

2ND EDITION
VENICE SUSTAINABLE FASHION FORUM
OCTOBER 26TH - 27TH, 2023
 VENICE, FONDAZIONE GIORGIO CINI

JUST FASHION TRANSITION 2023

STUDY CONDUCTED BY THE EUROPEAN HOUSE - AMBROSETTI



Venice Sustainable Fashion Forum is a unique and extraordinary initiative conceived, designed and implemented through the joint effort of three partners: Sistema Moda Italia, The European House-Ambrosetti, and Confindustria Veneto Est. 21 partners supported this second edition, sharing its values and goals, convinced of the need to start a serious debate on sustainability in the Fashion Industry that leads to a true and JUST TRANSITION.

WITH THE CONTRIBUTION OF



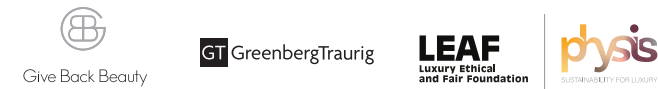
WITH THE PATRONAGE OF



MEDIA PARTNER



DIAMOND PARTNERS



PLATINUM PARTNERS



PARTNERS



For more information please contact: **Carlo Cici** - Partner & Head of Sustainability Practice - carlo.cici@ambrosetti.eu

Copyright The European House - Ambrosetti - October 2023



PROPOSALS FOR A GLOBAL JUST FASHION TRANSITION



I. ANTICIPATING MARKET TRANSITION

Orienting and focusing the action of companies towards the (early) adoption of the voluntary and mandatory instruments that the EU is developing as a global leader on sustainability, with the aim of providing feedback and recommendations for improvement, too.



II. BUILDING MULTI-STAKEHOLDER TASKFORCES LED BY GOVERNMENTS

By acting as transition enablers, consult in a flexible manner with key industry players, NGOs, industry experts, finance and academia in order to define roadmaps to support ESG transformation and working towards targets to address national specificities.



III. CATALYSING CHANGE THROUGH ALLIANCES

Fostering alliances among all actors upstream and downstream the fashion supply chain, together with the financial sector and other actors of the value chain, to disseminate good practices, but also enable policy makers to make the best choices in the shortest possible time.



IV. MEASURING POLICY IMPACT THROUGH MINIMUM DATA FOR ALL

To evaluate the effectiveness of policies and actions and create an up-to-date database based on a small number of significant KPIs coherent with the upcoming European and global compliance requirements (ESRS - European Sustainability Reporting Standards and IFRS - International Financial Reporting Standards).



V. PROMOTING A POSITIVE CULTURAL SHIFT

Leveraging the communication potential of positive messages and experiences (i.e., events, concerts, etc.) to engage consumers in a cultural shift and win their consumption habits by breaking the barrier between the intention of buying sustainable and the actions taken.



VI. CREATING A SUSTAINABILITY VANGUARD LED BY IT & FR LUXURY VALUE CHAINS

Creating, within the Quirinale Pact, a joint table between Italian and French industry leaders to make luxury not only a symbol of quality but also a front-runner that steers the direction of fashion's just transition by playing a key role with European and international institutions (e.g., OECD).



VII. MAKING SUSTAINABLE BUSINESS CHOICES MORE PROFITABLE

To unleash and harness EU companies' full potential for change by fostering the development, deployment and large-scale adoption of green technologies throughout the fashion value chain, drawing inspiration from the positive experience of the US Inflation Reduction Act (IRA).



VIII. PROMOTING AN INTEGRATED APPROACH BETWEEN RECYCLING AND REUSE

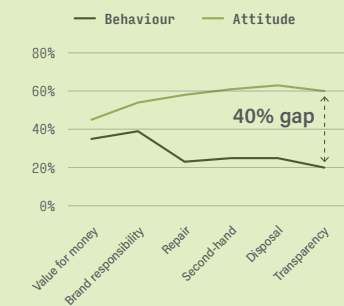
To create virtuous synergies between recycling and re-use operators to effectively address the challenge of overproduction, by promoting appropriate enhancement of the physical and intangible durability of eco-designed textiles, while reducing multi-materials garments.

FIVE TANGLES TO UNRAVEL THE JUST FASHION TRANSITION SCENARIO

1 CONSUMER AWARENESS, ATTITUDES AND BEHAVIORS ARE MISMATCHED

Awareness on the relevance of sustainability is rising. Yet, when it comes to purchasing, people don't put their choices where their mouth is: 60% of consumers values sustainability but returns 1 out of 3 items bought online, often doomed to be landfilled.

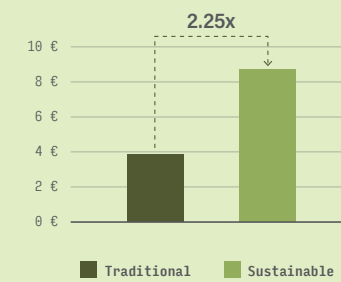
The attitude-behavior gap across sustainable purchasing decisions



2 HIGHER PRODUCTION COSTS AND EMPTIED PIGGY BANKS MAKE SUSTAINABILITY A MATTER OF MARGINS

Crafting sustainable garments seems to be over 2 times pricier than conventional ones. However, purchasing power is shrinking in EU - making the margins a key factor in determining the ability of companies to back up a sustainable shift in production.

