



Can local communities improve a company's sustainability? Evidence from the fashion industry

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1. Introduction

The United Nations' 2030 Agenda established 17 goals with 169 targets that came into effect on January the first 2016 to pursue global and wide sustainable development. This agenda intends to tackle the shortcomings of the Millennium Development Goals, (MDG's) and reinforce its achievements by going further with the scope and complexity of its targets. The Sustainable Development Goals (SDG), announced as part of the 2030 Agenda, aim to balance the three dimensions of sustainable development, economic, social and environmental, in a "win-win" cooperation¹ (UN, 2016).

On the present paper, we study the SDG n° 12, "ensure sustainable consumption and production patterns," from its economic perspective *vis à vis* the concept of "sustainable development" (UN, 2016). This goal is based upon the idea that a sustainable production is able to efficiently manage the natural resources with minimum waste (UNEP, 2015, p. 109). That is the core concern of this goal since the global material footprint² is rapidly growing, outpacing population and economic growth (UN, 2019).

It is known that the private sector has an extremely relevant role when discussing economic policies (OECD, 2007, p.57). The 2030 Agenda already recognized it by setting one of its targets as to "*Encourage companies, especially large and transnational companies, to adopt sustainable practices to integrate sustainability information into their reporting cycle*" (UN, 2016). With that said, it is important to investigate how the production process can be simultaneously sustainable and profitable. In this sense, we assume that the production system

¹ A form of peaceful coexistence that promotes mutual benefits in cooperation.

² An indicator that allows to account for the full amount of raw materials used to fulfill a given country's level of domestic output (GENERAL COMMISSION FOR SUSTAINABLE DEVELOPMENT, 2018).





must be profitable once every firm makes its decision to maximize its profit (MANKIW, 2017, p. 248).

Victoria Tauli-Corpuz, executive director of Tebtebba (Indigenous Peoples' International Center for Policy Research and Education), regarding this matter, pointed out that:

industrialized countries engaged in practices that exacerbated environmental degradation and led to inequality, while indigenous communities were often labelled as primitive and backward because they chose not to engage in practices that contributed to environmental deterioration"(UN, 2011).

From this, it can be deduced that the production process in local communities³ has many differences to the one established by capitalist society.

The present article investigates how some companies achieved a complementarity between a sustainable and a lucrative production, questioning how they successfully carry out policies of sustainable production. Our hypothesis is that companies working alongside local communities tend to be more successful in their goals because they present alternative and more sustainable ways of production. To investigate to what extent this hypothesis is correct, our focus is the production process of some companies (Adidas, Stella McCartney, H&M and C&A) and if whether or not being in contact with native communities helped them to set a consistent and sustainable policy within its value chain⁴.

The companies were chosen within the textile industry because it is known that its supply chain has always struggled with a considerable amount of material footprint in the waterways, earth and atmosphere (ETHICAL FASHION REPORT, 2019). Limiting our analysis to the data on the fashion industry allowed us to use the Most Similar System Design, (MSSG) as a methodology, by selecting companies that share several features, but differ in one significant and relevant aspect - the association with traditional peoples and local communities.

All four companies are from the fashion industry and carried out projects aiming to increase their sustainability. Adidas and Stella McCartney represent the ones with local

³ It's a Brazilian term to represent "culturally differentiated groups that recognize themselves as such, that have their own forms of social organization, that occupy and use territories and natural resources as a condition for their cultural, social, religious, ancestral and economic reproduction, using knowledge, innovations and practices generated and transmitted by tradition" (MINISTÉRIO DA CIDADANIA, [s.d.], our translation)

⁴ The set of activities that a firm performs in order to deliver a valuable product to the market (LEXICO, [s.d]).





communities' association, while H&M and C&A serve as the ones with no such relation. The MSSD strategy permitted us to better assess the existence of a causality link between our hypothesis' main element and the companies' sustainability.

To conclude, our results showed no strong evidence that companies working alongside local communities tend to be more successful in their sustainability aims than companies that do not. Instead, it seems that there are several paths for a company to achieve social and environmental responsibility and the association with local communities is only one viable strategy of achieving so.

2. Literature review

2.1 Sustainable and lucrative development

Sustainable development (SD) is a wide concept that lacks analytical rigor in many discourses, being commonly used as a rhetorical tool in the ecological and economic discussions, without the concern in its definition (LELE, 1991). There are the ones who argue that SD is an oxymoron⁵ (REDCLIFT, 2006) and those who simply say that it contains an irreversible contradiction (O'RIORDAN, 1985). Therefore, we need first to understand what each word means separately.

Sustainability can be defined as "the quality of being able to continue over a period of time" (CAMBRIDGE DICTIONARY, [s.d]). This consistency over time can be related to a certain growth rate or to a way of using resources over time. However, when talking about *sustainability* nowadays, we are not discussing its literal meaning, but its ecological perspective (LELE, 1991). Sustainability tends to signify "the existence of the ecological conditions necessary to support human life at a specified level of well-being through future generations" (IDEM, 1991, p. 609).

This notion of ecological sustainability makes the question more complex, but more realistic. Ecological conditions forecast the usage of natural resources and it is known that such resources are scarce in the short run. Understanding mainstream economics as the study of the allocation of scarce resources (MANKIW, 2017, p. 4), sustainability should be a core theme in the economic discussion. In this sense, here is the first interpretation of SD as a

⁵ A combination of contradictory words.





contradiction: considering that natural resources are indeed scarce, a consistent growth in material consumption is not possible and its usage needs to be somehow limited or reinvented.

In this matter, we can progress and analyze the term *development*. It is even harder to define *development* once this term is related to what each culture and society believes is a desirable objective of life conditions. In capitalist societies, economic growth is directly associated with development (PERKINS *et al*, 2013). However, they are mainly different and many support that providing basic human needs such as water, food, adequate shelter and health as well as equal educational opportunities, self-reliance and other people-centeredness goals should be included in basic development goals by using indexes such as the GINI index⁶ and the human development index beyond GDP per capita growth (IDEM, 2013).

Two of the main usages of SD have been posed: ecological sustainability and successful growth. These definitions usually seem to be contradictory at first sight, but what we will argue is that they can be mutually reinforced. For this, we assume that "concern for intergenerational equity coincides with broad environmental concerns" (LELE, 1991, p. 612). This assumption is based on a feedback system between social and environmental issues.

