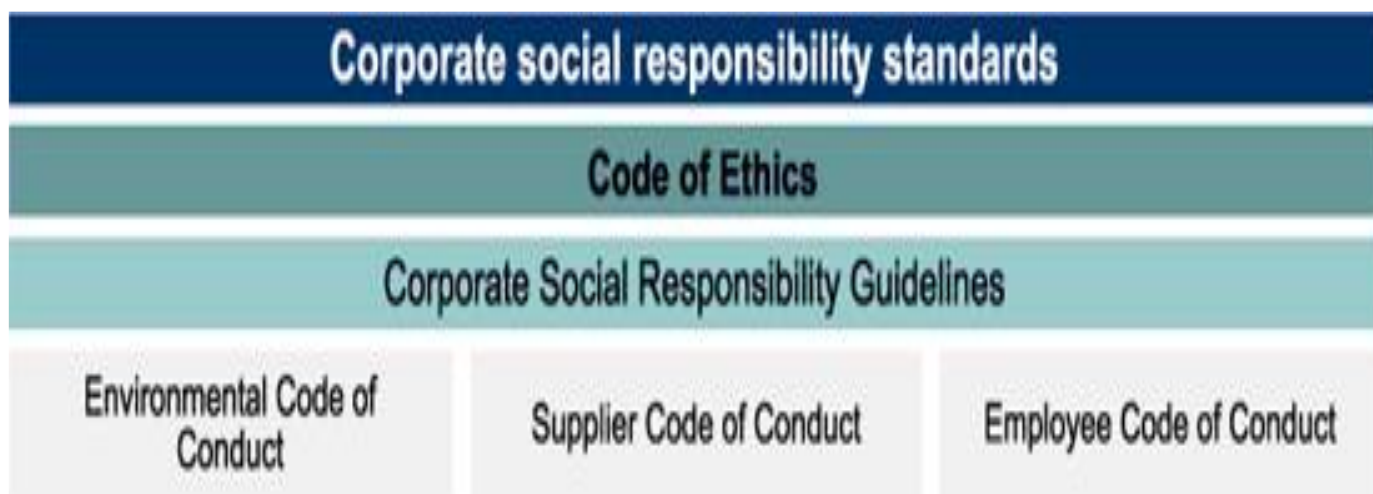


Figure 1.3. Source: S. TERASAKI, S. NAGASAWA, op. cit.

3.2 Richemont: General CSR Introduction

The theme of CSR has been at the center of the enterprise policy from more than 10 years. Indeed, in 2012 Richemont's CSR report, the firm already started to produce documents for public use that were concentrated on Corporate and Social Responsibility. In particular, it is interesting to focus on the 2012 report's section "How CSR is managed": here it is described the governance structure of the internal CSR process. The manager in charge for CSR activities was the Director of Corporate Affairs, who every year had the responsibility to report CSR matters to the Board of Directors. The Director was supported by a CSR committee, which was made up of several representatives of the internal functions. Each maison of Richemont was required to appoint one manager for CSR activities, who was supposed to participate in an annual CSR meeting to share "progress and best practices,

discuss activities and agree goals and priorities for the coming year”⁹⁵. CSR activities were guided by a framework which was a way to reflect the values of the enterprise itself. This included the Code of Business Ethics and the Corporate Social Responsibility Guidelines, as finely described in the following graphics provided by the enterprise:



See Richemont’s 2012 report, p. 6. Figure 1.4

Since the start of the production of CSR reports, Richemont had the “long-term goal to report comprehensively against GRI’s G3 Sustainability Reporting Guidelines”⁹⁶. In the same passage, Richemont acknowledged that:

“As for other companies with diverse and decentralized businesses, it can be a challenge to collect consistent and comparable data from our Maisons. A large number of our boutiques and shop-in-shop premises are leased and, for some of them, utilities are included in the lease, making it difficult to gather certain information. There is also a cost associated with data gathering as it involves systems, resources and time. We therefore focus our efforts on collating ‘material’ information to shape decisions. We continue to work with our numerous sites to improve data quality and find practical solutions for data gathering”.

It is interesting to note that in just seven years of reporting, the structure and the governance of these documents fundamentally changed: indeed, starting from the management perspective, the Chief Finance Officer of the firm reports CSR activities to the Board of

⁹⁵ Richemont 2012 CSR report, p.4.

⁹⁶ See Richemont 2012 CSR report, p.7.

