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Final Thesis

**SUSTAINABILITY AND TRANSPARENCY IN
THE TEXTILE SUPPLY CHAIN:
FROM EUROPEAN REGULATIONS TO THE
ROLE OF CERTIFICATIONS
CYCLE JEANS CASE STUDY**

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INTRODUCTION

The textile industry, although a global economic pillar, is often associated with serious environmental and social problems. The growing demand for textiles has generated an increase in unsustainable production practices, causing negative environmental health impacts and human rights violations throughout the supply chain. The rapid production of low-cost clothing has contributed to the accumulation of textile waste and depletion of natural resources, while often poor working conditions in developing countries have raised concerns about the ethics of textile production. In response to this problem, the European Union has outlined a series of ambitious goals through the 2030 Agenda and the Green Deal, seeking to revolutionise the textile sector and make it more sustainable. These goals include the reduction of greenhouse gas emissions, the responsible use of resources, the promotion of ethical practices and the respect of human rights throughout the textile supply chain. One of the key tools in this scenario are environmental and social certifications. Certifications such as the Global Organic Textile Standard (GOTS), Social Accountability 8000 (SA8000) and Fair Trade have become essential to ensure that textile companies adopt responsible practices. Although there are also opinions and analyses against certifications, these attest that textile products meet strict standards in terms of environmental sustainability and social justice. This thesis aims to explore the crucial role played by the European Union and certifications within the complex textile supply chain. Through a detailed analysis of environmental and social challenges, it will assess how these two pillars contribute to mitigating negative impacts and promoting sustainable practices. Starting from the textile supply chain in general, the specific case of the denim supply chain will then be analysed, taking Cycle Jeans, a local company specialised in denim production, as a case study. The in-depth analysis of the brand's local suppliers and their production practices will provide a unique opportunity to explore the specific dynamics of a local textile supply chain, demonstrating how Made in Italy production can be a great asset in the application of appropriate environmental and social practices.

CHAPTER ONE

SUSTAINABILITY AND TRANSPARENCY: EUROPEAN REGULATIONS AND NATIONAL CONTEXT

1.1. MAIN PROBLEMS OF THE TEXTILE INDUSTRY

1.1.1- Environmental impact

The textile sector plays an important role in people's daily lives, as textile products used for clothing, home and furniture, construction, automotive, medical devices, etc. contribute to global economic growth and the creation of new jobs; in recent decades, global textile production has almost doubled, with high profits. Today, however, the sector is driven by a linear economic model in which production and consumption have a significant impact on the environment, climate and society, so much so that it is classified as one of the most polluting and resource-intensive sectors. The system is highly globalised, with millions of producers and billions of consumers worldwide, and is organised in highly linear value chains that contribute significantly to the consumption of resources, water, soil, climate change, release of toxic substances and microplastics, etc. In Europe, the sector ranks fifth in terms of raw material consumption, after the food, construction and transport sectors; third in terms of water consumption, after the food and residential sectors; and fifth in terms of greenhouse gas emissions, after the residential, food, transport, recreational and cultural sectors. Equally significant are the social challenges associated with this complex value chain, which stem mainly from the race for low production costs and concern issues such as job security, child labour, cheap and unskilled labour and gender equality. This linear system, therefore, is ready to be overtaken by a sustainable textile system capable of providing safe, high-quality and affordable textile products with a low environmental impact. The situation in the textile industry has worsened since the arrival of fast fashion. The fast fashion system is innovative because it benefits, on the one hand, the consumer in making a wide range of choice available to him when purchasing a garment, and on the other hand, the manufacturer who can make more profit. However, this strategy produces non-negligible consequences and impacts. In addition to the economic and social impact, capable of moving more than 2.4 trillion dollars worldwide, and employing up to 50 million people, the fashion industry produces important consequences from an environmental point of

view, severely damaging the ecosystem.¹ The precedents are controversial due to a lack of transparency. Clothing is the second most polluting industry, right after oil & gas. It is also predominant in wasting natural resources and contaminating the environment in terms of emissions and waste production.

The data of the impact of the textile industry on the environment are merciless.

One example is the consumption of fresh water. In fact, the textile industry is responsible for 20% of the world's water waste, according to the report of the United Nations Economic Commission for Europe² of the United Nations³. The greater the volume of production and consumption, the greater the environmental and social impact. In the production and manufacture of a garment, it is the use of large quantities of water, especially if natural fibres are used. According to Greenpeace⁴ data, it takes 20,000 litres⁵ of water to produce one kilo of cotton. For the production of a single t-shirt requires 2700 litres of water, equivalent to the needs of one person for about 1350 days.

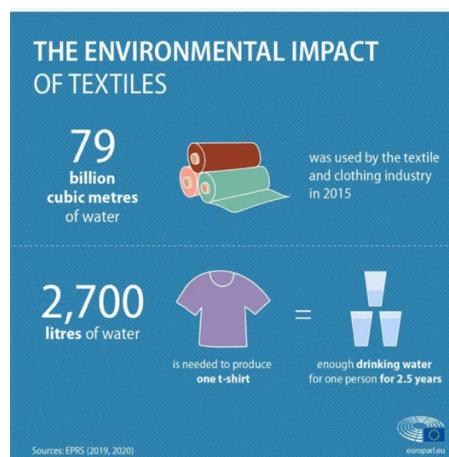


Fig 1.1: "The environmental Impact of Textiles"/ Water ⁶

Industrial and domestic washing are no different. Washing our clothes releases about 0.5 million tonnes of microfibres per year into the ocean, including many synthetics.

¹ "L'impatto ambientale e sociale dell'Industria della moda", Dressthechange, 2019

² The United Nations Economic Commission for Europe is one of the five economic commissions under the United Nations Economic and Social Council.

³ The United Nations Organisation, abbreviated to United Nations, is an intergovernmental organisation with a worldwide character.

⁴ Greenpeace is an environmental and pacifist non-governmental organisation founded in Vancouver in 1971. Greenpeace is famous for its non-violent direct action in defence of the climate, whales, stopping nuclear testing and the environment in general.

⁵ "9 motivi per abbandonare il fast fashion", Greenpeace, 2019

⁶ "Inquinamento ambientale industria tessile", Vestilanatura, 2022

These are the famous microplastics; a single load of polyester laundry can discharge 700,000 microplastic fibres that end up in the food chain. At the same time, these microfibers act as a 'reservoir' for chemicals, which decompose in water and only exacerbate the problem of water pollution caused by the textile industry.

Again, by way of example, to produce a single pair of jeans requires 3800 litres of water, 12 m² of land and 18.3 Kw/h of electricity, against an emission of 33.4 kg of CO₂ equivalent during the product's entire life cycle. These figures become even more relevant if one that around three and a half billion jeans are produced worldwide every year. Furthermore, according to the World Bank⁷, about 20% of water pollution comes from textile dyeing and processing. This contamination is mainly due to the disposal of textiles mixed, often very complex: mechanical methods degrade the fibres, chemical methods are expensive and only adopted by a few companies. Pesticides used and discharged into water contribute to the pollution of rivers and land near factories, also harming all those who use them for agriculture and for everyday needs. The constant washing of synthetic fibre garments spreads countless microplastics to such an extent that they even find their way into the food chain. In fact, the fashion industry contributes about 35%, or 190,000 tonnes, of microplastic pollution in the oceans.

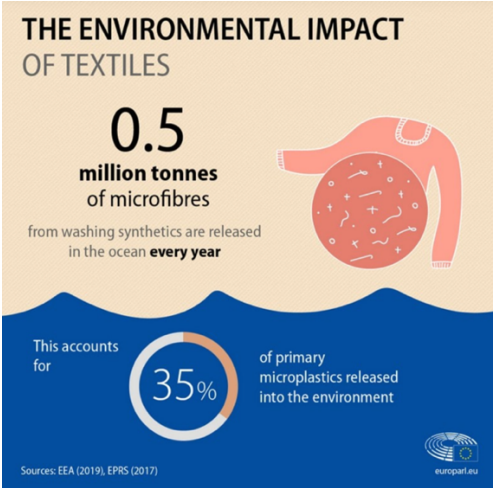


Fig 1.2: "The Environmental impact of Textiles"/ Microfibres

Another major consequence is unfortunately also the emission of greenhouse gases. The textile sector is estimated to be responsible for 10% of global greenhouse gas emissions,

⁷ The World Bank is an international development organisation owned by 187 countries. Its role is to reduce poverty by lending money to the governments of its poorest members to improve their economies and the living standards of their citizens.

more than international flights and shipping combined. According to the European Environment Agency⁸, in 2017 textile purchases in the European Union alone generated around 654 kg of CO₂ emissions per person. These are really worrying numbers, especially because they are underestimated by most consumers, who in most cases are completely unaware of them.

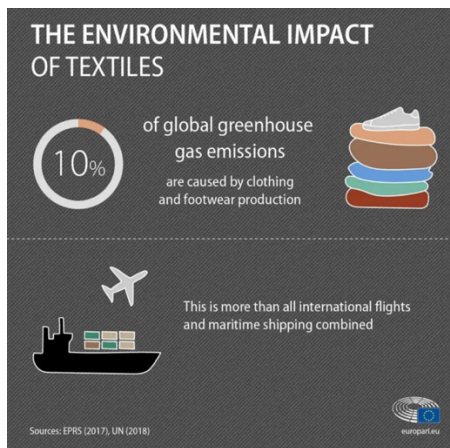


Fig 1.3: "The Environmental impact of Textiles" / Gas emissions

According to Greenpeace, one kilo of fabric produced is equivalent to 23 kilos of greenhouse gases and large amounts of energy, water and other resources are required to manufacture the finished product. According to the Fashion Danish Institute⁹, a quarter of all chemicals produced in the world are used in textiles. This is due to the use of synthetic fibres, which are cheaper but less sustainable¹⁰. Added to this is the use of heavy machinery in production and means of transport during distribution, which emit carbon dioxide. The most widely used synthetic fibre is polyester, which can outperform wool, linen or cotton, but requires large quantities of crude oil and its production emits particles and gases such as CO₂, hydrocarbons and nitrogen oxide, one of the most harmful greenhouse gases, into the atmosphere. It is mainly produced in Asia and has very high environmental costs, as does its disposal. In fact, in 2015 alone, its use produced an amount of greenhouse gases equivalent to that of as many as 185 coal-fired power plants.

⁸ The European Environment Agency is an EU body dedicated to establishing a monitoring network to control European environmental conditions

⁹ The Danish Fashion Institute is a non-profit trade group for the Danish fashion industry founded in 2005. Its main objective is to promote Danish fashion design both in Denmark and internationally.

¹⁰ "L'Europa nel mondo: l'industria dell'abbigliamento del tessile e della moda", Fashion Danish Institute

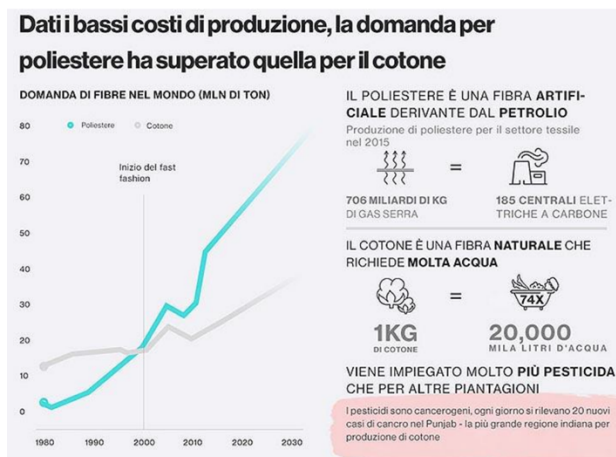


Fig 1.3: "The comparison between polyester and cotton"¹¹

In Figure 1.3, it can be seen that the demand for polyester has grown exponentially since 2000, when fast fashion began, exceeding that for cotton. The latter is the most widely used natural fibre, but it too is not without health risks if it is produced in an unsustainable way: potential effects include soil depletion, deforestation and a decrease in fauna. Cotton is also treated with invasive and often carcinogenic fertilisers and pesticides. Most of the environmental pollution occurs in southern countries, such as India, Indonesia and Bangladesh, where the garments are produced.¹² Since 2007, polyester has become the most popular fibre for clothing, overtaking cotton and synthetic fibres. The latter are the most widely used in the production of clothing, used in 62% of cases. Many other natural fibres, however, have consequences that should not be underestimated: wool, for example, causes high methane emissions and limited CO₂ emissions. Conventional cotton production accounts for 90% of the natural fibres used in the textile industry and is present in 22% of the world's garments.

Organic cotton could be a sustainable alternative, but it only accounts for 1% of world production and requires more resources overall because it is not genetically modified to maximise production. More sustainable alternatives are bamboo and linen, which grow fast and use fewer natural resources. According to the Pulse of the Fashion Industry¹³

¹¹ "Sostenibilità: l'impatto ambientale della fast fashion", Rinnovabili&Risparmio, 2019

¹² "100 MLD DI VESTITI ALL'ANNO PER 7 MLD DI PERSONE. LA MODA A 9.99€ DISTRUGGE IL PIANETA" The Vision, 2019

¹³ In 2017, Global Fashion Agenda and BCG partnered with the Sustainable Apparel Coalition ("SAC") to produce the Pulse Report, a detailed report assessing the fashion industry's environmental and social performance on an annual basis. Using the Sustainable Apparel Coalition's Higg Index as a benchmark, the annual report presented the fashion industry's Pulse Score, a metric that measures the industry's

2017 report, if current trends remain unchanged, the fashion industry's environmental impact will increase by 63% by 2030 and could potentially cost up to 100 billion a year in waste, or 'lost value'.

Another topic to consider is waste disposal, as the textile industry is a major contributor to the massive accumulation of waste, which includes both unwanted products generated directly by individuals and unsold goods resulting from the overproduction of clothing brands. According to the United Nations, the textile sector contributes approximately 5% of global landfill, and only 1% of products are actually recycled, while 85% end up in landfills. In Italy, approximately 164,000 tonnes of textile waste was recorded in 2019, with a recycling rate of 42%.¹⁴ Recently, there has been a 36% notification of the durability of garments, with cheaper garments being worn only 7/8 times before being discarded, generating around 6 million tonnes of textile waste annually in the European Union.

The practice of returns, promoted by companies such as Zalando or Amazon, also contributes to environmental pollution due to the use of industrially sourced fibres, which are considered harmful due to plastic and microplastic pollution. In addition to unwanted products, there is also the issue of unsold goods due to overproduction by fashion companies. In 2018, the amount of unsold stock at H&M was \$4.3 billion. Often, unsold goods are destroyed by clothing chains to avoid valuation in the eyes of consumers through discount sales and to obtain tax refunds on duties paid.

A notorious scandal involves Amazon, accused of destroying thousands of unsold products in its warehouses, some 300,000 in just three months. In 2018, Burberry destroyed as much as \$38 million worth of unsold merchandise, promising to adopt a more sustainable approach based on recycling, clothes donation and a commitment to produce in the right quantities. These practices highlight the need to review the textile industry's production and consumption model to effectively address waste and environmental pollution.

sustainability performance, taking into account various factors such as company type, size, region and sustainability impact. This collaboration led to the creation of a valuable publication that stimulated concrete actions to improve the fashion industry's sustainable performance. Now is the time to explore new partnerships and initiatives that can adapt to the new reality the industry is facing, so as to continue to promote the sustainability agenda.

¹⁴ "L'Italia del riciclo", Fondazione per lo sviluppo sostenibile, 2019

1.1.2-Workers' situation

The textile, clothing, leather and footwear industry is characterized by a lack of transparency, facilitated by intricate global value chains. Factories, spread across Asia, Southern and Eastern Europe, Africa and Latin America, work under tight deadlines, struggling to meet orders. These layered supply chains contribute to an opaque manufacturing market. The confidentiality of contractual agreements complicates the identification of factories associated with specific brands and the assessment of compliance with workers' rights and safe working conditions. Currently, the main way to obtain this information is through brand declarations, as what happens in the factory generally remains unknown.

Despite the increasing emphasis on transparency in recent years, many companies continue to conceal a large part of their business practices.¹⁵ Lack of clarity has several negative consequences. These include limiting public scrutiny of corporate behaviour, preventing the public from fully understanding the true impact of a specific company's operations and, consequently, the implications of its purchases. It also hampers a company's very ability to effectively assess the impact of its operations and review practices based on a proper risk assessment.

The main labour issues in the textile industry concern unclear contractual policies and the exploitation of workers, let us see in detail what they are.

The textile industry has long been known for the power disparity between international clothing brands and the manufacturers that supply them. In the global supply chain, brands and retailers have the upper hand in contract negotiations and production coordination, allowing them to dictate terms and conditions to their own advantage. These power imbalances can lead to Unfair Trade Practices (UTP)¹⁶, in which one trading partner unilaterally imposes unethical business practices on another. Such practices deviate from standard business conduct, lacking good faith and fairness between partners.

"Brands want very fast and very cheap products".¹⁷

¹⁵ "Position Paper on Trasparenzy", Clean Clothes campaign, 2020

¹⁶ Unfair competition means, in the economic-productive sphere, the use of unlawful and unfair techniques, practices, behaviour, means to obtain an advantage over competitors or to cause them harm.

¹⁷ "Pratiche d'acquisto da fast fashion nell'Unione Europea, report sulle dinamiche commerciali tra marchi di moda e fornitori", Fair Trade, 2022

This is the emblematic sentence of a Bulgarian manager of a clothing company: he tells of small, fast, cheap orders with extremely short delivery times, sometimes 2 weeks, and very uncertain business conditions. Shipments are usually made by road trucks, and, unlike ships and containers, they can deliver the finished products to the shops in a few days. In addition, there are no customs duties in most of Europe, either within or outside the EU, which has concluded free trade agreements with most of its neighboring countries.

European garment production benefits from the geographical proximity to brand headquarters and retail markets and benefits from long-established know-how and production experience. At the same time, brands also benefit from cheap labour in Europe. The volatility and flexibility of orders placed in countries such as Bulgaria, Romania, Croatia or the Czech Republic are facilitated by an EU production and trade system introduced in the 1970s: the outward processing procedure (TPP). This means that textile products, mostly pre-cut, are delivered to neighbouring countries with low labour costs, where sewing and finishing operations are performed, and then re-imported duty-free. The apparel supply chains within a TPP agreement are characterized by particularly unbalanced power and influence relations, with little prospect of escaping this role and improving. The TPP thus creates regional clusters of poverty, concealment, fear and informality.

Interviews conducted in Bulgaria, Romania, Croatia, the Czech Republic, Italy and Germany with executives or owners of first-tier manufacturing companies, buyers or former buyers of brands, heads of garment manufacturers' associations, consultants or social auditors, experts, representatives of multistakeholder initiatives and leaders of trade unions active in the garment sector, illustrated that the most debatable issues are contracts, prices, order planning, processing and delivery times, payment terms and hidden production costs. With lower volumes and still low prices per piece, the economic pressure exerted by brands and retailers on European manufacturers is likely to be higher than in other key garment manufacturing regions. Therefore, manufacturers are desperate for orders, despite lower margins.

Indeed, manufacturers see any negotiations with brands as a 'lost cause' on all fronts, but particularly on the price front. Renegotiating terms and conditions to cope with soaring

prices for materials, transport and utilities is impossible for manufacturers. On the contrary, the brands and retailers who buy from these companies seem to make the most of their influence and demand changes in prices and timing in their favour. This results in a general tendency to lower prices, shorten delivery times, increase order changes, lengthen payment terms and pass on additional 'hidden' costs to manufacturers.

Manufacturers often do not have the bargaining power or the means to challenge these unfair practices; on the contrary, they fear losing the customer if they challenge a change to an ongoing order. Enforcing the contract in court is also complex, due to high costs, procedural issues and the fear of a de facto termination of the business relationship. Such significant deadline and price pressures, dictated by the garment industry and particularly by fast fashion, obviously result in exploitation of workers.

The price we can read on the tags of these clothes, however, does not take into account the true cost behind the production of each one: the promise of fashionable but cheap clothes that make fashionable dressing accessible to all is just a nice carpet under which tons of dust is hidden. Dust that represents hundreds of thousands of exploited, underpaid, abused and dehumanised workers. Dust that represents thousands of lives lost in accidents related to the working conditions of fast fashion factory employees. Dust that sees the world of 'fast fashion' as the second most polluting economic sector in the world. The fast fashion brands, in order to be able to offer their products at such low prices, subcontract the production of their garments to factories located in peripheral countries, where the protection of workers is decidedly inferior to what can be found in European or North American legal systems. We are talking about countries such as Bangladesh, where principles such as a decent minimum wage or humane working hours are not contemplated by the national legislative system and where big brands, taking advantage of the lack of alternatives and the poverty of the local population, can easily pay local workers from \$1.90 to \$2.40 a day, despite a typical working day being about 12 hours. The downward policy of the big brands, always looking for lower prices, has led the owners of these textile factories, known as Sweat Shops¹⁸, to cut production costs and increase productivity in order to be more competitive on the market and still manage to make the minimum profit necessary to keep their business alive.

¹⁸ Sweatshop is a pejorative term for a workplace characterised by poor and socially unacceptable working conditions. Work can be difficult, dangerous, climatically challenging and underpaid.

Cost-cutting consists of two different aspects: the lowering of workers' wages and the reduction of funds invested in building maintenance and preservation, resulting in a further reduction of workers' protection and an increase in human rights violations. The increase in productivity translates, in fact, into an increasingly inhuman exploitation of male and female workers in factories through unorthodox and, if examined in the light of minimum international standards, illegal methods. Purely by way of example, these practices include locking workers inside the workplace to not allow them to leave or take breaks, or closing doors often accompanied by putting bars on windows, again to achieve the same result. But these methods do not only stop at structural measures, going even further: in sweat shops in Bangladesh, many women have testified to having been victims of physical violence, such as slaps or kicks, perpetrated by their supervisors to stimulate their productivity and to complete orders placed by fast fashion brands on time. It is precisely this need to offer their services at ever lower prices by the factory owners that makes the whole system sick: we find ourselves in a situation where the exploiters themselves are exploited and forced to continue exploiting if they want to survive in the market, thus generating a perverse blackmail that is difficult to stop in the absence of national laws protecting workers' rights. The phenomenon becomes even more serious when one considers that those involved in the chain of rights violations are not only the workers, but also their children. Parents are often forced to take their children with them to the workplace because they have no one to care for them. This phenomenon, unfortunately very widespread, implies a violation of the child's right to childhood, who from the earliest years of life has to go to the factory, being forced to live for most of the day in an unhealthy environment, subjecting himself to very serious health risks. Often, the only alternative is to send the children to live with relatives in the workers' villages, so that they can have someone to take care of them. This alternative, however, severely compromises the development of the child who finds himself living far away from schools and especially from parents who, due to their meagre salaries, very often can only afford the cost of travelling from the city to the village once a year.

The few protections afforded to Sweat Shop workers often result in tragedies where workers are deprived of their lives by the same system that has forbidden them to live

with dignity.¹⁹ Locking the doors, combined with bars on the windows, achieves the goal perfectly: preventing workers from leaving even when it would mean saving their own lives.

In 2013, there were 43 factory fires in Bangladesh in just 18 months, many of which resulted in fatalities because workers could not escape by being locked alive in what had become a veritable crematorium. The biggest example of unseemly working conditions leading to the death of workers is the case of Rana Plaza²⁰ in 2013: an eight-storey sweat shop in Bangladesh collapsed during a working day due to a lack of maintenance caused by a spasmodic cost-cutting policy and the construction of new illegal floors to increase the number of workers inside and, therefore, the number of clothes produced. The collapse caused around 1130 deaths and left more than 2500 people injured or maimed and unable to work, while the families of the victims and injured only received around 200 dollars as compensation for their losses and only 7 of the 29 brands that used the factory to produce their garments offered to finance the Rana Plaza trust fund.²¹ This at Rana Plaza is, unfortunately, just one example of what happens on a daily basis in these remote areas, where multinationals continue to subcontract the production of their garments, even today at the same price as over fifteen years ago.

When workers then unite to try to improve their situation, demanding a minimum wage that allows them to lead a decent life and/or more humane working conditions, their demands are met with violent repression by factory bosses or the police.

It is clear, therefore, that business relationships between brands and suppliers in Europe are volatile, risky and unequal. The prevalence of quick and small orders characterizes the European garment manufacturing sector, with serious power imbalances in the supply chain, giving buyers even more influence in setting terms and conditions than in other countries. It is also clear that the current economic environment does not help, as inflation is very high and household budgets are very tight. There should be more concrete recommendations for fairer contract terms and conditions, e.g. regarding maximum payment delays, price levels, delivery times, conditions for the use of clauses such as 'force majeure' and penalties. However, in addition to a voluntary commitment by

¹⁹ "Fast Fashion e diritti violati: Live Fast die Young", Large Movements, 2021

²⁰ The Rana Plaza collapse was a structural failure that occurred on 24 April 2013, when an eight-storey commercial building collapsed in Savar, a sub-district in the Greater Dhaka Area, capital of Bangladesh. Rescue and search operations ended on 13 May.

²¹ IL CROLLO DI RANA PLAZA: IL FAST FASHION COME MINACCIA ALLA SICUREZZA UMANA", IARI, 2022

brands and retailers to adopt fair practices in their purchasing policies, legislative action is needed at European level to establish a level playing field.

1.1.3- Consumers are changing

The urgency of climate and environmental issues is not limited to the fashion industry alone, but stands as one of the central issues on which the fortunes of tomorrow's fashion business will be built. In this context, guaranteeing the consumer's right to be informed and aware takes on crucial importance. Empowering the consumer means thinking carefully about what one buys and understanding the philosophy one advocates through the purchase of a garment. By making an informed purchase, each individual consumer can contribute to reducing his or her ecological footprint by buying according to real needs and assessing processing methods, the origin of materials and their quality, and avoiding synthetic fibres and plastics. Economic and social dynamics influence the purchasing choices of consumers, especially Millennials, born between the 1980s and mid-1990s, and Generation Z, born between 1995 and 2010, who have experienced the effects of global warming. According to a survey by PWC Italy²², buying Made in Italy products is considered a value indicator for three out of five young people. Moreover, 90% of young people are willing to spend more on ethical and sustainable products. 45% of young people choose sustainable or socially responsible brands, up from 37% in 2018.