Peter Bartelmus developed this idea by saying that "many environmental problems in developing countries originate from the lack of development, that is from the struggle to overcome extreme conditions of poverty" (BARTELMUS, 1986, p. 18). The UN has already incorporated this conclusion and it's 12th SDG evokes an end to the disparity between the production processes in high- and low-income countries.

The UN has estimated that material footprint *per capita* in high-income countries is 13 times the level of low-income countries (UN, 2019). Also, developed countries use one fifth of natural resources to produce the same amount of economic output as developing countries (UN, 2019). This discrepancy has put these more vulnerable countries in the center of the 2030 Agenda (UN, 2016).

Thus, the United Nations has defined sustainable development as "development that meets the needs of the present without compromising the ability of future generations to meet their own needs" (UN, [s.d.]). For that, it is defended that the policies which aim to tackle the

⁶ "The Gini coefficient is based on the comparison of cumulative proportions of the population against cumulative proportions of income they receive, and it ranges between 0 in the case of perfect equality and 1 in the case of perfect inequality" (OECD, [s.d.])





SDGs should harmonize economic growth, social inclusion and environmental protection today and tomorrow. These three elements are crucial for the well-being of human beings and societies (UN, [s.d.]).

The Addis Ababa Action Agenda came to materialize a foundation to support the implementation of 2030 Agenda by defending action areas on domestic public resources, private business, international cooperation, international trade, debt systems, systemic issues and innovation matters. To achieve the SDGs, the estimated cost is between US\$5 to 7 trillion (UN, [s.d.]).

The funds dedicated to implement the SDG come primarily from public finances, but this huge amount of investment, which is increasing continuously, cannot depend entirely on the public sector. That is why the UN has created the Global Investors for Sustainable Development Alliance to meet the funding demands. The group aims to elaborate policies and a reward structure which will favor long-term investment (UN, 2019). They will propose deliverables⁷ at three levels: within individual firms, within respective industries and within system-wide policies and regulatory change.

In this sense, there is the first role of the private sector in achieving the SDG, which is to provide the means for these targets to be financed (UN, 2019). But when discussing sustainable development in a wider range, the private sector also plays a very relevant role. If we assume that the production process is a private decision of the companies, it's extremely important to include companies in the discussion of ways to achieve SD.

In classic economic theory, a firm makes its decisions by maximizing its profit (MANKIW, 2017, p. 248). So, in order to debate a firm's decision, it is necessary to ensure that profitability is analyzed. Looking at SD as defined previously, as something that guarantees that natural resources are sufficient for future generations to meet their needs, the firm will only internalize this idea if making its production sustainable is lucrative.

This adds a whole new and complex issue to the discussion. As we try to define the role of the private sector in achieving SD, the discussion should access and focus into manners of making an ecological and socially sustainable production system lucrative to the firms. In this matter, we'll develop our argument looking into the importance of local

⁷ Any product, service or result that must be completed to finish a project.





communities and their unique production knowledge to unite these two items: making sustainability lucrative.

2.2 Local communities and means of production

Regarding the conceptualization of the term “local communities”, it is important to emphasize that it was - and is - the subject of much debate over time. This is mainly due to the difficulty encountered by multilateral organizations that work on this issue in finding a concept that is accepted by all of the parties (PEREIRA; DIEGUES, 2010). This dilemma is usually associated with issues related to environmental, territorial and technological policies that are internal to the traditional communities, which demonstrate the particularities of each group and the difficulties of uniting them into a single category.

In this chapter, we conceptualize “local communities” according to the Indigenous and Tribal Peoples Convention of 1989 in which the concept of local communities encompasses:

(i) peoples who identify themselves as ‘indigenous’; (ii). tribal peoples whose social, cultural, and economic conditions distinguish them from other sections of the national community, and whose status is regulated wholly or partially by their own customs or traditions or by special laws or regulations; (iii). traditional peoples not necessarily called indigenous or tribal but who share the same characteristics of social, cultural, and economic conditions that distinguish them from other sections of the national community, whose status is regulated wholly or partially by their own customs or traditions, and whose livelihoods are closely connected to ecosystems and their goods and services (Indigenous and Tribal Peoples Convention, 1989, p.1).

A relevant feature of the definition is the broad link between local communities and their inhabited territory, and how it connects with the way natural resources are used in their local production and daily life. The experiences lived by the people from the community in contact with the place where they live reflects on their knowledge, as it is rooted on that specific community (TINNALUCK, 2004). So, it becomes clear that there is a diversity inherent to local communities when it comes to their internal values and means of organization.

And also, there is an intimate connection between nature and the community, since the “environment is an essential mean of their social survival, is the source of their life and cultural identity. Therefore, it means the possibility of continuing to live in history” (PEREIRA; DIEGUES, 2010, p. 40, our translation). However, it should be noted that the notion that nature is not exploited by traditional peoples is erroneous. Natural resources are



exploited, but, contrary to what is commonly done by the “urban-industrial” side, their exploitation is not determinant or characteristic of the current deterioration of ecosystems.

Still, when talking about the management of the resources available on their territory and their way of producing, it links directly to the local communities’ culture, values and knowledge, in which reflects on the communities’ attitudes towards the environment (CULTIMAR, 2008). This is important for the article so we can recognize the diversity that exists when talking about local knowledge and, from that, recognize that it is possible to marry it with profit-seeking companies.

However, as it was mentioned before, the use of these resources by traditional communities is not equal to the urban-industrial way of using resources (PEREIRA; DIEGUES, 2010, loc. cit.). This is because “the local approach”, as opposed to what is seen as “Western”, does not have profit as its primary objective, but is linked to perceptions of the cycles of nature, and the social and cultural reproduction of the people (PEREIRA; DIEGUES, 2010, loc. cit.). But it is important to emphasize that, under specific circumstances such as high population density, local disorganization or even unsuitable technologies, local communities can possibly be harmful to the environment they are in (TOLEDO, 2001).

On the other hand, is important to say that nowadays local communities don’t have a lot of autonomy regarding the intellectual property of their knowledge. Intellectual Property (IP) is the: “Creations of the mind, such as inventions; literary and artistic works; designs; and symbols, names and images” (WIPO, 2020). And it is protected by law with patents, copyright or trademarks. The law prevents the idea and the owner of it from anyone that wants to profit from it or gain recognition from something that is not theirs. Currently, there is a lack of consensus regarding the intellectual property of local knowledge, since many communities aren’t included in the conversations about the use of their knowledge, or the development of intellectual property frameworks for it (AREWA, 2006). In other words, it is unfortunately common episodes when the local knowledge is appropriated.