Directors. The CFO is strongly supported by a new figure: the Director of CSR, who leads the Group's CSR committee⁹⁷. This committee has engaged itself to specific terms or reference and holds meetings quarterly⁹⁸. As in the past, the Group demands every Maison to choose a CSR Representative who takes responsibility for CSR activities: these representatives participate in an annual CSR Conference to exchange information with their peers and spread awareness about CSR matters. An internal intranet with more than 350 registered users has been created for this end in order to facilitate the sharing of knowledge and the direct exchange between CSR officers. An important document that is produced by the Group is the materiality assessment, which started to be adopted in 2016. This document has the objective of identifying key issues that “matter most to our business and our stakeholders”⁹⁹. If we look at the Materiality Matrix of 2018, which lists these key issues in terms of “importance to stakeholders” and “Impact on business”, we see that the top priority results in “Human Rights and Labour standards in the supply chain” and “Transparency and traceability of raw materials “. This result is incredibly relevant to our research because the materials' provision in the Luxury business is at the center of the public debate on Human Rights for several reasons. Indeed, many luxury enterprises have been accused of mistreating second and third-world workers to produce high quantities of products at the lowest possible cost. Since many conventions and codes have been adopted to eliminate any form of discrimination and mistreatment of labor, enterprises are going towards the direction of an increasing level of awareness of labor matters and a better engagement in respecting labor rights over their supply chain. As to the second point, the “transparency and traceability of raw materials” is associated with multinational corporations that tend to overuse raw materials in second and third-world countries and exploit the local communities to extract valuable resources. For example, in the Democratic Republic of Congo it has been a common practice to exploit local workers for the extraction of Coltan as a raw material¹⁰⁰

⁹⁷ That is made up, as in older times, by representatives from Group functions and Maisons.

⁹⁸ On 19 July 2018, the CSR Committee comprised: • Cartier Chief of Staff, Transformation & CSR; • Group CFO (Chairman); • Group CSR Manager (Secretary); • Group Director of Corporate Communications. • Group Director of CSR*; • Group Director of Public Relations; • Group Employer Branding Director; • Group Health, Safety and Environment Manager; • Group Operations Chief of Staff; • Group Procurement Manager; • Group Senior Compliance Officer; • Group Sourcing Intelligence & Industrial Compliance Manager; • IWC Corporate Sustainability Manager; • Research & Innovation Breakthrough Manager; • Van Cleef & Arpels Director.

⁹⁹ See Richemont's 2018 CSR report, p. 8.

¹⁰⁰ See J. Riobello, Globalization: Exploitation and Trade of Coltan in the Democratic Republic of Congo, in SD Watch, 2019, available at <https://sdwatch.eu/2019/08/the-dark-side-of-globalization-exploitation-and-trade-of-coltan-in-the-democratic-republic-of-congo/>.

Importantly, the list of key issues continues with: Biodiversity, Circular Economy, Diversity and Inclusion, Positive Social Impact, climate change and other environmental impacts, Craftsmanship, Governance and Ethics, Packaging and waste. In 2021, for the first time, the Group's CSR report started to be named as "Sustainability report". In broad terms, the approach of Richemont did not change: the four focus areas kept being "People, Communities, Sourcing and Environment"¹⁰¹. In the 2021 document, there is the inclusion of the Sustainable Development Goals

- The Sustainable Development Goals (SDGs), also known as the Global Goals, were adopted by the United Nations in 2015 as a universal call to action to end poverty, protect the planet, and ensure that by 2030 all people enjoy peace and prosperity.
- The 17 SDGs are integrated—they recognize that action in one area will affect outcomes in others, and that development must balance social, economic and environmental sustainability.

In the 2021 report, Richemont matched the materiality issues with every distinct Sustainable Development Goal in order to identify what goals are involved the most in the Group's key issues: the first goal concerned is SDG 5 (Achieve gender equality and empower all women and girls) and in this sense Richemont declares:

"Our targets to promote Diversity, Equity and Inclusion and our progress to date are described in the People chapter. As an example, Richemont has expanded its benefits programme for childcare services, including parental leave. Several of our businesses have committed to the United Nations Women's Empowerment Principles, while others have achieved or are seeking Equal Pay certification across their operations."¹⁰²

The second most relevant target is SDG 8 (Promote inclusive and sustainable economic growth, full and productive employment, and decent work for all). In this case, it is relevant to notice that the most relevant issue in terms of materiality assessment where the respect of Human and Labor rights and that, in this section, Richemont states that:

"policies to safeguard human rights and labour standards in the supply chain and the positive social impact we make are described in the Sourcing chapter. Implementing transparency and traceability

¹⁰¹ See the Group's sustainability 2021 report.