The global fashion purchasing trend landscape is undergoing a significant transformation, with consumers increasingly oriented towards sustainable practices. 65% of consumers say they attach great importance to the environment. Currently, only about 15% make consistent purchasing decisions to reduce their environmental impact, but this is expected to increase significantly to 50%. A new report, *How Brands Can Embrace the Sustainable Fashion Opportunity*, published by Bain & Company²³ and WWF²⁴ Italy, shows that about 65% of fashion consumers in six countries attach great importance to the environment.²⁵

²² "Sulla sostenibilità i consumatori hanno preso una decisione", PWC Italia, 2023

²³ Bain & Company is a strategy consulting firm founded in 1973. It is headquartered in Boston, USA.

²⁴ The World Wide Fund for Nature, formerly the World Wildlife Fund and commonly abbreviated to WWF, is an international non-governmental environmental protection organisation based in Gland, Switzerland.

²⁵ "How Brands Can Embrace the Sustainable Fashion Opportunity", WWF Italia and Bain & Company, 2022

Global consumers are becoming increasingly aware of the environmental and social impact of the fashion products they buy. Fashion companies must adapt to this new trend, which is both a challenge and an opportunity to be seized. Currently only a few consumers regularly prioritise sustainability in their purchases, around 15%, but WWF Italy and Bain predict a significant increase in this trend to over 50% of fashion consumers as more shoppers opt for sustainable choices. Indeed, as Claudia d'Arpizio, Senior Partner at Bain & Company and global head of fashion and luxury, puts it.

*"Sustainable shopping is an inevitable change. Attention to sustainability is growing in general, especially among the younger generation. Fashion brands must therefore embrace this change, 'embrace' the green cause and make sustainable shopping easier and more accessible for all consumers. Brands that proactively include sustainability in their strategy and in all their activities will strengthen their market relevance and will be able to respond to the great potential of unmet demand, now and in the future."*²⁶

Through ethical and sustainable shopping, an attempt is made to positively influence consumer habits in order to counteract the fast fashion phenomenon. This is how the slow fashion philosophy was born, inspired by the slow food movement, which started in Italy in the 1980s in opposition to the spread of fast food chains. Kate Fletcher, creator of the Slow Fashion Movement ²⁷ in 2007, defines this philosophy as the promotion of actions that support analysis, study, research and information. This approach represents a clear discontinuity from current industry practices based on growth. Consumers buy slow fashion because the garments are of higher quality, even if they buy less. Doubling the lifespan of a garment to two years can save up to 24% of emissions. Washing clothes only when necessary is also encouraged, as each washing cycle in the washing machine produces between 0.6 and 3.3 kilograms of carbon dioxide.

Slow fashion brands produce few collections, favouring high-grade, recycled, natural or ecological materials. This not only improves the durability of the garments, but also reduces waste. The focus is mainly on handcrafted and locally produced garments with

²⁶ Claudia D'Arpizio, Senior Partner, Bain&Company

²⁷ Slow fashion' is an awareness and approach to fashion that carefully considers the processes and resources required to make clothes, focusing on timeless, high-quality designs rather than trendy garments destined to be thrown in the landfill after only a few uses.

timeless designs that last well beyond a single season. Slow fashion also promotes transparency, both in the choice of materials and in the production processes, attributing a higher value to the garment. In this context, consumers are willing to pay a premium price to support and adhere to this philosophy.

The textile industry must therefore resolutely face the challenge of sustainability, taking into account the growing environmental and social concerns of consumers. The transition to more sustainable practices not only meets an ethical need, but also represents a strategic opportunity for companies, especially considering the evolution of purchasing preferences and the growing interest in the slow fashion philosophy. The future of the textile industry depends on adopting sustainability as a fundamental imperative, pushing the sector towards a more ethical, responsible and sustainable business model.

Having finished the general analysis of the sector, let us now see how Europe, through regulations and laws intends to intervene in this regard.

1.2- EUROPE: SUSTAINABILITY AND TRANSPARENCY

1.2.1- European context

Faced with this panorama of major social problems, Europe's role is crucial.

The textile and clothing sector is subject to EU Regulation No. 1007/2011²⁸ and its amendments, which lay down rules concerning textile fibre names, labelling methods, indications on labels and documents accompanying textile products in the various production and distribution cycles. The regulation focuses mainly on the determination of fibre composition through quantitative analysis of binary and ternary textile fibre mixtures. Although the regulation imposes an obligation to indicate the fibre composition on textile products, other information, such as garment sizes, care instructions and country of origin, is not bound by the same regulation. EU Regulation 1007/2011 is a basic but not exhaustive legal framework, as some details may be required by other EU laws or by Member States. For example, non-mandatory information such as the country of origin may be disclosed voluntarily by economic operators, as long as it is true and not

²⁸ makes textile products available on the market whose fibre composition declared on the label does not correspond to that declared in the accompanying document. These are cases where the consumer would not be correctly informed of the real composition of the product.

misleading for consumers. In addition to the specific provisions of EU Regulation No. 1007/2011, textile products must comply with general EU legislation on consumer goods. This includes the General Product Safety Directive (Directive 2001/95/EC)²⁹, which sets out general safety requirements for all consumer products. Other legislation, such as the REACH³⁰ Regulation on the Registration, Evaluation, Authorisation and Restriction of Chemicals, the Biocides Regulation and the Regulation on Persistent Organic Pollutants, are also part of the provisions regulating the safety and chemical composition of textile products.

The Ministry of Economic Development is the market surveillance authority and cooperates with the Chambers of Commerce to control the conformity of fibre composition and safety of textile products placed on the market. The Chambers of Commerce, in turn, are responsible for handling user reports and on-site checks. Furthermore, textile companies must take into account national or local planning, which may impose additional requirements or regional specifications to ensure the sustainability and safety of textile products on the market. Compliance with these provisions is essential to ensure regulatory compliance, environmental sustainability and safety of textile products in an international and multi-factor context.

Faced with the environmental and social problems we have seen above, Europe has taken a stand by setting targets to solve the problem.

An essay written by Alexandra Greese analyses how it all started in the European context. The baptism was the European Union's action after the Lisbon Treaty of 2009³¹, where it was realised that greater coherence and commitment to sustainable environmental and industrial policies is essential. The European Green Deal is a step in the right direction, but it is necessary to accelerate reform processes and ensure the effective implementation of policies.

²⁹ The aim is to ensure consumer safety and to facilitate the free movement of goods within the European Union through a consistently high level of safety of goods in the region, regardless of where they are produced.

³⁰ REACH, officially Regulation 1907/2006, is a European Union regulation of 18 December 2006 concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals.

³¹ The Lisbon Treaty officially confers on the European Council the status of an institution of the European Union, charged with providing the necessary 'engine' for the development of the EU and setting its overall policy directions and priorities. However, it should be noted that the European Council has no legislative powers.

During the EU's 2020 Semester, there has been a greater balance in the approach to the social, environmental and economic dimensions. There has been an increasing focus on environmental issues, especially through the European Green Deal and the 2020 Agenda for Social and Sustainable Growth. This balance was also reflected in the procedural changes, with a broader involvement of the directorates-general responsible for environmental issues. The 2020 Semester presented the social, economic and environmental dimensions as interconnected but also potentially conflicting, with the integration of the Sustainable Development Goals identifying synergies and trade-offs. However, despite this progress, Semester 2020 was considered only a partial step towards a more sustainable approach, as a comprehensive analysis of trade-offs and synergies between the goals is still lacking.

Natalia Magnani instead explores the relationship between sustainable development (SD)³² and ecological economics (EM)³³ through a review of theoretical literature and empirical analysis of renewable energy projects. Key differences between SD and EM are highlighted with regard to normative values, public participation and implementation mechanisms. The analysis of renewable energy projects reveals that the core principles of SD are often missing, with a limited focus on social justice and public participation. Project implementation is dominated by centralised approaches, with limited public participation and consideration of local knowledge. The need to keep EM distinct from SD is emphasised in order to address environmental injustices and promote more inclusive green energy projects. It is suggested that Community Renewable Energy (CRE) could be a more coherent approach with SD, but further research is needed to assess its effectiveness and prevent possible negative impacts. Let us now see what the Green Deal specifically deals with.

The European Green Deal³⁴ represents an ambitious action plan and an unprecedented commitment to tackle the environmental, climate and economic challenges facing the European Union (EU) in the 21st century. Launched by the European Commission in

³² Sustainable development means development that meets the needs of present and future generations.

³³ Ecological economics is an approach to economic theory that focuses on the strong link between the balance of ecosystems and the well-being of people. Sometimes referred to as 'green economics', it stands in stark contrast to other currents of thought in economics.

³⁴ The European Green Pact is a set of policy initiatives proposed by the European Commission with the overall goal of achieving climate neutrality in Europe by 2050.

December 2019, the Green Deal aims to transform the EU into a sustainable and resource-efficient society by 2050. One of the cornerstones of the Green Deal is the goal of making Europe the first continent in the world to achieve climate neutrality by 2050. This implies a complete revolution in the energy, industrial and mobility sectors, with an unprecedented focus on energy efficiency, renewable energy and the reduction of greenhouse gas emissions. In practical terms, the Green Deal emphasises greater efforts to reduce CO₂ emissions, increase the share of renewable energy, improve the energy efficiency of buildings and promote a fair and inclusive transition for communities and workers involved in carbon-intensive sectors. A key element of the Green Deal is also the 'producer to consumer' strategy, which aims to make the entire production and consumption chain more sustainable. The European Green Deal also aims to turn Europe into a global hub for sustainable research and innovation. This means investing in clean technologies, research and development of sustainable solutions to challenges such as waste management, water purification and the transition to a circular economy. A crucial aspect of the Green Deal is social justice. The EU is committed to ensuring that the transition to a green economy leaves no one behind. This includes the creation of a Just Transition Fund³⁵ to support the regions and communities most affected by the economic changes linked to the green transition, while ensuring the creation of new green and inclusive jobs. The financial sector is also involved in the Green Deal through the Sustainable Finance Action Plan. The aim is to channel investments into sustainable projects and encourage companies to integrate environmental, social and governance factors into their business decisions.

The Green Deal, which is an integral part of the Commission's strategy for the implementation of the 2030 Agenda and the UN Sustainable Development Goals, envisages focusing initiatives on priority resource-intensive sectors, including textiles, to be more resource-efficient, reduce and recycle waste. The textile sector is the subject of a specific action plan. Implementing the Green Deal requires the cooperation of all actors: national governments, businesses, financial institutions and, above all, citizens. The adoption of sustainable consumption habits, active participation in the green transition

³⁵ The Just Transition Fund is a financial instrument within the Cohesion Policy, which seeks to provide support to territories facing serious socio-economic challenges arising from the transition towards climate neutrality

and awareness of individual impact on the planet are key aspects for the success of this ambitious project.

In conclusion, the European Green Deal is more than an action plan: it is a bold and transformative vision for a sustainable future. If successfully implemented, not only will the EU achieve its climate and environmental goals, but it could also serve as a model for the rest of the world, demonstrating that it is possible to reconcile economic growth with environmental and social sustainability.

1.2.2-Agenda 2030

The 2030 Agenda, signed by the governments of the 193 countries of the United Nations on 25 September 2015, represents an ambitious agenda for global sustainable development, focusing on people, planet and prosperity. Ratified by the UN General Assembly, this initiative can publish 17 goals that serve as a guide for addressing environmental, social and economic challenges, carefully balancing these three macro-areas and working to respect human rights, reduce poverty and inequality. The 2030 Agenda is a collective effort that actively involves governments, businesses, civil society and public administration. Each participating state is called upon to collaborate and achieve independent results, which will then be evaluated in the UN High-Level Political Forum (HLPF)³⁶.

Particularly significant in the context of the 2030 Agenda is the textile sector which, if properly transformed, can significantly contribute to the achievement of the stability goals. The UN launched the *UN Alliance for Sustainable Fashion*³⁷ initiative to promote sustainability in the fashion industry. This alliance works along the entire fashion value chain, from design to production, distribution, sales and disposal, encouraging a sustainable and consumer-friendly approach.

Achieving the goals of the 2030 Agenda implies a transformation of the textile system towards environmentally and socially friendly practices. This includes adopting strategies

³⁶ Each country is evaluated annually at the UN through the work of the High-level Political Forum (HLPF), which is tasked with assessing progress, achievements and challenges for all countries, and by national and international public opinion.

³⁷ The United Nations Alliance for Sustainable Fashion is an initiative of UN agencies and allied organisations that aims to contribute to the Sustainable Development Goals through coordinated action in the fashion industry.

that reduce the use of disposable products, favouring durable and recyclable items, free of harmful substances and supporting safe and decent working conditions. The 2030 Agenda is therefore a key reference point for the creation of a sustainable future. The active involvement of all stakeholders, combined with specific initiatives such as the United Nations Alliance for Sustainable Fashion, highlights the urgent need for collaboration and joint action to overcome global challenges and shape a more just, prosperous and environmentally friendly world.

Let us now look in detail at some of the main Goals³⁸:

Goal 1: Defeat Poverty

Goal 8: Decent work and economic growth



Goal 1 aims to eradicate poverty in all its forms and in all parts of the world. Most textile workers work in developing countries, where labour standards often contribute to the persistence of poverty. Currently, the textile system has several negative social impacts, with many hazardous work environments due to the lack of proper safety procedures and the use of harmful substances in production processes. Objective 1 is closely linked to Objective 8, which aims to promote decent work and economic growth. Working conditions in the textile sector are often characterised by long hours and low wages. Ensuring fair working conditions is a significant step towards poverty eradication.

In many parts of the world, almost half of the population survives on just two dollars a day and having a job does not guarantee a way out of poverty. This slow and uneven trend calls for a serious reconsideration and reorganisation of economic and social policies, which are essential to challenge the persistence of poverty. The prolonged lack of decent work opportunities, underinvestment and underconsumption contribute to the erosion of the fundamental social contract of democratic societies, according to which everyone must contribute to progress.

³⁸ “ L’industria della moda ed il difficile raggiungimento degli Obiettivi di sviluppo sostenibile” Asvis, 2020

Creating quality jobs remains a major challenge for almost all economies, well beyond 2015. Economic growth is essential, but it must take place in a sustainable and responsible manner. This implies the need to create conditions that allow people to access jobs that stimulate economies without harming the environment. At the same time, job opportunities and decent working conditions must be ensured for the entire working-age population.

“Decent work for all reduces inequalities and increases resilience. Policies developed through social dialogue support peoples and communities in coping with the impact of climate change, facilitating the transition to a more sustainable economy. Last but not least, the dignity, hope and sense of social justice that flow from decent work promote the building and maintenance of social peace.”³⁹

These are the words of the Director-General of the ILO when reflecting on decent work and underlining its importance by making it a top priority in the global consultations for the 2030 Agenda, as some figures are still staggering.

Global unemployment rose to almost 202 million in 2012, of which about 75 million are young women and men. Almost 2.2 billion people live below the \$2 per day threshold and poverty eradication is linked to stable, well-paid jobs.⁴⁰

Globally, 470 million jobs will be needed for those entering the labour market between 2016 and 2030.

The objective is to support the economic growth of developing countries, aiming at an annual growth of 7 per cent of gross domestic product. This includes achieving higher standards of economic productivity through diversification, technological progress and innovation. It is proposed to promote development policies that foster productive activities, decent job creation, entrepreneurship, creativity and innovation, with a focus on the growth of small and medium-sized enterprises. At the same time, the goal is to progressively improve global efficiency in resource consumption and production by 2030, with the aim of decoupling economic growth from environmental degradation. Employment becomes a priority, with the goal of ensuring full, productive and decent jobs

³⁹ Guy Ryder, direttore generale dell’OIL

⁴⁰ “Obiettivo 8: Incentivare una crescita economica duratura, inclusiva e sostenibile, un’occupazione piena e produttiva ed un lavoro dignitoso per tutti”, Nazioni Unite, 2020

for women and men, including youth and persons with disabilities, accompanied by fair pay by 2030. It is proposed to reduce the proportion of unemployed young people and people outside the education or training system by 2030. Furthermore, it is essential to take immediate and effective measures to eradicate forced labour, modern slavery and human trafficking. The protection of the right to work and the promotion of a healthy and safe working environment for all workers, including migrants, in particular women and precarious workers, are further goals. Policies to promote sustainable tourism and increased support for Aid for Trade for developing countries are proposed to help achieve the global goals.

Goal 2: Eradicate hunger

Goal 3: Health and well-being



The textile industry generates negative health impacts due to the use of hazardous substances, both during production processes and in the cultivation of conventional (non-organic) cotton. In particular, production processes for materials such as acrylics are associated with significant risks to human health. At the same time, cotton cultivation involves the use of harmful substances, such as pesticides and fertilisers, which have consequences for both those working in the cultivation of the fibre and the end users of the textile products. This problem underlines the need to adopt more sustainable and health-oriented practices throughout the textile supply chain, ensuring the safety of workers and consumers.

Goal 4: Quality education

Goal 5: Gender equality



Significant progress has been made in the area of gender equality, with the aim of ensuring that rights, responsibilities and opportunities are not limited by gender. With over 60 million workers employed in the textile industry globally, an estimated 75 per cent of them are women. Unfortunately, many of these women are exposed to exploitative conditions, working in unsafe environments, without health care and with extremely low wages. Investing in women, promoting their equality and representation in the workplace and ensuring that they actually benefit from their engagement plays a key role in the journey towards gender equality and poverty reduction.

Gender 6: Clean water and sanitation

Gender 14: Life under water



Water is an essential element in the textile landscape, and the water footprint, reflects the total volume of water resources used by the supply chain in the production and marketing of textile goods. This concept encompasses both the water extracted from nature, used in industrial processes from raw material to finished product, and the precipitation water used in agriculture to grow natural fibres.

According to data provided by [Waterfootprint.org](https://www.waterfootprint.org/), annual cotton production globally uses as much as 210 billion cubic metres of water, with a pollution impact of 50 billion cubic

metres of water, representing 3.5% of total water use for cultivation. Importantly, discharges of water containing hazardous substances from the textile industry contribute 20% of the world's industrial water pollution, with negative consequences for people, animals and ecosystems in general. Recent investigations identify the textile industry as one of the main factors associated with the problem of plastics invading the oceans. Timelines indicate that around half a million tonnes of microfibre plastics, released during the washing of textiles such as polyester, nylon or acrylic, end up in the oceans each year, contributing significantly to marine contamination. These environmental impacts underline the urgent need to review textile industry practices to reduce water consumption and pollution, and to promote more sustainable alternatives.

Goal 7 :Clean and affordable energy

Goal 13: Combat climate change



The textile sector, with its long supply chains and energy-intensive production, is a significant source of greenhouse gas emissions that contribute to climate change. Addressing this challenge requires the adoption of targeted strategies to reduce the sector's overall environmental impact. Choosing local or national suppliers for production is another key strategy. This not only reduces transport-related emissions, but also supports the local economy. Reducing transport distances is key to reducing the overall environmental impact of the textile supply chain.

In parallel, it is essential to spread the culture of sustainability and environmental responsibility. Specific training courses, aimed at all company employees and supply chain actors, can raise awareness and motivate towards more sustainable practices.

The implementation of activities to manage and monitor the collection and distribution of goods is another key element. This favours full load transport, reducing transport costs and, at the same time, CO2 emissions related to inefficient goods movements. The goal for

the textile sector is to embark on a systematic path towards sustainability. This includes the review of energy sources, operational efficiency, opportunities for local suppliers, sustainability education and optimized supply chain management. Only through an integrated and coordinated approach will it be possible to reduce the environmental impact and build a more sustainable textile sector for the future.

Goal 9: Enterprise, innovation, and infrastructure

Goal 10: Reduce inequalities

Goal 11: Sustainable Cities and Communities

Goal 12: Responsible Consumption and Production



The concept of sustainable production and consumption implies promoting resource and energy efficiency, creating sustainable infrastructure and ensuring access to basic services, decent, environmentally friendly jobs and a better quality of life for all. However, in the textile sector we are witnessing the opposite phenomenon, characterised by over-consumption, especially of garments, which constitute more than 60% of all textile products. In recent years, the production of garments has almost doubled, while the duration of use has decreased by 36%, giving rise to the phenomenon known as 'fast fashion'.

'Fast fashion' results in a high frequency of annual collections at low prices, turning clothes into virtually disposable products that are largely destined for landfills or incinerators. Less than 1% of the material used to produce clothing is actually recycled into new garments. This approach leads to a massive use of non-renewable resources and causes negative environmental and social impacts. Relocation of industries to countries with low wages and working conditions, lack of trade union representation and poor environmental protection standards are just some of the side effects of this phenomenon. In order to achieve the Goal 12, which aims at long-term benefits, efforts to make the

textile system more sustainable are indispensable. This implies minimizing environmental impacts, adopting the principles of the circular economy and abandoning the 'fast fashion' approach. Only through a radical change in the way we produce, consume and handle textiles can we hope to secure a sustainable future for this sector.

Goal 15: Life on Earth



The linear textile system is a resource-intensive model with significant environmental and social impacts. The extensive consumption of renewable resources, such as water (Target 6), and non-renewable resources, such as oil for the production of synthetic fibres, the use of fertilisers for cotton cultivation and chemicals for the production and dyeing of textile fibres, together with land use, negative impact on biodiversity and waste generation, contribute to positioning the textile industry among the most polluting globally. The industry plays a key role in achieving Goal 15.

Goal 16: Peace, justice and strong institutions

Goal 17: Partnership for the Goals

1.2.3- EU strategy for Sustainable and Circular textiles/ COM(2022) 141 final

The European Union action plan for the circular economy identifies the textile sector as a key value chain, emphasizing the urgency of a transition towards sustainable and circular patterns of production, consumption and trade. Despite current efforts to improve sustainability and circularity in the textile sector, the transition is happening at a slow pace and the sector's negative environmental and climate footprint persists.

The textile sector, with its complex value chain, faces significant challenges, requiring continuous innovation to promote sustainable and circular textile products and the introduction of new business models. The Action Plan presents a series of measures

including the implementation of a new framework for sustainable textiles, eco-design to ensure circularity, the restriction of hazardous chemicals and the provision of tools to help businesses and consumers choose sustainable textiles and access reuse and repair services.⁴¹

Improving the business and regulatory environment in the EU is an integral part of the strategy, which includes incentives and support for models such as 'product as a service', circular materials and production processes, and the promotion of transparency through international cooperation. The development of guidelines aims to assist Member States in achieving high levels of separate collection of textile waste by 2025. The encouragement of sorting, reuse and recycling of textile products, together with innovation and regulations such as extended producer responsibility, is crucial for the success of the transition.

The European Parliament has defined the circular economy as: *"a production and consumption model that involves sharing, renting, reusing, repairing, reconditioning and recycling existing materials and products for as long as possible"*.⁴²

In practice, the aim is to minimize waste. When a product comes to the end of its life, instead of being disposed of as in the linear model, its materials are kept within the cycle. Thus, in addition to extending the life cycle of products, the aim is to create additional value. This circular economy model is based on large quantities of materials and energy that are easily accessible and have lower prices than raw materials. In the context of sustainability, it is crucial to consider several key aspects along the entire life cycle of products.

First of all, raw materials should preferably come from renewable sources and progressively replace virgin raw materials with secondary ones obtained from reuse and recycling, and product design should favour modularity and adaptability to extend their useful life and reduce resource consumption. During production, it is essential to meet high sustainability standards to minimise environmental impact, optimise energy efficiency and limit pollutant emissions, while distribution should move towards a service-based model, exploiting digital technologies to foster more efficient interactions between supply and demand, reducing costs and promoting material recycling.

⁴¹ "Strategia dell'UE per i prodotti sostenibili e circolari", Commissione Europea, 2022

⁴² European Parliament, 2020

To promote sustainable behaviour, it is crucial to encourage the exchange, reuse and repair of products among consumers in order to reduce waste and environmental impact. Separate collection of municipal and industrial waste must be maximised, ensuring the quality of materials to facilitate the recycling process, which allows waste to be transformed into secondary resources, supporting a circular economy model. Despite efforts to design in a circular manner, it is inevitable that some residual waste cannot be reintegrated into the life cycle of products. Therefore, it is essential to adopt appropriate disposal methods, including alternative disposal methods, to reduce the accumulation of waste in landfills and promote environmental sustainability.

The strategy presents a harmonized approach, which considers the entire life cycle of textile products and proposes actions to change production and consumption.

The Commission's Vision 2030 aims to ensure that all textile products placed on the EU market are durable, repairable, recyclable, made of recycled fibres and free of hazardous substances, while respecting social rights and the environment. The aim is to go beyond 'fast fashion', offering consumers high-quality, durable, and affordable textile products with cost-effective reuse and repair services. The strategy aims to make the textile sector competitive, resilient and innovative, with responsible producers along the value chain, promoting recycling and minimizing incineration and landfilling. To achieve these goals, the Commission proposes several future actions. These include defining design requirements to make textile products more durable and easier to repair and recycle, introducing clearer textile product information and a digital product passport, promoting sustainable consumption practices, harmonising EU rules on extended producer responsibility, combating the release of microplastics and solving the challenges of textile waste export. The Commission plans to publish by the end of 2022 a transition pathway, an action plan to guide industry players through the green and digital transition, increasing the resilience of the sector. Compared to the Communication 2022, some key factors and possible critical issues are divided into macro topics. Binding ecodesign specifications require a verification of applicability prior to regulatory intervention, controls on products imported from third countries to ensure the economic competitiveness of sustainable products, and a focus on microplastic pollution with industrial and household filters. The use of filters in domestic washing machines requires

investment in eco-design and the establishment of take-back and recycling chains. Self-declared environmental declarations require a verification methodology to protect consumers and public authorities. Extended producer responsibility and the promotion of reuse can be supported with economic incentives and fiscal policies. To end overproduction, social enterprises must be supported and the fast fashion paradigm reversed. Research, innovation and investment require the optimisation of European project results through inter-project connections.

