

1<sup>st</sup> EDITION

# VENICE SUSTAINABLE FASHION FORUM

OCTOBER 27 and 28, 2022

VENICE, FONDAZIONE GIORGIO CINI



PRESENTATION BY

# CARLO CICI

Partner and Head of Sustainability | The European House - Ambrosetti

OCTOBER 27



INSTITUTIONAL PARTNERS



CAMERA DI COMMERCIO VENEZIA ROVIGO



CAMERA DI COMMERCIO TREVISO - BELLUNO DOLOMITI bellezza e impresa



CAMERA DI COMMERCIO PADOVA il futuro a portata di impresa

WITH THE PATRONAGE OF



MEDIA PARTNER



DIAMOND PARTNERS



PLATINUM PARTNERS



PARTNERS







## Goals of the study

Understand and identify the fashion industry's **opportunities** and **challenges** in the third era of business sustainability integration which is pushing on performances, focusing not only downstream but also **upstream in the supply chain** to develop **recommendations** for institutions and key players



## The sources and the analyses the study counts on

2,700	Italian upstream companies in the supply chain and 196 Italian brands analyzed for marginality	26	industry leaders interviewed
167	upstream companies assessed by a sustainability assessment survey in partnership with Crif, Assocalzaturifici, Sistema Moda Italia and Gucci	34	sustainability certifications analyzed
100	European companies assessed on their sustainability management practices	13	collaboration initiatives/alliances analyzed
32	global businesses analyzed on comparability between their ESG ratings	>200	articles and reports consulted
12	global leading fashion retailers analyzed	25/20	policy measures/frameworks analyzed



# Fast fashion, digital and young people drive global industry market growth while prices and production cycles length decline

**7.9%**

CAGR forecasted for Global  
Fast Fashion Market Size  
from 2021 to 2026

**14.3%**

the share of social commerce sales in total  
ecommerce sales in China where in 2023

**3 days**

the length of production cycles in 2020 vs. 9  
months before the 1990s

**- 53%**

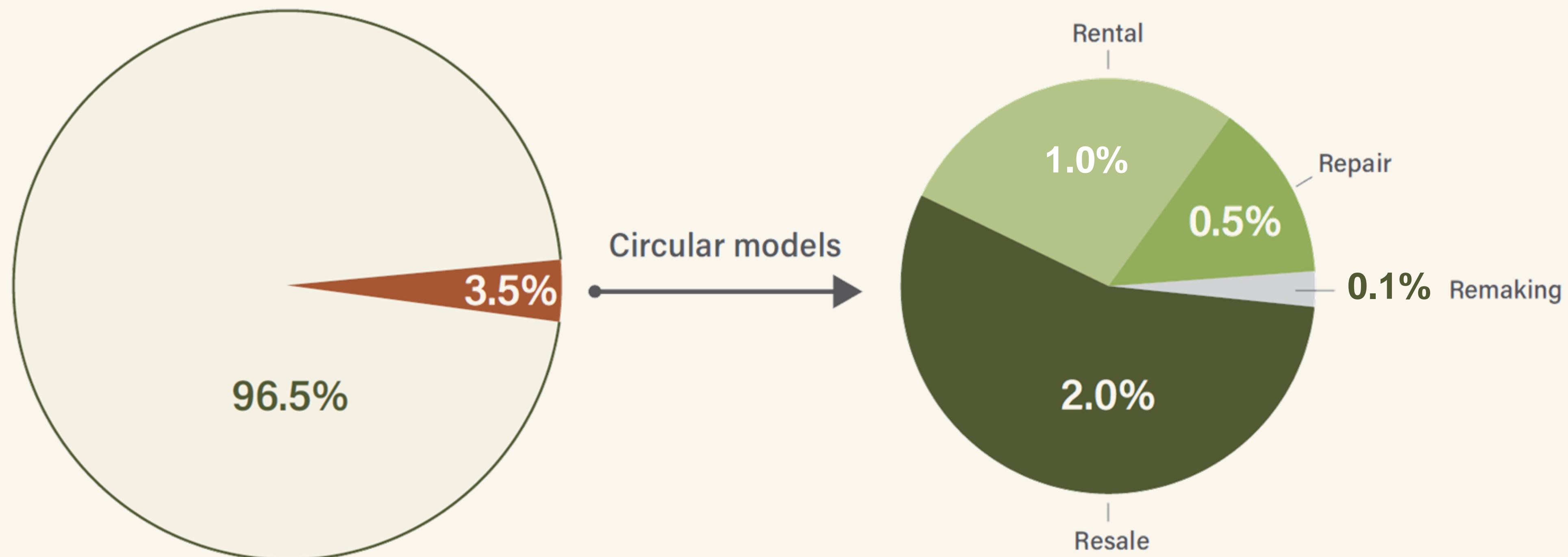
reduction in clothing prices in UK from 1995  
to 2014





# Emerging circular economy models account for only 3.5% of the global fashion market

Market size of resale, rental, repair and remaking as share of global fashion market (billion USD), 2019





**There is a lack of accurate data on the environmental and social impacts of the industry globally.  
The main impacts are in the first stages of the value chain**