2.3 Traditional people, local communities and companies

Sustainable production may offer companies several sources of competitive advantages. De Brito and Berardi (2010) stress that efficient resource management and waste reduction are sustainable strategies that can reduce the companies’ costs and improve their



profitability. A greener attitude can also allow organizations to differentiate their products and improve their access to markets with stronger regulations. In addition, regulatory pressures aiming to push companies towards more sustainable strategies can force them to innovate (DE BRITO; BERARDI, 2010). However, this analysis disregards the possible benefits that the partnership with local communities may offer to companies. In this section, we want to reveal how the association with local communities and traditional people offers companies new sources of competitive advantage.

Based on the work of Scherr *et al* apud Mayers & Vermeulen (2002), James Mayers and Sonja Vermeulen (2002) identified nine ways companies could benefit from the association with local communities and traditional people. First, compared to large enterprises, local producers enjoy higher levels of trust and legitimacy in the eyes of their communities. In this sense, they can give companies access to local labor and better manage it. Second, local communities can be themselves consumer markets, improving the company's access to domestic demand. Third, traditional people and local communities usually have lower opportunity costs⁸ and, hence, may produce goods at lower prices. Fourth, the local management carried out by communities that own the resources can be more competitive than hired managers due to lower costs (MAYERS; VERMEULEN, 2002).

Fifth, local communities usually are able to handle multiple activities simultaneously. For instance, forest producers frequently grow crops and livestock alongside trees. Sixth, traditional people and local communities may offer the company flexibility, adaptability, and access to local knowledge. Smallholders are usually used to changing circumstances, such as price and environmental shocks, since their activity is their main source of revenue and they tend to stick to it. In addition, local communities can offer site-specific knowledge that allows the company to reduce cost, improve quality, and/or increase efficiency.

Seventh, traditional people and local communities usually have a long-standing relationship with their activities and, hence, may offer companies long-term partnerships. Eighth, compared to large companies, traditional people and local communities display a superior capacity of monitoring the social environment in which they are embedded and, hence, may mitigate risks related to social unrests and illegal activities. Finally, the

⁸ Opportunity cost is the cost of giving up on something when making a decision. For instance, the opportunity cost of studying for a high school student is the salary that would be obtained when dropping out of school. The opportunity cost varies according to each individual and is usually related to the individual's level of education. This is a very important concept in the field of Economics (MANKIOW, 2018).





association with these communities may offer companies means to brand and differentiate their products, increasing their appeal to consumers that are sensible to social responsibility (MAYERS; VERMEULEN, 2002).

Companies take into account these benefits when choosing whether or not to associate with local communities. As for how this association is established, Natália Vidal and Gabriela Donini (2004) show there are four types of partnership between companies and local communities: joint ventures, concessions leased from communities, out-grower programs and corporate social responsibility projects.

In the joint venture scheme, legal contracts are established between both parts and the local communities explore their resources alongside the partner company, with different degrees of participation and responsibility. In out-grower programs, companies support local producers in exchange for products, paying them the market price for their goods. In concessions leased from communities, locals give the company the rights to explore certain resources, while still owning it. In corporate social responsibility projects, companies collaborate with locals to improve their wellbeing while also being granted the right to exploit their resources (MICHI, 2017; VIDAL; DONINI, 2004).

Finally, Natália Vidal and Gabriela Donini (2004) also stress that as companies may benefit from associating with local actors, international markets can bring several benefits to local communities and traditional people. Access to such markets can increase the community's income, create employment, and give people the opportunity of commercializing their goods. However, these communities seldom manage to develop governance of their own resources, difficulting competition and access to international markets. To tackle these challenges, communities often develop partnerships with companies that improve access to foreign markets in exchange for labor and/or resources (VIDAL; DONNI, 2004).

2.4 The Government in the relationship among local communities and enterprises

From the previous explanation about the business relationship between enterprises and local communities, it is possible to analyze if there is any type of State intervention in order to make that relation happen. If so, it is needed to scrutinize this interference in order to understand its aspects and consequences.





Firstly, it is better to understand that State intervention in the economy is possible due to policies. Some economic doctrines, such as the Keynesianism and Monetarism, defend the use of different economic policies so it can compensate the natural flaws of the economic system, which means that it can assure a correct functioning of the economy. Both relay, and have more confidence in fiscal and monetary policies. On the other hand, there are other economic schools, such as the Austrian school and New Classical Macroeconomics, defends that governments must not have an active role in the economy, and therefore needs to limit its intervention, because it will cause a negative impact in the economy.

With those policies, the Government may choose which areas will be developed or supported and which one will not. There are various types of policies, but two important cases, to better understand this topic, are: the policies in order to control the labor supply, for example, it can reduce the minimum age to make expand the supply or it can invest in education to have a specialized labor; the income and taxation policies, which grant the possibility to support any market to grow itself, or not, by decreasing or rising the taxes around it or subsidies it.

Taking an exemple, in Ghana, until 2002, the government owned all timber trees and its fields, so it could concede it to companies, even though, there were farmers, traditional groups, at those lands before this governance action. Nonetheless, as. Gyampoh (2009) explains on his article “Using traditional knowledge to cope with climate change in rural Ghana”, after the implementation of a law, there were adjustments:

The Timber Resource Management Amendment Act of 2002 provides that the right to harvest trees and extract timber from a specified area of land shall not be granted if there are farms on the land, unless the consent of the owners of the farms has been obtained, or if timber is already being grown on the land under the ownership of any individual or group of individuals. However this legislation has not significantly changed the relationship between timber merchants and farmers, because most farmers are unable to show clear proof of ownership of trees on their farms [...]. Farmers also tend to be uninformed about forest laws and lack the financial strength of timber merchants. However, as a result of efforts by some non-governmental organizations to educate farmers about the forest laws and to help them obtain proper documentation of the ownership of planted trees, some farmers are now beginning to incorporate trees in their farmlands or to protect existing trees. (GYAMPOH, 2009)

On a situation like this it is possible to see how the government acts and what it could have done differently. First, it gave the right to its traditional groups to keep their farms, although, it didn't make it explicit to the people, for example, trough an educational policy. It could have been, not only a democratic act, but also it could have specialized the timber labor



in a way. Likewise, the government could support partnership between the traditional people and the timber companies, so the conflict would be mediated in favor of efficiency and sustainability.