In summary, a circular economy for textiles contributes to a resilient industry and environmental regeneration, prioritising the rights of all people involved in textiles and creating inclusive opportunities. Of course, changing the life cycle of a product means changing the business model applied by companies, which see many economic, social, environmental and climate benefits in a circular textile system. In this respect, circular business models have recently emerged that focus on circular textile design, sharing, recycling and reusing textiles. In order to implement these models, a change of the whole system is needed, supported by regulations and other policies. In 2019, the European Commission defined textiles as a 'priority product category' to achieve the goals of the circular economy, the change must move from production to transport and consumption. To enable the sustainable sourcing of synthetic and natural fibres, recycling and reuse of materials, circular business models need to be reviewed and design choices are key.

1.2.3.1-EPR

To address the environmental and social challenges described so far, the European Union has adopted a number of policies and instruments, including extended producer responsibility ,EPR⁴³, as part of its strategy for sustainable waste management. EPR is a policy that shifts the responsibility for the life cycle of a product, including waste management, from the consumer or public authorities to the producer of the product. In the textile sector, EPR represents a significant change in the management and responsibility of textile products, as it aims to make producers responsible for the management of textile products from production to the end of their life cycle.

⁴³ Extended Producer Responsibility is a strategy to add to the market price of that product all the estimated environmental costs associated with a product during its entire life cycle, simultaneously applied mainly in the field of waste management.

The Commission is convinced that the initiative will accelerate the development of textile waste separation, reuse and recycling. It should also clearly define waste and reusable products, to stop the export of waste passed off as second-hand products. These often end up in countries that do not have the means to recycle them, generating an environmental impact. As the European executive explains in a note, the EPR programmes have been successful in improving the waste management of various products, such as packaging, batteries and electrical and electronic equipment⁴⁴. Producers will therefore cover the costs of textile waste management, which should incentivise volume reduction and increase circularity.

According to Brussels, if they have to pay for disposal, companies will probably design better products from the start. The EU has set a number of key objectives for the implementation of the EPR in the textile sector, one of which is the promotion of a circular model of the industry. This means maximizing the lifespan of textile products, encouraging reuse and recycling and reducing the flow of textiles to landfill. The EPR also aims to reduce the environmental impact of the textile industry, including consumption of natural resources, greenhouse gas emissions and water pollution. This involves adopting more sustainable production practices and controlling the chemicals used in the textile process. With the implementation of the EPR, textile and clothing manufacturers are called upon to become directly responsible for the life cycle of their products. This can incentivise a greater focus on the design of durable and recyclable products.

The implementation of the EPR in the textile sector requires a number of key instruments. EU Member States have to develop textile waste management programmes that promote re-use, recycling and proper disposal of textile products at end-of-life. In addition, the EU can set specific recycling and reuse targets for textile products, meaning that a predetermined percentage of textile products must be recycled or reused. Accurate labelling of textile products is essential to trace their life cycle and to ensure responsible textile waste management. Educating consumers on recycling and sustainable consumption practices is crucial to ensure the success of EPR in the textile sector. Finally, in order to ensure compliance with EPR, penalties must be foreseen for producers that do not comply with textile waste management obligations.

⁴⁴ "Analysis of Extended Producer Responsibility Schemes", Julian Ahlers, Morton Hemkhaus, Sophia Hibler, Jürgen Hannak, Adelphi, 2021

Like any new implementation, EPR in the textile sector is not without its challenges. Some of the main obstacles include the need to involve all actors in the textile value chain, the creation of efficient collection systems for used textiles and the need to address complex issues such as the recycling of mixed fabrics.

However, there are many opportunities associated with EPR in the textile sector. For example, the adoption of new recycling technologies and better product design practices can create jobs and promote innovation in the textile sector. Furthermore, increased environmental awareness among consumers can lead to a growing demand for recycled and durable textile products. Extended producer responsibility is an important tool to address the environmental and social challenges associated with the textile industry. The EU is playing a leading role in the development of effective EPR policies for the textile sector and the success of these initiatives will depend on the collaboration between producers, consumers, public authorities and non-governmental organisations. The transition to more sustainable and responsible textile production will take time, but it is essential to ensure a better future for the textile industry and the environment.

1.2.3.2-Ecodesign and waste reduction

As already mentioned, if products are born sustainable, waste and waste are eliminated. Everything around us has undergone a design process, where decisions are made on how a product is made, used, and what happens when it is no longer needed. In this regard, it is important to consider that, in sectors such as fashion or plastic packaging, products have been designed in a way that 80% of material flows end up in landfills, incineration, or dispersed in the environment. However, thanks to circular design, it is possible to prevent the creation of waste and pollution upstream (Ellen Macarthur Foundation, n.d.)⁴⁵. In summary, it can be stated that 'Design is at the heart of the circular economy'. Thinking about strategic design, the Ellen Macarthur Foundation has outlined six strategies for circular design, pointing out that there is no one-size-fits-all approach to designing a product or service that avoids waste or pollution. The six strategies include designing for internal cycles, aimed at making products easily repairable, reusable or

⁴⁵ "Design and Circular Economy", Ellen MacArthur Fondation

shareable. In addition, there is the transition from products to services, which involves sharing a product for a limited period, followed by passing it on to a new user. Another strategy is the extension of a product's life, allowing it to be used for as long as possible through the creation of durable products that can be adapted to the user's needs. The selection of safe and circular materials is another strategy, involving the creation of products and services that fit into a circular economy. Dematerialization is another strategy, involving the minimal use of physical materials in the creation of products. Finally, there is upgradability and repair through the development of modular or component-based systems, which allow for easy disassembly and customisation of products, reducing costs and effort.

1.2.3.3- Greenwashing

Another European objective is to counter 'greenwashing' in the textile sector, which is part of a broader effort to promote sustainability and transparency in the sector. Greenwashing refers to the practice of some companies or organizations trying to present their products or practices as environmentally friendly or sustainable, when in fact they are not. This can create confusion among consumers and hinder efforts to achieve true sustainability goals. This practice leads to misleading claims about sustainable practices. This leads consumers to make purchasing choices based on misinformation and compromises their ability to make truly sustainable choices. The European Union recognises the need to counter this practice. To address the challenge of greenwashing and promote sustainability in the textile sector, the EU has taken several measures. First, it has made transparent and informative labelling mandatory, requiring that textile product labels provide clear information on the composition of fabrics, the origin of raw materials and sustainable production methods. This enables consumers to make more informed choices. Furthermore, the EU promotes the use of internationally recognised sustainability certifications and standards to identify truly sustainable products. Companies that meet these criteria can obtain these certifications, providing consumers with a tangible sign of authenticity. The EU is also active in monitoring the practices of textile companies. This includes identifying and combating misleading or false ecological claims by companies. Companies that do not respect these rules may be subject to sanctions.

Another key aspect is consumer education. The EU organises information campaigns and educational programmes to help consumers identify sustainable products and understand the criteria to consider when buying textiles.

The overall objective of this strategy is to create a more sustainable and responsible textile market. It aims to reduce greenwashing and promote transparency, pushing companies to improve the environmental and social impact of their products and encouraging consumers to make truly sustainable choices. This initiative is in line with the EU's broader efforts to tackle environmental challenges and promote a more sustainable lifestyle among its citizens.

Clothing and accessories labels are often guilty of greenwashing, i.e. providing misleading or exaggerated information. Every year, the European Commission conducts a kind of website audit, known as a 'sweep', to detect violations of EU consumer law in online markets. In 2021, this sweep focused on the practice of greenwashing in the textile sector, finding that in 42% of cases the claims on labels were indeed misleading, false or exaggerated, which could constitute an unfair trade practice under EU rules. In the food sector, labelling is not only regulated, but also demanded by consumers. However, in the textile sector, the situation is still unclear. Besides information on the composition of garments and accessories, labels often contain vague information with the intention of confusing or even misleading consumers. Sustainability has become a central issue for many consumers, especially Generation Z, who are willing to pay 10% more for products they consider environmentally friendly. This highlights a fundamental issue: companies can afford to sell 'green' products at a higher price. Despite uncertainties about what 'green' actually means in the textile industry, many companies promote their products as such, resulting in constant exposure to messages claiming ethical and ecological qualities, even if not supported by facts. The labelling system currently in use in the European Union focuses mainly on assessing the carbon footprint of products, using the Pef⁴⁶ (Product Environmental Footprint) indicator adopted by the European Commission in 2013. However, this system does not distinguish between natural and synthetic fibres, neglects microplastic pollution and does not consider the durability or

⁴⁶ The Product Environmental Footprint (PEF) is a multi-criteria indicator of the environmental performance of a good or service throughout its life cycle. The objective of PEF information is to reduce the environmental impact of goods and services by considering all activities in the supply chain from start to finish.

recyclability of garments. Consequently, the need for a clearer labelling methodology emerged, which led to the creation of 'Make the label count'⁴⁷, an international coalition of natural fibre producers and ordinary citizens with the common goal of demanding accurate garment labelling. This coalition has launched a campaign aimed primarily at European governance, as the European Union is taking the lead in the ecological transformation of the textile industry through a process launched in 2020, with the aim of redefining the textile industry.

This raises the question: what essential elements should be included in labels to enable consumers to make informed decisions? According to Dalena White, spokesperson for the Make the label count campaign and Secretary General of the International Wool Textile Organisation, labels should inform consumers about the entire impact of the product, from raw material acquisition to the disposal process. There are many crucial issues related to labelling. Textile articles should have warnings, similar to those on cigarette packaging. They should, for example, indicate whether they contain fibres derived from crude oil, a limited and polluting resource. Furthermore, they should provide assessments of the entire supply chain, including labour practices and socio-economic impacts of the fibres used to produce the garment. In summary, we could say that the more information is reported, the more transparent the supply chain is and the more the consumer is protected.

An example of fast fashion giant under indictment for 'greenwashing' is the Swedish H&M, i.e., misleading consumers by using falsedata about the sustainability of its products. This is not a new problem for the company, as already in 2019 the Norwegian Consumer Authority had sued H&M for misleading advertising. In that case, the focus was on the collection called 'H&M Conscious'. However, things got even more complicated when it emerged that H&M had overemphasized the ecological aspects of its products through so-called 'scorecards', i.e. sustainability indicators on its items. A Quartz⁴⁸ report revealed that these scorecards had exaggerated the positive effect of the products on the

⁴⁷ Make the Label Count' is the name of the campaign launched by a new international coalition of organisations to ask the European Commission to ensure transparent, complete and accurate sustainability labels on clothing

⁴⁸ Quartz is an American English-language news site owned by G/O Media. Focusing on international business news, it was founded in 2012 by Atlantic Media in New York City as 'a digital native news outlet for business people in the new global economy'.

environment. Moreover, H&M had removed the scorecards after the report. Other subsequent reports showed that the scorecards only provided average data on the environmental impact of the fabrics used in the products, instead of fully indicating the overall environmental impact of each garment. This triggered a class action lawsuit against H&M, initiated by New York State resident Chelsea Commodore. The main allegation is that H&M deliberately misled consumers with false claims about the environmental sustainability of its products, using rating sheets with misleading judgments based only on the environmental impact of the materials used. In addition, H&M was accused of spreading misleading information about its ability to close the production cycle through the circular economy and to prevent discarded garments from ending up in landfills, which the plaintiff considers unrealistic given that large-scale recycling technologies are still rare and expensive.

This came at the expense of consumers, who paid more for products they believed were more sustainable than they actually were. Finally, H&M's story highlights how difficult it is to achieve sustainability in the fashion industry, but it is important for companies to embark on this journey in an honest way, avoiding confusing consumers and slowing progress towards a more sustainable fashion industry.

1.2.3.4-Digital Passport (DPP)

Today, the topic of digitization and digital technologies is increasingly being addressed in relation to enabling new circular economy business models. In fact, a prerequisite for the systematic adoption of the Circular Economy concept is precisely that of adopting new models adhering to the principles of the circular economy, discussed in the first chapter, capable of creating value within companies and the system. Digital technologies, especially those of Industry 4.0, are seen as facilitators of new business models, as they can, for example, enable companies to share data in the production chain, keeping track of products and materials. It is therefore crucial to understand how companies in different sectors can leverage digital technologies to develop innovation and the application of new models that enable the circular economy. In summary, it can be argued that digitization can provide the right input for a transformation towards a circular economy that is as sustainable as possible. Digitization can help close material cycles by keeping track of various information, it can enable more efficient processes in companies by minimizing waste and promoting longer product life. Technological innovation in the textile industry

began with the first industrial revolution, thanks to the automation of production processes such as turning and weaving. This modernization led companies to invest more and more in machinery capable of increasing productivity. The period after the Second World War was important for Italy, which became a major player in international trade. In the current century, we are witnessing the fourth industrial revolution and the adoption of Industry 4.0 technologies makes companies more competitive, faster and more flexible with greater digital control of production flows and possible interventions to reduce errors and waste. Digitally connected solutions in process steps offer a number of advantages, including the accuracy of inputs and the resulting customization of production and, in addition, the exploitation of data recorded in real time. Among the sectors that are benefiting from the adoption of Industry 4.0 technologies is the textile-clothing sector, which aims at cost containment and increased quality and flexibility. New technologies are pushing towards innovation in processes, products and business models, where the main areas of focus are: the Smart Factory, i.e. the connected enterprise; the Smart Lifecycle, i.e. product lifecycle management; and the Smart Supply Chain, i.e. digital value chain planning. An interesting aspect of these technologies is that they are adaptable to all companies, regardless of their size. Today, Industry 4.0 solutions and applications cover all production processes in the textile industry, from textile moisture control to remote monitoring of production and integration of machines in the factory.

Digital technologies, especially those of Industry 4.0, are seen as facilitators of new business models, as they can, for example, enable companies to share data in the production chain, keeping track of products and materials. It is therefore crucial to understand how companies in different sectors can leverage digital technologies to develop innovation and the application of new models that enable the circular economy. It can be argued that digitization can provide the right input for a transformation towards a circular economy that is as sustainable as possible. Digitization can help to close material cycles by keeping track of various information, it can enable more efficient processes in companies by minimizing waste and promoting longer product life.

One of the most popular and secure technologies is blockchain. Blockchain⁴⁹ technology

⁴⁹ Blockchain technology is an advanced database mechanism that enables the transparent sharing of information within a corporate network.

is gaining popularity because it is able to guarantee the traceability and origin of materials, especially in the food, fashion, and luxury sectors. This technology corresponds to a revolutionary new protocol capable of sharing information in databases in a decentralized network. Blockchain technology can be very useful in supply chain management. Nowadays, the goal of supply chains is to reduce waste and at the same time improve efficiency, providing both cost and time savings. Thanks to this technology, long and complex supply chains can be easily monitored, and data can be transparent throughout the entire product life cycle, i.e. from raw material to end consumer. Linked to the circular economy, blockchain technology helps to reduce costs, improve communication along the supply chain and reduce the carbon footprint. Furthermore, management training is crucial to develop solutions for new environmental policies. This ensures the quality of products and production. Blockchain can therefore contribute to the transition to a circular economy through traceability and transparency of information, keeping track of data digitally and consequently reducing paper copies and fuel consumption, encouraging renewable energy and waste reduction.

It is thanks to these technologies, environmental and social issues that Europe has decided to introduce the digital passport in the textile sector. Officially christened the Digital Product Passport ⁵⁰(DPP), the tool will require brands to collect and share data from the entire life cycle of a product, accessible in the form of a 'digital twin'. Although the concept and operational aspects of the DPP will continue to evolve, in its initial format it will highlight a product's sustainability, environmental and recyclability characteristics, as well as its production process and provenance. Its basis is blockchain, a decentralized technology that aims to ensure that this data is secure and easily accessible to the end user. The data is accessible via a maintenance label, Qr code or barcode, which the customer can scan to view the information provided. The categories that the DPP will present include general product information, which includes items such as Id, weight, production facility and reference numbers, and source, which refers to the type of raw material used to create the product and its origin. Also highlighted will be the ecological footprint, which offers data on the product's carbon footprint profile, and ownership, with

⁵⁰ The PLR is a so-called 'data carrier' that must be applied to all products covered by the ESPR. It could take the form of a QR code, an RFID tag or another form of scannable technology. As required by the ESPR, the PLR will contain a range of information about a specific product and its sustainability.

details on the product's past and current owners. Information on repairs, warranties and instructions for disassembly, recycling and other processes will also be included. The data collected for the DPP is generated for the benefit of brands, stakeholders and consumers, each of whom will benefit from different aspects of the tool's operation. Asked what it means for consumers, Jorge Delgado, senior manager of sustainability for materials innovation company Recover, said: *“This tool will help consumers make more informed purchasing decisions and help them make sustainable choices. With DPP, consumers will be less likely to be misled and it will be much more difficult for brands to greenwash and make unsubstantiated sustainability claims.”*⁵¹



Fig 1.3 “Fondazione fashion Research Italy” 2022

DPPs could store verification data that will give consumers the confidence to purchase a durable item. A DPP provides greater transparency on the products they buy, enabling them to make more informed purchasing decisions in line with their values. DPPs also store a large amount of content, contributing to a long list of skills, such as mending, sewing or restyling tips. Consumers can verify the authenticity of products, access information on sustainability efforts and obtain information on the product lifecycle path from yarn to shop,' added Avery Dennison's Hanover. As far as companies are concerned, the opportunities differ little, but still revolve around building consumer trust through reliable facts and figures, and adding the protection of materials and processes that follow established standards. Companies will also benefit from new revenue streams related to DPP, as well as the ability to validate their green claims to avoid accusations of greenwashing. Recover's Delgado added: *“the DPP will provide information to actors in the*

⁵¹ “Cosa c'è da sapere sul prossimo passaporto digitale di prodotto dell'UE”, Fashion United, 2023

value chain: consumers, economic operators and national authorities, greatly improving traceability and making it easier for national authorities to verify the compliance of products."⁵² With a new technology, however, also comes new challenges. Especially when it has to be integrated on such a large scale. Speaking about the possible challenges, Delgado said that the DPP must be linked through a data vector to a unique identifier, which must be physically present on the product, accessible online and fully interoperable. The actor placing the product on the EU market is also legally responsible for collecting, providing and updating the required information. For all these reasons, brands must be ready to collect, provide and update all required DPP information.

There may also be challenges in transforming existing supply chain processes and systems; integrating DPP into established workflows may require significant adjustments and investment in technology infrastructure. Widespread adoption in the industry is a gradual process. It requires collaborative initiatives within the industry and the creation of shared practices among stakeholders. It is crucial to recognise that in specific segments of the supply chain, infrastructure may be limited, emphasising the need for essential groundwork before the technology can be fully exploited and integrated. The publication of the specifications of the regulation was initially scheduled for 2024, but there are still unclear processes and elements that present uncertainties for those who will have to implement the tool. These delays are related to the need for further clarity on the topic of social impact and the importance of creating a unified system. This has meant that no date has been set for the introduction of the DPP, but it is currently expected to come into force by 2026/27, with most products expected to be covered by 2030.

Although there is still a long way to go before companies actually have to make regulated changes, it is already worth preparing in advance. It is important for retailers and brands to become fully familiar with DPP and its benefits by investing time in training on the technology and its implications. This also applies to communication with customers, for which a clear, authentic and transparent message is needed. It should also be noted that despite the DPP delay, regulations can still move fairly quickly in terms of changes, with

⁵² Delgado, FashionUnited, 2023

the Commission regularly publishing updates and adjustments to continue to improve and build the final product. Asked how brands and retailers should prepare themselves, Delgado concluded: *“Brands and retailers need to make sure they stay up to date on these new regulations and they also need to build relationships between colleagues and other actors in the supply chain to ensure the necessary flow of information. They should see it as a potential benefit to improve the textile and fashion industry, rather than a hindrance, and as an opportunity for brands to educate consumers on the impacts behind their products.”*⁵³

1.2.4- Due Diligence and Transparency

To address the issues described above, two other aspects that the European Commission wishes to emphasise are traceability and transparency. Traceability is the possibility of knowing the route taken by a product before it reaches the hands of consumers. A product can be considered traceable when it is possible to follow the entire production cycle, from the origin of the raw materials to each stage of production, all the way to the end customer. Traceability requires active collaboration between the partners in a production network.⁵⁴

Transparency is the next step after traceability and requires that a brand discloses all data related to its production chain. Each stage of the chain must be traceable and the information obtained must be made available to all interested parties, including end consumers. This allows them to be aware of every aspect of the life cycle of the garments they buy, including geographical location, raw materials, labour and related costs, production and packaging processes, production volumes, greenhouse gas emissions and water pollution. As we know, the textile, clothing, leather and footwear industry is characterized by global and complex supply chains. Garments sold worldwide are produced in factories in Asia, Southern and Eastern Europe, Africa and Latin America. According to the typical business model of the fashion industry, these factories operate under tight deadlines to fulfil orders. What happens in the factory stays in the factory. Supply chains keep the manufacturing market hidden and the confidentiality of

⁵³ Delgado, FashionUnited, 2023

⁵⁴ “A Background Analysis on Transparency and Traceability in the Garment Value Chain “, European Union

contractual obligations makes it difficult to identify who produces for whom and to verify whether a particular supplier really respects workers' rights and offers safe working conditions. The only way to know this information is to rely on what the brands themselves say.

Although transparency has become almost fashionable in recent years, many large companies tend to provide confusing and unclear information that can have negative consequences. For example, they prevent consumers from understanding the real impact of a brand's operations and the consequences of their purchases.

At the same time, it prevents the brand itself from effectively understanding the impact of its business operations and improving its practices after a proper risk assessment. It prevents workers from identifying the final buyers of the products they manufacture, thus weakening their access to complaint or whistleblowing mechanisms, because they do not know which company benefits from their work.

Access to information about factories allows workers, trade unions, human rights groups and others to quickly report abuses committed in those factories to clothing company representatives, giving companies the opportunity to intervene, stop and correct them. It also allows rights holders and stakeholders to know which brands and retailers, multi-stakeholder initiatives or judicial courts to turn to in order to defend their rights. In this way, transparency contributes to collective action to stop, prevent, mitigate and remedy labour abuses.

Moreover, transparency should not simply be seen as a burdensome obligation; it is a business process requirement that brings positive benefits for the company itself, such as more effective due diligence processes, operational efficiency and better positioning of the company in terms of social responsibility and reputation. However, this does not imply that transparency is sufficient in itself; it is a means, not an end. Many companies that fully comply with transparency requirements continue to work with suppliers that do not pay decent wages or do not allow trade union organisation in their factories. Transparency of social information along the supply chain serves to highlight the real conditions of workers in the textile industry, to show problems through real data and to find solutions. In the EU's Sustainability and Circularity Decree, the Commission is

committed to due diligence.⁵⁵ The international and global promotion of more environmentally sustainable and fairly managed supply chains will ensure that textile products consumed in the EU and elsewhere are manufactured with global social and environmental aspects in mind. The global communication on decent work, which aims at a fair transition and sustainable recovery at global level, considers the textile sector as a key component, where efforts will be made to promote decent work conditions through awareness-raising activities in bilateral relations and multilateral fora. In this context, the textile industry can play a significant role in promoting gender equality, since an estimated 75 per cent of the world's textile workers are women. Furthermore, through the 'Better Work' programme, the Commission helps third partner countries to improve working conditions and to comply more closely with international labour standards.

In the context of textile value chains, the OECD "Guidelines for Due Diligence in the Apparel and Footwear Sector"⁵⁶ have identified common risks of serious violations of human and labour rights, including child labour, discrimination, forced labour, occupational health and safety and unfair wages. The proposed Directive on Business Due Diligence for Sustainability introduces a generalised due diligence obligation for large companies to identify, prevent, mitigate, end and account for actual and potential negative impacts on human rights, including workers' rights, and the environment, both in companies' operations and along their global value chains. Medium-sized companies (large companies with more than 250 employees and a turnover of more than EUR 40 million) working in high-impact sectors, including textiles, are also required to comply with these obligations. Companies from third countries involved in the value chains of textile products for European consumers or large buyers working in the EU and generating a significant turnover in the EU will be subject to these same obligations. Furthermore, the EU Strategy on the Rights of the Child emphasises 'zero tolerance for child labour' and calls on EU Member States to ban child labour in their supply chains. The Commission is working on a new legislative initiative to effectively ban the entry onto the EU market of products made with forced labour, including child labour.

⁵⁵ "Strategia dell'UE per prodotti tessili sostenibili e circolari", Commissione Europea, 2022

⁵⁶ "Due Diligence Guidance for Responsible Supply Chains in the *Garment and Footwear Sector*", OCSE, 2018

1.2.4.1- Corporate Sustainability Reporting Directive (CSRD)

Sustainability reporting, regulated by the Corporate Sustainability Reporting Directive (CSRD), is a crucial step in the context of due diligence and transparency set by the European Commission. This is the process by which an organization communicates its actions and results regarding economic, environmental and social sustainability. This type of relationship complements traditional financial reporting, including the impact of the organisation on the environment, society and governance, in accordance with the rules on non-financial reporting and the principles of dual relevance.

The Initial Global Report states that: *"An organization that can better understand and manage its impacts on people and the planet. It can identify and reduce risks, seize new opportunities and take action to become a responsible and reliable organization in a more sustainable world"*⁵⁷

The objective of sustainability reporting is to clearly provide relevant information to all stakeholders, such as investors, customers, employees, regulators and the community as a whole, about how the organization is addressing the challenges of sustainability and contributing to sustainable development, as confirmed by the words that the European court of auditors gave in 2019: *"Sustainability reporting is the practice of measuring, disseminating and accountable to internal and external stakeholders of organizational performance towards the goal of sustainable development. It implies the rendicomentazione of how an organization considers sustainability issues during the execution of its operations and its environmental impacts , social and economic. A sustainability report also presents the values and governance model of the organization and demonstrates the link between its strategy and its commitment to a sustainable global economy"*⁵⁸

This type of communication may include topics such as reducing greenhouse gas emissions, managing energy resources, optimising the resources needed for production, efficient use of water resources, waste management, the promotion of diversity and

⁵⁷ The Global Reporting Initiative is an international not-for-profit body established with the aim of defining standards for reporting on the sustainable performance of companies and organisations of any size, belonging to any sector and country in the world.

