



Damien Pellé- Galeries Lafayette (English version) : A "positive impact" label to inform customer choices

English version

What do we do? Do we expect to find a perfectly responsible product like some kind of guiding star that we will never reach? Or do we say to ourselves "I'm making progress, I'm doing things better," and that's really the position we've taken.

BNP Paribas Personal Finance invites you to discover On The Way, the podcast that explores the paths of responsible consumption. Entrepreneurs, people from the world of business and researchers, On The Way gives a voice to those who, day after day, are helping to develop more sustainable consumption. Welcome and I hope you enjoy listening.

Hello, my name is Damien Pellé. I am the Director of Sustainable Development for the Galeries Lafayette Group. Sustainable development at Galeries Lafayette may come as a bit of a surprise. What's sustainable development got to do with Galeries Lafayette? Pursuing sustainable development in a fashion business which, indeed, contributes to consumption and mass consumption in France. I stumbled into subject of sustainable development completely by chance. I'm not ashamed to say. It wasn't a conviction of mine. I first studied history and political science. They don't bear much relation really. And I remember very well, at the age of 20, I was desperate - goodness knows why - to do an internship in a government department. So I sent my CV to all the departments in Paris. Only two replied: sport and ecology. Well, I wasn't particularly sporty at the time, so I went into ecology, but without much thought to be honest. And that's where I discovered sustainable development. It was 2007 and I was intensely passionate about the issues of sustainable development. That's what convinced me that I wanted to work there. Then, my second internship was at Orange, a large company. It was there that I realised what CSR was, i.e. a company taking into account sustainable development. It didn't have a clue about what it could be. And then I realised, "yes, but if a company like Orange or any large corporation were to integrate these issues into its business, it could have a huge knock-on effect." I said to myself, "that's what I want do. I want to try to change things from the inside." I completely understand that some people choose the public path, the nonprofit path. I said to myself "right, I'm going to work in the corporate world because I think that's where we can really make an impact on sustainable development". After that I went to a consulting firm. We were a small Gallic village, a team of 40 highly motivated people within a large organisation of 5,000 [people], specialising in finance and corporate structure. We were very close-knit, and passionate. And within this team, I was a bit of an anomaly in the sense that I was the only one to have studied humanities. Everyone else had gone to engineering school or business school. And so I managed to turn this unique position into a strength, because if there's one thing you learn at university, it's how to fend for yourself. I imagine that those who have been can picture the scene quite clearly: crowded lecture halls, 500 people, you take your classes, you go home and there you are. Well, the ability you develop at university to manage on your own is useful when you're tasked with developing a sustainable development strategy, especially ten years ago, when there was no real methodology in place. Nobody knew what it meant to create a sustainable development strategy for a company. You had to try, to innovate, and in the end I found that although my



studies had very little to do with these issues, they helped me a lot. As part of my role, I started working for clients in the fashion industry, both in the luxury sector, but also for companies offering much more accessible products. The sector literally fascinated me for several reasons.

As a historian, I was first aware of the fact that the industrial revolution was born in the fashion industry, with the first steam engines in England at the end of the 18th century. It was for the textile industry. It was the first industry to experience globalisation. Moreover, it's a sector at the intersection of virtually all sustainable development: social, environmental and societal issues. And everyone has an opinion on fashion. It reflects who we are, what we want to say about ourselves. It's a mass-consumption product. We all have questions when it comes to buying fashion products and everyone has an opinion on them. So it's interesting to work in this area, because beyond the issues of sustainable development, we have to ask questions about evolving consumer behaviour. And over the last ten years, we've seen them evolve significantly in France.