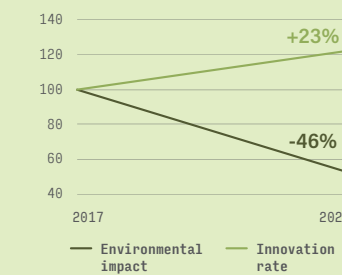
Traditional and sustainable T-Shirt production costs compared



3 THERE'S NO SUCH THING AS "THE MOST SUSTAINABLE FIBRE", BUT TECHNOLOGY SEEMS TO HELP

Environmental impacts of synthetic, artificial and natural fibres may vary a lot, according to the hotspot analyzed, making it hard to identify the most ecological. Yet, technology is emerging as a key ally in mitigating the footprint of products and processes.

Environmental impacts and innovation rate in EU textiles



4 WASTE FOR WASTE URGES TO SCALE REUSE AND RECYCLING, OVERCOMING TECHNICAL BARRIERS

On average, every year in EU, out of 35 textile items discarded per capita, 3 get recycled and less than 1 is second-handed inside the borders, but each solution involves differentiated technical barriers and environmental impacts.

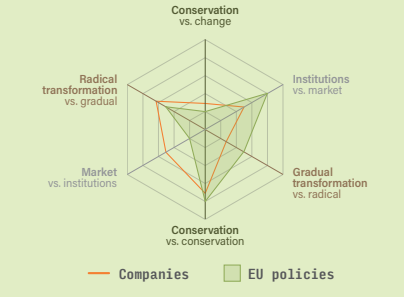
EU textile waste composition by end-of-life destination



5 INSTITUTIONS DRIVE SKETCHILY, EU IN THE LEAD, BUT ARE ITS LEVERS FIT TO TRIGGER MARKET POTENTIAL?

EU and US adopt divergent recipes to reach climate goals: regulations vs incentives. Sometimes, the just transition in EU fashion is erratic and new legislation poses significant burdens on companies, leaving critical issues unanswered and enforcement barriers unsolved.

Companies & EU policy approach to ESG transition compared

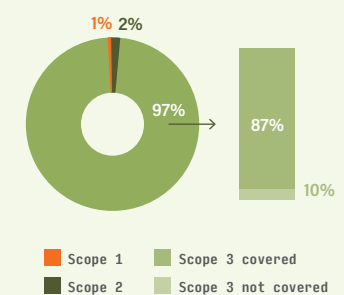


FIVE CORPORATE SHIFTS TO ACCELERATE THE JUST FASHION TRANSITION

1 IN THE GLOBAL INDUSTRY, CENTRE STAGE IS HELD BY CO₂ WHILE HUMAN RIGHTS STILL LAGS BEHIND

ESG pledges are spreading, with retailers leading their value chains thought challenging Scope 3 targets. Yet, emissions are rising and 10 years after Rana Plaza working conditions are deteriorating. This lack of transparency leads to increased ESG litigations.

Retailers' CO₂ emissions, by coverage of climate targets



2 PERFORMANCE DATA ARE GATHERING, AND SO THE EU TOP 100 FASHIONS' WATCH BEGINS

In one year only, EU largest fashion companies overall increased their sustainability oversight by 17%. Yet, the best-in-class among them only fulfils 70% of the ESG oversight maturity requirements, leaving topics such as biodiversity and water use behind.

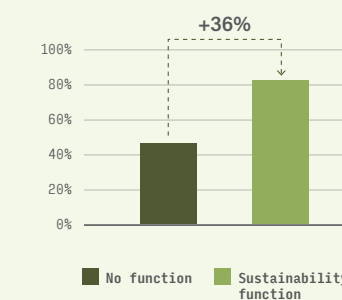
Oversight progress among the EU Top 100 Fashion Companies



3 WITH GREAT POWER COMES GREAT RESPONSIBILITY (OR IS IT THE OTHER WAY AROUND?)

Among EU Top 100 Fashion, the firms with a dedicated Sustainability function have a 36% higher probability of maturely overseeing ESG topics compared to the others. Remuneration plays a key role too, with MBOs further driving disclosure and performances.

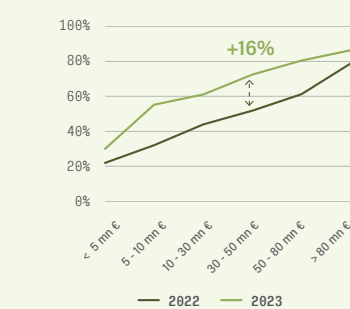
The sustainability function's influence on ESG oversight



4 SIZE STILL MATTERS FOR THE ITALIAN SUPPLY CHAIN, BUT GAINS ARE CLEARLY VISIBLE IN THE WHOLE INDUSTRY

ESG issues oversight and firm size remains proportional. Yet, companies in the Italian supply chain have improved by an average 16% year on year. Social issues are more closely overseen than environmental ones, while supply chain monitoring still lags behind.

Italian supply chain ESG oversight annual improvement



5 BRANDS KEEP PUSHING FOR CHANGE, BUT THEY WON'T BE ALONE FOR LONG: THE AGE OF FINANCE IS COMING

Customer pressure seems to be the most compelling driver of the Just Fashion Transition in the supply chain, with 92% of Italian companies being urged to progress by brands. Finance too is gaining momentum, by pushing 4 times more companies than last year.

Firms sensing a push for change from brands and finance 2022-23

