

Eco-design put to the test. Monitor for Circular Fashion evaluates the circularity of the fashion industry in eight pilot projects

In the 2022 report by the monitoring center at the SDA Bocconi School of Management, powered by Enel X, an analysis of sustainability indicators in the textile sector was applied to eight innovative prototypes produced by partner companies.

From organic cotton jeans and the repairable T-shirt to recyclable bags and shoes that can be stitched at home

<https://www.sdabocconi.it/en/faculty-research/labs-and-research-centers/sustainability-lab/monitors/monitor-for-circular-fashion>

Milan, November 29th, 2022 – Concrete application of sustainability principles, shared standards for traceability and implementation of eco-design projects. This evidence has emerged in the second Annual Report by the **Monitor for Circular Fashion**, which sets out the roadmap for the fashion industry towards a future that is more in line with the principles of the circular economy. The Monitor, which forms part of SDA Bocconi Sustainability Lab and is powered by Enel X – the Enel global business line dedicated to innovative services, is a monitoring center established in 2020 with the aim of providing constantly updated representation of the sustainability of the Italian fashion system. It does so by identifying the qualitative and quantitative key performance indicators (KPIs) for circularity, and by evaluating business models and their applications.

For the 2022 Report, the Monitor for Circular Fashion has involved its multi-stakeholder community in the analysis of two factors in particular: sustainability claims, and the key principles of eco-design and their implementation in value chains.

The Report outlines the ideal features of a sustainability claim as implemented in pilot projects, taking the guidelines of the United Nations Economic Commission for Europe (UNECE) as a starting point:

1. to be clear and understandable;
2. to contain truthful information, without providing consumers with misleading information about the sustainability aspects of a product, process or organization;
3. to be relevant to the sustainability aspects of the product, process or organization;
4. to be reliable and supported by documentary evidence;
5. to be disseminated effectively to ensure the public can understand the evidence supporting the claims.

The importance of applying these principles for sustainability claims was also confirmed by the results of the Circular Fashion Survey by PwC and SDA Bocconi School of Management, which involved consumers from younger generations in a consideration of the extent to which greenwashing in fashion affects willingness not to purchase a product or service.

The ultimate aim of a circular approach is to keep products and materials in use while maintaining their quality and minimizing the environmental impact throughout their life cycle. To achieve this, in line with the European Commission's proposal for an "Eco-design for Sustainable Products Regulation" – which remains unspecific to the industry, the Monitor has identified 10 key principles to be applied and implemented in the design of a circular fashion product. It groups these principles

into three broad categories: life cycle (durability, reusability, repairability, recyclability); health and safety (use of chemicals, release of microfibers); sustainable input (use of renewable, recyclable or recycled input, resource efficiency, etc.).

“The management of sustainability and circularity requires a holistic approach: to focus solely on the end of life would be a mistake that would strengthen the linear system,” noted **Francesca Romana Rinaldi**, Director of the Monitor for Circular Fashion at SDA Bocconi School of Management. *“The implementation of eco-design principles along fashion’s circular value chain represents a genuine opportunity for us to accelerate the green transition in the coming years. In line with the work done in the first two years, the Monitor for Circular Fashion will continue to welcome companies that wish to bring forward and drive sustainable and circular change in the value chains of the textile, clothing, leather and footwear sectors, taking supply chain traceability and transparency as a starting point.”*

“Now in year two, we are presenting the results of the Monitor for Circular Fashion, which has proved to be a highly successful tool for appropriate measurement of the levels of circular maturity in the biggest businesses in the fashion industry, a crucial sector for this country,” stated **Nicola Tagliaferro**, Head of Sustainability at Enel X. *“The evidence tells us that fashion companies are increasingly moving towards business choices in line with the ecological transition, but there remains much to do in terms of energy efficiency and self-generation from renewable sources. In both of these segments, Enel X acts as a benchmark for excellence and innovation across the entire market.”*

For the first time, this framework of principles has been tested and validated in a comparison with **eight circular product pilots** at companies in the Monitor community.