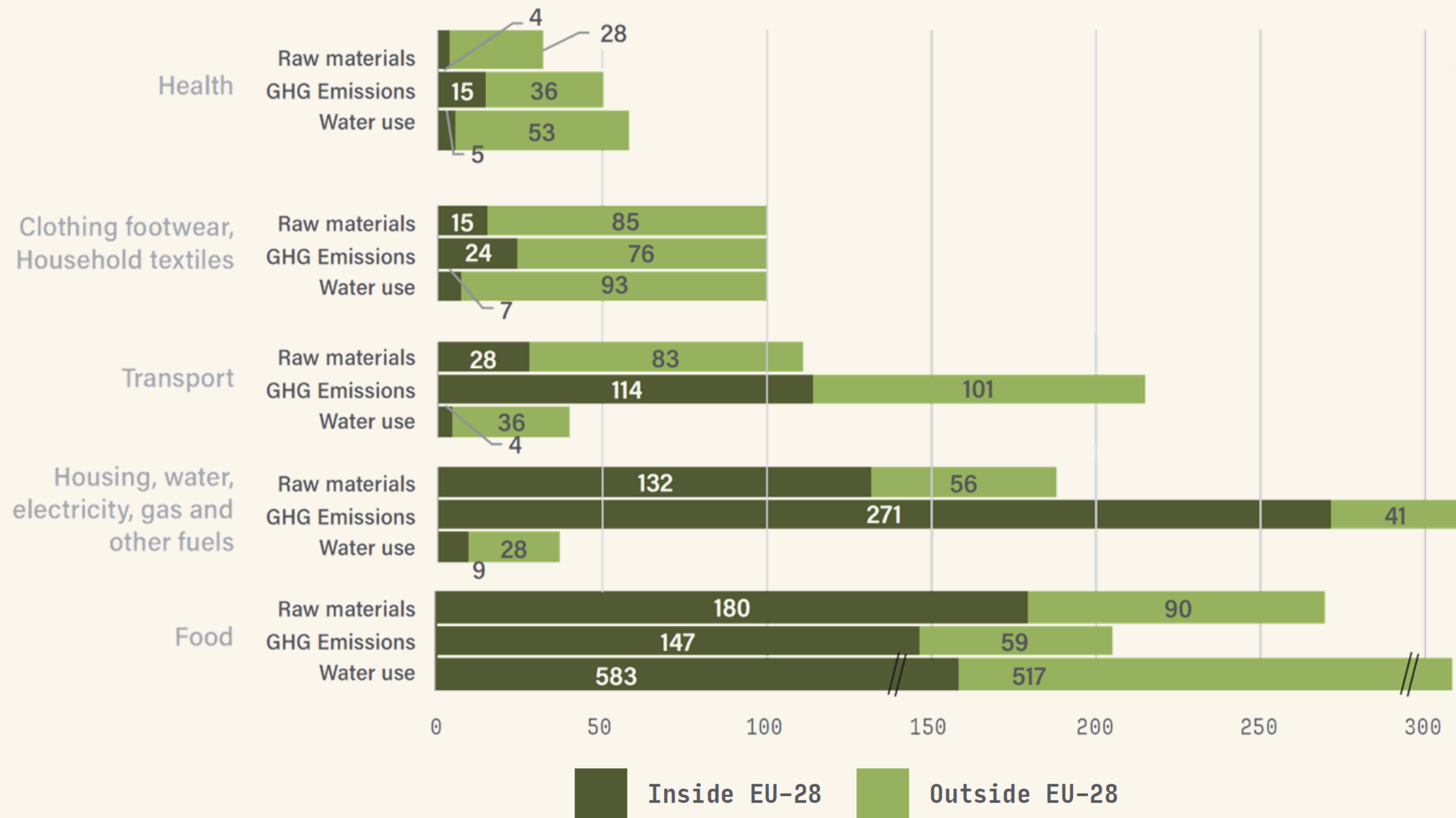
**4** times greater than the highest vs. lowest estimate of climate-altering emissions (8.1% vs. 2% of total emissions)

**3** times greater than the highest vs. lowest estimate of water consumption (if applied to the production of a pair of jeans it becomes 5 times higher)



**At the European level, more consolidated datasets are available. Data show how environmental impacts are mostly suffered outside the EU**

**Environmental impacts of five product categories consumed by EU households  
 (index values with textile products equaling to 100)**

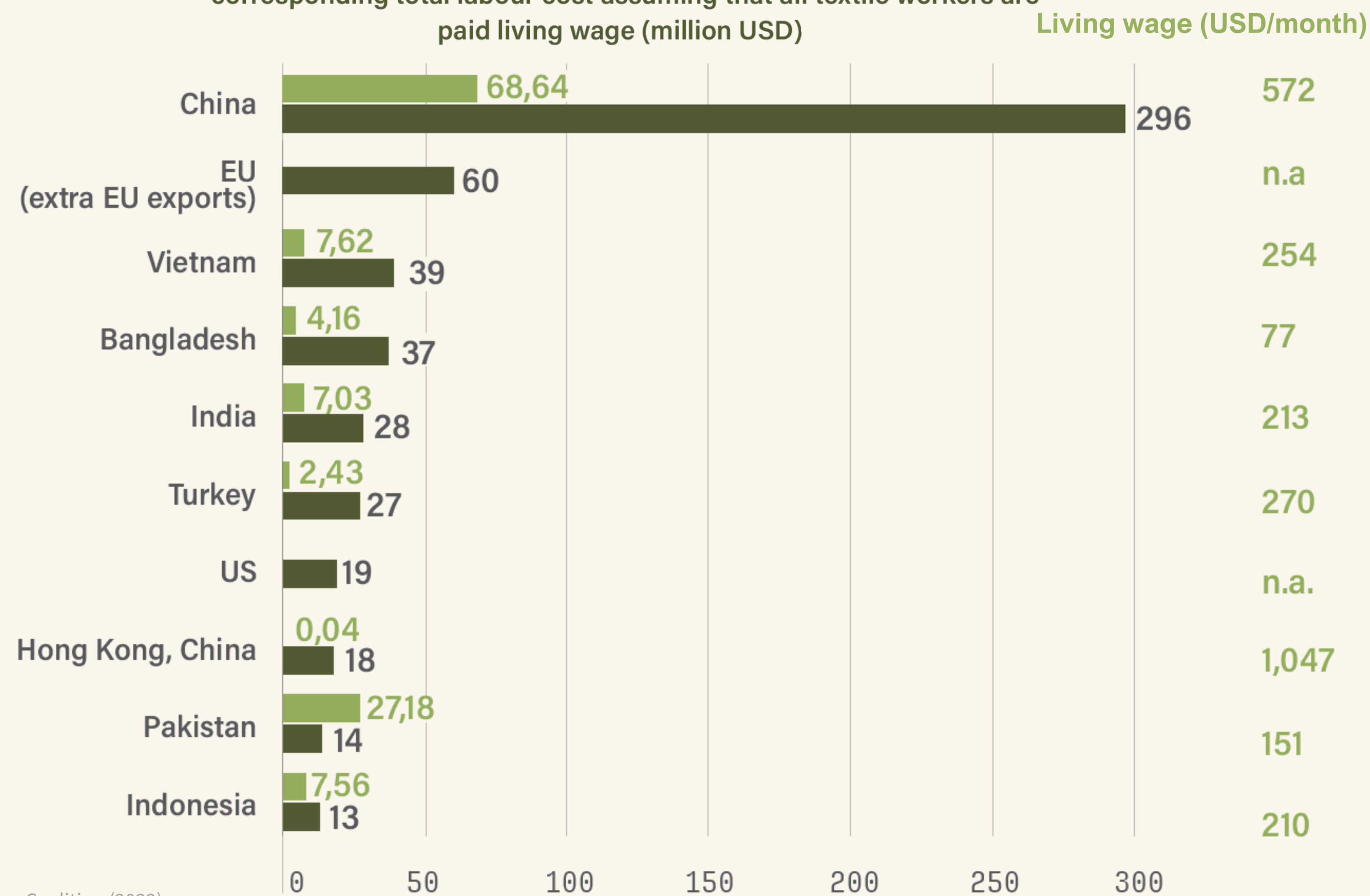






**Fashion affects  
 60-75 million  
 workers  
 worldwide, most  
 of which in  
 developing or  
 transitioning  
 countries**