Being interested in this subject, I decided to apply to Galeries Lafayette. In my mind, as I guess it is for many of those who can listen to this, Galeries Lafayette is the old French institution that has always been there, like the village church, the window displays, the Christmas tree. But to be honest, I realise it still had a bit of an image, of something stuck in the past. But I discovered a very different reality. There is an enormous amount of dynamism and passion from people who are very, very attached to this company. And I quickly became attached to it too, and I really wanted to invest myself fully in it. Still, I must admit, the first shock for me was, having arrived in the company after eight years of fairly prestigious consulting, I thought I knew everything. I was convinced when I was doing assignments before that once the strategy had been established and validated by the Executive Committee, the operational teams just had to roll it out and, at the end of the day, we had done the hardest part for them. In reality, although it's true that when you cross over to the other side of the fence, it's clearly essential to define a strategy and have it validated, but that's only 5% of the work, particularly with issues of sustainable development. You then have to convince people. You have to communicate it at every level of the organisation, right down to the roots. And that requires energy and hard work, which I hadn't anticipated at all when I was on the board. So, for three whole years at Galeries, I started by working on the fundamentals, things that weren't very glamorous: waste, energy, packaging, donating unsold products, social audits on our suppliers on the other side of the world, with the idea that "ultimately, we can only start talking about these issues, and make them add value to our brand, if we have sound and solid foundations". For these three years, we had to go deep, with no advertising at all. The work was purely internal. Still, there comes a point when you work in a department store and sell products, you might be able to say to yourself "great, we've done something, that's good," but if you never change the products, you've still missed the point. Without going into mind-boggling technical details, roughly speaking, Galeries Lafayette's environmental footprint is not so much about the trucks that deliver to our shops or the energy we consume. 95% of the impact is linked to manufacturing the products we sell. If you don't do something about that, you're not being honest and serious in your approach to sustainable development. So, it was about three years ago that we noticed more and more fashion brands starting to talk about responsible fashion and sustainable development, much later than in the world of food, by about ten years. What we noticed, above all, was that people were confused, very, very suspicious and very, very distrustful. And that in the end, they couldn't navigate between all these labels, and all these



allegations. So, we asked ourselves, "what can we do?" We claim to help direct people towards fashionable clothes. We guide them. We could also try to guide them towards more responsible consumption choices. So, we started with an idea that was quite simple in principle, but much more complicated in reality. That was to define, or try to define, what Galeries Lafayette considered to be a responsible product. We started by thinking about the product itself. There was a lot of discussion about this. Why the product? Why not the brand? Because we simply asked ourselves "how do we define a responsible brand? For example, a brand may be exemplary in terms of its environmental approach and yet avoid paying taxes. How can we, as distributors, as department stores, claim to award the title of responsible brand. So let's be more modest, more realistic. Let's reason in terms of the product, in terms of what we can control: the material, the way it was made, where it was made, by whom. Let's try to define extremely factual things, extremely specific, objective criteria, which will allow us to say yes or no, it's a more responsible product". And of course, I insist on the notion of "more responsible". A product is never fully responsible at all, it's impossible. You can never be responsible in all areas. You have to be modest. How is a product more responsible? For all the product categories we sell at Galeries Lafayette - fashion, beauty, jewellery and home - we had a major task to define the notion of responsible. We defined criteria that fell into three main families: the environment, i.e. products that have less of an impact on the environment, products "Made in France", and then the social aspect as well, fair trade products or those that support social development. So we did this in-depth work, defining the specifications, and decided that we still wanted it to be exacting in order to be credible. The difficulty lies in setting the standards. If your standards are too high, brilliant, the only responsible product in your store is Patagonia, and that's it. If your standards are too low, after a while you cease to be credible. As a result, you end up with irregularities, where your entire shop floor ends up being responsible. So, the question of where to set the bar wasn't quite so simple. I think we ended up setting the bar quite high. For example, when it came to products 'Made in France,' we weren't happy with the official designation, 'Made in France.' The product has to have at least 50% of its value created in France to be labelled "Go for Good", which is a very demanding criterion. We also thought, "hang on, 'Made in France' doesn't mean we're nationalists. We don't want to promote "Made in France" just for the sake of it. We really want 'Made in France' to support sectors that are experiencing difficulties, like fashion." On the other hand, in beauty almost all the great beauty brands are made in France, in the Loire Valley. In this case, there was no point promoting the notion of 'Made in France'. So, for example, 'Made in France' is a criteria that we apply to fashion, and not to beauty. Similarly for natural cosmetics. We set the bar at 95% natural ingredients. We set it high because we realised "no, at some point, certain international standards defined that." We're not the experts. It was something that had already been defined. Except that most cosmetic brands went by their own definition. Or, as a final example, there is a very well-known label in the cotton world, which corresponds to about 30% of the world's cotton, called Better Cotton. We didn't consider it particularly exacting, so we didn't choose it. If we had, we would have doubled the number of Go For Good products. And I obviously go through all the approaches that say something like, "For every product you buy, a tree is planted." We have never considered this as going far enough, and so it didn't qualify. We have very high standards. Afterwards, to make it work, to really make sure we launched it, we also seized an opportunity. Everything at Galeries Lafayette is an event. We're an events company. We have Christmas, and lots of highlights throughout the year. And someone in the company gave me a piece of advice. They said "If you want your thing to work and to really take off, because there will always be something else going on, you have to make