In Europe, the general situation about traditional peoples is complex. In an interview to Euronews, Elle Merete Omma, head of the EU unit of the Saami Council, said: "*The EU has a really sophisticated set of rules, code of conducts when it comes to indigenous peoples outside of Europe but not so much when it comes to its own indigenous peoples [...]*". The Saami people live in the very north of Europe, including Finland, Norway, Russia and Sweden. According to the International Working Group on Indigenous Affairs, they represent an estimated 50,000-100,000 people. Omma says that they are fight for all traditional peoples in Europe, such as the Greenland's Inuits and the Nenets of the Siberian Arctic, specially because most of them do not has a strong and unified head figure. She also noted that infrastructure projects usually do not include specific demands on their impact for indigenous peoples' rights, besides general analyzes of human rights.

Another example is the situation at Brazil. In 2007 the country has approved the decree n° 6.040 defining Traditional Peoples and Communities, legally recognizing them, also established the National Policy for the Sustainable Development of Traditional Peoples and Communities (PNPCT). The main objective of this policy is :

[..] to promote the sustainable development of traditional peoples and communities, with emphasis on the recognition, strengthening and guarantee of their territorial, social, environmental, economic and cultural rights, with respect and appreciation of their identity, their organization and their institutions.(BRAZIL, 2007)

Also, a specific case is the international brand OSKLEN and its 2015 collection, named *Ashashinka*, which is the name of a indigenous tribe from Amazonia. The partnership can be considered a “success”, in a way of efficiency. Once they have used materials made by the traditional peoples, which are considered sustainable, and legally used its name, the company’s actions provided wealth for each part and the sustainability theme was a huge point at the company's campaign. (MENEZES, 2017)

Now, considering that the neo-liberal thinking stimulates the flow of responsibilities from the governments to the companies, when it comes to the relation between State and local communities there isn’t a direct connection to any kind of economic production. So, from this perspective, the companies are the ones who have started relationships with these people in





order to produce, the government role is just to support and make it a possible and legal partnership. This is possible to happen due to globalization, neoliberalism, decentralization, democracy, social responsibility and development (MICHI, 2007).

Hence, it is possible to comprehend there are many possibilities for the Government to achieve its own purposes, aims and goals. To make its economy efficient it is needed only knowing, very well, the available tools.

3. Methodology: the Most Similar System Design (MSSD)

Identifying causality links between phenomena in social sciences is a challenging task. Individuals, companies, states and groups in general carry several features that interact with each other and that can or cannot be identified. Therefore, describing a strong relationship between one and another quality feature is hard. Sometimes qualities that are thought to cause a certain outcome may actually not cause it but are believed to do so because they are usually accompanied by factors that are indeed responsible for producing the outcome.

For instance, as exemplified in the work of Vigen (2015), it is frequently observed that mortality rates tend to increase alongside ice cream consumption. This could lead to the conclusion that there is a causality link between ice cream consumption and mortality, which does not make any clear sense. However, after considering that ice cream consumption is usually higher during hot periods, one could conclude that the causation actually dwells in temperature, and not in ice cream consumption. Drowning and death by heat, which are more frequent during the hot season, increase mortality rates and happen to be accompanied by hikes in ice cream consumption. False causality links, like the one mentioned above, are said to be spurious correlations: relations that show a strong correlation, but lack causation (VIGEN, 2015).

The Most Similar System Design (MSSD) is a methodology within the field of Comparative Politics that aims to identify causality links between an independent variable, which is the expected cause of the studied phenomenon, and a dependent variable, the social phenomenon whose causes one aims to understand. However, as seen above, identifying such causations can be tough, since other features can influence the studied phenomenon. In the example, the temperature was an alternative explanation for the mortality rate. Since these variables, or alternative hypotheses, could also present a causality link with the studied phenomenon, their influence should be controlled if the study intends to present a strong





conclusion. These other variables are called control variables - variables that can influence the studied phenomenon and that, hence, should be controlled (LIM, 2010).

In the MSSD, such variables are controlled by comparing very similar cases, individuals, companies, states, or groups, in which the control variables are similar, but that differ in an important and relevant aspect. This relevant aspect is the independent variable - the variable that the study expects to cause the studied phenomenon. By doing so, the MSSD offsets the influence of the control variables over the studied outcome and offers a strong conclusion around the causality link between the independent variable and the dependent variable (LIM, 2010).

In the present work, to assess to what extent the association with local communities has a strong impact on a company's sustainability programs/objectives, we chose to only observe companies in the same segment - the fashion industry. By doing so, the work narrowed the possible variables that could interfere in the observed outcome - companies' sustainability - and could better evaluate the existence of a causality link between the association with local communities and the outcome of its policy of sustainability.

To measure how sustainable companies are, this work employed Good on You's rankings on fashion companies' sustainability as a proxy. Good on You is an NGO jointly run by its founders and Ethical Consumers of Australia ("FAQs", 2020). It labels companies under five categories ranging from "Avoid" (not sustainable) to "Great" (highly sustainable). Its ratings are based on a company's impact on people, on the planet and on animals. When assessing impact on people, Good on You considers the company's policies towards child and forced labor, work safety, freedom of association (i.e. to form unions), and wages. To evaluate the impact on the planet, it takes into account the company's use and disposal of resources, water and energy use, carbon emissions, and chemical use and disposal. When estimating the impact on animals, Good on You observes whether the company uses feather and fur and how it uses leather and wool (GOOD ON YOU, 2020a).

By using a broad index, we aim to capture how the association with local communities impact the company's overall sustainability, and not only its policy towards workers and people in general. It is worth stressing that, despite quoting it throughout the test, this work did not use the ranking provided by Baptist World Aid Australia's Ethical Foundation Report. In spite of its thorough analysis, the Report does not contain information on all companies analyzed in this work. Moreover, when compared with Good on You's rankings, it seemed





more flexible and tolerant, giving better grades to companies Good on You rejected (SANDERS, 2019).

4. The fashion industry and presentation of the cases

As explained in the last session, the choice of analyzing the fashion industry was methodological. Fashion companies share several characteristics related to their field and analyzing such similar enterprises allows us to better assess the existence of a causality link between the association with traditional people and companies' sustainability, offsetting the influence of other variables over the observed phenomenon. Some of these shared features are the shortened seasonal cycle, comparable market pressures, and similar structure of supply chains, with producers dispersed all over the world (TURKER; ALTUNTAS, 2014).