⁵⁸ The European Court of Auditors is one of the seven institutions of the European Union, responsible for examining the accounts of all revenue and expenditure of the Union and its various bodies in order to ensure their sound financial management

inclusion, the impact on local and global communities, sustainable innovation and corporate governance, ethics and regulatory compliance. Key international standards and models used for sustainability reporting include the Global Reporting Initiative (GRI)⁵⁹, the Sustainability Accounting Standards Board (SASB)⁶⁰, the Task Force on Climate-related Financial Disclosures (TCFD)⁶¹ and the guidelines of the International Integrated Reporting Council (IIRC)⁶². The terms "Sustainability reporting" and "Sustainability reporting" refer substantially to the same concept, both describing the process of presenting corporate performance in terms of environmental, social and governance impact, providing information on sustainability policies and practices. Despite this, the two terms may have slightly different interpretations depending on the focus or approach adopted.⁶³ Sustainability Reporting focuses primarily on the collection, analysis and dissemination of sustainability-related data and information, often represented through dedicated annual reports or integrated into other business documents. This term refers to the specific phase of external communication of data and information. On the other hand, Sustainability Reporting can be considered a broader concept than reporting, including internal evaluation processes and the development of sustainability strategies. This term suggests a broader responsibility for measuring and managing the overall impact of the organization on its context, incorporating critical analysis and strategic planning as part of an ongoing process.

The European Union's Corporate Sustainability Reporting Directive (CSRD) aims to standardise and disseminate the transparency of sustainability information provided by companies. This directive uses the term "reporting" to indicate the process by which companies communicate their environmental, social and governance impacts. CSRD broadens the scope of the previous Non-Financial Reporting Directive (NFRD)⁶⁴, with the

⁵⁹ The Global Reporting Initiative is an international not-for-profit body established with the aim of defining standards for reporting on the sustainable performance of companies and organisations of any size, belonging to any sector and country in the world.

⁶⁰ The Sustainability Accounting Standards Board is a non-profit organisation, founded in 2011 by Jean Rogers to develop sustainability accounting standards

⁶¹ The Task Force on Climate Related Financial Disclosures provides information to investors on what companies are doing to mitigate the risks of climate change, as well as being transparent about how they are governed.

⁶² The International Integrated Reporting Council (IIRC) was established in August 2010 and aims to create a globally accepted framework for an organisation's value creation reporting process over time.

⁶³ "Il reporting di sostenibilità", Process Factory, 2023

⁶⁴ The Non-Financial Reporting Directive (NFRD) requires covered companies to publish a non-financial report on their ESG performance together with their annual management report.

aim of providing more reliable and comparable information to stakeholders, including consumers and investors. From a reporting perspective, CSRD imposes stricter requirements, requiring companies to provide detailed data on sustainable impact and providing for an independent auditor review to increase the reliability of information.

It is important to distinguish between Sustainability Reporting and Sustainability Reporting. The first refers to the general process by which an organisation collects, analyses and communicates information on its environmental, social and governance impacts, while the second is a specific document or a section of a larger report that systematically presents sustainability data.⁶⁵ The Sustainability Report can be considered the result of the reporting process, being a document that summarizes and communicates the information collected and analyzed.

The sustainability reporting process is a complex process that includes several fundamental phases. First of all, there is goal setting and scope of work, which helps to set the goals of the report and identify what information will be included, involving relevant stakeholders. It follows the identification of these stakeholders, understanding their expectations and needs to determine which sustainability information is relevant to them. Next, appropriate frameworks and standards are selected, such as the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB), which will be used as reference models to create the sustainability report. Once selected, we move on to materiality analysis and risk assessment, identifying the most relevant sustainability issues for the organization and assessing the risks and opportunities associated with them. After this phase, the data collection is carried out, which consists of collecting quantitative and qualitative information on the environmental, social and governance impact through internal management systems and other evaluation methodologies. With the collected data, we proceed to the drafting of the sustainability report, ensuring compliance with the selected standards and the clear transmission of relevant information.

Subsequently, the report can be subject to external verification by third parties to give more credibility. Once this phase is completed, we proceed with the communication and

⁶⁵ “Linee guida per il reporting di sostenibilità”, Università di Verona 2022

involvement of stakeholders, distributing the report through various communication channels.

Finally, we collect stakeholder feedback on the report to improve the sustainability processes and practices of the organization, integrating the information learned into the reporting process into business strategies and daily operations to continuously improve sustainability performance. The sustainability report is a document that aims to communicate in a responsible and transparent way the commitment of the company to manage its activities to promote a positive impact on society and the environment or to reduce negative impacts.

In detail, the sustainability report includes a description of the organization, including its purpose, vision, mission, strategy, structure and governance.⁶⁶ It also illustrates the organization's approach to sustainability, showing how it integrates sustainability into its business strategies, policies, and operations. Environmental performance is assessed, taking into account factors such as greenhouse gas emissions, resource use, waste management and biodiversity. Social dimension performance is assessed through social impact data, including working conditions, human rights, community involvement, diversity and inclusion, health and safety at work. It also provides economic data on the organization, such as the generation of economic value, investments, payment of taxes and other relevant economic indicators.

The report also includes sustainability objectives and the progress made by the organisation to improve its performance in this area, as well as an assessment of the risks and opportunities related to sustainability issues. Finally, it provides information and assessments on stakeholder engagement, describing how the organization engages and responds to the expectations and concerns of its stakeholders regarding sustainability.

1.2.4.2- Corporate Sustainability Due Diligence Directive (CSDDD)

Another European action in terms of Due Diligence is the Corporate Sustainability Due Diligence Directive (CSDDD)⁶⁷, also known as the Supply Chain Act, an initiative of the

⁶⁶ "Bilancio di sostenibilità: che cos'è, quali sono gli obiettivi e le caratteristiche" Veronica Balocco, ESG 360, 2023

⁶⁷ The Corporate Sustainability Due Diligence Directive is a proposed directive in EU law that requires companies to perform due diligence to prevent negative impacts on human rights and the environment in their business operations and along their value chains.

European Union that widens the obligations of responsibility and transparency ESG along all the chain of supply of the companies. The goal is to make companies aware and responsible for the social and environmental impacts of their supply chain, involving not only suppliers but also business partners. CSDDD will have a significant impact on companies' strategies and investments, pushing them towards a faster transition to a low-carbon global economy. This will happen both through the direct implementation of a specific governance for this purpose, and thanks to the influence exerted and the monitoring of institutional investors.⁶⁸ Pension funds, insurance companies and sovereign wealth funds are examples of institutional investors that have considerable weight on the companies in which they invest. By using their voting power in shareholders' meetings and their financial strength, they can push companies towards more sustainable practices and CSDDD membership. This makes them crucial to the success of the initiative. Institutional investors have long influenced the strategies, actions and financing of the companies in which they invest. They are often among the main shareholders of listed companies, and use their voting power to influence business decisions not only with a view to increasing shareholder value, but also to promote more sustainable business management.

The Corporate Sustainability Due Diligence Directive (CSDDD) is inspired by the United Nations Principles on Business and Human Rights (UNGPs) and is based primarily on the concept of due diligence. Essentially, the Directive requires companies to carry out a thorough risk analysis and to take appropriate measures to identify, prevent, mitigate and account for the negative impacts on human rights and the environment arising from their activities, by their subsidiaries and their value chain.

In addition, large companies must draw up a plan to ensure that their business strategy is in line with the objective of limiting global warming to 1.5° C, as required by the Paris Agreement.

The Directive also introduces specific responsibilities for the directors of the EU companies concerned, including the establishment and supervision of due diligence processes and their integration into the corporate strategy. Administrators must also consider human rights, climate change and environmental impacts in their decisions.

⁶⁸ “LA DIRETTIVA EUROPEA SULLA SOSTENIBILITÀ AZIENDALE (DUE DILIGENCE) È UNO STRUMENTO CRUCIALE PER LA TRANSIZIONE”, BEATRICE MORO, ECCO, 2023

The CSDDD will enter into force in 2024, with mandatory requirements from 2026 for EU companies with at least 500 employees and a turnover of at least 150 million euros. Companies operating in high-impact sectors, such as textiles, agriculture and mineral extraction, with over 250 employees and a net turnover of over 40 million euros, will have to comply with the regulations from 2028. The Directive also applies to third country companies operating in the EU, provided that their turnover generated in the EU meets the above mentioned size and turnover criteria.⁶⁹ Micro-enterprises and SMEs are not directly subject to regulation, but could be indirectly involved. The European Commission highlights several advantages deriving from the application of the Corporate Sustainability Due Diligence Directive (CSDDD). As far as citizens are concerned, this would mean better protection of human rights, including those of workers, and safeguarding a healthier environment for current and future generations. In addition, confidence in businesses is expected to increase, facilitated by greater transparency, allowing more informed choices and better access to justice for victims.

For companies, the adoption of the directive would lead to the creation of a harmonised legal framework in the EU, providing legal certainty and a level playing field. This would increase customer confidence and employee engagement, while increased awareness of the negative impact of businesses on the environment and human rights would allow for better risk management and greater adaptability. Moreover, companies could more easily attract talent, sustainability-oriented investors and public clients, and devote more attention to innovation. Access to finance would also be facilitated.

However, it is important to note that companies that do not comply with due diligence obligations may be subject to financial penalties and will be liable for any human rights violations or social and environmental damage. The objective of the European Union is to encourage companies to adopt business models and development strategies in accordance with the 2030 Agenda and the 17 sdgs (Sustainable Development Goals).

While complying with CSDDD is costly for companies, it also gives them the opportunity to demonstrate their commitment to ethical and sustainable practices. To comply with

⁶⁹ "Corporate Sustainability Due Diligence Directive (CSDDD): cosa prevede la nuova direttiva europea?", Luca Greco, Cribis, 2023

the EU directive, companies will have to map and constantly monitor their supply chain, identifying potential risks and impacts and developing strategies to address them.

On 1 June, the European Parliament voted to approve the CSDDD during the plenary session. During the vote, various opinions emerged among MEPs, highlighting the importance and complexity of the issue of corporate responsibility for sustainability. The final result showed broad support for the Directive, with 366 votes in favour, but also considerable opposition, represented by 225 votes against (with 38 abstentions).

In Italy, the parliamentary representatives showed a divided position: 27 Italian MEPs belonging to the progressive and liberal parties supported the Directive, while 30 MEPs from Forza Italia, Fratelli d'Italia and Lega voted against. This divergence of views reflects the ongoing debate in Italy and within political parties about the direction and scope of regulatory action on corporate responsibility.

After the European Parliament has approved its position, the representatives of the Member States will have the opportunity to influence the final outcome of the Directive through the negotiations of the "trialogues" a legislative process during which the institutions of the European Union (Parliament, Commission and Council) will meet to discuss and negotiate the technical aspects and possible amendments to the text of the Directive. Once the three institutions have agreed on a final text, the Directive must be transposed into national law within two years of its entry into force, scheduled for 2024. During this period, national authorities will have the opportunity to adapt the provisions of the Directive to the specific situation of their country, ensuring a coherent and realistic implementation. This will require the participation of various actors, including businesses, civil society organisations and industry experts, to ensure an effective and balanced transposition of the directive into national legislation. During the approval process of the CSDD, there are multiple obstacles and oppositions that may arise. There is a risk that the Directive will be significantly weakened. However, the Directive is a key element of the European Green Deal and it will be crucial that sustainable finance actors, civil society organisations and advocates of a fair and sustainable transition exercise their role of guidance and oversight effectively already in the coming months.

1.2.4.3- Organisations and associations to improve working conditions

Today there are many organisations, associations and trade unions working for the protection of human rights in the textile industry. One of these is the 'Clean Clothes Campaign', It is an international network of human rights, workers' and trade union organisations. The CCC fights for the improvement of working conditions in the fashion and sportswear industry. In the pursuit of human rights in the production sector, the CCC uses the tools of action-oriented research in strategies aimed at consumer mobilisation, worker support and interlocution with international institutions. The right to a decent wage is at the centre of the Clean Clothes Campaign's activities, because this denied right is the first one that workers demand. The Clean Clothes Campaign publishes information on the transparency of companies in its online Fashion Checker, active since June 2020. This portal collects information from a mix of sources on the degree of transparency and payment of livable wages along the supply chain of more than 100 global brands, shining a spotlight on brands' standards and commitment to effective transparency.

“ Transparency enables workers, labour organisations, human rights groups, and others to swiftly alert apparel companies to labour abuses in the factories producing for them, giving companies an opportunity to intervene, stop and rectify rights violations at an early stage. It allows workers to further their fight for justice by providing access to information on which brands and retailers, multi-stakeholder initiatives or judicial courts they can approach for remedy. Transparency facilitates brand collaboration and collective action in order to stop, prevent, mitigate, and provide remedy for labour abuses in supply chains.”⁷⁰

After the release of the European legislation concerning due diligence, they have of course spoken out in favour of the sustainable business proposal that the European Commission (EC) has published. Although they claim that the general introduction of a binding obligation for companies to carry out due diligence on human rights and the environment is an important step forward, the proposal in their view falls short of their recommendations on some key aspects, so they urge the European Parliament and Council to draft a final text with the goal of definitively improving conditions for workers.

⁷⁰ “Discussion Paper on the lack of Transparency”, Clean Clothes Campaign, 2021

They welcome the explicit inclusion of freedom of association and collective bargaining, livable wages, and occupational health and safety among the human rights impacts that companies will have to address, just as they welcome, albeit with serious reservations, the possibility of holding companies accountable for human rights abuses in their value chains. They urge the European Parliament and the Council to further strengthen corporate accountability and victims' access to justice. Companies must not be allowed to shift their responsibility along the value chain through contracts or to escape full accountability in any other way. They also call for the dismantling of barriers that victims face in transnational litigation. Among the negative aspects of the proposal, on the other hand, they point out first of all the choice to apply the directive only to large companies, with more than 150 million turnover and 500 employees, which becomes 40 million turnover and 250 employees if active in high-risk sectors such as textiles, clothing and footwear, but with a further limitation to only 'serious negative impact'. This goes against the main accredited international standards, such as the UN Guiding Principles on Business and Human Rights. The Clean Clothes Campaign demands that all companies, regardless of their size or business structure, are covered by the legislation.

Another key area where EU co-legislators need to put right-holders firmly at the centre is the application of the proposed rules beyond direct suppliers. The Clean Clothes Campaign has always emphasised that semi-formal and informal work systems, as well as unofficial subcontracting and homeworking must be taken into account in all regulatory measures. *“With this proposal, the European Union has a unique opportunity to regulate the conduct of companies that have caused or are linked to human rights violations around the world, protecting many millions of people who manufacture the products we European citizens use every day. Among other things, legislators must ensure that companies adapt their purchasing practices. This is not possible without value chain mapping and traceability, which, together with transparency, must become one of the mandatory foundations of due diligence in general “*, ⁷¹Said Muriel Treibich of Clean Clothes Campaign. The Clean Clothes Campaign calls on the European Parliament and the Council of the European Union to seize this opportunity and adopt legislation that adequately addresses the fundamental challenges and structural inequalities of today's value chains.

⁷¹ “Due Diligence: un passo avanti ma strada ancora lunga” Clean Clothes Campaign, 2022

The 'Industiall European Trade Union'⁷², a federation of independent and democratic trade unions representing workers in key sectors such as engineering, chemicals, energy, mining, textiles, clothing, footwear and related industries, reviewed and commented on European legislation, focusing on three key areas: the protection of workers, the promotion of sustainable production in Europe and the promotion of fair trade.⁷³

With regard to worker protection, the federation's demands focus on several initiatives, including a comprehensive impact assessment on the potential effects of the transition on the current workforce. They also call for detailed planning of the future workforce based on social dialogue, a comprehensive analysis of future labour and skills needs at regional level, and the creation of an environmental/sustainability delegate within companies, with specific functions and powers to represent workers in relevant discussions and decisions and oversee transformation processes. The federation supports the Skills4Smart project and the new Skills Pact in the textile ecosystem, emphasising the importance of ensuring that workers acquire the necessary skills to cope with the transition. Furthermore, they promote a fair transition that includes retraining, upskilling and opportunities for internal mobility, accompanied by high levels of social protection for all workers involved, considering the widespread presence of precarious workers and low income.

In relation to sustainable production in Europe, the federation proposes a focus on European industry producing quality and long-lasting products made by skilled workers under decent working conditions. I call for a strong European policy framework to support the transition, with incentives for a more sustainable textile industry, investment in textile recycling, support for new economic and business models to promote recycling, and funding for circular economy projects.

Finally, as far as fair trade is concerned, the federation calls for EU actions to keep the European textile ecosystem competitive, guaranteeing a level playing field and combating

⁷² IndustriAll European Trade Union is a federation of independent and democratic trade unions representing workers in the metal, chemical, energy, mining, textile, clothing and footwear and related industries and activities.

⁷³ “Una futura strategia dell’ UE per i tessili a tutela dei lavoratori e del pianeta” IndustriAll, 2021

unfair trade practices. I call for EU legislation supporting due diligence along the supply chain, a review of the GSP to create quality jobs in poorer third countries, and a careful review of the implementation of the chapters on trade and sustainable development to strengthen environmental standards and labour rights in the non-European textile supply chain. In summary, a successful transition to more sustainable and circular European textiles and clothing sectors requires a unified collaboration of all stakeholders in Europe. For this transition to be successful, a robust EU policy framework that is cohesive and addresses the challenges facing the TCLF sectors in a targeted manner is essential. These challenges involve higher costs, such as those resulting from changes in production processes, technical challenges that require investment in research and development, and the adoption of new legislation, particularly with regard to waste management. It is crucial to recognize that textile workers are central figures in the transition towards more sustainable and circular textile ecosystems. Therefore, they must be adequately supported, together with their communities, for this transition to be truly successful.

1.3-ITALY: THE POSITION WITH RESPECT TO THE EUROPEAN REGULATIONS

1.3.1- Position with respect to Europe and the Agenda 2030

In Europe, Italy ranks first among the top five European economies for circularity⁷⁴. Waste recycling has reached the highest figure in the EU, i.e. almost 68%, while as regards the use of raw materials from recycling it ranks second, after France, with a percentage of 21.6%. Although the data are promising, there are 3 sectors in difficulty and they are those related to land consumption, eco-innovation and repair of goods. For these 3 sectors, Italy tends to rank among the last in Europe. In 2020, in Italy, the decrees on waste management and circular economy came into force and the Budget Law of the same year allocated contributions for funding to promote Transition 4.0. Most of the funding is related to sustainable development projects. Most of the funding is linked to the National Recovery and Resilience Plan for the use of new-generation EU resources.⁷⁵ Globally, economic growth is associated with increasing environmental impacts and greenhouse gas emissions. If we talk about circularity, however, it is possible to distinguish various

⁷⁴ "4TH REPORT ON CIRCULAR ECONOMY IN ITALY" Circular Economy Network/Enea, 2022

⁷⁵ On 22 June 2021, the European Commission published the proposal for a Council implementing decision, providing an overall positive assessment of Italy's National Recovery and Resilience Plan.

types of circularity, mainly related to urban waste production, consumption and management. For each type of circularity it is possible to distinguish different indicators for their evaluation.

While waiting for the hoped-for approval of the above-mentioned European reforms, a change of step in the direction of greater transparency and social responsibility on the part of Italian companies operating globally can also be initiated in our country. The areas to be worked on are different, but what they have in common is the need for these efforts to come from the top, from institutions and the Boards of Directors of large companies, and give a clear signal of commitment and conviction of the importance of transparency and access to information. The fashion sector, from fast fashion to luxury, is a fundamental asset for the Italian economy; our companies produce and export all over the world and are therefore able to influence business practices and the functioning of international supply chains. Made in Italy is a powerful vehicle for an image of value and absolute product quality that cannot ignore social and environmental quality. Italian textiles are known for their high quality machinery, techniques and innovative processes that contribute to innovation and quality in the sector. In Italy there are many examples of textile districts, known worldwide for their tradition, culture and territoriality, and this is where the true 'Made in Italy' label comes from. Born in the 1950s, today it is exported all over the world and is considered a guarantee of quality. This is why it is essential that Italian companies publicly commit to supply chain transparency, as a fundamental requirement to guarantee respect for human rights, and actually put these commitments into practice. Of the 74 companies reached by the Transparency Pledge ⁷⁶coalition, only one Italian company has fully adhered. It was seen above, however, how the information contained in the Pledge provides a partial picture of the supply chain. The integration of this information with more advanced quantitative and qualitative data on working conditions in supplier factories would demonstrate a greater company awareness of its corporate citizenship and would constitute a first but significant step towards a systemic change of working conditions in global textile production. There are many essays and studies analysing Italy's position with respect to European directives, among which Marco

⁷⁶ The pledge represents a voluntary commitment to minimum standards of transparency and civil society participation in the UNCAC review mechanism.

Fasciglione's contribution "Il Piano d'azione nazionale italiano su impresa e diritti umani e l'attuazione dei Principi guida ONU" from 2011 stands out.⁷⁷

The contribution examines the implementation of the UN Guiding Principles on Business and Human Rights⁷⁸ through the National Action Plans (NAPs). NAPs, a mechanism for transposing the same principles into the legal systems of states, have been adopted by several countries, mainly European, starting with the United Kingdom in 2013. The article focuses on the analysis of the Italian NAP adopted in December 2016. The Guiding Principles, approved in 2011 by the UN Human Rights Council, are based on three pillars: the obligation of states to protect human rights, the responsibility of companies to respect them, and the need to provide remedies to victims of abuse. Although they are not binding, they have become an important international reference.

The implementation process through the NAPs was promoted by the UN Working Group, which suggested that states adopt national policies using them as an instrument of convergence. This approach was particularly followed in the European regional context, with the European Commission and the Council of Europe urging Member States to develop their own NAPs.

The document points out that although the NAPs vary in detail, they share some common features, such as the reference to the OECD Guidelines and the promotion of transparency and non-financial disclosure by companies. Moreover, many European countries mention the need to transpose EU legislation in their NAPs. The Italian Action Plan 2016, drafted by the Interministerial Committee for Human Rights, is structured in five macro-sections and aims to ensure respect for human rights in business activities. It includes key actions for businesses, such as establishing a human rights policy, implementing due diligence mechanisms and creating grievance mechanisms to address negative impacts. The contribution acknowledges the merit of the Italian Plan in addressing six key areas of human rights impacts and in providing specific measures to promote due diligence, particularly for small and medium enterprises. However, it highlights some critical issues, such as the limited duration of the public consultation and the importance of capacity building to ensure the Plan's effectiveness.

⁷⁷ "Il Piano d'azione nazionale italiano su impresa e diritti umani e l'attuazione dei Principi guida ONU" Marco Fasciglione, Il Mulino, Rivisteweb, 2011

⁷⁸ The United Nations Guiding Principles on Business and Human Rights is an instrument consisting of 31 principles implementing the United Nations 'Protection, Respect and Remedy' framework on the issue of human rights, transnational corporations and other business enterprises.

The Italian Action Plan is evaluated positively for its commitment, but some methodological and content issues are raised that require further investigation.

The text examines the rules on "legality rating" and the administrative responsibility of legal persons in Italy. The legality rating, governed by Article 5ter of the Decree-Law of 24 January 2012, provides for the certification by the Competition and Market Authority of an undertaking's compliance with national legislation, including labour rights, and practices of social responsibility. This certification is linked to advantages in terms of public funding and access to bank credit. The administrative responsibility of legal persons, regulated by Legislative Decree 231/2001, requires companies to adopt organisational models and monitoring systems to prevent criminal offences, offering exemptions from liability in case of adoption of such models.

The text suggests that this liability mechanism could serve as a model for introducing a general obligation of corporate due diligence in the field of human rights, both in terms of criminal and civil liability. Reference is also made to Section 172 of the Company Act of the United Kingdom, which imposes a duty of care on business leaders, considering factors such as employee interests and the impact of operations on local communities.

The 2016-2021 National Enterprise and Human Rights Action Plan is praised for highlighting the need to further develop and adjust the existing regulatory framework to international standards and the Guiding Principles. It also stresses the importance of promoting the implementation of the European Directive 95/2014⁷⁹ on the disclosure of non-financial information by large companies, considering it a significant tool for the implementation of corporate responsibility to respect, by requiring undertakings to publish non-financial information annually, including information on human rights and the environment. The passage critically examines the National Action Plan for Business and Human Rights, highlighting several points of concern and ambiguity. In general, it highlights the lack of clarity in the organization of information in the plan, which provides a large amount of heterogeneous data and sometimes poorly contextualized.

One important criticism concerns the decision to have two separate action plans for business and human rights, rather than an integrated approach. This could lead to

⁷⁹ The European Union approved EU Directive 2014/95, which sets new minimum reporting standards in environmental and social matters, in relation to personnel management, respect for human rights and the fight against active and passive corruption.

confusion between corporate self-regulation and regulatory approaches, as well as causing fragmentation and uncertainty about the standards to be followed.

The passage also addresses the issue of corporate due diligence on human rights, pointing out that the plan could have been bolder in making this practice mandatory within the legal system. It also highlights the lack of clarity in the definition of business due diligence, which may vary depending on the business governance perspective or the international human rights protection system. Finally, the lack of distinction in the plan between two different corporate liability regimes is criticised: the objective liability that requires companies to avoid negative impacts on human rights and the due diligence responsibility that imposes a standard of conduct, in particular in managing relations with third parties. This lack of clarity could influence expectations of companies and lead to confusion between levels of responsibility.

Greater clarity, coherence and an integrated approach to the National Action Plan are therefore needed to improve effectiveness in promoting human rights in business activities.

The text discusses some observations related to the part of the Action Plan that concerns the measures implementing the third pillar of the Guiding Principles on access to remedies for victims of human rights abuses caused by business activities. The author points out that, often, access to remedies for victims is placed in the background compared to the other two Pillars of the Guiding Principles. In the context of the Italian Action Plan, this is reflected in the fact that the third pillar receives less space than the other two.

The author stresses that the positive obligation of the State to protect human rights from the acts of private actors is central and is the core of the first Guiding Principles Pillar. Access to remedies is considered a fundamental principle in international human rights documents and is essential to ensure the right of access to justice for victims of human rights violations caused by business activities.

Furthermore, the author highlights the importance of access to remedies both in relation to the first pillar (duty to protect) and the third pillar (access to remedies). The effectiveness of state protection obligations depends on the availability of complaint mechanisms accessible to victims. The Guiding Principles distinguish between judicial and non-judicial mechanisms, as well as those of a state and non-state nature.