it clear that there will be a big event, you have to announce it in the press six months in advance. That way, you'll be forced to do it." And so that's what we did. In September 2018, we held a press conference, about three or four months in advance, and said, "We're going to launch a great responsible-fashion movement at Galeries Lafayette." And then we had no choice. And that's what really helped to move forward. We had a very clear deadline. I remember it was the last week of August. We had to be ready for the launch of Go For Good. And then, of course, everyone got ready to do it. It was quite an extraordinary launch. I remember that Stella McCartney was there, as well as the Minister for the Environment. And there you have it, you have to admit that at the Galeries, when you have this magic, when you make an event of it, when you do something, you do it in style. It immediately becomes huge, and it was an absolutely, absolutely incredible achievement. That's when we launched Go For Good, in September 2018, and we managed to take 500 brands on board. I remember it being very complicated. Almost every brand had to be handpicked, for different reasons. There were brands, especially in the luxury world, that thought it might be risky for them to start promoting certain responsible products, for fear they would be told "yes, but why isn't everything responsible?". There were also brands that were very militant, or rather, very committed, and that didn't want to be associated with brands they considered less committed. And I also remember quite a few brands whose processes were insufficient in terms of our specifications and which we tried to encourage to launch their first eco-friendly collections. But we've still experienced real moments of solitude in some meetings, I remember, with brands' commercial managers. It wasn't even that long ago and it's changed a lot. But I remember that in 2018, when we started to talk about these issues, we had stunned looks. It's crazy how things are changing because now that's not the case anymore. So, Go For Good was launched. 500 brands across all sectors, all niches, and, it's important to point out, 12,000 different products. With 12,000 different products, we were very happy with the launch, and we instantly wanted to be very clear on the limitations. And that was one of my main roles, insisting very clearly from the outset that indeed, Go For Good is not perfect. Yes, a Go For Good product is not fully responsible. It won't have all the answers, but it is undeniably more responsible than a traditional product. So what do we do? Do we expect to find a perfectly responsible product like some kind of guiding star that we will never reach? Or do we say to ourselves "I'm making progress, I'm doing things better," and that's really the position we've taken. And moreover, we've expressed that very clearly. We usually get a lot of compliments on this page. We have a dedicated Go For Good website, and a page where we explain our limitations. And we admit to everything we don't do well. And, often, I'm told that it's the best page on the site and I quite agree. There were quite a few arguments over signposting. I remember that in store, many of the Galeries teams would say to me, "Listen Damien, we're just going to say they are Go For Good products. And then, if they're interested, they'll go to a website. They'll find it." I remember so many discussions and debates with them saying "no, you can't just say that a product is Go For Good". That doesn't really mean anything. You can't just say it's good for the environment. That's not true. It's more complicated than that. Sorry, but on every product, when a customer buys a Go For Good product, they need to know why. You have to write down the percentage of recycled materials, the percentage of natural cosmetics, the percentage of wood from sustainably managed forests in the furniture. That's what you have to do. You have to be precise because we are a large company, so people don't trust us as much as they do smaller businesses. People generally mistrust large companies. That's a reality. We have to be extremely clear and transparent.



Go For Good was launched. We were really happy. But what was an advantage to us, being an events business, could also have been our Achilles' heel, because at an events business like Galeries Lafayette, once an event is over, everything stops. And that's where we found ourselves. At the end of 2018, I remember Go For Good had already started fading away. The challenge was how we're going to reanimate everything, how we're going to bring it to life again. People had already moved on. We had the 3J sales, we had Christmas, we had the January sales. So, the life of the department store carried on and in the end, all this work was just for a one-month event. It didn't seem worth it. For a year, that is 2019, the idea was to solidify the Go For Good policy so that it really would fit with the times. So we've used different tools. First of all, we said, "OK, it's the events that get things moving, so we're going to make sure that now, every year in September, a month is dedicated to Go For Good". That will force us to be ready. Next, we set targets. And I didn't do anything I had been doing in my consultancy roles, where I was setting targets like "we'll be carbon neutral, zero waste, etc. by 2030 or 2050." No, because I don't want the people in my Executive Committee, when they look at this target, to say that it doesn't matter, "I won't be here then so I can definitely choose 2050," that's not really a commitment". So, we set targets for 2024, and I knew that by 2024 - we took them in 2019, that's five years from now - that meant we had to act immediately. This has enabled us to move forward. Furthermore, you have to admit that being attached to the HR department has helped me a lot. We included Go For Good criteria when calculating variable remuneration for the company's executives. At some point, you also have to take it that far. Of course, people have their convictions, but there are also people's wallets, and that helps. This helped us to structure our approach. I also remember a survey that I was very proud of and that helped us a lot. It was a survey that was organised in 2019. It had been about four or five years since the company had been involved in any major transformation strategy. There were numerous projects, and we asked the company's managers, or about 200 people, "What, in your opinion, is Galeries Lafayette's greatest success over the last five years?" What makes it interesting is that it was an open question, there weren't different boxes to tick. The number one subject that came out was Go for Good, and the commitment to responsible fashion. Against all the other great things we've done. And, well, I admit that's a good thing, but it has served us enormously with internal people persuaded to advance the cause. We clearly had our internal staff, our employees behind us, so we succeeded in keeping this movement going in the second year. A defiant Vivienne Westwood, a real, anticapitalist, became the sponsor of the second edition of Go For Good. It was quite incredible to see this mix of genres between Galeries Lafayette, a rather civilised company in the world of luxury, and Vivienne Westwood, who is particularly outspoken on the issue of consumption and the end of capitalism. But that's also what makes Go For Good so effervescent and attractive. And then, in the third year, came the crisis. It's 2020. Covid is here. When it started, I obviously told myself, well, the first thing they're going to tell me is "Listen Damien, we have a lot on our plate at the moment, a lot of problems, so we're probably going to put Go For Good and sustainable development on the back burner for a while, because the shops are already closed. There are no more tourists in Paris. It's pretty catastrophic. And to my great surprise, on the contrary, they called me during the lockdown to tell me "September, this year, no one is doubting it at all. On the contrary, its Go For Good plus plus [++]. Now is not the time to pull back at all." So, I said to myself, "I did well to gamble on this employer". And it's in difficult situations like this, where you're right up against the wall, where you see if you really did have any real convictions at all or if, in fact, it was just a PR and marketing strategy. So we really fought to create a stunning event in September 2020. So now we've reached 800 brands and 20,000 different products. And above