With that being said, it is possible to conclude that fashion companies share the same history. The fashion industry has become one of the most non-sustainable industries. According to the finance website The Balance, more than 15 million tons of textile waste are generated in the United States each year, an amount that's doubled over the past 20 years. Many authors link the amount of waste in this industry to the success and ascension of Fast Fashion companies. Until the mid-1980s, the fashion industry was based on durable clothing, with mass production chains that produced top quality. Until the 1980s, this industry dealt with two seasons a year, that is, two moments to create and produce clothes that would last until next season (BHARDWAJ; FAIRHURST, 2010). The change began during the 90s, when the tendency to follow increasingly segmented and complex market niches became stronger, in an attempt to respond to the public's increasingly fast demands (DELGADO, 2008). In this way, retailers began to respond more quickly to trends in the public, producing clothing at all times, adding more seasons to existing ones, and producing non-durable but disposable clothing until the next trend (BHARDWAJ; FAIRHURST, 2010).

Thus, to deal with the new way of producing - fast, cheap and extensive - companies began to use more agile production chains, shifting them to countries with less labor laws and cheaper raw materials. "Fast Fashion" soon proved unsustainable, both for the environment and for companies. The authors Bhardwaj and Fairhurst, in their work, emphasize this issue by saying:

[Fast Fashion] led to significantly longer lead times, complicated supply chains due to geographic distances, inconsistency and variability in processes at both ends of the chain, and complex import/export procedures (Birtwistle, Siddhiqui, and Fiorito



2003; Bruce and Daly 2006). [...] All the key players in a supply chain (that is, fashion and textile designer, retail buyer and manufacturers) worked in sequence in order to contribute their role, resulting in excessive costs, lack of effective communication and reworks due to inaccurate product developments. Furthermore, instead of translating the trends into the market quickly, fashion retailers failed to sell the merchandise during the appropriate season, adversely impacting the profits (Fiorito, May, and Straughne 1995). Not surprisingly, the situation became worse due to the rapid changing lifestyles and consumers' choices for fashion and clothing in the market. (BHARDWAJ; FAIRHURST, 2010, p.168)

With the imminent failure of Fast Fashion, years after its stardom, came the rise of a new way of producing in the fashion industry called "Slow Fashion". Characterized by the association of good working conditions with the reduction of environmental destruction (HENNINGER, 2016), Slow Fashion seeks to empower workers throughout the supply chain, in this way, using upcycling, recycling, and traditional production techniques, and incorporating renewable and organic raw materials (JOHNSTON, 2012 *apud* HENNEIGER, 2016). Its breakthrough proves to be an alternative, not an opposition to the fast-fashion wave that has dominated the fashion industry in the last three decades (HENNINGER, 2016).

Having in mind all these similarities within the fashion industry, we analyze how the association with traditional people impacted the sustainability of four fashion enterprises: Adidas, Stella McCartney, H&M, and C&A. All four have carried out projects aiming to increase their sustainability, but only Adidas and Stella McCartney have shown an expressive commitment to be fully associated with traditional people and their heritage by joining UN's Ethical Fashion Initiative, EFI. EFI connects "marginalized artisan communities in challenging and remote locations with global lifestyle brands" and helps companies to build strong and collaborative partnerships with traditional people (EFI, 2020). In the following sections, we describe some of the sustainable policies carried out by each company and assess to what extent they have or have not collaborated in a sustainable way with local communities.

5. Case Analysis

5.1 Adidas

Adidas is a German company that produces sports and sports lifestyle products worldwide. It produced over 1.1 billion units last year (2019), including footwear, apparel and hardware and it generated sales with a total net worth of € 23.9640 billion and operating





margin⁹ of 11.3% (ADIDAS, 2019). Adi Dassler developed his first attempt to provide athletes materials in 1929 but it was in 1949 that he created the brand we know today.

The brand defines being a sustainable business as "striking the balance between stakeholder expectations and the needs and concerns of our employees, the workers in our supply chain and the environment. We truly believe that acting as a responsible business - one which is fully committed to respecting human rights - will contribute to lasting economic success" (ADIDAS, 2020).

Adidas' journey on sustainability started in 1989, banning Chlorofluorocarbons, CFCs, of all of their products, and in the late 90's they started initiatives to deal with human and labor rights, Workplace Standards, and with harmful and toxic materials, Restricted Substances Policies. In 2000, it joined the Dow Jones Sustainability Index (DJSI) where Adidas was the only one ranked as gold class¹⁰ in the Textile, Apparel and Luxury Goods last year (2019) (ADIDAS, [s.d.]).

In 2004, they joined the Better Cotton Initiative and today 100% of the cotton used is considerable sustainable. Also, more than 99% of its products are PFC¹¹ free (ADIDAS, [s.d.]). In 2014, they announced their four P framework - people, product, planet and partnership - as part of its sustainability program and the year after they were rated the top three of most sustainable companies worldwide by Corporate Knights and closed a partnership with Parley for the Oceans, which will evolve into a technology to produce footwear out of recycled plastic.

Last year, Adidas revealed its FUTURECRAFT.LOOP - a 100% recyclable performance running shoe. For 2020, they detailed their approach by determining 3 targets related to their product "we value water, we innovate materials and process, we conserve energy" and to people "we empower people, we improve health, we inspire action" (ADIDAS, 2020).

⁹ It's a measure of efficiency that indicates how much of each dollar of revenues is left over after operating expenses are considered.

¹⁰ "Within each industry, companies with a minimum total score of 60 and whose score is within 1% of the top performing company's score in their industry receive the SAM Gold Class award." (SAM, 2019).

¹¹ Per- and Poly-fluorinated chemicals commonly used in durable water repellent coatings and waterproof membranes.





Furthermore, Adidas is part of the UN Climate Neutral Now Initiative¹², signed the Fashion Industry Charter for Climate Action¹³ and is part of the Ethical Fashion Initiative. This last, as already mentioned, acts as a bridge between high fashion companies and artisan communities. Last year (2019), Adidas, alongside Pharrell Williams, released a limited-edition range of track jackets adorned with upcycled brass trim handmade by metal workers in Nairobi, Kenya.

In this matter, Adidas is well known for being a company worried about its image and how it is settled in the sustainability debate. In the 2018 Ethical Fashion Report, Adidas was ranked as an “A”, second best grade possible. The brand was better evaluated with respect to its policies, transparency and traceability. This reinforced the company's image as one that takes sustainability as a main issue.

If we analyze our specific question about whether or not association with local communities creates a more sustainable production process, Adidas is not an example since it has only released one product in association with these communities. So, even though this policy was sustainable from the environmental perspective, we cannot make any economic conclusion about its consistency over time or its return to Adidas and to Nairobi's society. Adidas' range of sustainable actions suggests that there are multiple paths to perceive sustainability within its supply chain and association with local communities is one of many effective ways.