The text acknowledges that the Italian Action Plan addresses some of the existing barriers in the domestic legal system that could hinder access to remedies for victims of corporate abuse. Priority measures are proposed, including remedies for the excessive duration of civil proceedings and improvements to special courts for businesses. Finally, the author notes that the main objective of the Guiding Principles is to provide support to States in the implementation of the three Pillars and to increase the awareness of international actors on the importance of human rights protection in business operations. The focus on the first pillar reflects the centrality of state action in ensuring the protection of human rights from interference caused by business activities.

With regard to the specific case of the 2030 Agenda, Asvis⁸⁰, the Italian Alliance for Sustainable Development carried out an analysis to check Italy's level in this regard. According to the composite indicators developed by ASVIS, Italy shows negative signs compared to 2010 in several areas, including poverty (Goal 1), water and socio-sanitary systems (Goal 6), the quality of terrestrial and marine ecosystems (Goals 14 and 15), governance (Goal 16) and partnership (Goal 17).

The results show a significant worsening in terms of crucial ambitions, such as poverty and the quality of ecosystems, while other challenges remain substantially stable or show modest improvements. The social dimension of the Italian situation reflects a reality in which almost two million households live in absolute poverty, with 1.4 million children affected. Inequalities between rich and poor are increasing, and almost five million 18-34 year-olds, almost half of this age group, show at least one sign of deprivation.

Further social problems emerge, such as high school drop-out rates, youth unemployment of over 20%, and 1.7 million young people not in education or employment. Gender inequalities remain a significant problem, with reports of unacceptable violence against women.

Environmentally, Italy presents a number of challenges, with significant losses in water systems, fairly protected land and sea areas, and a considerable percentage of rivers and lakes with a poor ecological status. The renewable energy sector accounts for only 19.2% of the total, highlighting gaps in the achievement of emission reduction targets.

⁸⁰ "L'Italia e gli obiettivi di Sviluppo Sostenibile", Asvis, 2023

On the economic front, after a phase of growth, Italy is showing signs of weakness, with employment growing but a strong presence of irregular and unprotected work. Although progress has been made in the circular economy and innovation, many companies show resistance in embracing digital and ecological transformation. The country needs considerable infrastructure investment to address climate challenges and to make existing infrastructure resilient.

In the institutional context, although voluntary homicides and predatory crimes have decreased, there is a significant increase in sexual violence, extortion and cybercrime. Prison overcrowding is on the rise and democratic participation, especially among young people, is in sharp decline.

Finally, on the institutional sustainability front, Italy presents challenges in terms of migration policies and investments in international cooperation, with a percentage of Official Development Assistance that falls short of the UN target of 0.7% of Gross National Income. This panorama highlights the need for an integrated approach and concrete actions to address the challenges and move towards greater sustainability in all sectors.

1.3.2- Labour Transparency 104/2022

Italy is also ready to comply with Directive (EU) 2019/1152 on transparent and predictable working conditions: on 22 June, the Government announced the approval of the so-called 'Transparency Decree'.⁸¹

Specifically, Legislative Decree No. 104 of 27 June 2022 on the 'Implementation of Directive (EU) 2019/1152 of the European Parliament and of the Council of 20 June 2019 on transparent and predictable working conditions in the European Union' introduces provisions governing information on the employment relationship, minimum requirements on working conditions, and a number of additional measures to protect workers, by novating the requirements set out in D. Legislative Decree No. 152 of 26 May 1997 'Implementation of Directive 91/533/EEC on an employer's obligation to inform employees of the conditions applicable to the contract or employment relationship'.

The measure extends to all types of employment contracts, including fixed-term and open-ended, part-time and full-time, intermittent and supply contracts. However, self-

⁸¹ "Lavoro Trasparente D.lgs. n 104/2022

employed workers, agents and those in short-term relationships, equal to or less than an average of three hours per week for four consecutive weeks, are excluded.

The main implementations concern the extension of the list of information that the employer must provide in writing to the employee, in paper or electronic form, at the time of recruitment prior to the start of the actual performance and, in any case, within 7 days, except for the specific cases of certain data requiring a maximum period of one month. For existing contracts, the employer is required to update the information at the employee's written request within 60 days. Documentation proving the transmission or receipt of this information must be kept for 5 years after the end of the employment relationship.

In addition to the conventional aspects of the employment relationship, such as the type of contract, identity of the employer, place of work, start and end dates, probationary period, classification and working hours, the employer must disclose further information. These include details on the worker's training, the duration of holidays and paid leave, the procedures and notice periods in the event of termination, the conditions for changing shifts, when hours are foreseeable, and the social security and insurance institutions to which contributions are paid.

Any change in the information communicated must be notified to the employee by the first day on which the changes take effect, unless they are legislative corrections or result from collective bargaining.

Failure, delay or incomplete fulfilment of information obligations results in significant administrative sanctions, ranging from 250 to 1,500 euros for each worker concerned. In addition, the decree prohibits companies from dismissing, discriminating or penalising workers who exercise the rights guaranteed by the regulation. In the case of retaliatory behaviour, workers have the possibility to resort to quicker means, such as conciliation and arbitration, and to file a complaint with INL, with the possibility of imposing further fines on employers.

The decree also provides for additional, detailed and complex information to be provided to workers in certain situations, such as those in which the employer uses automated decision-making and monitoring systems, reports made abroad or situations in which work performance is not predictable

1.3.3- EPR in Italy

The Minister for the Environment and Energy Security, Gilberto Pichetto Fratin, announced that he has started the consultation on the draft decree introducing an extended producer responsibility system for the textile and fashion sector. In the meantime, several consortia have sprung up in recent months for the collective management of this waste fraction, but the decree leaves open the possibility of individual management, as is already the case for other fractions such as packaging, WEEE and tyres. The clothing, footwear, accessories, leather goods and home textiles sectors will therefore also take responsibility for the sustainability of their products, especially after users have stopped using the garment or fabric. The consultation, the minister explained, will only involve 'major stakeholders'. It is not yet known which criterion the ministry used to identify the stakeholders to be involved and those, on the other hand, excluded from the possibility of providing input to the finalisation of the decree. The Mase⁸² note announcing the consultation then draws attention to the need to 'affirm the centrality of those who produce in respect of the law and the environment, stopping those uncontrolled disposals of textile waste that hide a chain of illegality to the detriment of honest entrepreneurs'. In order to achieve the set objectives and to guarantee the necessary coordination of separate collection activities, the CORIT, the Coordination Centre for Textile Recycling, was also set up, composed of all the individual and collective management systems recognised by Mase.

Listing possible good practices, the note then refers to 'biocompatible textile fibres and natural materials, the elimination of hazardous components and substances also with reference to microplastics released into the environment, the reduction of quality defects that lead the consumer to discard them, but also the use of techniques for blending fibres and fabrics that favour adaptability to multiple uses and reparability'.

The document also mentions the research, development and use of advanced technologies for sorting fibres from waste treatment and recycling, as well as a 'digital labelling system' describing the characteristics and composition of fibres, indicating non-textile parts of animal origin.

⁸² The Ministry for the Environment and Energy Security is a department of the Italian government. It is responsible for environmental protection and energy security. Established in 1986 as the Ministry of the Environment, it has taken on different names and competences over the years.

1.3.4- The importance of Made In Italy

'Made in Italy' in sustainable textiles is not only a national boast, but also a winning weapon in a sector facing major challenges. In Italy, the textile manufacturing tradition has deep roots, handed down from generation to generation. This heritage not only contributes to the cultural richness of the country, but also proves to be a distinctive and valuable element in a context where sustainability has become a crucial priority.

Globally, the textile industry has often been associated with environmental and social issues, such as the exploitation of workers and the negative impact on the ecosystem. In this scenario, Made in Italy emerges as a beacon of hope, presenting itself as a sustainable model that focuses on quality, ethics and environmental responsibility.

Consumers, increasingly aware and oriented towards eco-sustainable choices, see 'Made in Italy' not only as a guarantee of high quality products and refined design, but also as a commitment to sustainable production practices. This perception is a key element as consumers themselves become key players in promoting a circular and responsible economy.

Sustainable textile production in Italy benefits from craftsmanship skills rooted in tradition, enabling the adoption of innovative production processes and a low environmental impact. Attention to the quality of materials and care for details are elements that distinguish 'Made in Italy' in sustainable textiles, guaranteeing not only durability and style, but also a reduced ecological footprint.

In addition, transparency becomes a crucial aspect. Italian producers in sustainable textiles often adopt open communication practices, highlighting the origin of materials, production conditions and efforts to reduce environmental impact. This transparency reinforces consumer confidence, empowering them to make informed and sustainable choices.

'Made in Italy' in sustainable textiles is also synonymous with innovation. Italian artisans embrace new technologies and methodologies that enable more efficient and environmentally friendly production. This combination of tradition and innovation creates a unique value that is reflected in the final products.

However, in the context of Made in Italy, there are unique elements that need to be taken into account, as made clear by the articles and case studies reviewed. A specific study aims to assess how innovation and sustainability are integrated in the textile and fashion

industry, considering environmental, social and economic impacts.⁸³ While much research has focused on individual aspects of sustainability, little has taken a holistic approach. This analysis is based on two case studies in the textile and fashion industry in Italy, highlighting the factors that drive sustainable innovation from both outside and inside the company, which are essential to fully understand the value of Made in Italy. External factors include the importance of the territory and its resources, while internal factors concern corporate identity and managerial orientation. The objective is to develop innovation that meets the current needs of consumers without compromising those of future generations. The implications for management and corporate policies suggest that companies define common values, strategically manage their brand and raise consumer awareness of sustainability.

In short, 'Made in Italy' in sustainable textiles represents a beacon of excellence, where the beauty of design blends harmoniously with a commitment to sustainability. This not only promotes the competitiveness of the Italian textile industry on a global level, but also demonstrates that it is possible to reconcile traditional production with a modern and responsible approach to the environment and society, taking into account the brand's mission and the resources offered by the local territory.

⁸³ “Fattori chiave di successo per l’innovazione sostenibile nel settore tessile e moda. Best practices di due luxury brand del Made in Italy”, Alberta Bernardi, Chiara Luisa Cantù, Elena Cedrola, *Il Mulino Riviste Web*, 2021

CHAPTER TWO

SOCIAL AND ENVIRONMENTAL CERTIFICATIONS

2.1- SOCIAL AND ENVIRONMENTAL CERTIFICATIONS

2.1.1- Definition and subdivision

In this chapter, I will approach the topic of sustainability and transparency from another angle, that of social certification.

Certification means a declaration by an independent third party that a certain product, service, process or management system complies with certain requirements. An independent third party means an accredited body or a competent control authority that has no specific interest in the organisation applying for certification. Certification may be voluntary or mandatory. The requirements may be mandatory, i.e. laid down by law, or contained in recognised standards such as ISO standards.⁸⁴

There are two different certifications: environmental and social.

Product or service certification certifies that the product/service meets specific requirements that make it fit for use, process certification ensures that a process is carried out in a controlled manner and thus with guaranteed consistency in output and replicability, system certification may cover quality management, environmental issues and sustainability of events, occupational health and safety, security of information and IT services, energy, security in the supply chain, food safety, etc.

For the textile sector, there are numerous certifications, all of which can be traced back to the general scheme just seen.

There is a law, norm or standard, then there is a product, process or system, and finally there is an independent organisation that verifies compliance with the requirements and issues the certification. In addition to the requirements laid down by law with which every product and service must comply, there are recognised standards for each industry sector that establish the production and organisational criteria to be followed.

A standard is a set of established and agreed rules of customary origin whose purpose is to guide the behaviour of individuals or the community, to regulate a practical activity or to indicate the procedures to be followed in specific cases.

⁸⁴ "Certificazioni tessili", Wave, beyond clothing, 2020

For the textile sector, all textile production and its technical characteristics are regulated by ISO-EN-UNI standards.

At the legislative level, criteria are also laid down to regulate the names of textile fibres, the labelling of textile products, as well as the indications on labels, markings and documents accompanying textile products in the various production, processing and distribution cycles, but also the determination of the fibre composition of textile products by means of quantitative analysis of textile fibre mixtures and, at a general level, general safety requirements for all products placed on the market for consumers, the REACH regulation on the registration, evaluation, authorisation and restriction of chemicals, the regulation on biocides and the regulation on persistent organic pollutants.

The main certifications in the textile and clothing sector can be divided according to certain areas of relevance, such as environmental certifications, social-ethical certifications, animal rights certifications, organic certifications and recycling certifications. Environmental certifications ensure that production processes are conducted in a way that limits harmful impacts on the environment and the consumption of natural resources. Social-ethical certifications guarantee compliance with requirements regarding working conditions, workers' rights, human rights, transparency and non-corruption, and consumer protection. Animal-based certifications, on the other hand, establish rules for the protection of the animal world, certifying and incentivising above all fashion brands that choose to renounce the use of animal-derived materials. Then there are the organic certifications that guarantee the organic origin of natural textile fibres and their traceability along the eco-sustainable production chain. Recycling-related certifications guarantee the use of recycled materials, with textile companies increasingly developing innovative ideas to produce textile yarn from fabric scraps, recycled plastic, industrial waste, carpets and food waste. Some of the most widespread certifications are ISO 14001, LIFE CYCLE ASSESSMENT (LCA)⁸⁵, PEF (Product

⁸⁵ Life cycle analysis is a structured and internationally standardised method for quantifying the potential impacts on the environment and human health associated with a good or service from its resource consumption and emissions.

Environmental Footprint)⁸⁶, OEKO-TEX⁸⁷, GOTS (Global Organic Textile Standard), WOOLMARK⁸⁸, GLOBAL RECYCLED STANDARD⁸⁹, SA 8000 and ISO 2600⁹⁰.

2.1.2- Importance of certifications for companies

In today's corporate landscape, brand identity presents itself as a key element, underpinned by motivations and values that become decisive in companies' target markets. Numerous surveys indicate the growing expectation of consumers to fully understand the role of companies in social contexts. This expectation translates into a demand for clear statements and concrete demonstrations of corporate identity, especially in sustainability reports, which have become essential tools for communicating actions taken in a transparent manner.

Consumer awareness has grown, leading them to seek out brands that reflect their personal values. Purchasing choices become manifestations of ideologies and consumers prefer companies that support shared causes and issues. The creation of a cohesive community is possible when companies and consumers share values, allowing customers to directly influence company policies and the setting of new directions. The conditioning power of consumers profoundly influences brand perception. Consistency of shared values creates a positive image, while support for conflicting values can generate criticism and negative opinions. In this context, building and declaring an easily understandable and comparable corporate personality becomes crucial for the brand, as today people are not only looking for objects or benefits, but want to find elements of identity that represent them.⁹¹

⁸⁶ PEF stands for Product Environmental Footprint and is a life cycle assessment methodology used to quantify the environmental impacts of goods and services, from their design to their disposal.

⁸⁷ Oeko-tex standard 100 is an independent testing and certification system for textile products for all types of production through the textile control chain

⁸⁸ Pure virgin wool certification is an international production quality mark, promoted in 1964 by the 'I.W.S.', a non-profit organisation that brings together wool producers from more than 30 countries.

⁸⁹ The GRS (Global Recycle Standard) certification scheme certifies products made from recycled materials and manufacturing activities. It valorises products made from recycled materials, respecting environmental and social criteria extended to all stages of the production chain

⁹⁰ ISO 26000 in Italy UNI ISO 26000 "Guide to Social Responsibility"[1] is a guide for all types of organisations, regardless of size and location, and provides guidance on concepts, terms and definitions related to social responsibility; as well as on the historical background, trends and characteristics of social responsibility.

⁹¹ "Moda sostenibile: l'importanza delle certificazioni sociali", Makers Valley

Navigating today's complex media landscape presents a dual challenge and opportunity for companies. Corporate leadership must go beyond the mere pursuit of profit and carefully consider social aspects, employee welfare, investor satisfaction and environmental protection. This approach is crucial for defining corporate objectives, outlining brand values and actively responding to present and future social movements. In the fashion industry, consumers have become more aware and demanding. In addition to product quality and style, they look for ethical and sustainable brands, avoiding those that do not meet ethical standards. The focus is on fair labour practices throughout the production chain, the use of eco-friendly packaging, recycling services, garments made from recycled materials and concrete initiatives to reduce carbon emissions. This is why social certifications can be a huge advantage, as they testify that certain standards have been met.

In conclusion, fashion consumers are increasingly aware of the power they have to discuss corporate practices through their purchasing choices. This scenario requires companies to adopt increasingly sustainable policies and initiatives, embracing shared values and demonstrating a concrete commitment to corporate social responsibility

2.1.3- Limits and problems of social certifications

The sustainability of a company is mainly based on two fundamental pillars: the environmental and the social. Although reliable certifications and objective studies exist to monitor the environmental aspect of sustainability, the social dimension presents considerable challenges in conducting effective assessments and monitoring performance development, both for companies and their value chain.

For the social aspect, it is more complex to find reliable audit schemes, reports and benchmarks, due to the lack of sufficient quantifiable data and internationally recognised standards on which to base assessments. The widespread use of social audits, consisting of on-site assessments of corporate social responsibility practices and efforts, is a common tool but not without limitations. Ineffective social audits pose a risk as they can damage companies' reputations and incur so-called 'social washing', i.e. the disclosure of false or misleading information about a company's working conditions and social initiatives.

Companies adopt social audits to assess the social sustainability of their partners, prevent human rights violations and ensure decent working conditions in complex supply chains. Through such audits, brands can assess on the ground the performance of their suppliers against corporate social responsibility objectives.⁹²

There are different types of audits, each with different forms depending on the objective and the sector in which it is conducted. For example, an audit may consist of a face-to-face verification, where an auditor visits an organisation or facility to gather first-hand information and verify compliance with local procedures and regulations. Alternatively, it may take a more complex form, such as participation in audit structures such as consortia or industry organisations, which work together to systematically assess compliance with regulations and standards, using more complex evaluation systems and indicators.⁹³

However, as anticipated, social certification has its limitations and problems, and there are many reports that prove this.

Companies should not rely on audits as a form of supplier due diligence. Due diligence is a process that must be managed internally by the contracting company, which must retain responsibility for it. It must be continuous, aimed at ensuring that suppliers consistently meet standards, going beyond a simple snapshot of the situation to a more in-depth view. While responding to the needs of clients in supply chain and corporate reputation management, auditing firms seem to prioritise risk management and brand image protection over due diligence and troubleshooting obligations related to labour rights violations.

Corporate social responsibility (CSR)⁹⁴ initiatives, which emerged in response to criticism of abuses in the early 1990s, have significant limitations due to a lack of transparency, conflicts of interest and ineffective tools for identifying, documenting, communicating and resolving violations or risks of human rights violations. Industry keeps the contents of audit reports secret and does not face significant legal liabilities. Social auditing should not be confused with due diligence and does not solve problems or change working

⁹² "Measuring Progress: Program Evaluation of Environmental Policies" Bennear, Lori S. and Cary Coglianese, 2005.

⁹³ "The Review of Economic Studies" Heckman, James J., Hidehiko Ichimura, and Petra Todd.

⁹⁴ Corporate Social Responsibility is, in economic and financial jargon, the area that deals with the ethical implications within the strategic business vision: it is the manifestation of the willingness of large, small and medium-sized companies to effectively manage social and ethical impact issues within their internal and business areas.

conditions. Social audit companies are also commercial enterprises and should be subject to the same due diligence and risk mitigation obligations, requiring a review of the way they operate.⁹⁵

The report of Clean Clothing Campaign shows that the social audit sector has not achieved its main goal of protecting the safety of workers and improving their conditions. On the contrary, it has mainly focused on protecting the image and reputation of brands, hampering more effective approaches based on transparency and binding commitments for access to justice. Numerous cases of disasters, such as the Ali Enterprises fire in Pakistan⁹⁶, the Rana Plaza⁹⁷ collapse in Bangladesh and the boiler explosion at the Multifabs factory, demonstrate the failure of the corporate-controlled social audit system to prevent such tragedies. Deborah Lucchetti, Clean Clothes Campaign coordinator, said: *“20 years of corporate social responsibility have failed to improve working conditions and this will continue until there is a structural revision of the social control system. We cannot let companies regulate themselves. Binding regulations with the threat of sanctions and the empowerment of workers through their representatives are the only mechanisms that can guarantee serious accountability, due diligence on human rights and the protection of workers' lives”*.⁹⁸

Human rights watch⁹⁹ also issued a report on 15 November 2022 highlighting the challenges and inefficiencies associated with social audits and certification applied in retail supply chains, with a focus on labour abuses in factories. Several testimonies from auditing experts, who remained anonymous, highlight the complexities and limitations of the current approach to social audits.

The paper highlights that despite increasing demands for regulatory laws from the European Union and other countries, social audits often fail to detect significant abuses of working conditions in supply chains. Pressure to reduce the cost and duration of audits

⁹⁵ “Advancing Labour Rights through Results Based Social Certification System”, 2018

⁹⁶ Around 6pm on 11 September 2012, a devastating fire broke out at the Ali Enterprises factory in Pakistan. This tragic event resulted in the loss of over 250 lives and 55 seriously injured. When the fire enveloped the Ali Enterprises factory, workers were trapped inside the building, unable to escape due to barred windows and blocked exit doors.

⁹⁷ The Rana Plaza collapse was a structural failure that occurred on 24 April 2013, when an eight-storey commercial building collapsed in Savar, a sub-district in the Greater Dhaka Area, capital of Bangladesh. Rescue and search operations ended on 13 May with 1,134 casualties.

⁹⁸ “La foglia di fico della Moda: come l’audit sociale protegge i marchi a danno dei lavoratori”, Deborah Lucchetti, Clean Clothing Campaign, 2019

⁹⁹ “Sfide chiave legate all’uso degli audit sociali”, Human rights watch, 2022

can compromise the quality of investigations by limiting the time to interview workers and corroborate the information gathered.

The report also highlights conflicts of interest between audit firms and their clients, which can affect the social audit process. The experts interviewed reveal how suppliers, when they are the ones paying the audit firms, can exert more pressure to mitigate negative results. Furthermore, there are consulting practices that aim to deceive the social audit system by preparing factories to answer questions and generating false documentation. The report argues that social audits should not be seen as a substitute for repair and corrective support. Even when problems are detected, repair depends on the willingness and action of the suppliers and brands involved. Furthermore, the paper highlights the lack of transparency in the social audit sector, with supplier audit reports not being made public, creating doubts about the credibility of certifications.

The report includes key recommendations for policymakers and regulators, suggesting the adoption of more effective measures, such as the publication of audit results, the implementation of independent complaints mechanisms and the promotion of due diligence based on human and environmental rights through a combination of tools developed in consultation with stakeholders.

There is a deep description of the context of social audits, with a focus on the garment sector, highlighting how companies rely on these inspections to verify compliance with social and labour standards in their global supply chains. Over the years, multinational companies have supplemented private audits with government audits, mainly due to legislative shortcomings. The Association for Professional Social Compliance Auditors¹⁰⁰ estimates that auditing firms generate over \$300 million annually by conducting social audits.

Social audits involve physical inspections of suppliers in different countries, assessing working conditions against specific standards. However, it highlights the challenges and critical issues related to the effectiveness of such audits. Several organizations, such as Human Rights Watch, have documented abuses in supply chains, questioning the

¹⁰⁰ The APSCA exists to enhance the professionalism, consistency and credibility of individuals and organisations that perform independent social compliance audits as a means to improve workplace conditions globally.

effectiveness of social audits after incidents such as the Ali Enterprises factory fire and the Rana Plaza building collapse.

Some audit firms admit the limitations of social audits in detecting sensitive human rights violations. For example, ELEVATE stated that social audits are not designed to catch abuses such as forced labour and sexual harassment. Surveys conducted by ELEVATE itself revealed significant discrepancies between audit results and workers' feelings.

It also highlights the challenges related to time and quality of reports. Short audits, often limited to a few days, may not be sufficient to detect complex abuses, and auditors may feel pressurised by conflicts of interest. Sometimes, suppliers themselves appoint and pay the auditors, introducing additional ethical challenges.

Finally, the text emphasises that social audit reports and certifications should not be considered as sufficient proof of human rights due diligence. New laws requiring companies to conduct human rights due diligence in supply chains are proposed, but it is warned that social audits alone may not be adequate. The quality of audits is influenced by factors such as team composition, language skills, time spent and corporate pressure on auditors.

Human Rights Watch research has shown efforts by some suppliers to conceal negative working conditions during audits. Some use consultants to generate false records and instruct workers and managers on how to answer questions during audits, which increases the risk of falsification. Brands that make unfair purchases and insufficient commitments to solve problems in factories incentivise suppliers to use unscrupulous audit consultants and provide misleading information.

Auditors reported widespread practices of audit consultants helping factories to prepare for inspections by engaging in activities such as creating duplicate accounts or providing false documents. Extensive studies confirm the use of consultants in China to pass audits. The NGO Transparentem¹⁰¹ revealed deception tactics, including falsifying documents and instructing workers to lie.

Factory managers coach workers before audits and threaten dismissal in case of an unfavourable outcome. Coaching by managers is widespread and complicates the picture of real working conditions. Off-site interviews are essential to obtain reliable information, but the associated costs and time discourage this practice. If workers are honest, they may

¹⁰¹ Associazione contro le grandi industrie che violano i diritti umani

risk their jobs if the factory goes out of business, or they may avoid talking about problematic working conditions to preserve their employment. One employee who experienced sexual harassment stated:

“All of us workers struggle to earn a living, everyone has their own difficulties. We don't know if they can eat well or not, what their problems are at home. Some of us are brave and want to tell the truth ,about working conditions in the factory. But we don't want our courage to ruin the lives of other workers by making them lose their jobs. We don't want ,brand, purchase orders to be cancelled. We just want those ,supervisors and factory managers, who harass us to stop or leave the factory.”¹⁰²

Auditors have reported to Human Rights Watch that coaching of workers by factory managers is a common problem. For example, Andrew A., an auditor, described trying to get a true picture of working conditions in a factory as a cat and mouse game. He said:

“I've been doing this for 20 years. Like Tom and Jerry or like treasure hunting.”¹⁰³

Hla Tun, another auditor, said:

“We don't have safe workers on site. Sometimes they are trained. If the auditor asks: -How many hours a day?- They will say eight hours. If an auditor says: -How many hours overtime?--No overtime. And then we have to ask: -Did you visit the pagoda on Sunday?-We must constantly try to find different ways of asking the same things.”¹⁰⁴

Audits do not guarantee the improvement of working conditions, as investigations can only point out problems. The commitment of brands to support remediation is essential, but many brands ignore audit results and do not provide the necessary financial support. Lack of brand engagement is a key challenge according to audit experts, with some brands not even reading reports and others lacking resources or willingness to act. The cost of remediation is a significant obstacle, and some brands are reluctant to incur the necessary costs to ensure compliance.