all, what is interesting is that Go For Good has grown up. It has become the label for responsible consumption, shared by all Galeries Lafayette group brands. That means there are Go For Good products at BHV Marais, La Redoute and Louis Pion and you can even buy Go For Good watches. It really has become a common thread, and a common denominator between all the Galeries Lafayette group brands, even though they operated in quite different areas. It's incredible. At this third edition, we said here we are, and talked a lot to the brands, and to the suppliers to convince them to take part. Now we need to talk a lot more to the general population, to consumers. And we came up with the idea of launching a major citizens' consultation. We've partnered with different brands. And we thought we would ask people the question "how do we take action together for more responsible fashion," and left them to answer as freely as they wanted. We partnered with Make.org to do it and it's been a huge success, with 107,000 people taking part in the consultation. There are more than 3,500 suggestions. It's extremely interesting to see how much interest there was in the subject. I remember that I and the other partners were really quite worried that we were going to get a bashing. In fact, we thought people were going to use this consultation to say all the negative things they thought about fashion and the luxury sector in general. In the end that wasn't the case. Because they appreciated the fact that we approached them and asked them the question. We didn't experience this kind of problem at all. We came to the end of the third Go For Good celebration in September, and have reached a point where we now need to go further. What does it mean to go further? It doesn't just mean celebrating responsible fashion once a year in stores in September. That's great, but what about the other eleven months of the year? Here, the very concrete target for the next few years, as of 2021, is to try to bring our commitments to life throughout the year. We have what is called a commercial facilitation plan. We have different themes, and the idea now is to no longer have a month dedicated to Go For Good, but to be able to discuss these issues throughout the year. But not only about fashion and responsible consumption, but also about our wider commitments from different perspectives. Sometimes societal, sometimes local sometimes environmental. But the idea is really that commitment, or responsibility, becomes firmly rooted in people's minds, inseparable from the Galeries Lafayette brand. And we are convinced that that will only work if we really manage to make it active throughout the year.

Go For Good is also and above all about human relationships, interpersonal relationships with the brands. I say that because when we went to look for the brands one by one, I remember relying a lot on my peers, those responsible for CSR/sustainable development in brands that have worked wonders. Where we had often been turned down through commercial means, by relying on networks of people committed to sustainable development/CSR in their companies, we succeeded in convincing brands to participate. These relationships are also with employees, of course. Because for everything we do, everything we say about Go For Good at head office, if the shop assistant doesn't understand it, or doesn't feel it, it's pointless. You have to be very modest. All employees at Galeries Lafayette are far from being able to handle all the Go For Good criteria perfectly, to be able to talk to customers about them in the most accurate way possible. But we're getting there, it's complicated. We have 10,000 employees, it's not easy to train everyone, but in any case, it's clearly a priority for the next few years. Because we know that if there's a disconnect there, at some point the whole system will crack, so it really is a top priority. And we know how key employee commitment is. Here's a recent example: we had just started rounding-up at checkouts. It's quite well known in that when people come to pay, they are asked if they want to round the total up to support a