¹⁰² See Ivi p. 16.

in raw material sourcing, particularly materials which have positive biodiversity and environmental impacts such as American alligator leather, is included in the Environment chapter.”¹⁰³

The third point is SDG 13 (take urgent action to combat climate change and its impacts. In this sense, Richemont has committed itself to targets that are compatible with the principles enshrined in the Paris Agreement. In practice, Richemont commits itself to a lower level of carbon emissions from business travel and to use 100% renewable energy by 2025. In the last available report, the 2023 ESG report, a referral to the Swiss Code of Obligations and the EU Corporate Sustainability Reporting Directive is explicitly inserted¹⁰⁴. In terms of management, Richemont declared a relevant change starting from the production of this last ESG report. A clear methodology for reporting has been adopted and a harmonized and consolidated approach has been developed for the initiatives. Every Maison has to be compatible with the Group ESG framework and has to undertake a rigorous approbation process if they want to claim on sustainability matters. There has been organizational change with the functions of the Group Sustainability: this group is now a service center for functions, regions and Maisons and is responsible for the creation of the ESG Report and the strategy in terms of ESG¹⁰⁵. The work of this unit is also linked to external relations ‘initiatives, like partnerships with non-governmental organizations and other relevant international actors¹⁰⁶. Now, the Richemont sustainability employees are around 100 in numeric terms and the Group declares the will to find as many stakeholders as possible for what concerns ESG.

¹⁰³ See Ivi, p.17.

¹⁰⁴ See Richemont’s 2023 ESG Report.

¹⁰⁵ See Ivi, p. 19

¹⁰⁶ Such as the World Climate Foundation.

3.3 Materials' provision in Richemont

The 2023 Group Materiality Matrix highlighted that the first key issue in terms of impact on people and/or environment and of impact on business is the “Conflict minerals”¹⁰⁷ as visible in figure 1.5.



Figure 1.5 Group's ESG Report 2023

The topic of conflict minerals deals with the source of minerals like diamonds, gemstones and precious rocks that come from High-Risk Areas. Since many geographical areas are becoming increasingly dangerous¹⁰⁸, sourcing minerals has become more difficult. Another effect of this progressive change in international relations is the division of the world market into distinct blocs, which hinders globalization and trade on a global scale¹⁰⁹. The theme of materials is mentioned in another important key issue, which is the “Transparency and traceability of raw materials”: this particularly affects Richemont's Value and Supply Chain and is strictly linked to the theme of conflict materials, since much of the sourcing in High-Risk areas can also be victim of transparency and traceability issues. The theme of raw material is mentioned in many sections of the document. Indeed, the Richemont ESG report's objective was to create an interconnection between the internal CSR functions and

¹⁰⁷ V. ESG report, p.16.

¹⁰⁸ See the current tensions in the Middle east and the Ukraine-Russia geopolitical situation.

¹⁰⁹ Actually, trade is also hindered by the stop of conclusions of new WTO liberalizations.

the several key issues that are part of the materiality index. The theme of materials provision is strictly linked to the Group's Supply chains. In Richemont, all materials' supply chains are followed by centralized coordination of the Group itself towards its Maisons. There are three policies that regulate practices:

- The Group Procurement Policy;
- The Richemont Supplier Code of Conduct;
- The Richemont Raw Materials Sourcing Policy.

Digging into the second document¹¹⁰, Richemont demands that suppliers adhere to the principles included in the following conventions: Conventions of the International Labour Organization; Universal Declaration of Human Rights; United Nations Global Compact (UNGC); Convention on the Elimination of all forms of Discrimination Against Women; Organisation for Economic Cooperation and Development Guidelines for Multinational Enterprises. Article 6.5 it is codified that suppliers in the gold, silver, platinum, diamonds and colored gemstones “have to exercise and document due diligence in accordance with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas”.¹¹¹ The document gets to specifics in the subsequent paragraphs:

6.6 Suppliers of Gold, Silver and/or platinum are demanded to become certified with the Responsible Jewellery Council's Code of Practices. Suppliers have to ensure “as far as possible” that the cited minerals are mined responsibly and this should be compatible with human rights.