Top ten textile production countries by export volume and the corresponding total labour cost assuming that all textile workers are paid living wage (million USD)







# Eu Green Deal and its new Strategy for Sustainable textiles turns the spotlight on for fashion industry

## EU 2027 expected textile scenario

MANDATORY  
VOLUNTARY

### DISCLOSURE

Companies will be asked, for example, to report on:

- Corporate ESG performances through a standardized systems of KPIs and requirements
- % of sustainable net turnover, capex and opex according to standardized criteria and technical thresholds

Companies will be entitled, for example, to:

- Use green claims on recycled materials
- Ecolabel their products to make easily recognizable eco-friendly textiles

### PERFORMANCE

Companies will be required, for example, to:

- Cease the practice of destroying unsold textiles
- Meet product eco-design requirements
- Implement circularity principles in design and pay additional fees for the management of waste

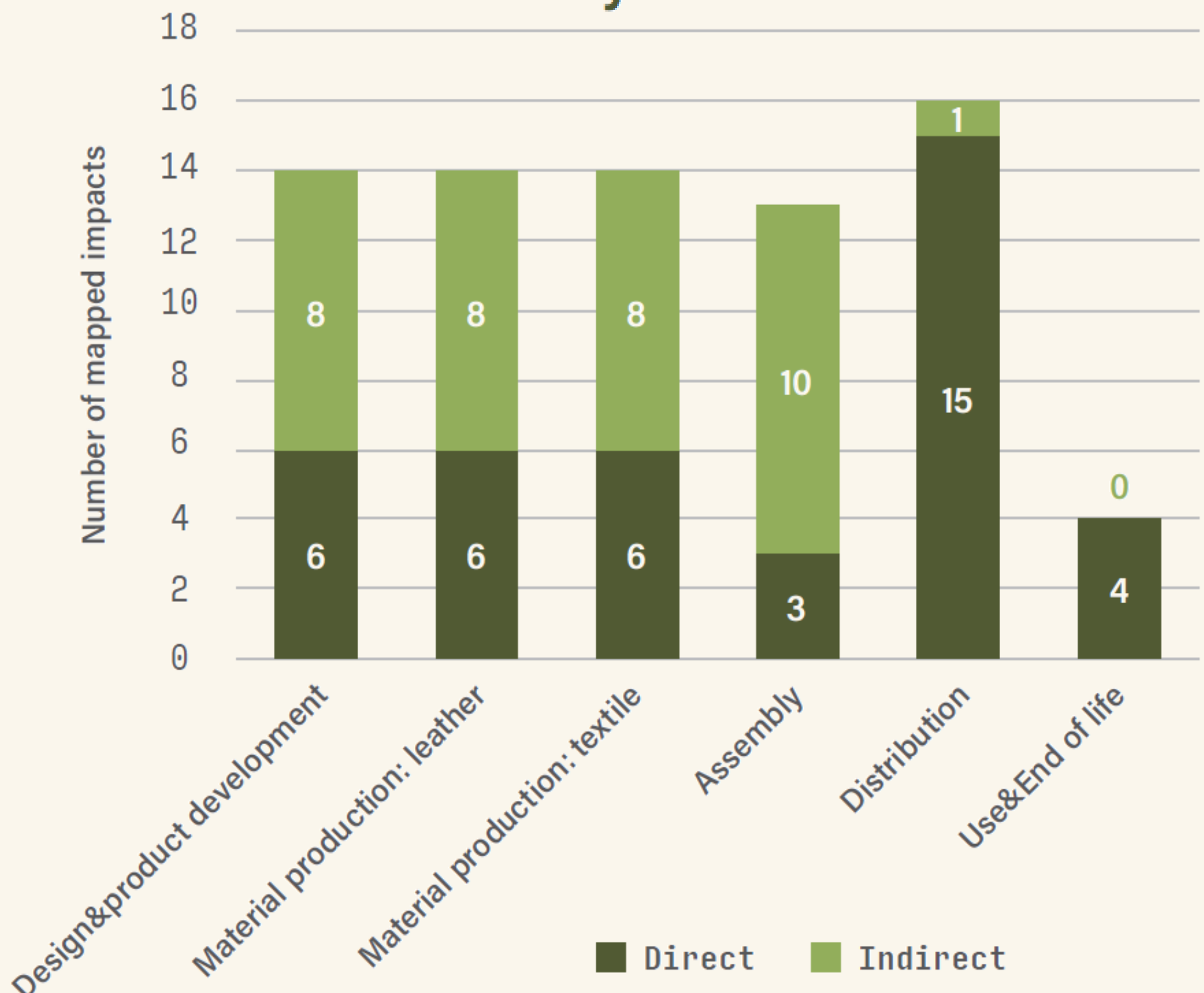
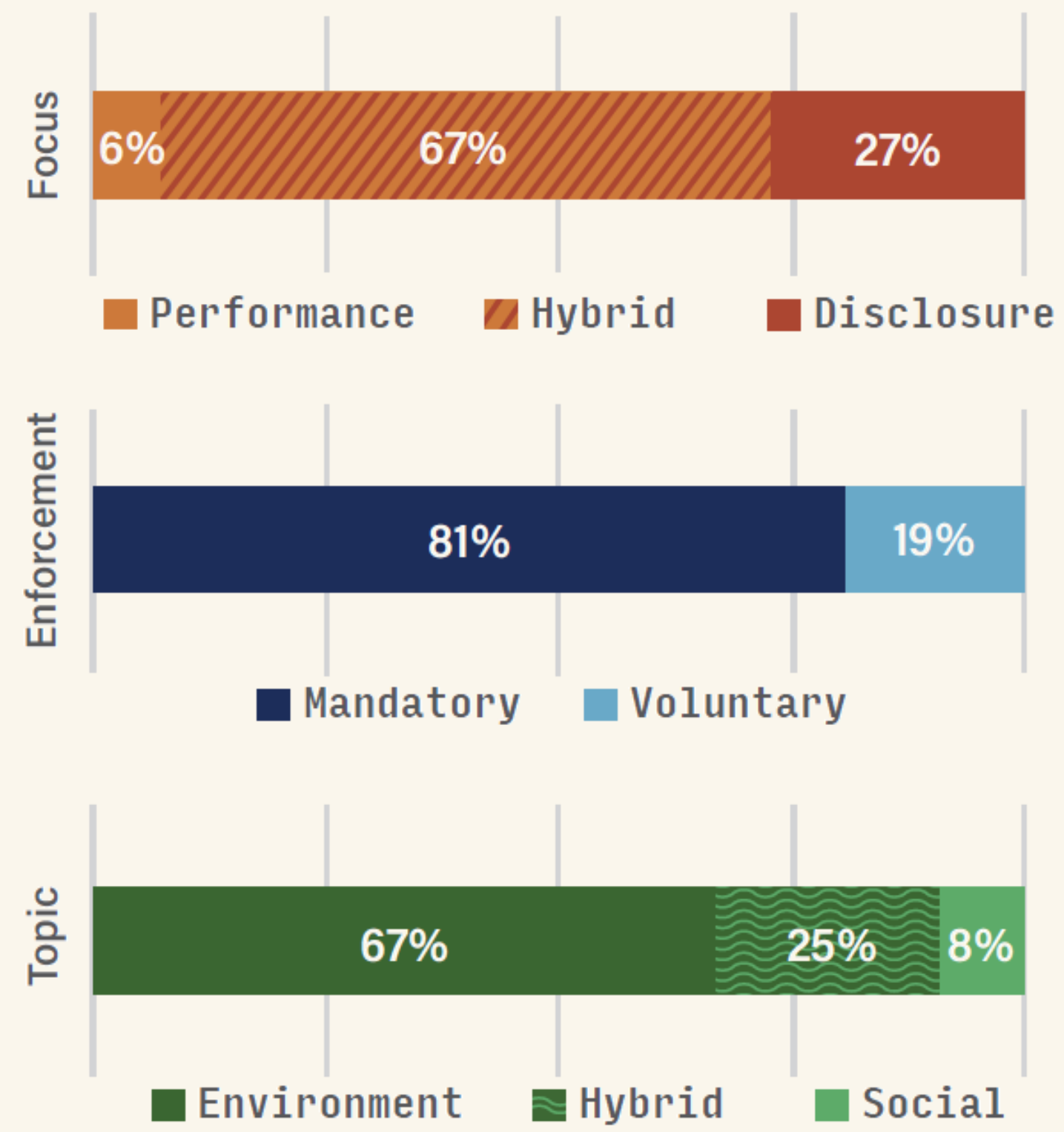
Companies will be enabled to, for example, to:

- Adopt a uniform guideline for products' LifeCycle Assessment
- Measure the eco-friendliness of their textile products through specific criteria



# New European sustainability regulations will primarily impact brands and, following that, the entire supply chain

Mapping EU Sustainable Textiles framework key actions



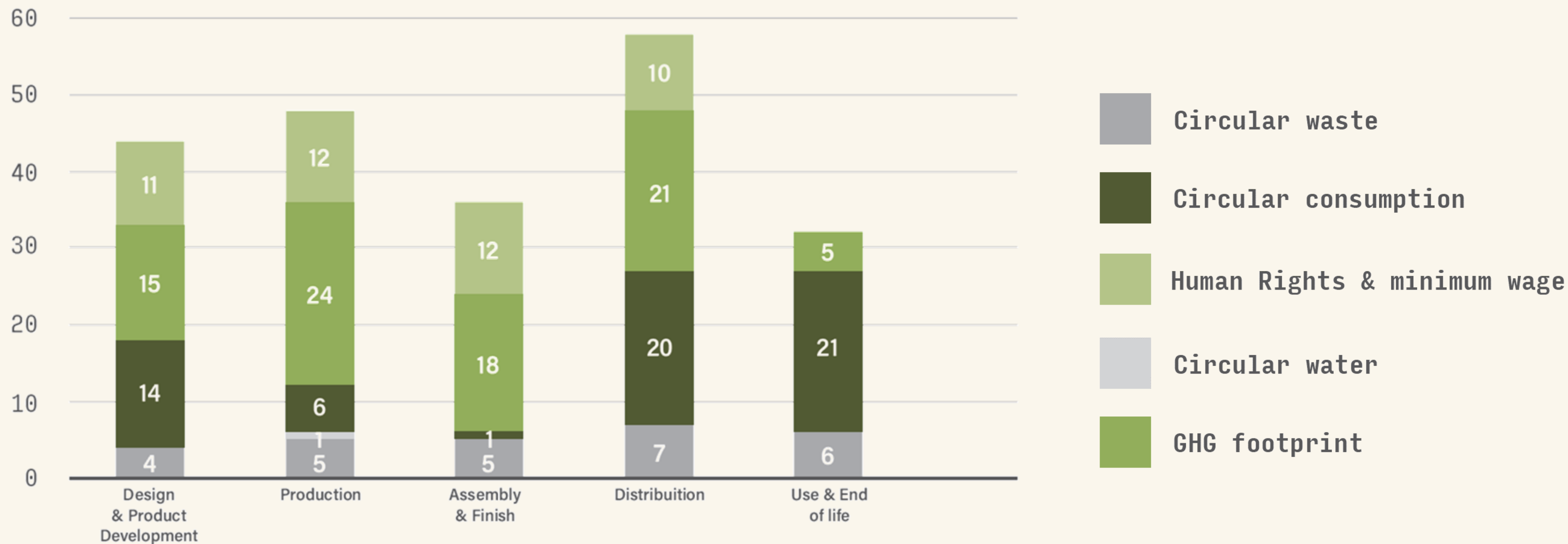
The European House – Ambrosetti elaboration of EU Strategy for Sustainable and Circular Textiles (2022), impacts are reasonable expectations as the EU Strategy has yet to determine policy options for most measures.





