

## The “Monitor for Circular Fashion” announces the results of the first circularity Report of the Italian fashion sector

SDA Bocconi School of Management ed Enel X present the results of the first edition of the **Monitor for Circular Fashion**

Discover more about the Monitor for Circular Fashion: [www.sdabocconi.it/circularfashion](http://www.sdabocconi.it/circularfashion)

*Milano, 20/09/2021:* The **Monitor for Circular Fashion**, part of **SDA Bocconi Sustainability Lab** and **powered by Enel X**, has produced its first Report dedicated to macro-trends in the sector and to enable companies to apply the principles of the circular economy throughout their supply chains, with the aim to offer a precise and dynamic representation of the circular economy’s status in the Italian fashion industry.

The Monitor for Circular Fashion worked with 14 companies from the Italian fashion sector along the entire supply chain, from upstream to downstream, including ingredient brands, brands & retailers, and service providers, along with a KPIs Committee of expert consultants in measuring circularity.

The *community* of companies, chosen because they are front-runners in sustainability and circularity within the Italian fashion industry, carried out an analysis of the opportunities and challenges of circularity with the aim of identifying and developing new concrete and measurable solutions.

The research was based on two integrated methodologies:

- SDA Bocconi developed a methodology aimed at identifying specific drivers and KPIs in the fashion sector, through desk and field analyses with questionnaires, one-to-one interviews with the companies of the Monitor for Circular Fashion and suggestions from the KPIs Committee. During the analysis, the following issues were investigated: the impact of Covid-19 on the value chain of the fashion industry; main EU regulations that support the transition to circular production and consumption patterns; circular activities and circular business models of the fashion sector and main KPIs; role of technologies as enabling factors of circularity; and identification of the main trade-offs, challenges, and opportunities of circularity.
- Enel X made available an innovative methodology, based on value chain analysis performed with questionnaires, interviews and field inspections with the companies of the Monitor for Circular Fashion, ultimately measuring the level of circular maturity relating to both corporate and energy aspects. The methodology, which aims to become a market standard currently is under accreditation phase at Accredia and it is capable of guiding companies from all sector on a concrete path of electrification and decarbonization. Over 60 KPIs divided between “Corporate and Energy” identify the level of circularity of each company, with the definition of an detailed and customized roadmap with existing solutions that are able right away to accelerate the circular transition.

The analysis revealed that 13 out of 14 companies, despite difficulties related to the pandemic, have confirmed or increased their investments in sustainability in the last year and a half, postponing some objectives or adding new ones. In particular, the survey showed that companies have concentrated their efforts mainly on design for circularity, i.e., in the creation of products with a high potential for circularity thanks to the use of sustainable materials, such as recycled, bio-based or made with innovative technologies that allow the saving of resources. Furthermore, with the goal to optimize resources and greater production flexibility, companies confirm an ever-increasing interest in co-creation and on-demand. Solutions aimed at circularity in the post-sale phases - specifically repair and maintenance services for garments, take-back programs, and trade in second-hand garments - are still in the embryonic stage and under development by companies. Also, with regard to the use of energy, it emerged that there are still few companies that procure electricity from renewable sources for their plants or that are equipped with systems for monitoring and improving their consumption efficiency. From an electric mobility perspective, it emerged so far there is not yet a real transition process toward this technology, comparing to the high potential arising from the entire sector. Finally, electric mobility and sustainable use of energy, which are both immediately available technologies, should be considered as one of the primary steps towards business circularity and decarbonization helping to achieve environmental targets in the shorter term.

In the final part, the Monitor for Circular Fashion Report 2021 presents a **Managerial Agenda**, with concrete and **priority actions** to be taken **to improve the circularity performance** of each company and the entire sector, starting with the measurement of circularity and the involvement of “end users”- no longer “consumers” - in circularity initiatives. The sectoral actions identified as priorities by companies are linked to increasing the level of traceability and transparency of fashion value chains, the resolution of circular fashion trade-offs and the enhancement of circularity pilot projects. The support of Policy Makers is seen as fundamental, especially for the improvement of waste collection, the acceleration of industrial symbiosis, and the development of consistent criteria throughout Europe for *end-of-waste*.

The companies involved in the Monitor for Circular Fashion Report 2021 share the **need to start from data and a measurement of circularity** in order to implement a strategic approach to sustainability and circularity, in the belief that **traceability and transparency represent a fundamental tool against greenwashing**.

Among the actions to be taken to improve circularity performance is the measurement of current CO<sub>2</sub> levels and the structuring of energy efficiency plans and plant modernization.

The evidence deriving from the energy analyzes also highlighted interesting opportunities relating to decarbonization. The current emissions of the companies involved in the study, equal to approximately 146,448 tCO<sub>2</sub>e, could be significantly reduced (-30%) thanks to policies relating to the supply of electricity from renewable sources and investments in self-generation plants. Electrification initiatives were also considered with the aim of strengthening these positive effects, paying particular attention to the issue of transport and logistics and highlighting the need for technological and infrastructural investments to facilitate the green transition and decarbonization processes.

*“The report represents the first output of a multi-stakeholder path launched within the Monitor for Circular Fashion of the SDA Bocconi Sustainability Lab, where the collaboration between companies in the fashion pipeline and technology providers makes it easier to face the still open challenges of circularity, confirmed by the research conducted, such as high costs, the availability of technology and infrastructure, cultural barriers and regulatory gaps. The opportunities of circularity, especially those related to corporate reputation and end user loyalty, are fundamental to guide the decisions of business managers in the Circular Fashion Roadmap” – said **Francesca Romana Rinaldi**, Lead Monitor for Circular Fashion SDA Bocconi School of Management.*

*“To present the results of the first fashion supply chain circularity Report in Italy is a source of great satisfaction because it represent the result of Enel X's commitment to develop services and solutions in the field of sustainability, essential values of the company's business strategy” said **Nicola Tagliafierro**, Head of Global Sustainability at Enel X. “Thanks to the support of SDA Bocconi, we have laid the foundations for the activation of a virtuous process that wants to involve more and more companies in the supply chain over the years with the aim of supporting them in a process of decarbonization, electrification and energy transition, capable of reducing up to 60% of the total CO<sub>2</sub> emissions produced.”*

-ENDS-

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**Editor's Note**

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SDA Bocconi Sustainability Lab is a multidisciplinary think tank that develops and disseminates innovative and relevant research results to support companies and financial institutions, policy makers and NGOs in their path of sustainability, transition towards ESG criteria. The researchers of the SDA Bocconi Sustainability Lab are considered among the leading CSR experts, also for the numerous publications on sustainable fashion. The research team is heavily involved in MASEM - Master in Sustainability and Energy Management (World Rank # 1).

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**Enel X** – Enel X is the Enel Group's global business line that offers services that accelerate innovation and guide the energy transition. World leader in the advanced energy solutions industry, Enel X manages services such as demand response for approximately 7,4 GW of total global capacity and 137 MW of storage capacity installed worldwide, as well as 232 thousand charging points for electric vehicles available worldwide. Through its advanced solutions, including energy management, financial services and electric mobility, Enel X provides each partner with an intuitive and personalized ecosystem of technological platforms and consulting services, focused on the principles of sustainability and the circular economy to provide to people, communities, institutions, and companies with an alternative model that respects the environment and integrates technological innovation into daily life. Each solution has the power to transform the objectives of decarbonization, electrification and digitalization into sustainable actions for all, in order to build together a more sustainable and efficient world.

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