6.7 Suppliers in the Diamond supply chain are demanded to be certified with the RJC code of practices and to be human rights' compatible. Also they have to get only “natural, non-treated diamonds from legitimate sources that strictly conform to our specifications regarding quality and naturality” [...] Provide full and complete disclosure of the compliance with national and international laws and industry best practice” [...] “Suppliers that are engaged in the cutting and polishing of diamonds shall use cobalt free, diamond impregnated scalfes. Overall, suppliers of Coloured Gemstones that trade with Richemont have to follow very similar rules and code of conduct that are expressed in the Gold, Silver,

¹¹⁰ See Richemont's supplier code of conduct 2023.

¹¹¹ Ivi, p. 11.

Platinum and Diamonds section. Paragraphs associated with materials' provision are also those ones of fragrances (6.11) and textiles (6.12). As to fragrances, the Group prescribes that the alcohol used shall be only from natural origin. As for the textiles, the first recommendation of the group is "to use water efficiently and responsibly"¹¹². It is known that in order to produce textile products a relevant amount of water is required. Fast fashion and compulsive habits of consumers made the overuse of water a key issue in the fashion industry. Since this is not a clear interdiction to use a certain level of water, we cannot consider as very normative this prescription by Richemont. The second recommendation is "to promote the protection and restoration of biodiversity and ensure no detriment to natural ecosystems"¹¹³. Even at this point, Richemont does not refer to clear parameters in order to evaluate what's detrimental to biodiversity and what's not. The only standard that is fixed is that one of the "Global Organic Textile Standards". In essence, the document is not extensive and provides really basic points and normative prescriptions that Richemont imposes on its suppliers. As to the "Raw Material Sourcing Policy"¹¹⁴ the substance does not change that much. This is a two pages document signed by the Responsible Sourcing Director that, firstly, commits the Group to respecting human rights according to the Universal Declaration of Human Rights and the International Labour Organization Fundamental Rights. Secondly, it prohibits any form of bribery, corruption, money laundering or the financing of terrorism¹¹⁵. Another concern of the Group is to support "rights-compatible" security forces and not help, directly or indirectly, any illegal armed group. In paragraph 3 "Regarding serious abuses associated with the extraction, transportation or trade of gold, diamonds, and coloured gemstones" the Group commits itself in a more serious manner to "not tolerate, profit from, contribute to, assist with or facilitate the commission of torture or cruel and inhumane treatment"¹¹⁶. In paragraph 5, Richemont declares it will not deal directly and indirectly with any non-state armed groups that supposedly and illegally control "mining sites" transportation routes, diamond-trading areas and upstream actors in the supply chain; tax or extort money or diamonds at mining sites, along transportation routes or in diamond-trading areas, form intermediaries, export companies or international traders". It is evident that the group is serious about tensions that

¹¹² 2022 Richemont Supplier Code of Conduct.

¹¹³ Ibidem.

¹¹⁴ See Richemont's 2023 Raw Material Sourcing Policy

¹¹⁵ Ibidem.

¹¹⁶ Ibidem.

can be found in High-Risk Countries and, particularly, in those areas of the world where the element of internal conflicts is mixed with the presence of a great amount of raw, precious materials. Even if Richemont does not recognize the presence of “non-state armed groups”, it does acknowledge the presence of public or private security force “to provide security to workers, facilities, equipment and property in accordance with the rule of law”. This could seem a contradiction in terms because it is highly debatable that the presence of public or private security controlling some specific sites under “the rule of law” could seem any different in terms of the potential use of force and violence from a “non-state armed group”. The dividing line between the non-state armed group and the public/private security seems only related to “lawfulness”.

Chapter 4

4.1 Content Analysis: premise

In this study, as already mentioned, we will proceed by analyzing the words and phrases connected to key concepts in GRI Standards in order to answer three questions:

- 1) Is Richemont a good CSR practices promoter?

In order to answer this question, we will consider words and phrases that are correlated in the GRI correlation table of the 2023 Richemont ESG Report¹¹⁷: this report compares key materiality themes that come from the Group's materiality Research and GRI Material Topics. What defines a *good* CSR practices promoter is, first, the number of CSR words used in the present to be compared to past times; second, we deal with an analysis of the number of words used in similar novel reports by two competitors of Richemont: Swatch and Estée Lauder.

The second and third questions to which we will try to look for an answer are:

- 2) Is Richemont doing enough in relation to CSR promotion of materials' provision? Is Richemont at the same level as other competitors for what concerns materials' provision?