# Global retailers, by setting sustainability goals, raise the bar for the entire value chain

Impacts of mapped retailers' targets along the value chain



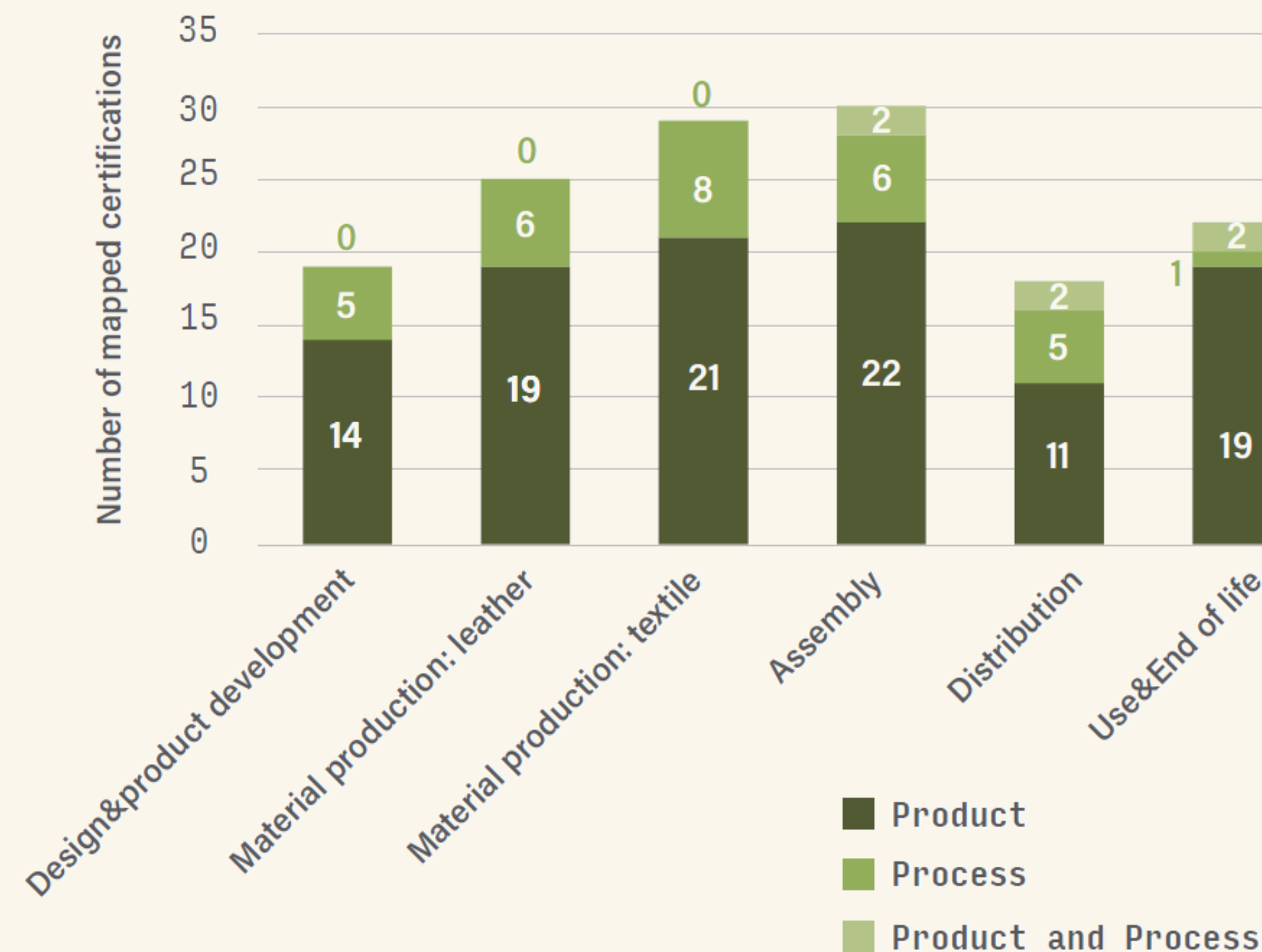
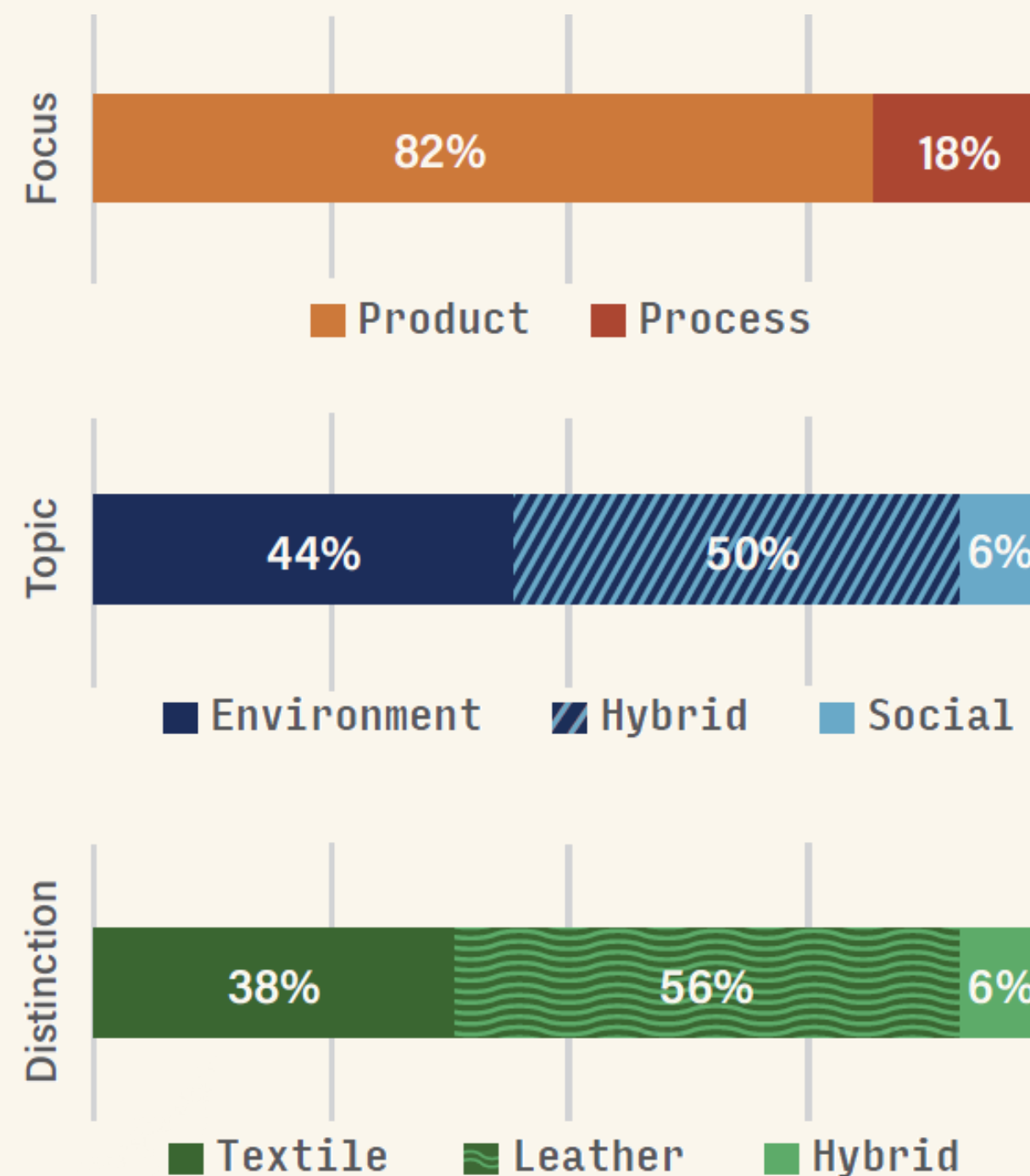
(1) The European House-Ambrosetti on data by Asos, Bloomingdale's, Boohoo, Neimanmarcus, Farfetch, Harrods, Macy's, Mytheresa, Nordstrom, Selfridges, Ynap, Zalando.