¹⁰²“Sfide chiave legate all'uso degli audit sociali”, Testimonianza di un lavoratore delle factory, 2021

¹⁰³ Andrew A., auditor of Human rights watch

¹⁰⁴ “Hla Tun, auditor interviewed by Human rights watch

Companies' purchasing practices have a significant influence on working conditions in factories: numerous studies show that unfair purchase prices and other purchasing practices put pressure on suppliers, increasing risks for workers' rights. However, social audits, used to assess working conditions, have little influence on the purchasing practices of brands. Auditors complain about the lack of in-depth analysis of the causes of problems and indicate that brands often pass the costs on to factories without taking the necessary corrective action.

Bad purchasing practices can lead to excessive working hours, but these problems often escape the attention of auditors. Transparency is a key missing element, as audit results are generally not made public and certification systems do not disclose details of audit reports and corrective actions. Secrecy undermines trust in audit results and experts emphasise the importance of transparency to ensure effective monitoring by trade unions and labour rights activists.

The absence of independent mechanisms to resolve disputes over purchasing practices is a significant challenge for manufacturers. The lack of transparency and trust highlights the need for laws requiring companies to respect human and environmental rights in their global supply chains. Social audits and certifications, if used, should complement stricter regulations and not replace them.

In the following pages I will analyse four important social certifications with their pros and cons and the debates about them, I am referring to SA8000, GOTS, ISO 14001 and FAIR TRADE.

2.2- SA 8000: SOCIAL ACCOUNTABILITY

2.2.1- Meaning of the Certification

SA 8000 Certification, created in 1997 by CEPAA¹⁰⁵ and subsequently updated in 2001, is the first international standard on Corporate Social Responsibility (CSR). This standard, also published for certification purposes, presents an approach that is reminiscent of ISO 9000 in its 1994 version, prior to 'Vision 2000', allowing for the integration of a Quality System at document and operational level.¹⁰⁶

¹⁰⁵ Council on Economic Priorities Accreditation Agency, now SAI

¹⁰⁶ "Social Accountability 8000, standard Internazionale", Social Accountability International, 2014

SA 8000 is essentially based on the guiding principles of the ILO Declarations¹⁰⁷ and the United Nations Declaration, as well as on general management criteria and the logic of continuous improvement. Its minimum requirements, including child labour, forced labour, health and safety, trade union freedom, discrimination, disciplinary practices, working hours and remuneration, are potentially applicable to any company, regardless of sector, size or location.

The standard establishes the obligation for companies to comply with applicable national laws and all national, territorial and company collective agreements, applying the most restrictive requirement in case of regulatory conflict. The management model, similar to ISO 9000, is based on the PDCA (Plan-Do-Check-Action)¹⁰⁸ principle for continuous improvement and includes aspects such as policy, system review, company representatives, system planning and implementation, supplier and sub-supplier control, problems and corrective actions, communication, access to audits and records.

The documents required to formalize the SA 8000 system include a Manual that contains the company's CSR policy, organizational structure and resources for social management, as well as the company's guidelines for implementing regulatory requirements. Procedures describe the management and operational responsibilities and criteria for conducting the most critical business processes in a controlled CSR regime, while any operating instructions detail how the activities set out in the Manual or Procedures are to be carried out. Any internal regulation or code of conduct is company specific.

A company that adopts and implements the SA 8000 system can consolidate and improve it autonomously over time, following an 'applicant' regime. Alternatively, it can obtain Certification by a body accredited by SAI. In this way, the company also fulfils the need to formally accredit itself as a *Good Citizen* of its community, demonstrating a concrete commitment to Corporate Social Responsibility. SA 8000 thus becomes a fundamental tool to promote ethical and sustainable business practices globally.

¹⁰⁷ Adopted in 1998, the ILO Declaration on Fundamental Principles and Rights at Work is an expression of the commitment of governments, employers' and workers' organisations to uphold fundamental human values, values that are vital to our social and economic life.

¹⁰⁸ The Deming cycle (or PDCA cycle, acronym from Plan-Do-Check-Act) is a four-stage iterative management method used for the control and continuous improvement of processes and products.

2.2.2- History of the Certification

As early as the 1960s, the first economic theories were being developed in the United States that affirmed the existence of the local community as another 'stakeholder' for the success of the company in addition to ownership, including the concept of social welfare in the concept of profit stakeholder approach.

With the growing importance assumed by consumer associations, and later also by boycott groups, many large companies in the United States and Europe began to adopt codes of conduct to guarantee consumers the fulfilment of essential guarantees and needs, as well as offering the first criteria for conscious purchases in the face of a growing sensitivity to sustainable development issues.¹⁰⁹

In Europe, the development of the concept of Social Responsibility became established in 1995, when a group of companies, at the invitation of J. Delors, then President of the European Commission, signed the 'Manifesto of companies against social exclusion'. In July 2001, the European Commission presented the Green Paper *Promoting a European Framework for Corporate Social Responsibility* to facilitate its integration into member states policies and to coordinate promotion and implementation strategies.

In other words, it is about corporate governance aimed at improving the living conditions of those directly or indirectly involved in the company and its socio-economic environment, both today and for future generations.

Other important intergovernmental guidelines for governments and employers include the UN Declaration of Human Rights¹¹⁰, the ILO (International Labour Organisation)¹¹¹ Declaration on Fundamental Principles and Rights at Work¹¹², the UN Global Compact and the OECD (Organisation for Economic Co-operation and Development) Guidelines¹¹³. The UN Declaration of Human Rights outlines the fundamental principles of human rights. The

¹⁰⁹ " La Responsabilità Sociale SA 8000: come e perché realizzare una gestione socialmente responsabile del personale dell'Azienda", Ametris e Dott. G.M Bossich

¹¹⁰ The Universal Declaration of Human Rights is an international document adopted by the United Nations General Assembly that enshrines the rights and freedoms of all human beings.

¹¹¹ The International Labour Organisation (ILO or ILO) is the specialised agency of the United Nations that works to promote decent and productive work in conditions of freedom, equality, security and human dignity for men and women.

¹¹² The Declaration on Fundamental Principles and Rights at Work was adopted in 1998 at the 86th International Labour Conference.

¹¹³ The UN Global Compact and the OECD Guidelines for Multinational Enterprises ('the OECD Guidelines') are the world's leading voluntary and comprehensive corporate responsibility initiatives. In articulating the principles of responsible business conduct, they are based on international standards that enjoy broad consensus.

ILO Declaration on Fundamental Principles and Rights at Work emphasises the importance of fundamental labour rights. The UN Global Compact urges manufacturing organisations to implement the principles of human, labour and environmental rights, similar to the basic principles of ISO 9000:2000. Furthermore, the OECD Guidelines provide guidance to multinational companies to respect local government policies and promote their contribution to sustainable development.

CSR, which started out as a set of individual industry responses to general guidelines and widespread needs that required balancing economic and financial aspects with those of sustainable development, has become an important tool for the implementation of European economic policy.

The EU's strategic goal for 2010, set by the Lisbon European Council in 2000, is for Europe to become "*the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth accompanied by more and better jobs and greater social cohesion*".¹¹⁴

It is well known that the success of a company, particularly an SME, depends on its ability to interpret, possibly anticipating, legitimate market expectations and perceived 'weak signals' from listening to the entire environment in which it operates.

The evolution of the world market situation, characterised by fierce competition, globalisation, the new economy, commercial and financial liberalisation, revolution in the criteria for organising production, demographic changes and environmental degradation, can lead to situations of deterioration in the quality of life and violation of workers' fundamental rights.

In such a situation, the purpose of the company cannot be limited to the mere maximisation of profit (product) or the creation of value (product/service), but must evolve further towards a service that is also 'sustainable', for the benefit of the entire community and future generations.

The company, therefore, must first of all carefully identify its interlocutors, widening the usual panorama , shareholders, customers and suppliers , to all the subjects, the stakeholders, affected by the activity in the socio-economic sphere of reference.

¹¹⁴ Lisbon European Council ,2020

The 'corporate vision' of CSR must therefore also address itself internally, to employees as co-protagonists of the company's success, and externally, to all interest groups that in some way condition its results or have an interest in it: institutions, the local community, non-profit organisations, consumer groups, public services, employer and trade union associations, credit institutions, the media, the competition itself, etc. Secondly, the company must effectively communicate its values to give credibility to its image and its 'sustainable' product.

The socially responsible company goes beyond mere rhetoric by formalising and adopting internally a code of conduct that aligns with its social policy. Through this code, the company activates behaviours that go beyond contractual obligations and legal requirements. For example, it initiates actions and relationships that push the boundaries of innovation in various aspects such as ethics, sociality and environmental sustainability: Regarding ethics, the company promotes respect for human and labour rights, invests in the motivation and professionalism of employees, engages in fair trade practices, adopts models of good administrative management, prioritising transparency and the fight against corruption.

With regard to sociality, the company shows solidarity through social integration actions, enters into social marketing partnerships, dialogues with stakeholders, supports non-profit organisations, promotes the development of the territory, integrates into the local economic fabric and embraces multiculturalism.

With regard to the environment and safety, the company undertakes projects to improve environmental sustainability and safety conditions at work, minimising the negative impact of its activities on the environment.

Alternatively, the socially responsible company can adopt voluntary standards that propose business development models that take into account the respect of ethical-social responsibility values, such as the SA8000 standard.

Indeed, according to a 1997 CEP (Council of Economic Priorities)¹¹⁵ study, the adoption of a Code of Ethical Conduct that does not refer to a uniform and comprehensive scheme and is not monitored by a third party, loses effectiveness and continuity.

2.2.3- Social Responsibility

The Code of Social Responsibility is a proposed operational document for the implementation of a company management system in accordance with the principles of SA 8000 Ethical Certification. This tool is intended for companies that aspire to be considered Good Citizens in the social context in which they operate, recognizing the importance of carrying out their economic activity in an ethical and socially responsible manner.

The primary objective of this Code is to introduce and raise awareness of the principles of Social Responsibility, following the criteria of SA 8000, a widely recognised international standard. These principles are to be implemented as part of the organisation's Social Responsibility System (SRS)¹¹⁶, and are universally applicable rules, independent of geographical location, industry sector and company size. These requirements complement the rules and regulations that define the 'duties' of workers and govern their contractual relationship with their employer, leaving it up to the organisation to decide 'how' to implement them.

The Code of Social Responsibility comprises three key components:

First, the Guiding Principles of Social Responsibility, also known as the Ethics Policy, outline the fundamental principles to which the Good Citizen Company is committed to adhere to as part of its ethical framework.

Secondly, the Code of Conduct articulates the social obligations that the company is committed to, with a focus on human and labour rights. It serves as a concrete statement of the company's dedication to upholding high standards in these critical areas.

¹¹⁵ Il CEP è un think tank di politica economica internazionale senza scopo di lucro e apartitico che si occupa di politica fiscale, monetaria e commerciale. Se siete interessati a saperne di più su di noi o a partecipare, saremo lieti di ascoltarvi.

¹¹⁶ The theory of social responsibility is based on an ethical system in which decisions and actions must be ethically validated before proceeding. If the action or decision causes harm to society or the environment, then it is considered socially irresponsible.

Finally, the system code presents the management framework for the execution of business processes geared towards continuous performance improvement in the area of social responsibility.

Promoting these principles and adopting consistent behavior represents a concrete commitment to competing in the global market, respecting fundamental ethical values. This translates into enhancing the company's reputation, the solidity of the business, the credibility of the business, the trust of consumers and social organizations, improving relations with institutions and contributing to a positive corporate climate.

The management of the "Good Citizen" company recognizes that work processes influence the social aspect, managing relations with 'Interested Parties'. These include internal and external staff, shareholders, suppliers and customers, relevant public institutions and non-profit organisations.

The company's main objectives include the establishment of a correct and productive ethical-social relationship with employees, in addition to mere compliance with current legislation. This translates into the professional motivation of workers, the promotion of programmes for the social inclusion of disadvantaged groups, and the awareness and control of the ethical and social correctness of suppliers and sub-suppliers. In addition, these processes participate in the creation of a Continuous Performance Improvement-oriented System¹¹⁷, following a logic similar to that of the ISO 9000:2000 standards.

The Good Citizen Company adopts the Social Accountability Code in line with the values and requirements of the SA 8000 standard. This document serves as a guide for the promotion and implementation of corporate strategies aimed at demonstrating and developing the degree of social sustainability of its business activities. The company's Ethical Policy Statement is disseminated to staff through the Code of Social Responsibility and is available separately to other stakeholders, reinforcing the company's transparent and open commitment to Social Responsibility.

I will now analyse the liability commitments in detail.

¹¹⁷ Continuous improvement is a corporate culture that encourages all employees to look for ways to improve the company's operations. This includes coming up with ideas to improve efficiency, evaluating current processes and looking for opportunities to reduce unproductive work.

Good Citizen Company is committed to upholding a comprehensive set of ethical and operational standards in all of its operations. With regard to the protection of child labour, society unequivocally prohibits the use or approval of child labour. It establishes and communicates clear policies and procedures to rehabilitate children in situations considered as child labour, providing the necessary support for their education and well-being.

Regarding the exclusion of forced labour, the company does not engage or support the recruitment of forced labour. Ensures that no staff is required to provide deposits or deliver original ID documents to begin work.

In terms of health and safety management, the company gives priority to providing a safe and healthy working environment. This involves the implementation of measures for the prevention of accidents and injuries, the appointment of a dedicated management representative for safety and health responsibilities, the conduct of regular training sessions on health and safety at work, and the development of strategies to detect and respond to potential threats. As regards freedom of association and collective bargaining, society respects the right of all staff to join trade unions and engage in collective bargaining. It facilitates alternative means of association and bargaining where legal restrictions exist, ensuring that trade union representatives are not discriminated against. The company strictly prohibits discriminatory practices. It does not tolerate discrimination on various grounds such as race, nationality, religion, gender or sexual orientation. In addition, society prohibits sexually coercive or offensive behavior.

With regard to disciplinary practices not punitive, the company prohibits the use of corporal punishment, coercion or verbal offenses as disciplinary measures.

In terms of legal working hours, the company adheres to the prescribed working hours according to applicable laws and industry standards. It ensures that normal working hours do not exceed 48 hours per week, with at least one day of rest in seven.

Finally, as regards the adequacy and transparency of remuneration, the company ensures that all workers receive remuneration in accordance with the statutory minimum wage standards. Deductions for disciplinary actions are prohibited and payslips are clear and understandable. In addition, the company avoids engaging in undeclared work or false apprenticeship agreements to circumvent social obligations.

2.2.4- Certification body, revision of the 2023 standard and how to obtain it

The certifying body for SA 8000 is SAI.

Founded in 1997, Social Accountability International (SAI)¹¹⁸ is a global non-governmental organisation committed to promoting human rights at work. SAI's mission is to create conditions for decent work everywhere, recognising that socially responsible workplaces not only benefit businesses, but also guarantee basic human rights. SAI works to empower workers and managers at all levels of companies and supply chains. Using its multi-sectoral SA8000 standard, along with programmes such as Social Fingerprint, TenSquared and other training courses, SAI stands out as a leader in policy development and implementation. The organisation actively collaborates with a wide range of stakeholders, including brands, suppliers, governments, trade unions, non-profit organisations and academic institutions. SAI is a US-based charitable organisation committed to promoting ethical and responsible labour practices globally.

In 2023, SAI will undertake a comprehensive review of the SA8000 decent work standard.¹¹⁹ The SA8000 standard forms the basis of all SAI's programmes to promote the human rights of workers around the world, from the SA8000 certification programme to capacity-building work with brands, companies and other organisations, to systems-focused landscape projects. It is also used as a benchmark in many other standards and corporate codes of conduct.

The purpose of this revision is to ensure that the SA8000 standard continues to serve as the main benchmark for ethical workplaces at all levels of the value chain, reflecting evolving human rights risks and good practices.

From July to October 2023, SAI held 13 workshops in 10 countries to gather feedback on the initial draft materials and input to inform future stages of the drafting process. Nearly 250 people attended the workshops and provided their valuable expertise and insights. Participants came from SA8000 certified companies, auditing firms, government agencies and human and labour rights organisations, bringing a wide range of perspectives.

SAI is now working on analysing and addressing the feedback received from these activities. We will announce new opportunities to be involved in the Standard's revision process in early 2024.

¹¹⁸ "Lo standard SA8000", Area ISO srl, 2015

¹¹⁹ "Revisione Norma SA8000 2023", SAI, 2023

Any changes to the Standard will be implemented in 2024 and beyond, including updates to SA8000 training. As with previous revisions, SA8000 auditors will need to take a short revision course to maintain their training credentials. This review course will also be available to anyone who has taken SA8000 Basic or Advanced training.

As we cannot yet predict when the SA8000 Basic Training will be revised and the revision training will be made available. Participants who complete the SA8000 Basic Training in 2023 or later will be able to take the revision training free of charge when it becomes available. We will now look in detail at what the SA8000 certification process consists of. The implementation of the Ethical System, in accordance with the management model outlined, is a crucial step before starting the SA 8000 certification process. Once the system is operational and the records required by the standard are available, often traceable to transparent and daily administrative practices, the following measures are taken.

Contact with the Certification Body SA 8000 provides selected from those accredited by SAI. Institutions operating in Italy are listed at the end of this chapter.

The submission of the Documentation requires the submission of documentation to the Certification Body, including the manual, procedures and instructions attesting the compliance of the system with the standards and ethical principles of the company.

During the preliminary assessment, a preliminary assessment shall be carried out, including a review of the adequacy of the documentation, planning and preparation for the audit. If necessary, a preliminary audit shall be conducted, gathering information on working and economic conditions through confidential interviews with workers and other stakeholders.

The Initial Audit of the CSR Management System involves carrying out the initial audit of the CSR management system to verify compliance with standards, company procedures, applicable laws and contracts. The audit results shall be accompanied by a report showing any non-compliance and corrective actions to be taken.

After the correction of any non-conformities found, the HS certificate 8000 certifying the conformity of the system is issued.

Periodic surveillance audits are then conducted to continuously monitor the system. The frequency of audits varies depending on the size of the company, with annual or semi-annual intervals.

The certificate is valid for three years, but can be revoked in the event of serious complaints or non-conformities detected during periodic audits. A distinctive element of the SA 8000 certification system is the mandatory presence of women in the audit team. In addition, all stakeholders can be consulted by the auditors, SAI and the workers. They also have the right to approach SAI directly to lodge complaints or challenge the company's certification or accreditation proposals.

The choice of leading companies, especially in the large-scale retail sector, to adopt the SA 8000 standard for certification purposes on a global scale has given the scheme real international credibility, especially in critical labour-intensive sectors such as textiles, clothing, transport, cleaning services, chemicals, agribusiness, etc. The standard has become a benchmark for demonstrating companies' commitment to ethical and responsible labour practices globally.

2.2.5- Advantages of the Certification

The available data, current bibliography and direct experiences converge in indicating that the benefits of adopting SA 8000 are vast and manifest themselves over different timeframes. Some benefits are immediately detectable, while others materialize in the medium term. The impact on business management is particularly manageable for companies that already comply with national legislative and contractual requirements. The Standard is easily integrated with other management systems, such as those for Quality, Environment, Occupational Safety and Food Hygiene.¹²⁰

The integration of the Ethical System with other systems represents an opportunity for innovation, the recovery of corporate culture and the creation of organisational synergies. This process contributes to the development of staff empowerment, highlighting and managing situations or motivations for inappropriate behaviour that would otherwise be difficult to identify.

From the personnel's point of view, the Corporate Social Responsibility (CSR) approach allows internal communication, relations with employees and trade unions, and involvement in business objectives to improve over time. At the same time, there is a downward trend in labour disputes, turnover and absenteeism and accident rates.

¹²⁰ "Lo standard SA8000", Area ISO srl, 2015

These positive effects on the internal climate also translate into productivity gains and cost reductions.

Collaboration with suppliers and subcontractors becomes closer and more focused, with a greater ability to control outsourcing and outsourced production. External relations with institutions, trade unions and non-profit organisations are characterised by greater mutual trust, fostered by more efficient and transparent relationships.

The company's reputation increases with customers and consumers, who are interested in the controlled origin of the products and in fair trade methods traceable along the supply chain. This translates into increased brand value and commercial advantages. The company's positive image on the financial market can facilitate a stock market listing and attract institutional investors, demonstrating that engagement in social activities improves financial performance in the medium or long term.

Furthermore, the adoption of SA 8000 allows access to the benefits introduced by public administrations, making it easier for certified companies to obtain funding and offering greater opportunities to participate in tenders. The classic benefits of 'system certification' include independent third-party attestation, demonstration of compliance with ethical-social principles and voluntary commitment to improvement, reinforcement of company values and intangible assets, increased visibility, an opportunity for internal and external benchmarking and an operational tool for company management. Finally, the drafting of a Social Report represents an advanced tool for monitoring the ethical-social system and corporate performance, as well as for institutional communication to identified stakeholders.

2.2.6- Criticisms and limitations of SA 8000

As previously mentioned, social certifications, in particular SA 8000, are subject to criticism and limitations. A detailed analysis, entitled 'Evaluating the Impact of SA 8000 Certification'¹²¹, examines Social Accountability 8000 (SA 8000) and other corporate codes of ethics as forms of voluntary self-regulation of working conditions in the private sector. There are debates about the real effectiveness of such forms of governance versus their possible symbolic character. Although SA 8000 is considered to be more rigorous than many other codes, there are concerns about the competence of inspectors charged

¹²¹ "Evaluating the Impact of SA 8000 Certification, Michael J. Hiscox Claire Schwartz Michael W. Toffel

with verifying compliance with the code, with some worrying about the effectiveness of monitoring by for-profit inspectors. The report highlights the lack of systematic empirical evidence on the impact of these codes on working conditions and company performance, emphasising the need for rigorous evaluations by independent researchers to address these issues. It examines whether voluntary ethical codes, such as SA 8000, have actually improved labour standards and business performance in the places where they have been adopted, distinguishing between studies focused on specific manufacturers and comparative studies between those who have adopted the codes and those who have not.

The solution to the methodological problems encountered in standardized targeted studies and towards voluntary codes lies in a more accurate research design, incorporating three key principles: examining performance over time, comparing participants' performance with a very similar group of non-participants, and addressing selection biases using randomized trials when possible. Below, we present the general guidelines for designing impact studies.

Performance comparisons between manufacturers who adopt a specific code and those who do not at any given time can reveal significant differences in performance. These studies, called cross-sectional studies, offer the advantage of rapidly interviewing company personnel. However, they have a fundamental limitation: they do not allow one to determine whether differences in performance between adopters and non-adopters are caused by the adoption of the code or whether such differences were already present before the decision to adopt the code.

For example, some manufacturers may adopt SA 8000 because they already meet high standards on working conditions, facilitating compliance with the requirements and requiring little change. Alternatively, other manufacturers may adopt SA 8000 to stimulate improvements, using the standards as a benchmark. In both cases, one year after adoption, adopters could outnumber non-adopters. However, research designs that only consider the post-adoption period do not distinguish between these distinct scenarios, known as 'selection effects' and 'treatment effects'.¹²²

122 "Le certificazioni sociali non sono Due diligence", Focsiv, volontari nel mondo

The ideal approach¹²³ involves the collection of pre- and post-implementation data from all organisations in the sample, including the non-adopting group. Pre-implementation data collection is crucial to distinguish between selection and treatment effects in the analysis. Follow-up data, collected after code adoption, should measure the same characteristics and outcomes as the initial data, allowing for a more robust assessment of causal inferences.

Examining only the performance of code participants provides limited evidence of the impact of adoption. It is essential to also include non-adopters in order to draw valid causal inferences. Without this comparison, it becomes difficult to attribute any improvements in labour standards¹²⁴ to code adoption, as a framework is lacking.

To mitigate selection bias, advanced research approaches such as randomisation, matching and the use of instrumental variables are required. These methods aim to create control groups that are as similar as possible to code adopters, ensuring that observed differences are attributable to code adoption rather than pre-existing variations. Incorporating temporal data and including non-adopters in evaluations are fundamental, though not sufficient, requirements to reach convincing causal conclusions.¹²⁵

In conclusion, to accurately assess the impact of a code, it is essential not only to analyse participants but also to compare them with similar control groups over time. Overcoming selection bias by means of advanced methodologies is crucial to ensure the robustness and reliability of conclusions, avoiding misinterpretations of the effectiveness of the programmes examined.

The optimal design for evaluations of programmes and interventions should incorporate randomised studies, randomly assigning individuals or organisations to 'treatment' and 'control' groups. This basic methodological principle overcomes concerns about differences between organisations that voluntarily adopt the intervention and those that do not. Randomisation creates essentially identical groups on all observed and unobserved characteristics, allowing any differences in results to be directly attributed to the intervention of interest.

123 "Nike Inc. Nike Responsibility Governance" 2008

124 "Beyond Corporate Codes of Conduct: Work Organization and Labour Standards at Nike's Suppliers.", Locke, Richard M., Thomas Kochan, Monica Romis, and Fei Qin. 2007.

125 "The ETI Code of Labour Practice: Do Workers Really Benefit?" Institute of Development Studies, University of Sussex., Barrientos, Stephanie and Sally Smith, 2006

Although random assignment experiments represent the gold standard, they are not always feasible, especially when assessing the impact of codes already voluntarily adopted. Randomisation can be applied creatively, for example, by using randomised encouragement to receive treatments, in cases where the actual treatment cannot be randomly assigned directly. However, in addition to feasibility challenges, experiments often require patience, as post-assignment performance data may take months or years. Despite the limitations of randomised experiments, two alternative approaches can provide robust evaluations: matching to establish similar control groups and the use of instrumental variables. Both require important assumptions but can address the limitations of randomisation while still allowing for rigorous analyses of programme impacts. In particular, matching creates control groups that are as similar as possible to programme participants, reducing selection bias. The use of instrumental variables involves identifying measures that meet specific criteria to eliminate the effects of selection bias in statistical analyses. While these approaches can compensate for some limitations of randomisation, it is critical to recognise the specific challenges associated with each method and apply them carefully to ensure accurate evaluations of programme impacts.