5.2 Stella McCartney

Stella McCartney is an English brand, created in 2001, which since its foundation emphasizes the importance of sustainability in the fashion world. In addition, as a brand that works with articles for various audiences, women, men and children, it incorporates new sustainable techniques in its products, such as organic cotton and low-impact dyes (GWILT, 2014). As Adidas, Stella McCartney also entered the Ethical Fashion Initiative.

Through EFI, the lifestyle brand was connected with marginalized artisan communities and incorporated them and their knowledge into the label's production chain.

¹² It's a initiative "to encourage everyone in society to take action to help a climate neutral world by mid-century, as enshrined in the Paris Agreement" (UNFCCC, [s.d.]).

¹³ Charter that ratifies the position of broader textile, clothing and fashion industry towards an holistic commitment to climate action (UNFCCC, 2018).





The Ethical Fashion Initiative has a partnership with the Artisan Fashion organization, which connects Stella's supply chain with organizations of artisans in Kenya such as: Olonana Women Group, Oldanyatti Self-Help Group, Sanata, Rangau Designers, Bega Kwa Bega Self-Help Group, Satubo Self-Help Group, The O's Group, Ambassadors of Hope and Mahali Pa Watoto Self-Help Group. All of the work done in partnership with Stella is afterwards put in reports that are available on Ethical Fashion Initiative's website.

The first result of the partnership between the brand and EFI was shown during the Fall/Winter 2014 campaign and continued to be showcased until the Spring/Summer season of 2018, totaling four and a half years. According to the reports made during those four years (MCCARTNEY, 2014-2018), more than 300 artisans were involved in the process and 6,000 units were produced by them.

Among these organizations and the artisans involved, there are individuals from various traditional Kenyan communities such as the Samburu, the Turkana, the Borana and the Maasai. Knowledge such as beadworking, stitching and hand screen printing were used in the production of products, which were mostly bags. In addition to bringing this knowledge to the British brand, the Initiative also taught participants new skills that proved useful throughout the process, such as leadership and time management (ETHICAL FASHION INITIATIVE, 2020).

As follows, it is recognized that the sustainable brand policy was successful. According to the reports (MCCARTNEY, 2014-2018), the policy was implemented and maintained responsibly for 4 years, employing marginalized individuals and using their expertise to produce artifacts with low negative ecological impact as they were mostly using locally grown raw materials. Most of the resources used are from Kenya, such as cotton canvas, threads, pigments and ink. Also, the orders did not use any solvent-based adhesives (ARTISAN FASHION, 2020).

From an economic point of view, the EFI agreement with the British brand Stella McCartney and the production company Artisan Fashion is also positive because of the Trade Agreements that Kenya has. This occurs as a result of the brand also enjoying preferential terms that Kenya has under the General Systems Preferences, GSP. The GSP is a program designed by the World Trade Organization, WTO to encourage monetary prosperity in developing countries throughout the world. This program provides preferential treatment to beneficiary countries, including Kenya, by reducing or removing rates of tariffs in the





countries such as the United States, Japan, Canada, New Zealand, Australia, Switzerland, Norway, Sweden, Finland, Austria, and other European countries. In addition, no quantitative restrictions are applicable to Kenyan exports on any of the 3,000-plus items currently eligible for GSP treatment (WORLD TRADE ORGANIZATION, 2019). Thus, proving to be profitable for Stella McCartney, which can charge the usual value of a bag on the market, pay workers, spend less on raw materials, since most are extracted locally, and use the tariff benefits that Kenya enjoys through the GSP for exportation.

Regarding the impact on the traditional communities, it is important to highlight that in this specific case, many of the participants of the artisans' organizations lived and live in situations of vulnerability, including the individuals of the traditional peoples. As a result, this job also gives these individuals wages and opportunities. According to the already mentioned reports made by Stella McCartney (EFI, 2019), their salary has increased by 600% with the Initiative, making them able to invest in their education, pay for health insurance and provide for their family.

In the last season the partnership was made, Spring/Summer 2018, of the 28 allocated craftsmen, 47% invested in education, health, nutrition, housing and small businesses. One of the artisans, Grace Wayua, talked in one of the reports about her experience with the Initiative, and of working with the high fashion brand, and said: "I am a mother of four. I worked on the Bendon 1-2018 order as to prepare. The order gave me peace of mind: I was able to save some money, pay all my monthly bills and school fees" (Impact Assessment Spring/Summer 2018 Stella McCartney Report, 2018, p. 2).

5.3 H&M

Hennes & Mauritz AB (H&M) is currently engaged in the sale of clothing, accessories, footwear, cosmetics, and home textiles. In 1947, Hennes women's clothing store opened in Västerås, Sweden. Today the H&M Group includes the brands of H&M, COS, Monki, Weekday, Cheap Monday and & Other Stories, as well as H&M Home. In 1968, the founder Erling Persson bought Mauritz Widforss, a hunting and fishing equipment store, and the name was changed to Hennes & Mauritz. Thus, the brand thrives and spreads around Europe, goes to the US and starts selling its products online. After that, stores were open around Asia and in South America.





In 201, the first H&M Conscious Collection was launched made with sustainable materials, such as organic cotton and recycled polyester followed by a garment-collecting initiative in 2013. In 2017, the group set new sustainability goals: to use only recycled and sustainably produced materials by 2030 and to be climate positive¹⁴ throughout the value chain by 2040.

Although, when it comes to labour relations, H&M has gone through issues. The company owns 235 Indian garment factories among its suppliers, in which retailers have described incidents of sexually and physically threats and abuse. Also, only between 1% and 25% of H&M's supply chain pay a living wage to their workers (ROBERTSON, 2019). However, of course, it is understood the fragility of Asian labour rights that are known for its absence or inadequacy. To cope with it, H&M created a Supplier Code of Conduct, although it only applies to part of its supply chain, it can be considered a good improvement and shows that they attempt to achieve their sustainable claims.

Also, the H&M Group had no direct relation with traditional peoples when it came to evolving a sustainable campaign of clothes and products. All the adjustments have been made through technology and searches, applying to its supply chain, to make the resources' use more efficient. Now, when it comes to environment, the brand has created a complex plan with several ambitious goals for a sustainable fashion future towards the years, each one related with a specific issue: climate, materials, packing, chemicals and water.