# After many years of application, certifications don't seem to be able to provide the necessary transparency to standardization...

Mapping textile and leather sustainability certifications on the market

**100**  
 sustainability  
 certifications  
 applicable to fashion

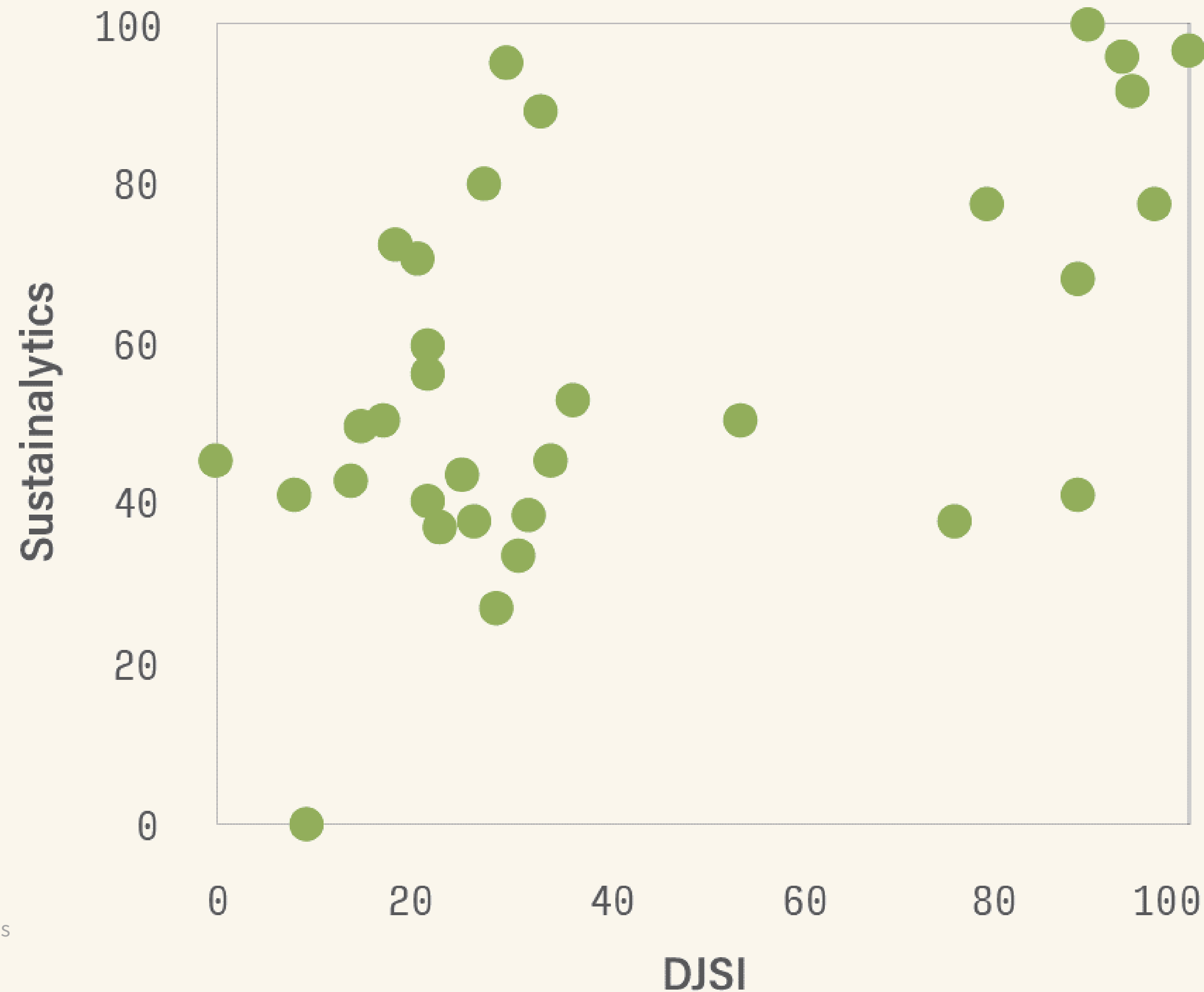






# ... neither do the ESG ratings

Textile, Apparel & Luxury goods ESG rating missing  
correlation 100=max score in the industry



The European House – Ambrosetti – elaboration on data from DJSI and Sustainalytics (2022): businesses analyzed include the complete set of businesses that were rated by both services: 32 companies



# Consumers are unwilling to pay more for sustainability

Purchase habits of 19,000 consumers across US, Japan, Germany, France, Italy, China, India, and Brazil

% of consumers at various stages	APPAREAL	LUXURY	GROCERY	PC&TABLET	ELECTRICITY	CARS
<b>Concerned</b> about sustainability in category	71%	49%	69%	74%	80%	80%
<b>Adopting</b> sustainable behaviours	38%	21%	32%	41%	60%	39%
<b>Acting</b> by purchasing sustainable products and services	12%	9%	7%	11%	10%	11%
<b>Paying</b> stared premium for sustainability	3%	3%	2%	4%	4%	3%