To answer this question, we will use a method that is pretty similar to the abovementioned one: we will list the words and phrases that are used by Richemont in the materiality key issues and the GRI material Topics related to materials' provision. We will compare the entity of these words in terms of present and past times but also by evaluating what other major competitors are putting into practice: it is always the case for Swatch and Estée Lauder. The answer to these questions will allow us to understand if Richemont has included in its reporting activity a sufficient quantity of CSR messages. The importance of this analysis is to measure the effectiveness over time of Richemont CSR attention to also evaluate if there are trends that have been developing in the last few years. For this reason, we will take into consideration the last three Richemont reports. As we cited in this manuscript, there have been lots of changes to these reports in organizational and material terms: it is time to understand if these changes have also been put in place in terms of the presence of some CSR concepts. The choice of the words and phrases that will be at the center of the analysis process are justified because of the relevance of the words themselves:

¹¹⁷ See ESG report 2023.

indeed, executing an analysis like this one, it becomes extremely difficult not to choose a word like “sustainability”, when speaking of broad CSR messages. The same can be applied to “conflict minerals” if the theme that is called upon is that one of materials’ provision.

4.2 Content Analysis of Richemont CSR

The execution of a Content Analysis that takes into consideration Richemont's CSR has, as the first objective, the choice of the words and phrases that will be considered over the course of the process. The words that will be analyzed are the following:

- 1) Sustainability
- 2) Human Rights
- 3) Ethics
- 4) Climate
- 5) Pollution
- 6) Nondiscrimination
- 7) Biodiversity
- 8) Labour rights

Example:

N. of words/phrases (year of report), n. of words/phrases (year of report -1), n. of words...

Richemont

- Sustainability

182 (2023); 355 (2022); 213 (2021); 28 (2018); 16 (2012).

- Human Rights

87 (2023); 107 (2022); 41 (2021); 35 (2018); 24 (2012).

- Ethics

29 (2023); 26 (2022); 11 (2021); 27 (2018); 5 (2012).

- Climate

43 (2023); 61 (2022); 48 (2021); 31 (2018); 21 (2012).

- Pollution

7 (2023); 3 (2022); 0 (2021); 0 (2018); 1 (2012).

- Nondiscrimination

1 (2023); 1 (2022); 0 (2021); 0 (2018); 0 (2012).

- Biodiversity

61 (2023); 38 (2022); 24 (2021); 11 (2018); 14 (2012).

- Labour

33 (2023); 23 (2022); 22 (2021); 41 (2018); 29 (2012).

Estée Lauder

- Sustainability

203 (2023)

- Human Rights

23 (2023)

- Biodiversity

28 (2023)

- Labor

9 (2023)

Swatch

- Sustainability

364 (2022)

- Human Rights

16 (2022)

- Labor

38 (2022)

- Biodiversity

27 (2022)