Some solutions that H&M are pursuing when it comes to materials issues are trying to use 100% certified organic and recycled cotton by 2020. Also launching a Positive List of products which are included in the Zero Discharge of Hazardous Chemical (ZDHC) Gateway, which is a web-based industry platform to show the chemicals that the companies are using on their products, and by 2030 (SUSTAINABILITY REPORT, 2018).

To cope with the direct environmental issues they have a 5-step stewardship water strategy, a partnership with World Wide Fund for Nature (WWF), planning to recycle 15% of wastewater by 2022. It focuses on their supply chain, but most importantly, it engages with public policymakers in order to manage water basins in a sustainable way, which attracted more companies to be part and apply the 5-step plan.

¹⁴ "To be climate positive is to make sure the company's commitment to reduce their total emissions is in line with what science says is required to limit global warming to 1.5°C. They need to ensure that necessary reductions happen within their own operations and also within their total value chain." GRIFFITHS, Mark. Creating a Climate Positive Business Movement. **WWF**. 2019.





Lastly, they have plans to become climate positive, by 2040, focusing mostly in sustainable energy power and reducing of carbon emissions. In order to achieve their first priority, “Leadership in energy efficiency”, they have implemented a serie of ‘low hanging fruit’¹⁵ initiatives routines to prevent wasteful light consumption. Also, they are replacing all existing lighting with LED, and replacing older HVAC (Heating, Ventilation, and Air Conditioner) units with newer technology. Overall, these simples actions had great impact at scale, reducing, on the end, 10% of energy use in its main stores.

Also, to achieve their second priority, “100% renewable energy”, they want to help all their suppliers to use renewable energy and plan a renewable fuel strategy. The key components are to support the use of biofuels and electrical vehicles, reducing its CO2 emissions. To achieve its last priority, “Climate resilience & carbon sinks¹⁶”, they are still developing and thinking about solutions but it mostly needs activities which include supporting mechanisms that reduce existing emissions of Greenhouse Gases (GHG)¹⁷ while strengthening climate resilience¹⁸ (SUSTAINABILITY REPORT, 2018).

In a nutshell, it’s possible to see they are making great transformations along the H&M stores and supply chain with the goals they’ve planned, it shows that various initiatives to become sustainable have been adopted.

5.4 C&A

C&A is a dutch company founded in 1841 by brothers Clemens and August Brenninkmeijer. Initially a textile plant, C&A opened its first retail store in 1861 and has expanded its activity internationally from 1910, when it opened its first store in Germany. The Second World War interrupted the company’s expansion, which regained impetus in the 1960s. From this decade, C&A has broadened its international activity and has become one of

¹⁵ “The phrase "low-hanging fruit" refers to easy-to-accomplish tasks or easy-to-solve problems in a particular situation.”. RETH, F. John. What does Low-Hanging fruit mean in business?. **The Balance careers**. 2019.

¹⁶ “Carbon sinks are natural systems that suck up and store carbon dioxide from the atmosphere. The main natural carbon sinks are plants, the ocean and soil. Plants grab carbon dioxide from the atmosphere to use in photosynthesis; some of this carbon is transferred to soil as plants die and decompose.” THOMPSON, Andrea. 2012. **Live Science Website**.

¹⁷ “Gases that trap heat in the atmosphere are called greenhouse gases, such as CO2, CH4, N2O and fluorinated gases.” EPA 2018 United States Environmental Protection Agency.

¹⁸ “Climate resilience is the ability to anticipate, prepare for, and respond to hazardous events, trends, or disturbances related to climate.[...] it involves assessing how climate change will create new, or alter current, climate-related risks, and taking steps to better cope with these risks.”. **C2ES Resilience Publications**.





the most important retailers in Belgium, Brazil, China, France, Mexico, Switzerland and the Netherlands (C&A, 2011).

As any other fashion retailer, C&A struggled with increasing competition and saturated pools of consumers in the late 20th century. These circumstances pressured the company's profits and, for several years during this period, C&A's profitability reached negative levels, forcing it to downsize its operations (GRAAFLAND, 2002). In order to cope with such a challenge, the company had to adopt strategies aiming to reduce costs. One of the most usual strategies adopted by global corporations is moving their supply chain from high-cost countries to low-cost and more competitive areas, thus reducing the expenditure with inputs. However, these areas may present practices that are frequently deemed unethical and that can negatively affect the company's performance, either by harming its image or by adopting inefficient procedures in production (GRAAFLAND, 2002).

To tackle the problems such practices could eventually create for the company, in 1996, C&A introduced its Code of Conduct for the Supply of Merchandise, becoming one of the first retailers to have done so. The Code contains restrictions to child labour, guarantees on the freedom of association, and other commitments related to improving well-being in the workplace. C&A requires its suppliers to comply with the company's ethical commitments comprised in its Code of Conduct (GRAAFLAND, 2002). Nonetheless, instead of refusing to do business with the suppliers that seem not to comply with its ethical standards, C&A actively engages with them, aiming to improve their standards in a realistic way. After all, however low working standards might be, not doing business with a supplier inevitably damages the lives of its employees, who may lose their main sources of income (GRAAFLAND, 2002).

In order to track compliance with its Code of Conduct, C&A created the Services Organization for Compliance and Audit Management (SOCAM) in 1996, alongside the code itself. Despite being financed by C&A, SOCAM used to be an independent audit body, legally distinct from the former. Its main attributions were auditing C&A's suppliers and tracking their compliance with the company's Code of Conduct through regular and unannounced visits. Once an infringement was detected by SOCAM, C&A would suspend its purchases from the supplier and would require the offender to work along with the auditors to build a corrective plan (BAIR et al, 2015; GRAAFLAND, 2002).



The operations of SOCAM earned C&A the title of one of the most sustainable enterprises in Europe and even had positive impacts on the company's productivity and profitability (GRAAFLAND, 2002). According to Graafland (2002), a supplier in Dakha, Bangladesh, affirmed SOCAM's actions improved its facilities' security standards, preventing possible losses during emergencies. The body was also responsible for monitoring sanitary conditions, which are closely related to workers' well-being and productivity. In this way, the good relationship between local suppliers and their buyers, in this case C&A, improved the working environment and enhanced productivity.

Nonetheless, such interactions overlooked the role of traditional peoples themselves. Their culture, practices, and technologies were not in any way embedded into the production processes, which overrode the potential contribution of these people. Indeed, SOCAM's actions, though familiar to business runners, were usually accused of lacking proximity to the employees hired by C&A's suppliers (BAIR *et al*, 2015). Still, Turker and Altuntas (2014) have pointed out that C&A recognizes that acknowledging local features is a fundamental piece in sustainably managing its supply chain. The company discusses local problems specific to each context and seeks to approach them individually. For instance, C&A has developed specific policies for issues ranging from migrant workers in China and the *summangali* system¹⁹ in India to the child labour in cotton harvests in Uzbekistan (TURKER; ALTUNTAS, 2014).