charity. We looked at the store results and saw big differences, up to twice as much in terms of participation. At the start we said "OK, there have to be regions, everyone knows, that are more generous than others." But we didn't see any relationship with geography, absolutely nothing. We looked, and tried to find objective reasons. In fact, there were none, and by simply calling the stores that had very high participation rates, we realised that in these stores, they had taken the time to explain everything to cashier staff. "But what does this charity do? Why are we doing this? And suddenly, when customers asked, "What's that on the payment terminal? ", cashier staff simply had a little word, trying to persuade them. And that made all the difference. You can imagine doubling the participation rate, and on Go For Good it will be the same. We'll double interest in the issue if our sales assistants are on board.

And customers, of course. The question is how do we convince customers to trust us at Galeries Lafayette? We're lucky to have customers who trust us anyway, but they often challenge us and because we're a big company, we're always obliged to demonstrate transparency. But sometimes, the more transparent you are, the more you make a rod for your own back. I remember being very proud of launching a 100% traceable collection. And when I say traceable, I mean we were able to go right back to the cotton fields and had traced everything, every step, everything was audited. We had created a fantastic diagram on all our product labels. We drew a map of the world with the product's journey, which was made from fair trade organic cotton. This was really, really advanced in terms of sustainable development. So I asked customers what they thought about it. Were they enthusiastic? Usually, the comments made by customers were along the lines of, "there's still a lot of transport." You hear that and think "actually, yes, there's a lot of transport, for sure. But it was still transported by sea." And that shows how complicated it can be to communicate on these issues, because you have to recognise that people are looking to pick holes, looking for faults, and there are faults. You mustn't hide them. But sometimes that can be quite discouraging. In any case, it teaches you a lot about how to communicate on these issues, and nobody has all the answers, to be honest, no one is able to do everything perfectly. I think we're also going to face a challenge this year with the Covid crisis. We still didn't relax our efforts during the first lockdown. But will we give up in the second lockdown? Does this mean that enough is enough? Surely we have to focus on our survival. I'm pleased to say that no. We're staying the course. Come what may, we have to. For the past six months we've been reminded that we are non-essential. That's a fact. There are certain things that are essential to life. We could question that, but it doesn't matter. Some things are said to be essential to life, others not. In everything we sell, we come under the non-essential banner. And that's going to leave a mark in people's minds. We will have to be even more persuasive to sell our products in our markets, whatever they may be. It's not going to be a race for volume. We won't sell more products, we're already selling. The fashion market is already down 15% in ten years. So this is not a race we will win. It's about meaning. Giving the purchase meaning again, and this is even more important and necessary now than ever before. It's true that, from my sustainable-development point of view, in the end I've found that this crisis is providing opportunities and we are accelerating. We're now doing things that might have taken us two or three years to do before. I think it's good that we're in this dynamic.

The next steps for us are based on the citizen consultation we set up, now that we've spoken to 100,000 people. Well, okay, now we're going to have to do certain things to meet their expectations, and what many of them expect is interesting - recycling. What shocks people are



everyday things. What strikes them isn't so much organic farming or cotton that consumes lots of water. It's recycling clothes. They're aware that there's a problem. It's our plastic hangers, our plastic packaging. These are the things that are in their immediate environment, close at hand. So we really need to make much more progress in these areas. And then, we're continuing to work on certain basic issues, notably transport, where we hadn't yet made enough progress. We've said that with transport, we now have to stop nearly all deliveries by air, and reduce our transport-related CO2 emissions by 30% by 2024, which is still a short time away.

So these are the sustainable development issues we're tackling. I'm not that old, but I still already have more than ten years experience in this subject. When you work in CSR, in sustainable development, you very often have to recognise - in any case, it's my personality - you often say to yourself, what's the point. The task is enormous. Right, so I'm climbing the Himalayas. Are we going to make it? It's then that you have to look back in the rear-view mirror. But, to be honest, when you look back, I remember talking about these issues at the end of the 2000s, it all seemed so impossible! It was absurd to think of a corporate taking an interest in this, and now it makes a lot of sense. And lots of companies are now integrating this. Consumers are becoming aware that every day they vote with their purchases and want to make their purchases meaningful ones. We tell ourselves that a lot has changed, but probably not fast enough in relation to the issues we're discussing: biodiversity loss, a reduction in CO2 emissions. They're not at all related to the trajectory of the Paris Agreements, so maybe we won't reach all the targets, all the global targets, but in any case, I'm still fully motivated to always continue to change the system from the inside, and to take it as far as possible.