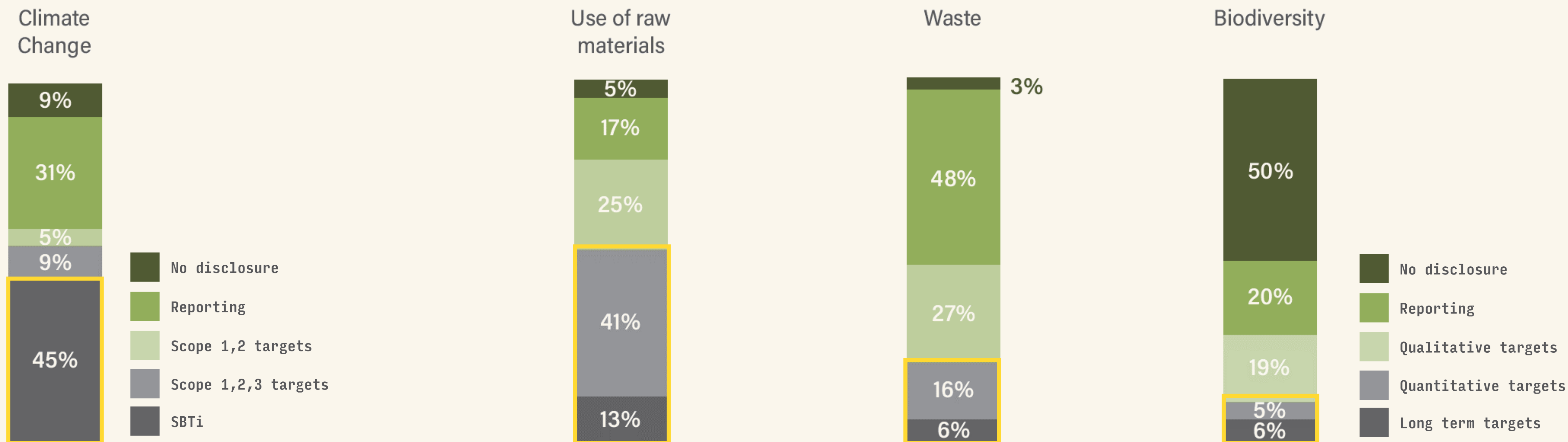
BCG climate and sustainability consumer survey (2022), the table shows an extraction of relevant data to confront fashion products with other significant categories.





# Europe's largest fashion companies are focused on climate change, raw materials and waste, while biodiversity remains overlooked

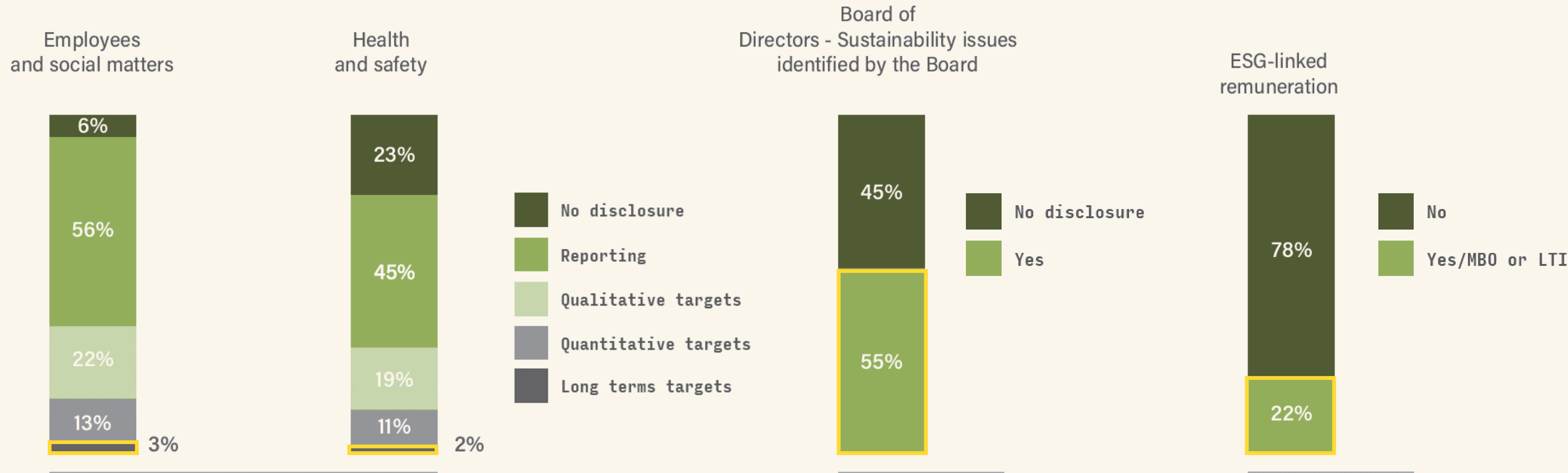
Level of companies' reporting and commitment on environmental topics





# Europe's largest fashion companies are less committed to social issues compared to environmental ones, while progress on ESG governance remains slow

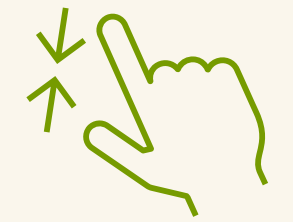
Level of companies' reporting and commitment on social and ESG governance topics







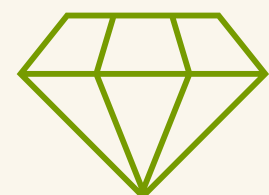
## Italian fashion industry



**50%** of Italian companies have a turnover of less than € 5 mn and only 3% exceed €50 mn



Overall **brand margins are higher** (in some cases even more than double) but more volatile than those of supply chains