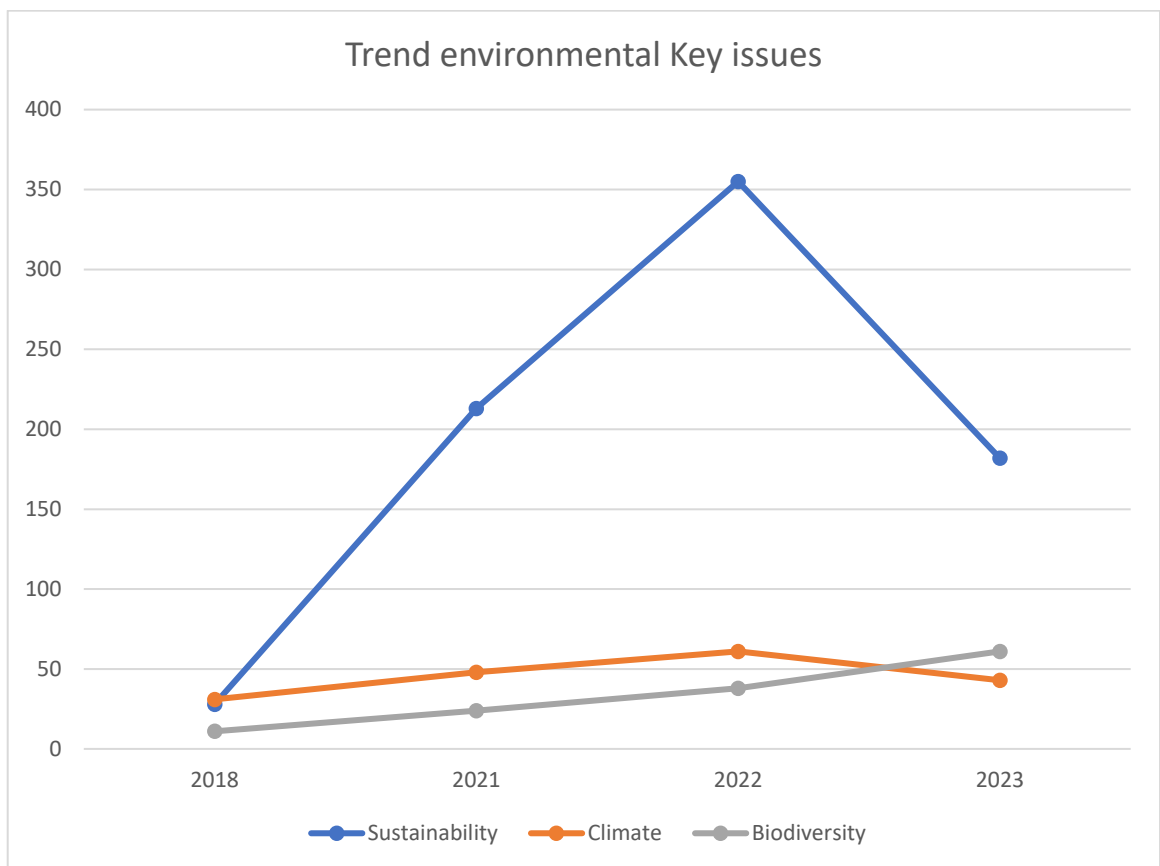


Figure 1.6: Trend of “Sustainability”, “Climate”, “Biodiversity” in RICHEMONT reports from 2018 to 2023.

As visible in the content analysis of general CSR key issues in RICHEMONT's reports, there is a clear trend that highlights a growth of all the “environmental” words/phrases. As to the social topics, results are more fragmented. For instance, if we look at “Human Rights”, we observe a clear trend of growth over the last 11 years. It cannot be said the same about “Labor” (or labour) that had a fluctuant path over the last 11 years. As to the comparison

with Estée Lauder and Swatch, Richemont demonstrates to have particular attention to the Human Rights Issue, which is largely present in the text.

4.3 Content Analysis of Richemont's Materials Provision

The execution of a Content Analysis that takes into consideration Richemont promotion of materials' provision has, as the first objective, the choice of the words and phrases that will be considered over the course of the process. These words and phrases have been chosen according to GRI 301 Circular Economy – Materials; Conflict minerals GRI 414 - Supplier Social Assessment; GRI 408 - Child Labor; GRI 409 - Forced or Compulsory Labor; GRI 410 - Security Practices; GRI 413 - Local communities; GRI 414 – Supplier Social Assessment, which are the GRI material topics associated with materials' provision.

The words that will be analyzed are the following:

- 1) Circular economy
- 2) Minerals
- 3) Conflict minerals (or mineral)
- 4) Raw materials (or material)
- 5) Forced Labor (or Labour)
- 6) Child Labor (or Labour)
- 7) Labour (or Labor) standards (or standard)
- 8) Standard (or Standards)

Example:

N. of words/phrases (year of report), n. of words/phrases (year of report -1), n. of words...

Richemont:

- Circular economy

10 (2023); 8 (2022); 17 (2021); 0 (2018); 0 (2012)

- Minerals

17 (2023); 15 (2022); 5 (2021); 0 (2018); 0 (2012)

- Conflict minerals

9 (2023); 9 (2022); 0 (2021); 0 (2018); 0 (2012)

- Raw material

32 (2023); 34 (2022); 43 (2021); 20 (2018); 25 (2012)

- Forced Labor

4 (2023); 3 (2023); 1 (2021); 3 (2018); 3 (2012)

- Child Labor

6 (2023); 8 (2022); 2 (2021); 6 (2018); 4 (2012)

- Labor standards

9 (2023); 4 (2022); 5 (2021); 10 (2018); 3 (2012)

- Standards

87 (2023); 115 (2022); 127 (2021); 82 (2018); 56 (2012)

Estée Lauder

- Raw Materials

21 (2023)

- Mineral

2 (2023)

- Child Labor

5 (2023)

Swatch

- Raw Materials

31 (2022)

- Mineral

2 (2022)

- Child Labor

13 (2022)