The use of randomisation aims to create groups of organisations that have adopted a particular code with identical characteristics to a group that has not. However, the difficulties in implementing randomisation may be insurmountable.¹²⁶ An alternative is to create 'matched' groups of non-adopters with similar characteristics to the participants, requiring the researcher to have a thorough understanding of the factors that drive organisations to voluntarily adopt the code and access to data on these factors. Matching offers advantages such as the ability to immediately utilise post-adoption data, but requires an understanding of numerous factors and access to relevant data.

A third approach is the use of 'variable instruments', which avoids the challenges of randomisation, but requires the identification of an adoption-related variable with no direct influence on performance variables once the other factors are controlled. This approach attempts to replicate the characteristics of randomisation and is illustrated with

126 "Monitoring and Evaluation: Some Tools, Methods and Approaches. Washington DC: World Bank Operations Evaluation Department.", World Bank, 2004

a hypothetical example relating to the impact of voluntary codes.¹²⁷ If an organisation convinces a few large airlines and hotels to distribute promotional flyers on a specific day, and the managers who read these flyers are more likely to adopt the code, the use of travelling with those airlines or staying in those hotels as an instrumental variable may help eliminate selection bias in the analysis of performance measures across companies. The report illustrates research design criteria that, although challenging, are well established in other areas of programme analysis. While the number of organisations certified according to SA 8000 and similar codes continues to grow, new codes for managing working conditions are constantly emerging. At the same time, there is a heated debate about the real effectiveness of such codes in improving working conditions, with some seeing them as concrete efforts and others as mere token gestures to gain marketing advantages and manage stakeholder pressure through formal documentation.¹²⁸

Critics raise questions about the competences and incentives of those responsible for monitoring and certifying organisations in compliance with these codes. Until more in-depth evaluations are conducted, debates on these issues will remain unresolved.¹²⁹ Evaluations structured according to the principles outlined in the report are expected to bring systematic evidence to these crucial discussions. Such evaluations could be crucial in identifying the codes that best distinguish organisations with superior working conditions. Furthermore, such evaluations could help to understand which elements of the codes are most effective, which types of monitoring systems represent best practice and which areas need improvement.

2.2.7- SA 8000 in Italy and in the Textile Industry

Italy can boast an often misunderstood world record: it is the country with the highest number of companies certified for corporate social responsibility, surpassing nations such as India and China. This prestigious recognition involves 3,490 companies distributed in 72 countries and operating in 65 different sectors, for a total of 1.8 million workers. No other country has shown such a marked interest in corporate social

128 “The Effects of Fair Trade on Marginalised Producers: An Impact Analysis on Kenyan Farmers”, Becchetti, Leonardo and Marco Constantino. 2006.

129 Self-regulatory Institutions for Solving Environmental Problems: Perspectives and Contributions from the Management Literature. In *New Perspectives in Governance for Sustainable Development*, Magali Delmas and Oran Young. Cambridge University Press

responsibility as Italy, with 2,979 certified companies. This group includes leading names in the food sector such as Bauli and De Cecco, but also transport companies such as Atm and Ataf, and employment agencies such as Adecco.

Organizzazioni certificate per Paese		Organizzazioni certificate per settore	
Paese	Numero di organizzazioni certificate	Industria	Numero di organizzazioni certificate
Italia	2979	Beni di consumo: (A1) Abbigliamento, accessori e calzature	1135
India	972	Infrastrutture: (F2) Servizi di ingegneria e costruzione	1014
Cina	810	Servizi: (I7) Servizi professionali e	316
Vietnam	157		
Pakistan	63		

Fig.2.1. “Organizzazioni certificate per Paese”, Sai ¹³⁰

Fig 2.2. “ Organizzazioni certificate per settore”, Sai

Looking at other countries, India is in second place with 952 certified companies and more than 524,000 employees, followed by China with 810 companies and more than 366,000 workers. A few steps behind are Vietman (157 certified companies) and Pakistan , with 63 companies. Surprisingly, countries generally considered leaders in the protection of workers' rights, such as Germany and France, appear far behind in the ranking of companies certified according to the SA 8000 standard.

What determined this remarkable difference? Luca Valle, director of Cise, one of the bodies involved in the accreditation process that guided 600 Italian companies towards SA 8000 certification, emphasises the importance of the awareness-raising work carried out by the Chambers of Commerce and the support offered by many Italian regions. However, Valle points out that the real discriminating factor is the attention that a company devotes to a particular target market.

Within the SA 8000 accreditation system, giants such as Hp, The Walt Disney Company, Gucci and Chiquita are represented by bodies such as Saas. Obtaining the SA 8000 'stamp' becomes crucial to supplying such giants. In this respect, Rina Services has played a key role, certifying 500 sites internationally. Paolo Salza, technical director of Rina Services,

¹³⁰ “Statistiche riassuntive SA8000”, SAI

notes a renewed interest in this form of certification, explaining that companies are increasingly aware of the business opportunities that open up with a clientele attentive to working conditions.

In conclusion, Italy emerges as a beacon in the promotion of corporate social responsibility, a result achieved thanks to the joint work of local institutions, Chambers of Commerce, and accreditation bodies, as well as the commitment of the companies themselves to pursuing high ethical standards.

2.3- GOTS: GLOBAL ORGANIC TEXTILE STANDARDS

2.3.1- Introduction and steps for Certification

The Global Organic Textile Standard (GOTS) is the global reference standard for the textile processing of organic fibres. This standard incorporates ecological and social criteria and is supported by an independent third-party certification covering the entire textile supply chain.

The key and distinguishing characteristics on which GOTS certification is based are four: organic fibres, ecological and social criteria, all processing steps, third-party certification.

Addressing today's sustainability challenges requires a collective reflection on textile production and consumption, with a focus on the fashion and textile industry. In this context, organic fibres emerge as key elements in the creation of an industry that actively aims to reduce its environmental impact and prioritise human health over short-term profit.

GOTS (Global Organic Textile Standard) certification is a key tool in this context. To obtain the GOTS label, a textile product must contain at least 70% certified organic fibres, while a product with the 'organic' label must have at least 95% certified organic fibres. This standard is designed to promote environmental sustainability and human health.

Organic fibres, which are essential for obtaining GOTS certification, are grown without the use of synthetic pesticides, herbicides or GMOs, according to organic farming principles. Organic farming, the basis of organic fibre production, is a process that promotes healthy ecosystems, healthy soils and healthy people involved in the production chain.

It should be noted that the GOTS certification system does not define standards for organic fibre cultivation. Certification for organic fibre production is regulated by the IFOAM¹³¹ family of standards, with its own accreditation system. The approved standards within the IFOAM family are officially recognised as organic and include both private and governmental regulations.¹³²

GOTS is collaborating with Organice Cotton Accelerator (OCA)¹³³ and Textile Exchange (TE) to develop a laboratory testing programme to verify the presence of GMOs in organic cotton, following the ISO IWA 32:2019 protocol. This commitment underlines the organisations' joint focus on ensuring the authenticity and traceability of organic fibres, further strengthening consumer confidence in GOTS-certified textile products.

To develop a truly sustainable textile industry, the Global Organic Textile Standard (GOTS) subjects the processing and production of textiles to a rigorous assessment based on environmental and social criteria. The approach covers all aspects, from the management of chemicals used to the ethical treatment of workers, requiring compliance with all criteria in order to obtain GOTS certification.

The entire GOTS standard consists exclusively of mandatory criteria, supported by interpretations and recommendations provided in the GOTS Handbook to facilitate implementation. This standard covers the processing, production, packaging, labelling, trade and distribution of textile products containing at least 70% certified organic fibres. According to the organic fibre content, two grades of GOTS labels are awarded: 'organic', which requires at least 95 per cent organic fibres, and 'made from organic materials', which requires at least 70 per cent.

GOTS environmental criteria include separation from conventional fibre products, exclusive use of approved dyes and auxiliaries only in wet processing, environmental management of processing units, and technical quality parameters for colour fastness and shrinkage of finished products. There are restrictions on accessories and additional fibrous materials, with a ban on environmentally hazardous substances in chemical inputs, accompanied by toxicity and biodegradability assessments.

¹³¹ The International Federation of Organic Agriculture Movements is an international organisation with several members involved in organic farming

¹³² "WHY GOTS? How certification helps ensure compliance with legal requirements and ngo demands" Global Organic Textile Standards, 2020

¹³³ Un consorzio di imprese e brand nato con l'obiettivo di supportare la diffusione del cotone biologico

On the social side, GOTS sets requirements in line with the main social sustainability standards, based on the International Labour Organisation (ILO), the United Nations Guiding Principles on Business and Human Rights (UNGP) and the Organisation for Economic Co-operation and Development (OECD) standards.¹³⁴ GOTS social criteria include working and social conditions, including free choice of employment, freedom of association, prohibition of child labour, non-discrimination, occupational health and safety and decent pay.

Operators involved in processing, production and trade must implement a social compliance management system to ensure compliance with these social criteria. These also include specific provisions to avoid the practice of precarious work and to address issues related to migrant workers. GOTS not only aims to promote environmental sustainability, but also to ensure an ethical working environment that respects human rights throughout the textile production chain.

The GOTS standard covers all stages of the textile life cycle, including processing, production, packaging, labelling, trade and distribution of textile products made with at least 70 per cent certified organic fibres. The GOTS certification process starts at the first stage of the textile supply chain, focusing on fabric processing that involves the transformation of fibre into yarn and yarn into fabric. In the case of cotton, for example, ginning is the initial stage, where the seeds are extracted from the cotton bales. The cultivation of organic fibres, which is the initial production, is regulated by international or national organic standards approved within the IFOAM family of standards.

GOTS extends to all stages of processing, production and trade of organic textiles, imposing strict ecological and social criteria for certification. This requirement ensures that only products that meet these standards can carry the GOTS label, thus helping to prevent greenwashing and promote true sustainability throughout the textile production chain.

Organic textiles, derived from organic fibres, are subject to GOTS certification, which covers the processing, production and trade of such textiles. The certification of fibre production is based on approved international standards within the IFOAM family of

¹³⁴ "WHY GOTS? How Official bodies, organizations and institutions support the global organic textile standard", Global Organic Textile Standards, 2020

standards. The inspection and certification of processors, producers and traders is carried out by independent, third-party accredited certification bodies, which form the basis of the GOTS monitoring system. This approach aims to provide credible assurance of the integrity of GOTS-certified fabrics. More details on how to obtain certification can be found here.

GOTS has also developed its own accreditation system to supervise the approval process and ensure the continuous monitoring of approved certification bodies.

2.3.2- Certification history and number of certified companies

The Global Organic Textile Standard (GOTS) originated from the 2002 Intercot Conference in Düsseldorf, Germany. During a workshop involving representatives of organic cotton producers, the textile industry, consumers, standardisation organisations and certifiers, the need to unify organic textile standards on a global level was discussed. At that time, the existence of different standards in the organic textile sector hindered international exchange and understanding by producers, retailers and consumers.¹³⁵

In 2002, the International Working Group¹³⁶ on Global Organic Textile Standards was created, consisting of four founding organisations: the International Natural Textile Industry Association (IVN), the Japan Organic Cotton Association (JOCA), the Organic Trade Association (OTA) and the Soil Association (SA). This group has worked to harmonise standards and develop global standards.

In 2006, the Global Organic Textile Standard was officially established and became the main standard for textiles with organic fibres, covering environmental, technical and social criteria. GOTS certification, which requires a minimum of 70% organic fibres, also introduced a logo to demonstrate compliance on garments.

¹³⁵ “La storia dei GOTS”, Global Organic Textile Standards, 2023

¹³⁶ non-profit organisation

Stato di implementazione delle strutture certificate GOTS



Fig 2.3. “Stato di implementazione delle strutture certificate GOTS”, Global Organic Textile Standards, 2021

The introduction of GOTS led to the disappearance of many previous standards, helping to consolidate the organic textile industry. After an initial phase of rapid growth (2006: 27 certified facilities, 2008: 1,977, 2009: 2,811), there was a slight decline to 2,754 certified facilities in 2010. The Certified Supplier Database, introduced in 2010, influenced the choices of buyers, who preferred already certified suppliers.

2012 marked a recovery in the growth of certified facilities, with an increase in the number of entities involved in GOTS certification. Since 2014, there has been a significant growth in the number of certified facilities, highlighting the recognition of GOTS as a top-level sustainable standard. In 2018, the number increased by 14.6% compared to the previous year.

Entities involved in GOTS certification include processing, production and trading companies throughout the textile supply chain. There are sixteen approved certifying bodies, offering global access to the certification system. GOTS has become a favourite among consumers, retailers and brands for certified organic garments, positioning itself as the leading standard that meets ecological and social criteria.

2.3.3- Certification bodies

The GOTS saw the light of day in 2002 thanks to the joint development of several key international organisations. The International Natural Textile Industry Association IVN, in Germany, the Japan Organic Cotton Association JOCA, the Organic Trade Association OTA in the United States and the Soil Association SA in the United Kingdom played a key role in its creation.

To ensure the effective management of the GOTS programme, these founding organisations formed a legal entity under German law known as 'Global Standard gemeinnützige GmbH' in 2008. This entity, acting as a non-profit limited liability company, deals with the implementation of GOTS, quality assurance and the associated labelling system. In addition, it holds the GOTS trademark, which is registered in several key countries where organic textiles are produced and sold.¹³⁷

The Advisory Council is a decisive body for structural and political issues related to GOTS. Its function is essential in ensuring the strategic alignment of the programme. To promote GOTS in different regions and around the world, Regional Representatives have been appointed, operating in a global network, with main focuses in the US/Canada, Germany/Austria/Switzerland, Japan, the UK and key production countries such as China, India, Bangladesh, Turkey and Africa.

A key element in the GOTS organisation is the Standards Committee, formerly known as the Technical Committee, whose members are appointed by the founding organisations. This committee, headed by GOTS CEO Rahul Bhajekar, is responsible for generating revisions to the standard and implementation manual, developing the labelling system and overseeing the implementation of ethical and environmental standards.

The Standards Committee plays a key role in the development of GOTS, managing the creation of revisions and the implementation manual. It also coordinates the accreditation system and qualification requirements for certification bodies, overseeing their compliance and consistent interpretation of the GOTS standard.

GOTS-approved certification bodies are essential to ensure the effective implementation of the GOTS quality assurance system. These bodies, represented in the Board of Certifiers, contribute their daily know-how to the activities of the GOTS organisation, which are essential to develop its functioning and its impact on the market. Coordinated by the Chief Executive Officer himself, the Council of Certifiers acts as an advisory body on issues related to the GOTS quality assurance system, ensuring a uniform interpretation of the criteria and requirements of the standard. Their collaboration is essential to ensure the consistency and integrity of the GOTS system.

¹³⁷ "Gots due diligence handbook for certified entities", Global Organic Textile Standards, 2023

2.3.4- How to obtain it and which are the standards

To obtain GOTS certification, the first thing to do is to contact the contact person in your area and make an appointment; the most important thing to bear in mind, however, is that all stages of the supply chain must be certified.¹³⁸



Fig 2.4 “Who needs to be certified”, Global Organic Textile Standards

The GOTS logo can only be placed on the final product if all process steps strictly comply with the criteria set by the Global Organic Textile Standard (GOTS). This implies that all processors, producers and traders involved in the textile sector must be GOTS-certified to ensure that high standards in terms of sustainability and social responsibility are met.

For further details and guidance on the labelling of GOTS products or the mention of GOTS in advertising material, please refer to the specific section. In this section, you can learn more about the different stages of the textile supply chain, examine the control elements and obtain contact information on approved GOTS certification bodies. It is also possible to obtain a list of the countries in which these certification bodies currently have clients and the accredited areas in which they operate.

Focusing on textile processing, GOTS certification starts with the first stage of fibre processing.¹³⁹ For example, in the case of cotton, ginning, which involves removing the seeds from the cotton capsules, is the first step. Similarly, for plant fibres such as flax, hemp, jute, kenaf and ramie, retting is a crucial step covered by the GOTS criteria. For

¹³⁸ “ARE YOU ALLOWED TO LABEL GOTS GOODS OR MENTION GOTS IN YOUR ADVERTISING?” Global Organic Textile Standards, 2023

¹³⁹ “OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector” OECD, 2018

animal fibres such as silk and wool, the first steps of boiling, washing or scouring are also regulated by the standard.¹⁴⁰

During on-site inspections, the facilities involved in the first processing stage must concretely demonstrate that there is no mixing of organic and conventional fibres, to avoid unwanted contamination. This requires the implementation of proper storage, handling and reporting practices. Worker training and awareness play a key role at this stage, considering that biological and conventional fibres may appear identical to the naked eye.

Purchased raw fibres must be certified according to the approved organic production standards of the IFOAM family of standards, with reference to the specific production context, which may involve harvesting or animal production. Quality screening for GMOs in organic cotton is a requirement according to ISO IWA 32¹⁴¹. The use of raw fibre from projects with serious labour or animal welfare violations is strictly forbidden, as is land grabbing.

The receipt and validation of flow and transaction certificates for incoming raw fibre is an essential practice to guarantee the biological status of purchased raw materials. In a GOTS-certified context, waste management, volume reconciliation and correct transport documentation are further steps that require detailed documentation.

With regard to processed organic materials sold by GOTS-certified entities, transaction certificates must contain in-depth information on quality parameters such as micronaire and fibre length. Certain parameters, such as social criteria, ethical business behaviour and environmental management, are also applicable to all processing steps covered by GOTS certification.

The spinning phase is a key process in textile processing, during which fibres are transformed into yarn through the use of twisting and stretching. There are different spinning techniques, such as worsted and cotton spinning, each employing specific machinery to prepare the yarn, including ring spinning and open-end spinning. Sometimes, during the spinning phase, the mixing of synthetic fibres with natural fibres also occurs. It is important to note that a textile product labelled as GOTS must contain at

¹⁴⁰ "Approval Procedure and Requirements for certification bodies", Global Organic Textile Standards, 2022

¹⁴¹ In addition to being cultivated without the use of pesticides, herbicides, fertilisers and any chemicals that are harmful to humans and the environment, organic cotton is also a guarantee of freedom from Genetically Modified Organisms (GMOs)

least 70% certified organic fibres, while a product labelled 'organic' must contain at least 95% such fibres.

During spinning, especially when it involves combing, which can become a raw material for open-end spinning, it is essential to ensure the correct distinction and identification of organic bales, tops, slivers, yarns, and so on. Since organic and conventional undyed yarns may appear identical, accurate separation during storage and production is of utmost importance. Methods such as colour coding of cans and bobbins, along with segregated storage facilities, can be helpful, and training of workers is essential at this stage. Spinners are required to purchase GOTS-certified raw materials and record the quantities purchased. This process also involves waste management, volume reconciliation and accurate transport documentation to ensure traceability and compliance. Furthermore, it is important to note that all paraffinic products used must be fully refined with a residual oil content limited to 0.5%. Oils used in machines that come into contact with organic yarns must be free of heavy metals. The use of synthetic fibres, which would be dissolved in the subsequent processing steps, is strictly forbidden. Finally, for organic yarns processed and sold by GOTS-certified entities, transaction certificates must provide in-depth details on quality parameters, such as micronaire and fibre length.

This ensures that consumers and buyers have access to clear information on the quality and origin of the raw materials used in the production of the yarns.

The weaving or knitting process is the stage where yarn is transformed into fabric. Fabrics can be made using undyed or dyed yarns, and alternatively, non-woven production techniques eliminate the spinning stage, directly converting the fibres into fabric. During weaving, it is common to use different types of yarns in both warp and weft, for purposes such as blending, strength, design, and so on. This stage usually follows warping and sizing, which serve to reinforce the yarn before it is woven. The use of natural bonding agents is preferable, but the limited use of synthetic bonding agents is also permitted. It is essential that the oils used in machines in contact with organic yarns are free of heavy metals.

During storage and in weaving mills, it is crucial to ensure the correct separation and identification of organic yarns, warp bundles, fabric rolls and so on. Once again, training and awareness-raising of workers play a crucial role at this stage.

Fabric converters are required to purchase GOTS-certified yarns and keep detailed records of the quantities purchased. Waste management, volume reconciliation and

accurate transport documentation are aspects that will be verified during on-site audits. This ensures that processors maintain high standards of quality and compliance throughout the weaving process.

The wet-processing stage, in the context of the Global Organic Textile Standard (GOTS)¹⁴², comprises several operations, such as desizing, desizing, pre-treatment, dyeing, printing, finishing and the production of non-woven fabrics by hydroentanglement. These steps involve the application of dyes, chemicals and auxiliaries to achieve the desired colour, improve fabric strength and provide finishes that affect appearance and performance.

Dyeing and printing operations aim to impart colour to the substrate using dyes, inks and pigments. Finishing is the final operation to improve the appearance, performance or softness of the finished fabric.

The entire process involves risks related to the use of water and chemicals, so strict GOTS criteria are applied. It is essential to organically separate and identify yarns, fabrics and garments. In addition, worker training and awareness play a key role.

Purchasing GOTS-certified raw materials, quantity registration, waste management, volume reconciliation and accurate transport documentation are essential at every stage. Strict criteria are imposed on chemical inputs, requiring approval before use. For example, in sizing, at least 75 per cent of sizing agents must be of natural origin, while ammonia treatments and wool chlorination are prohibited for pre-treatment.

In dyeing and printing, further restrictions concern allergenic, carcinogenic and suspected carcinogenic dyes as well as dyes with heavy metals. Printing is subject to limits on inputs containing permanent adsorbable organic halides and methods using harmful solvents are prohibited. In finishing, synthetic inputs are banned for certain treatments and methods considered harmful, such as sandblasting.

In terms of GOTS terminology, production represents the last stage in the production of GOTS goods, also known as the cutting, manufacturing and trimming (CMT)¹⁴³ industry. This process includes operations such as assembling, marking fabrics, stitching, ironing, sorting, bundling and stuffing/padding, involving a wide range of products such as garments, home textiles, carpets, hygiene products and combinations.

¹⁴² "Manual for the implementation of GOTS" Global Organic Textile Standards, 2020

¹⁴³ The CMT is the most common garment production service in textile factories. It is a more comprehensive service than other factory jobs and is a good choice when starting a clothing line. The factory, in essence, creates the clothes for you.

During production, various accessories are used to meet functional and/or fashion requirements. However, these accessories must meet strict criteria for residues of hazardous substances, following the Restricted Substances List (RSL).¹⁴⁴ Oils used in machines that come into contact with organic fabrics must be free of heavy metals. Separation and accurate identification of organic products are essential, requiring the purchase of GOTS-certified raw materials, record keeping, waste management and transport documentation.

The Certified Weight, calculated after waste reduction, represents the weight of GOTS certified raw materials used in the final product. It is essential to have a clear calculation of the weight of accessories and additional fibres for the reconciliation of volume and transaction certificates.

For product labelling, the licence number of the manufacturer or purchaser can be used, but the certified entity applying the GOTS label must obtain labelling approval from its certification body.

In the context of GOTS certification, Business to Business (B2B) operators who buy and sell GOTS products without changing the product or labelling are considered traders. This business model is predominant in the textile industry and involves the purchase and sale of products within the supply chain, such as yarns and fabrics, as well as final products ready for sale to consumers.

Agents and purchasing departments that facilitate the sale of products, without altering them, are not classified as traders, while companies that sell directly to final consumers are called retailers.

Traders with an annual turnover of more than 20,000 euro of GOTS products must obtain certification. The legal ownership of the goods is decisive, regardless of whether the goods have been physically received or not.

Those whose annual revenue from GOTS goods is less than 20,000 euro are not obliged to obtain certification, but must register with an Approved Certifier. However, if their turnover exceeds 20,000 euro, they must inform the Approved Certifier and become subject to the certification obligation.

¹⁴⁴ Compliance with chemical safety standards in products and processes. An RSL is a list of chemicals restricted in the production of clothing, textiles and other products, usually due to government regulations, laws, certification protocols or specific consumer and NGO sensitivities on chemical safety.

Retailers, who sell directly to end consumers, are not obliged to obtain certification, but can choose to do so voluntarily. They receive a unique licence number that can be used for all product groups, irrespective of the supplier's licence number, and benefit from transaction certificate facilities. Volume reconciliation and the management of transaction certificates remain fundamental, using product weight as the main indicator in volume reconciliation, although information on the quantity of pieces and product description is included in the transaction certificates.

2.3.5- Advantages of the Certification

For consumers, products marked with the GOTS logo guarantee the organic origin of the product and an environmentally and socially responsible manufacturing process. GOTS certification covers the entire organic supply chain, from harvest to production and trade, providing a credible guarantee to end consumers. It is verified through independent third-party certification, offering buyers a risk management tool.¹⁴⁵

GOTS certification promotes the protection of workers' health, safety and rights. Social criteria and business ethics are considered essential prerequisites, ensuring responsible business practices, regardless of the organic nature of orders. Furthermore, certification promotes economy through sustainability, allowing Certified Bodies access to the GOTS Monitor (Water/Energy) to collect data on water and energy consumption in textile production. Environmental management and waste water treatment are key aspects of sustainability.

Only GOTS-approved chemical inputs with low impact and free of hazardous substances are authorised for processing GOTS goods, following the Manufacturing Restricted Substances List (MRSL)¹⁴⁶. The inputs are carefully screened for residues of hazardous substances according to the Restricted Substances List (RSL).

GOTS products meet high technical quality standards, which include colour fastness, shrinkage, and other parameters. This certification is extended to a wide range of products, including garments, home textiles, mattresses, combination products such as

¹⁴⁵ "WHY GOTS? How Consumers benefit from Global Organic Textile Standards" Global Organic Textile Standards, 2020

¹⁴⁶ The ZDHC Manufacturing Restricted Substances List (ZDHC MRSL) is a list of chemicals whose intentional use is prohibited in the processing of textiles, leather, rubber, foam, adhesives and finishes used in the textile, clothing and footwear industry.

furniture and baby cots, personal hygiene products such as nappies and ear plugs, as well as food contact textiles.