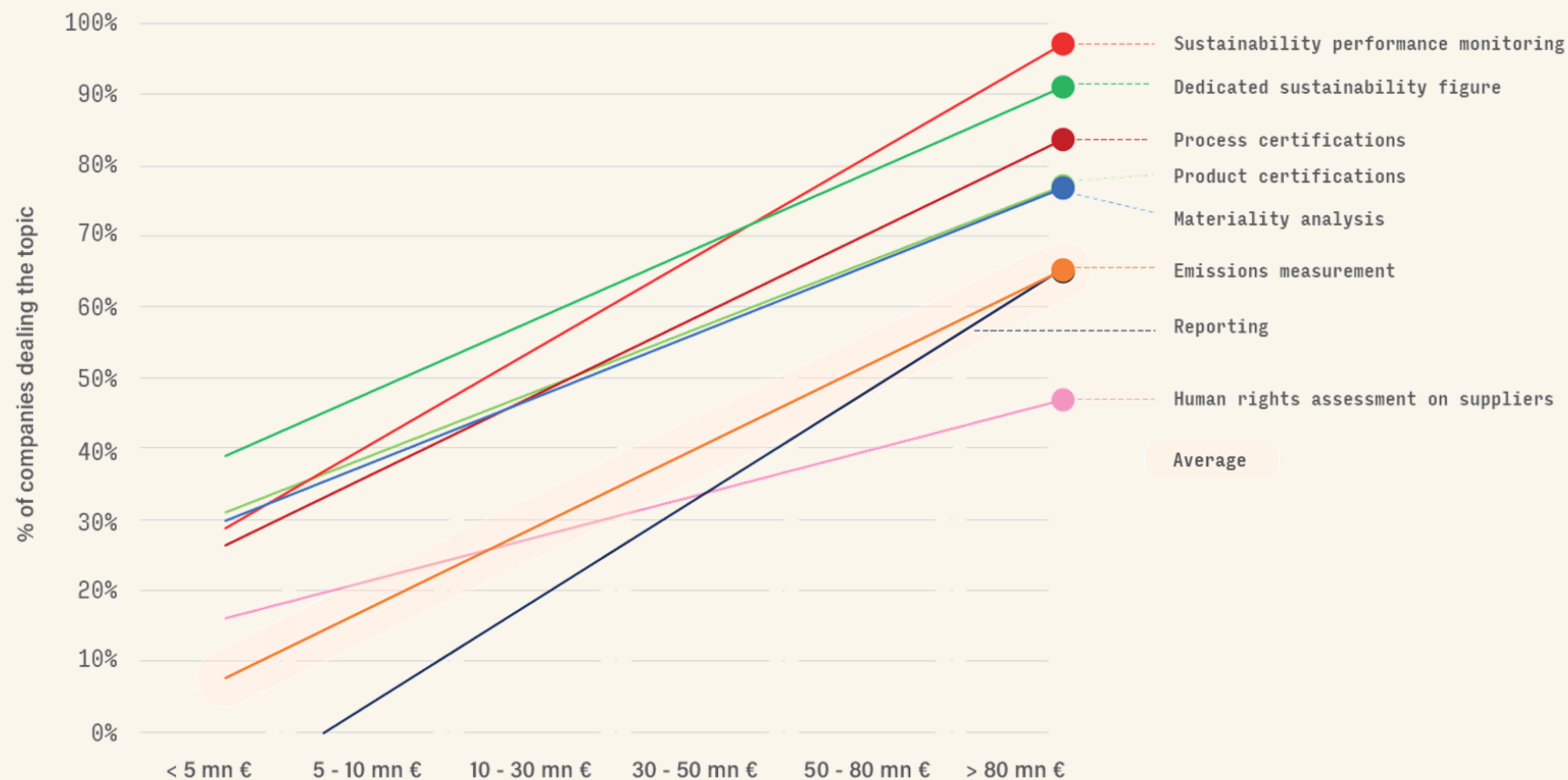


The global **luxury** supply chain is predominantly **in Italy and France**



# Supply chain companies' size and sustainability management are directly proportional

The recurring pattern of results







## 6 proposals for a global just fashion transition

**I.** Anticipate market transition

**II.** Build multistakeholder task-forces led by national governments

**III.** Catalyse change through alliances

**IV.** Measure policy impact through minimum data for all

**V.** Promote a positive cultural shift

**VI.** Stimulate sustainability vanguard by Italian and French luxury value chains



## I. Anticipate market transition

- Adoption of guidelines and toolkits
- Update on evolution of European policies

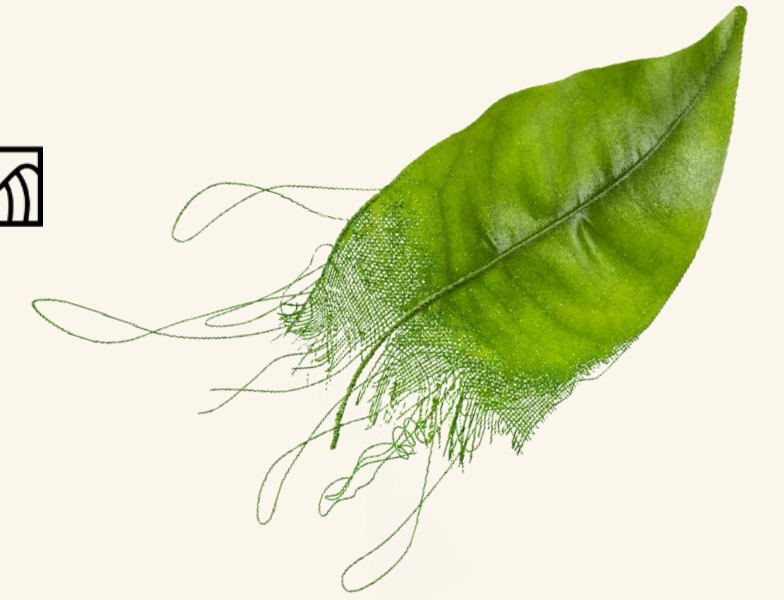
## II. Build multistakeholder task-forces led by national governments

- Agenda, priorities, stakeholders and lines of action
- Public funding and partnership with private financial institutions
- Advocacy

## III. Catalyse change through alliances

- Professional communities
- Overcome barriers to financing innovation
- Social procurement





## **IV. Measure policy impact through minimum data for all**

- Identify four indicators and calculation methodologies for:
  - Minimum wages
  - Water consumption
  - Chemicals
  - Greenhouse gas emissions
  - Recyclable sources

## **V. Promote a positive cultural shift**

- School and university programs
- Corporate awareness
- Young people and music

## **VI. Stimulate sustainability vanguard by Italian and French luxury value chains**

- Reinvest a fixed percentage of brand margins and channel public investments for scalability of circular business models

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# Let's hear your views on the proposals

Go to [www.menti.com](http://www.menti.com)

And type in the code **82021589**

Or just frame the **QR code**





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# Results