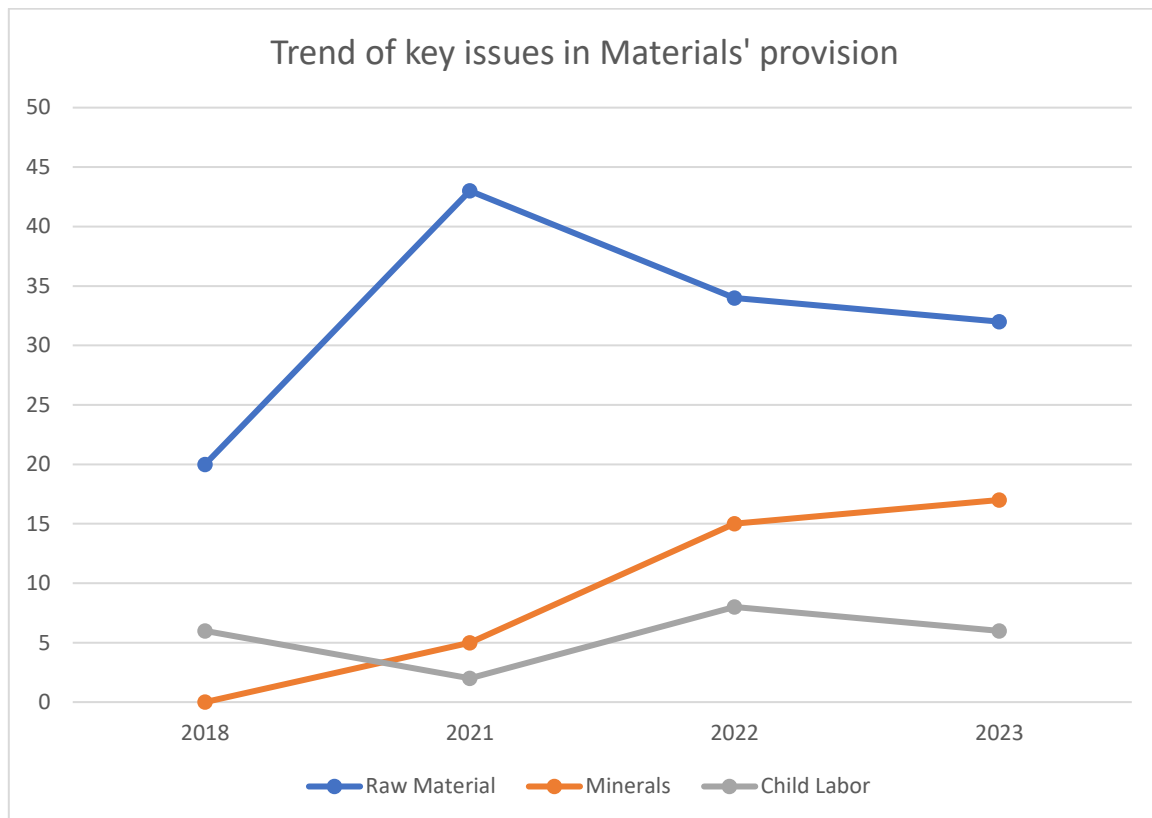


Figure 1.7: trends of “Raw Material”, “Minerals” and “Child Labor”.

From a material provision perspective, the positive trends that have been identified are those ones of Minerals and Child Labor. In the case of minerals, the presence of the word was inexistent in 2012 and 2018 reports: progressive attention to the supply chain and the need for a more responsible materials provision allowed this word to be increasingly present in

the report. As to the comparison with Swatch and Estée Lauder, it must be noted that Swatch refers to Child Labor with a superior frequency than Richemont and Estée Lauder reports. As for Minerals, they are almost not cited in Estée Lauder and Swatch reports: this shows a progressive engagement of transparency by Richemont when speaking of material sourcing.