- Think Leather (Holding Moda/Gab Group/Quid). Waste from leather processing is transformed into small leather goods (pen holders, computer cases, document holders, etc.), produced using a limited number of components by a social enterprise that promotes inclusive employment and creates opportunities for empowering vulnerable people.
- Eco-designed Jeans (Kering/Candiani Denim). An example of supply chain collaboration to produce jeans from denim made with 100% certified organic cotton, conceived according to eco-design principles (reducing use of chemicals by 84% and water use by 53% compared to conventional jeans) and tested for greater durability.
- Trace Me (Vitale Barberis Canonico/Quid). A shopping bag made of fabric recovered from traceable wool fibers, produced in Italy across production phases that can be fully traced, and assembled by an Italian social enterprise.
- Repairable T-shirt (Oscalito/Albini Group/Crulle). T-shirts in organic cotton yarn and patches in recycled fabric using recovered materials, fully traceable from the cotton fields to the retail outlet. Designed in conjunction with a young designer in order to last longer, it can be repaired with a spare patch or by requesting the retail outlet carry out a creative mending service.
- “What If?” bag (OVS/RadiciGroup/Quid). Made with a single fabric, 100% recycled polyamide 6 certified by GRS, it is completely recyclable by virtue of the thermoplasticity of the material.
- Component shoe (Candiani Denim/Vibram). Made with only five components, this shoe can be assembled at home. The upper is made of recycled cotton denim, the sole is made of FSC-certified natural materials, and the laces are made of a blend of cotton and TENCEL™.
- Anima (RadiciGroup/Save the Duck/Vibram). A bi-material backpack made of fabric produced with 100% GRS-certified recycled polyamide yarn that complies with the Oeko-tex 100 standard for responsible production, and 100% recycled rubber from ISO-compliant facilities.

- M-Pocket (Manteco/RadiciGroup). Recyclable cases for tablets, made with production waste from industrially processed fabric. It can be made by Manteco from recycled virgin wool and/or a by-product, or by RadiciGroup from virgin or recycled polyamide, depending on production.

Finally, Temera provides a digital voice to the pilot projects, with sharing of the information available by scanning QR codes.

In light of the Report results, the Monitor for Circular Fashion suggests certain priority actions for companies aiming to become pioneers of the circular transition in the fashion industry:

- **To implement eco-design principles and their measurement using KPIs;**
- **To develop a shared standard of traceability and transparency for reliable sustainability claims focused on anti-greenwashing;**
- **To scale up circularity via technological innovation to accelerate the transition;**
- **To scale up innovation via collaboration.**

In the coming months and years, new value chains will be explored to cover all the value chains in the textiles, clothing, leather and footwear sector, step by step.

Companies can be invited to participate in the Monitor for Circular Fashion if they meet the following criteria:

- sustainability reporting system aligned with a national or international standard;
- availability of governance to manage sustainability;
- alignment with the goals of the 2030 Agenda, with periodic measurements.

Research methodology

The research conducted by the Monitor for Circular Fashion has integrated two different methodologies:

- The SDA Bocconi research team identified over 40 fashion industry-specific KPIs and collected primary as well as secondary data from companies in the community using desk research, online surveys and semi-structured interviews. The answers were analyzed by the SDA Bocconi Sustainability Lab, using qualitative methods to draw up a framework of indicators based on shared definitions and units of measurement. The KPI Committee validated and refined the list of KPIs, recommending guidelines for measurement. The Monitor's partners discussed these performance indicators and expressed the views of the brands and their suppliers. In 2022, eco-design KPIs were added. The KPIs were tested in eight pilot projects and were used to substantiate the sustainability claims chosen for each of these pilot projects, with meticulous verification carried out several times by the Monitor for Circular Fashion Legal Advisor, the SDA Bocconi research team, the task force on sustainability claims and the KPI Committee. The semi-structured interviews with the partners were carried out by the SDA Bocconi research team, to select the KPIs and sustainability claims. The field analysis was conducted by means of a survey in conjunction with PwC on the factors affecting the perception of greenwashing in fashion, a survey and semi-structured interviews on the role played by collaboration between small and large companies in the scale-up of circular innovations, and a survey on the principles of eco-design in packaging, carried out as part of a partnership with Bip. Desk analysis and interviews with service providers (Dedagroup Stealth, Temera and PLM Impianti) by the Monitor for Circular Fashion, with further input, resulted in the summary table of the main

opportunities and challenges relating to the introduction of the Digital Product Passport (DPP).

- The “Circular Economy Report” is an Enel X solution based on a methodology accredited by Accredia, identifying the level of circular maturity in an organization and proposing a roadmap for innovative and sustainable solutions that can support the company in its journey of decarbonization and sustainability. Based on over 70 KPIs, the methodology is divided into two levels of analysis: Corporate and Energy Site. The aim of the Corporate analysis is to evaluate a company’s strategic approach to the circular economy, and to consider how the fundamental principles are incorporated into organizational processes and everyday business. The analysis also provides an overview of the United Nations Sustainable Development Goals involved in the projects, initiatives or objectives followed as part of business activities. The Energy Site analysis represents an in-depth technical consideration of the energy performance at a specific site (e.g. administrative offices, production site, warehouse, retail outlet, etc.). The areas of this level of analysis assess energy sources and energy consumption systems, the energy efficiency and energy management solutions in place, as well as services and solutions to enable a more circular energy and economy. To measure the KPIs on which the Corporate and Energy Site analysis is based, companies are presented with two surveys consisting of qualitative and quantitative questions, aimed both at collecting information for the survey and at defining and balancing the weighting of the KPIs.

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