In 2013, C&A initiated a new approach of auditing and SOCAM was progressively replaced by the company's Sustainable Supply Chain (SSC) team, which, alongside private audit companies, became responsible for monitoring C&A's suppliers (C&A, 2014). Despite the company's alleged intentions of strengthening compliance with its commitments to sustainability, there is little evidence in literature around SSC's performance. Therefore, even though SOCAM was usually criticized for having an institutional link with the company it was supposed to audit, there is no evidence whether the change C&A carried out improved or decreased its suppliers' compliance with its main guidelines regarding sustainability and the work environment.

6. Discussion of results

¹⁹ The *summangali* system is a form of forced female labor in India, wherein girls work to pay for their marriage dowries (TURKER; ALTUNTAS, 2014).





The analysis of the four cases first reveals that an expressed commitment of incorporating local communities and their knowledge into the production chain does not imply an actual commitment. We assumed beforehand that a company's adherence to the United Nations' Ethical Fashion Initiative would automatically represent a real commitment towards local communities. However, the analysis has shown that, despite being both part of EFI, Adidas and Stella McCartney have different levels of engagement with local communities. While Stella McCartney seems to have turned the close partnership with local communities into a broader company policy, comprising several products and collections, Adidas has released only one product using this strategy (MCCARTNEY, 2014-2018). Therefore, even within the EFI, companies range in levels of commitment and engagement with local communities.

Nonetheless, real engagement likely depends on expressed commitment. Of all analysed companies, Stella McCartney displayed the closest relationship with local communities. The brand's partnership with local and marginalised communities in Kenya stretched from 2014 to 2018 and comprised several collections. Stella incorporated both people and their knowledge into the label production chain (MCCARTNEY, 2014-2018). On the other hand, brands that had not expressed such commitment, like H&M and C&A, seem to have had little or no consistent attitude aiming to increase the participation of local communities in their production chain. Despite the company's auditions and concern about fair jobs and human rights issues, H&M engagement with local communities, their knowledge, and practices is weak (H&M GROUP, 2018). C&A has also been conscious of local issues and has been trying to bring local suppliers closer. However, as H&M, the company lacks efforts to embed local communities and their knowledge into their production chain (BAIR *et al*, 2015). This may imply that expressed commitment, embodied in the adherence to international initiatives such as EFI, is a necessary, though not sufficient, condition for a company to build strong partnerships with local communities.

Table 1: Cases summary - control variables (seasonal cycle, market pressures, and global supply chain), independent variables (part of EFI and partnership with local communities), Good on You classification (proxy for sustainability), and dependent variable (company's sustainability).



Company	Seasonal cycle	Market pressures	Global supply chain	Part of EFI	Partnership with local communities	Good on You classification	Sustainability
Adidas	Shortened	Similar	Yes	Yes	Weak	Good	Medium-high
Stella McCartney	Shortened	Similar	Yes	Yes	Strong	Good	Medium-high
H&M	Shortened	Similar	Yes	No	Weak	It's a start	Medium
C&A	Shortened	Similar	Yes	No	Weak	Good	Medium-high

Source: Elaborated by the authors based on the analysis of the cases and on Good on You's brand directory (GOOD ON YOU, 2020b).

Finally, the analysis of the four cases and the Good for You's rankings do not provide a strong causality link between association with local communities and companies' sustainability. Stella McCartney, which is part of EFI and displayed strong partnerships with local communities, was ranked "Good" and H&M, which is not part of EFI nor a close partner to local communities, was ranked "It's a start", the average score ("STELLA", 2019; "H&M", 2019). However, Adidas, which has weak bonds with local communities, and C&A, which is neither part of EFI nor a close partner to local communities, have both been classified as "Good" ("ADIDAS", 2019; "C&A", 2018). Good on You praised both companies' policies towards people and the planet. Both are part of the Better Cotton Initiative, employ recycled materials, and are committed to reduce greenhouse gas emission and water waste. In addition, adidas has a Code of Conduct covering all principles from the International Labor Organization, while C&A has projects of improving wages in its sourcing countries and traces all its supply chain ("ADIDAS", 2019; "C&A", 2018). Therefore, it seems that neither being part of EFI nor having a close partnership with local communities are essential conditions for a company to be said "sustainable".

Under these results, the work's main hypothesis cannot be sustained. There is no strong evidence that companies working alongside local communities tend to be more successful in their sustainability aims than companies that do not. Instead, it seems that there are several paths for a company to achieve social and environmental responsibility and the





association with local communities is a viable strategy of achieving so. Some might say it is a better strategy for it promotes the social and economic inclusion of local communities while also valuing and protecting their knowledge and practices. However, such partnerships do not seem a necessary, let alone essential, condition for a company to achieve social and environmental responsibility. In order to better assess the existence of this causality link, future works shall employ different and more accurate measures of business sustainability and analyze a larger and broader sample of companies.

7. Conclusion

As a whole, the High Level Political Forum follows up the progress that have been made to achieve the 2030 Agenda for Sustainable Development and its Goals. The HLPF recognises that eradicating poverty in all its forms and dimensions, is the main global challenge and an essential requirement for sustainable development. This Agenda sums up the goals and targets in areas of critical importance for humanity and the planet, such as people, planet, prosperity, peace, and partnership.

There are 17 Sustainable Development Goals and this article focused specifically on the goal n° 12: Responsible Consumption and Production. It shows consumption and production from a different point of view, emphasizing the relationship between enterprises and local communities as a successful sustainable alternative that may spread new ideas and may be an example to be followed.

This work analyzed the policies of sustainability carried out by four companies in the fashion industry and revealed two main conclusions. First, companies that are part of the Ethical Fashion Initiative and that have expressed a willingness to work closer to local communities have different levels of engagement. For instance, Adidas did only one product using this strategy, while Stella McCartney has a whole line of products created with local artisans. It means that expressed willingness does not mean actual commitment. Second, no evidence was found to support that proximity to local communities is an essential condition for a company to be sustainable. The analyzed company that displayed strong ties with local communities has received good ratings from international observers, but so did two other companies that had weak ones. Therefore, it seems that associating with local communities is a viable way for a company to be ranked sustainable, but it is neither sufficient nor necessary.





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