4.4 Content Analysis: implications.

Implications of the Content Analysis of Richemont's CSR and material provision led us to several results. The first question on whether Richemont represents a good promoter of CSR practices delivered a composite impression. Indeed, when arguing Environmental key issues, Richemont has progressively introduced more attention to these themes. This can be testified by an increasing insertion of keywords like “Sustainability”, “Biodiversity” and “Pollution” inside the reporting activities. The same can be said for the mention of “Human Rights” in the reports, which has progressively augmented over the years. Major issues appear when it comes to the word “labour”, which represents a certain degree of attention to social issues. Indeed, there is a certain stability in the insertion of this keyword over time, as if social issues and worker rights would not represent a primary issue in Richemont's concerns. Positively, when compared with other major companies in the Luxury sector, the group maintains a solid referral to “Human Rights” that increased over time and displayed a clear positive trend. The major issues associated with the word “labour” start to become real when we analyze the materials’ provision CSR promotion. For example, if we look at the formula “child labour”, we will see that it cannot be affirmed that a positive trend has been imposed over the last few years. Moreover, if we look at the GRI Index¹¹⁸ of the last Richemont’s reports, it is admitted that in themes like “child labour” and “forced labour” there is still not complete information and transparency. This shows that in themes that are relevant to materials’ provision a lot has to be done. Luckily, when it comes to formulas like “circular economy” and “minerals”, a positive trend over the last 11 years of reporting has been found. This is partly due to the “environmental” phenomenon that was cited for the general CSR implications, but it also attests to an improved communication and relevance of materials’ provision themes inside Richemont’s activity. When compared with some international competitors¹¹⁹ Richemont appears to be in line with the common practice of

¹¹⁸ See ESG 2023 Richemont report.

¹¹⁹ See Watch 2022 Report and Estée Lauder 2023 report.

insertion of key issues. Surprisingly, Watch appears to cite in a more constant manner the issue of “child labour” and demonstrates to have a particular reluctance to the existence of this reality.

Conclusions

The thesis that has been compiled had the objective of analyzing the materials’ provision key issues in Richemont's publicly available reports. To do this, we first examined the literature about CSR in general and, more specifically, the theories of Circular Economy, Sustainability and reporting. After having analyzed profoundly the literature, we started working on the methodology and the analysis of the thesis. We decided to adopt a content analysis approach as a working method and, in particular, we opted to choose the guidelines provided by Colorado State University¹²⁰ and Columbia University¹²¹. The use of this analysis has several objectives (Ibidem):

- “First, it is needed to identify trends, intentions and focus of individuals, groups and institutions.
- Describe attitudinal and behavioral responses to communications.
- Determine the psychological or emotional state of persons or groups.
- Reveal international differences in communication content.
- Reveal patterns in communication content.
- Pre-test and improve an intervention or survey prior to launch.”

In particular, over the content analysis provided in this research, we revealed several patterns of CSR promotion in Richemont and international luxury enterprises. First, we identified that environmental concerns have been increasingly growing inside Richemont’s reports. This is relevant because it manifests that Richemont's engagement to SDGs and a more sustainable world is progressively improving. The Group seems to take seriously most of these issues and a certain “maturity” is noticeable. This is also testified in the materials’ provision content analysis when we analyze the words “Minerals” or “Conflict Minerals”: there is a growing presence of these formulas over time because concerns about materials’ sourcing are becoming increasingly stronger. This is partly due to geopolitical issues in a lot

¹²⁰ See <https://writing.colostate.edu/guides/guide.cfm?guideid=61> .

¹²¹ See <https://www.publichealth.columbia.edu/research/population-health-methods/content-analysis>

of regions of the world, but it is also due to increasing attention of the Group to civil society concerns regarding peoples' security and Human Rights enjoyed by the local communities. The analysis of materials' provision key themes revealed several aspects where a lot of work is still needed: in particular, as to the social issues, it appears clear that there is a certain degree of concern in terms of the GRI 408 (Child Labor) and the GRI 409 (Forced Labor). These issues are admitted by Richemont itself that focuses on the incompleteness of information with these two explanations:

- "With a view to constant improvement, we conduct human rights scan which includes forced labor and modern slavery. The analysis of preliminary raw data will inform priorities" (ESG Report, 2023, p. 127)¹²².
- "With a view to constant improvement, we conduct human rights scan which includes child labor. The analysis of preliminary raw data will inform priorities" (ESG Report, 2023, p. 126).

The content analysis confirms that there is a worrying and stable low level of keywords 'insertion when it comes to Child Labor and Forced Labor. If we look for these keywords in other international luxury players' reports, we discover that Watch is the group that cites "Child Labor" the most. This research established some specific patterns of growth of key themes of CSR and materials' provision and highlighted various issues in Richemont's materials' provision promotion. Further studies in this stream of research would include a content analysis on a more complete list of Richemont's competitors and an interrelation between the several keywords and formulas that have been taken under consideration.

Also, it is necessary to further analyze the temporal dimension of Richemont's competitors when analyzing keywords and patterns. A relevant difficulty in this study was to compare reports that often have a different design and length in conception. Methods that keep under consideration this aspect are needed for further quality research in the matter.

¹²² See Richemont's ESG Report 2023.

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