There are also specific advantages for companies.¹⁴⁷

GOTS certification offers a number of significant benefits for companies, based on five key pillars: credibility, risk reduction, efficiency and productivity, innovation and differentiation, and sustainable market development.

Let us begin by exploring the concept of credibility, where GOTS certification acts as an independent external verification of claims, ensuring double quality through product testing and on-site inspections. This approach provides a seal of approval recognised by consumers and stakeholders, offering credibility to corporate claims.

Risk reduction is another key aspect. GOTS certification establishes explicit criteria that must be met along the entire development chain, ensuring a positive social and environmental footprint. This not only reduces the risk of regulatory violations, but also provides companies with new market stimuli, contributing to sustainable market development.

Efficiency and productivity are promoted by certification and improved social efficiency. Possession of GOTS certification reduces control costs for companies as the supply chain is audited by certification organizations, simplifying the compliance process and increasing overall efficiency.

Innovation and differentiation are a distinctive value that GOTS-certified companies enjoy over their conventional counterparts. Being recognised globally by governance through certification adds a distinctive element to products, contributing to innovation and distinguishing companies in the market.

Finally, GOTS certification contributes to the development of a sustainable market. By acting as a catalyst for ethical and sustainable business practices, certification pushes the industry in a more ecological and socially responsible direction. This not only attracts environmentally conscious consumers, but also helps build a positive corporate image.

In summary, GOTS certification offers a comprehensive framework that goes beyond mere regulatory compliance, providing companies with a range of strategic benefits that reflect their commitment to environmental and social sustainability, enhancing corporate reputation and boosting competitiveness in the global marketplace.

¹⁴⁷ "WHY GOTS? How Companies benefit with gots certification", Global Organic Textile Standards, 2020

2.4- ISO 14001: Environmental Management System Certification

2.4.1- Definition and Meaning of the Certification

ISO 14001 certification is an international standard that focuses on environmental management within organisations. This standard provides a robust and flexible framework for the development of an Environmental Management System (EMS)¹⁴⁸, helping companies to identify, monitor and manage their environmental impacts. The main objective of ISO 14001 is to promote sustainable business practices by reducing the overall environmental impact of business activities.

ISO 14001 was first introduced in 1996 and was revised in 2004 and 2015. Its structure is based on the principles of continuous improvement, legal compliance, pollution prevention and stakeholder involvement. ISO 14001 certification is now widely recognised globally and has been adopted by a wide variety of industries, from manufacturing to service organisations.

A key element of ISO 14001 certification is the need to develop a documented environmental management system that follows a structured approach known as 'Plan, Do, Control, Act' (PDCA)¹⁴⁹. This model requires organisations to plan their actions, implement them, monitor them and then make continuous improvements based on the results obtained.¹⁵⁰

The implementation of an ISO 14001-compliant environmental management system involves several key steps. First, the organisation must conduct an assessment of the environmental impacts of its activities, products or services. This assessment identifies significant environmental aspects and applicable laws and regulations. Next, an environmental policy is developed and specific objectives and targets are set to improve environmental performance.

Stakeholder involvement is a key part of the process. This includes communication with staff, suppliers, customers and other stakeholders to ensure a shared understanding of environmental objectives and to actively involve all stakeholders in the environmental management process.

¹⁴⁸ An Environmental Management System (EMS) helps an organisation address regulatory requirements in a systematic and cost-effective manner. This proactive approach can help reduce the risk of non-compliance and improve health and safety practices for employees and the public.

¹⁴⁹ The Deming cycle (or PDCA cycle, short for Plan-Do-Check-Act) is a four-stage iterative management method used for the control and continuous improvement of processes and products.

¹⁵⁰ "Certificazione ISO 14001" Tuv Sud, 2023

Once the system is implemented, the organisation must regularly monitor and measure its environmental performance against the set targets. This involves collecting data on resource consumption, air emissions, waste management and other key environmental performance indicators. Analysis of this data helps to identify areas where improvements can be made.¹⁵¹

Corrective and preventive actions are taken in response to the monitoring results. This cycle of continuous improvement is a fundamental principle of ISO 14001 and aims to ensure that the organisation is constantly on the path towards greater environmental sustainability.

ISO 14001 certification is performed by independent certification bodies, which assess whether the organisation has implemented and effectively manages its environmental management system in accordance with the standard. Obtaining certification can offer numerous benefits to companies, including increased credibility, regulatory compliance, improved risk management, access to new markets and operational efficiency.¹⁵²

ISO 14001 not only helps manage environmental issues, but also promotes a corporate culture of sustainability. Certified organisations demonstrate their commitment to social responsibility and environmental protection, gaining a positive reputation with customers, business partners and the communities in which they operate. In an increasingly environmentally conscious world, ISO 14001 certification is an important step for companies that want to demonstrate their commitment to sustainability and responsible management of environmental resources.

2.4.2- Importance of the Certification

ISO 14001 certification is of fundamental importance to many organisations as it provides a structured and internationally recognised framework for environmental management. The reasons for its importance are diverse and encompass both ethical and social aspects as well as operational and business benefits.

Firstly, growing environmental awareness and the demand for sustainable practices by consumers and stakeholders have made ISO 14001 certification a crucial tool for

¹⁵¹ “Regolamento per la certificazione di sistemi di gestione ambientale ISO14001” Istituto Giordano S.p.a,

¹⁵² “Perché e quando applicare un sistema di gestione ambientale ISO 14001” Frareg, 2023

demonstrating companies' commitment to the environment. Organisations that obtain this certification show the outside world that they are taking environmental issues seriously and taking concrete measures to reduce their negative impact on the environment.

ISO 14001 plays a key role in supporting companies' efforts to achieve sustainable environmental goals. Certification promotes awareness of environmental issues within organisations and drives the implementation of environmentally friendly business practices. This not only improves the company's public image, but can also generate competitive advantages in the marketplace, as more and more consumers prefer to do business with environmentally responsible companies.

Another crucial aspect of ISO 14001 is its ability to reduce the risk associated with environmental management. Implementing a documented environmental management system helps organisations to proactively identify and manage their environmental impacts, thereby reducing the possibility of violations of environmental regulations and related legal penalties. This also helps ensure compliance with evolving environmental regulations.

Operational efficiency is another reason why ISO 14001 certification is considered so important. A well-designed environmental management system not only reduces resource waste but can also lead to more efficient use of energy, raw material and other inputs. This is not only good for the environment but can also result in considerable operational savings for certified companies.

ISO 14001 certification is also particularly advantageous in terms of access to new markets. Many organizations require their suppliers to be certified according to environmental standards such as ISO 14001. Obtaining certification can then be a contractual requirement to participate in certain tenders or to supply goods and services to certain companies or sectors. This opens up new business opportunities and consolidates the organisation's presence in demanding markets that value sustainability.¹⁵³

ISO 14001 certification also offers internal benefits to organisations, helping to improve corporate culture and employee motivation. When employees see that the company is

¹⁵³ "ISO 14001, quando è utile e perché?" Global Medical Service, 2023

committed to sustainability, they may feel more involved and motivated to contribute to the success of such initiatives. A work environment that values social and environmental responsibility can improve employee satisfaction and retention.

Furthermore, ISO 14001 can act as a risk management tool, preventing potential reputational crises or financial damage related to negative environmental impacts. Negative publicity resulting from unsustainable environmental practices can severely damage a company's reputation and affect its profitability. Certification demonstrates a proactive commitment to sustainability, thus reducing the likelihood of reputational crises.

Finally, ISO 14001 certification can facilitate innovation within the company. By actively addressing environmental challenges, organizations can stimulate creativity and innovation to develop more sustainable production processes, reduce environmental impacts and identify new business opportunities.

In conclusion, ISO 14001 certification is important because it goes beyond mere compliance with environmental regulations, promoting a real commitment to sustainability and offering a number of benefits that relate to reputation, operational efficiency, access to new markets and risk management.

2.4.3- How to obtain the Certification

Obtaining ISO 14001 certification is a challenging process that requires attention, planning and adherence to strict environmental standards. I want to guide you through the key steps of this journey, which involve preparing, implementing and maintaining an Environmental Management System (EMS).

The first crucial step is to fully understand the requirements of ISO 14001:2015, the latest version of the environmental management standard. Becoming familiar with these requirements is essential as they outline the key steps in the process.¹⁵⁴ These include identifying environmental aspects, setting policies and objectives, creating documented procedures and planning monitoring and measurement activities.

¹⁵⁴ "ISO 14001, come si ottiene?" PCS sviluppo, 2021

Next, it is crucial to form a dedicated environmental management team. This team will be tasked with leading the implementation of the EMS, involving different business functions. Environmental expertise and a thorough understanding of business operations will be essential to ensure successful implementation.

The analysis of environmental aspects is a key step, involving a thorough examination of the environmental impacts associated with the organisation's activities. This process identifies and evaluates impacts, allowing efforts to be focused on critical areas. The analysis must also assess legal compliance to ensure that activities are in line with applicable environmental regulations.

Environmental policies must be developed that reflect the organisation's commitment to sustainability. Environmental objectives should be clear and measurable, serving as a guide and demonstrating the intention to continuously improve environmental performance.

With the requirements understood and the team ready, implementation of the EMS begins. This involves establishing documented procedures, training staff and setting up a monitoring system to ensure compliance with policies and objectives.¹⁵⁵

Before engaging an external certification body, perform regular internal audits. Audits identify potential areas for improvement and ensure that the system is robust and aligned to ISO 14001 standards. Corrections and corrective actions can be implemented based on the results of internal audits.

Choose an accredited certification body to perform the certification audit. The auditors will conduct a detailed inspection of the environmental management system to ensure compliance with ISO 14001 standards. The certification body must be independent and internationally recognized.

If non-conformities emerge during the certification audit, they must be addressed and resolved. The certification body will require evidence of the correction of non-conformities before granting ISO 14001 certification.

If you successfully pass the certification audit, you will receive ISO 14001 certification. However, environmental management is not a one-off effort. To maintain certification, the organisation must commit to continuously monitoring and improving environmental

¹⁵⁵ “COME OTTENERE LA CERTIFICAZIONE AMBIENTALE ISO /REQUISITI ISO 14001” Obiettivo qualità consulting, Certigo, 2021

performance, participating in follow-up audits and adhering to the requirements of the standard.

Finally, the Environmental Management System must be dynamic and oriented towards continuous improvement. Organisations should actively seek opportunities to further reduce environmental impacts, review and update policies and objectives, and address new environmental challenges that may emerge over time. In conclusion, the path to ISO 14001 certification requires commitment at all levels of the organisation. It is an investment that, in addition to demonstrating a commitment to environmental sustainability, can lead to long-term operational, competitive and reputational benefits, positioning the organisation responsibly and sustainably in the global business landscape.

2.4.4- Diffusion in the Textile Industry

ISO 14001 certification in the textile sector has experienced significant uptake in recent years, reflecting a growing awareness of the environmental impact of textile activities and the need to adopt more sustainable practices. The adoption of this certification in the textile sector is a positive trend, supported by significant data showing a steady increase in adherence to rigorous environmental standards.

The textile sector, known for its intricate supply chain and dependence on natural resources, has seen a significant increase in the adoption of ISO 14001 certification. Textile companies are becoming increasingly aware of the importance of managing environmental resources responsibly and reducing the ecological impact of their operations.

Globally, the number of organisations seeking ISO 14001 certification is steadily increasing. Statistics provided by certification bodies and government agencies indicate a positive trend, and this is also reflected in the textile sector. Textile companies are increasingly seeking to demonstrate their environmental commitment through ISO 14001 certification.¹⁵⁶

ISO 14001-certified textile companies demonstrate a tangible commitment to environmental sustainability. This certification imposes strict environmental management standards, promoting environmentally sustainable practices along the

¹⁵⁶ "Benefici, costi e aspettative della certificazione ISO 14001 per le organizzazioni italiane", Accredia, 2015

entire textile production chain. Data show a reduction in the overall environmental impact of the activities of ISO 14001 certified organisations in the textile sector.

Within the textile sector, specific sectors such as yarn production, weaving, dyeing and finishing have seen a significant increase in the uptake of ISO 14001 certification. Companies in these sectors recognize the importance of integrating sustainable environmental practices into their production processes.

ISO 14001-certified textile companies enjoy several competitive and market benefits. Consumers who are increasingly conscious of environmental impact see the ISO 14001 logo on a textile product as a positive sign of environmental responsibility, creating confidence and competitive advantage.¹⁵⁷

Adoption of ISO 14001 certification varies regionally, with some areas leading the trend. Countries known for their leadership in sustainability, such as some Nordic and Western European countries, have a significant presence of ISO 14001 certified textile companies. These regions often actively promote the adoption of environmental standards to support the transition to a more sustainable economy.

Despite the growth in the adoption of ISO 14001 certification in the textile sector, there are still challenges. Some companies may hesitate due to initial costs and the need to make significant changes to their operational processes. However, the opportunities resulting from certification, such as increased operational efficiency and access to new markets, often outweigh these challenges.

In conclusion, ISO 14001 certification has become a focal point for textile companies committed to environmental sustainability. Data indicate a steady growth in the adoption of this standard, highlighting the crucial role it plays in steering the industry towards greener practices. The trend indicates that ISO 14001 certification is not only a conscious choice but is becoming an essential requirement for companies wishing to thrive in an increasingly sustainability-driven business environment.

¹⁵⁷ "I 6 vantaggi principali della ISO 14001" Advisera, 2020

2.5- FAIR TRADE

2.5.1- Introduction and Meaning of the Certification

Fair Trade certification, or fair trade, represents an innovative and ethical approach in business, emphasising the need for sustainable, fair and socially responsible business practices. This certification system aims to promote fair and ethical international trade, guaranteeing decent working conditions and fair prices for products from economically disadvantaged regions.

The concept of Fair Trade is rooted in an awareness of global inequalities and the challenges faced by producers in developing countries. The main objective of Fair Trade certification is to create a direct link between producers in developing countries and consumers in developed countries, ensuring that workers receive fair compensation for their work and that working conditions are safe and respectful of human rights.¹⁵⁸

The process of obtaining Fair Trade certification involves several crucial aspects. First, producers must adhere to specific standards set by Fair Trade certification organisations, which vary according to the type of product. For example, guidelines for coffee might differ from those for cotton or cocoa.

One of the distinctive features of Fair Trade certification is the promotion of guaranteed minimum prices for products. These minimum prices act as a safety net for producers, protecting them from global market fluctuations. In addition, a Fair Trade premium is often established that goes directly to the producing community to finance social projects, such as schools, medical clinics or local infrastructure.

Safe and humane working conditions are another pillar of Fair Trade certification. Producers must comply with specific standards on working hours, occupational safety and trade union rights. This commitment to worker welfare also extends to the elimination of child labour and the promotion of gender equality in producing communities.¹⁵⁹

A central element of Fair Trade certification is the concept of traceability. Producers must track their products from the production stage to international markets. This traceability process ensures that consumers can know the origin of the products they buy and guarantee that they meet Fair Trade ethical standards.

¹⁵⁸ "La certificazione Fair Trade, presentazione per le aziende", Fair Trade

¹⁵⁹ "INTRODUZIONE A FAIRTRADE: Un'organizzazione internazionale che assicura migliori condizioni di vita e lavoro per i produttori e i lavoratori", Fair Trade

The Fair Trade certification system is administered by independent organisations that assess producers' compliance with established standards. These organisations conduct regular audits to ensure that Fair Trade requirements are continuously met. In addition, Fair Trade standards are periodically reviewed to ensure that they remain relevant and reflect the evolving needs of global trade.

Consumers seeking Fair Trade certified products have the opportunity to support fairer and more sustainable trade.

Buying Fair Trade products implies a commitment to ethical working conditions and the promotion of the welfare of farmers and producer communities in developing countries. The benefits of Fair Trade certification are not limited to producers and workers in developing countries. Consumers also benefit from the knowledge that they are buying products that meet ethical standards and contribute to reducing global inequalities. In addition, support for Fair Trade can inspire greater awareness of social and environmental issues related to the production of consumer goods.

Fair Trade certification represents a step forward in the evolution of international trade towards more ethical and sustainable practices. Through its commitment to fair trade, this certification helps build a bridge between producers and consumers, promoting a vision of global trade that goes beyond the mere economic transaction, embracing social and environmental responsibility.

2.5.2- Why does the need for Fair Trade Certification arise?

The emergence of the need for fair trade certification is intrinsically linked to the challenges and injustices that characterise international trade, especially for products from developing countries. The history of fair trade has deep roots in the economic and social inequalities perpetrated by a global trading system often skewed in favour of more developed economies.¹⁶⁰

In recent decades, globalisation has led to an increase in trade on a global scale. However, this development has often accentuated inequalities, as producers in developing countries have faced significant challenges in competing with more established firms in

¹⁶⁰ "Il commercio equo e solidale", Fair Trade, 2010

advanced economies. Unfair trade practices, price pressures and poor working conditions have become alarming, leading to the emergence of the need for a more ethical approach to trade.

Awareness of these inequalities has started to grow among consumers, activists and civil society organizations. The fight against child labour, unfair working conditions and the lack of fair compensation for producers became important causes for those seeking to end the exploitation inherent in the global trading system. Consequently, there was a need to create a system that would guarantee decent working conditions and fair remuneration for producers in less developed countries.

Fair trade emerged as a response to this need. The main objective of this movement was to create an approach to international trade based on principles of fairness, justice and sustainability. However, fair trade could not be based on ideological statements alone; it was necessary to develop a certification system that could guarantee the effective implementation of these principles in trade processes.

Thus Fair Trade certification was born, a system that provides a distinctive label for products that meet strict standards in terms of working conditions, producer compensation and environmental sustainability. This certification offers consumers the opportunity to make informed choices when purchasing goods from economically disadvantaged regions, contributing in a tangible way to improving the living conditions of farming and producing communities.

The Fair Trade certification process involves the assessment and approval of independent organisations, which verify that producers meet the established standards. This third party provides objective assurance that Fair Trade principles are effectively implemented, overcoming trust challenges and ensuring that consumers can make informed choices.

The need for Fair trade certification arose from an awareness of the need for a fundamental transformation in the way the world does business. Fair trade is not just a response to specific injustices, but a catalyst for a broader shift in the global trade paradigm. It is a call for a more humane and ethical approach to trade relations, one that emphasizes human dignity, fair working conditions and environmental sustainability.

Fair Trade certification has become a key tool in this effort, enabling consumers to translate their values into concrete actions when they shop.

2.5.3- How to obtain the Certification

Obtaining Fair Trade certification is a detailed process involving several steps and requirements. Certification is designed to ensure that products meet Fair Trade standards, guaranteeing decent working conditions, fair remuneration for producers and sustainable practices. We will explain the main steps needed to obtain the Fair Trade certification.

Joining Fair Trade organisations is the first step for any producer or organisation interested in certification. These organizations, such as Fairtrade International and the World Fair Trade Organization (WFTO), function as independent national and international certification bodies.

Once they join, producers must verify and understand the specific standards set by the Fair Trade Organisation to which they have subscribed. These rules address crucial issues such as working conditions, fair remuneration, democratic participation and sustainable environmental practices.

Subsequently, organisations must prepare and implement fair trade rules. This involves reviewing existing practices, ensuring regulatory compliance and training staff to effectively meet the required standards.

Documentation plays a key role in the certification process. Detailed records demonstrating compliance with Fair Trade rules, including working conditions, wage practices and environmental policies, should be meticulously maintained and easily accessible during audits.

The Fair Trade Organisation shall regularly carry out audits and inspections to verify the effective application of the rules. These audits may include on-site visits, employee interviews and document reviews, all carried out by independent third parties to ensure objectivity.

In case of non-compliance identified during audits, organisations should implement corrective measures in a timely manner. Demonstrating a commitment to continuous

improvement is essential to maintaining certification, reflecting the dynamic nature of fair trade standards.

The Fair Trade certification is subject to periodic renewal through subsequent audits. This ensures constant compliance with standards and encourages organizations to continuously improve their practices.

While requiring significant commitment, Fair Trade certification offers a number of benefits, including access to wider markets, increased consumer perception and positive contributions to local communities.

2.5.4- How widespread is this Certification in the Textile industry?

The uptake of Fair Trade certification in the textile sector has grown steadily in recent years, reflecting an increased awareness of the importance of Fair Trade in the context of textile production. Although the penetration of Fair Trade certification in textiles may vary in different regions and specific sectors, there is evidence of an increasing adoption of these standards in textile supply chains.

Several brands and manufacturers in the textile sector have recognized the benefits of Fair Trade certification and have undertaken significant efforts to integrate these standards into their production processes. This trend is particularly evident in companies that aim to demonstrate their commitment to ethical and sustainable practices.

International organisations and associations, such as Fairtrade International and the World Fair Trade Organisation¹⁶¹ (WFTO), have played a key role in promoting and supporting the spread of Fair Trade certification in the textile sector. These entities operate as independent certifying bodies, working with manufacturers and brands to ensure compliance with Fair Trade standards.¹⁶²

Companies that obtain Fair Trade certification in the textile sector are often attracted by the competitive benefits this certification can offer. Consumers are increasingly interested in the ethical origin of the textile products they buy, and the presence of the Fair Trade mark on a product can be a distinctive element that attracts a segment of consumers aware of social and environmental issues.

¹⁶¹ World Fair Trade Organisation is a global association of 401 organisations committed to improving the living conditions of economically marginalised producers.

¹⁶² "Materiali, Processi, Innovazione. La Sostenibilità nell'industria tessile", My Liuc, 2011

It is important to note that, despite its growth, Fair Trade certification in textiles may still face some challenges, including the initial costs associated with implementing standards and the need for significant changes in production processes. However, many companies see these challenges as long-term investments in their commitment to more sustainable and responsible production.¹⁶³

In conclusion, Fair Trade certification in the textile sector is gaining ground and becoming increasingly relevant. Its diffusion is fuelled by the growing consumer demand for ethical and sustainable products, and the desire of companies to demonstrate a genuine commitment to socially responsible business practices in the textile sector.

2.5.5- Advantages of the Certification

The Fair Trade certification offers significant benefits for both companies and consumers, as it helps establish a fairer, sustainable and ethical trading system. Among the main benefits for both parties is access to new markets. Fair Trade certified companies can penetrate into market segments that reward ethical and sustainable products, opening up new business opportunities. In addition, certification acts as a distinctive element for the corporate brand, differentiating it from competitors and consolidating a positive image among ethical consumers. Consumer confidence increases thanks to the Fair Trade certification, as the brand provides guarantees regarding the ethics of production and the protection of human rights. Certified companies are required to comply with strict ethical standards of work, promoting safe working conditions, fair wages and respect for the fundamental rights of workers. This effort can greatly improve employee relationships and create a more positive and motivating work environment. Finally, the Fair Trade certification encourages environmental sustainability. Many regulations require eco-sustainable production practices, such as energy saving and the responsible use of natural resources, thus contributing to greater protection of the environment and biodiversity.

There are also some specific benefits for consumers.

Fair Trade certification gives consumers the opportunity to make choices that reflect ethical and sustainable values. This certification ensures that products meet stringent social and environmental standards, promoting business practices that take into account

¹⁶³ “La sostenibilità secondo Fair Trade, bilancio sociale 2022”, Fair Trade, 2022

the well-being of producers and the protection of the environment. Thanks to the Fair Trade brand, consumers can be assured of supporting products from responsible and respectful supply chains. In addition, the transparency offered by certification allows consumers to know the entire production chain, ensuring that their purchase effectively contributes to improving the living conditions of producers. This process not only promotes social justice globally, but also allows consumers to actively participate in a movement that aims to make international trade fairer and more sustainable.

Fair trade standards often include elements that promote the sustainable development of producer communities. This may include educational projects, health care and other initiatives that improve the quality of life in communities.

Environmental awareness Fair Trade certification encourages environmentally friendly business practices. Consumers who choose Fair Trade products are often involved in a broader effort to reduce the environmental impact of business activities.

Overall, Fair Trade certification results in a trading system that benefits producers, companies and consumers by creating a balance between profit, sustainability and social justice.

2.5.6- Empowerment initiatives and objectives

We have previously analysed the limitations and criticism of social certification and audits. Of course, Fairtrade has also been and will be subject to criticism in the future, but some data show the improvements in certification and the progress, vererim made over time.

Fairtrade Certification, Labor Standards, and Labor Rights by LAURA T. RAYNOLDS,¹⁶⁴ examines how Fairtrade International integrates the goals of equity and empowerment into its labour certification system. Using a case study of the company's extensive programme and a detailed analysis of recently revised labour standards, the author explores Fairtrade's current policies. The research is based on official documentation, including policy documents and labour certification standards. The author, with 20 years of experience in following Fairtrade plantation certification, leads the analysis of labour

¹⁶⁴ "Fairtrade Certification, Labor Standards, and Labor Rights", LAURA T. RAYNOLDS, Colorado State University,

policies, critiquing the traditional compliance-based approach and advocating an empowerment model that includes inclusive governance, participatory control and enabling rights. Fairtrade has reinforced its traditional strengths, but the analysis finds limitations in its efforts beyond compliance, especially in maintaining a top-down supervision model. Comparison with other programmes shows that Fairtrade goes further in promoting inclusive governance, participatory control and enabling rights. However, all programmes face challenges in implementing labour standards, particularly in contexts with weak labour laws and civil institutions.

Development academics have examined in detail voluntary certification programmes, which increasingly assume governance responsibilities previously borne by the state, regulating social and environmental conditions in global production. Many of these programmes involve multiple stakeholders, often coordinated by non-governmental organisations (NGOs) and include business, civil society and sometimes government agencies. These labour standards systems aim to improve global working conditions by addressing the shortcomings of national labour laws in the era of globalised production, the inability to enforce International Labour Organisation standards and the growing weakness of trade unions.

The research highlights how these voluntary programmes regulate market activities through production standards, certification mechanisms to ensure compliance and labels to reward participation. Social movements play a crucial role in promoting private regulation, generating public concern about global production conditions and contributing to the creation of new programmes. Emphasis is placed on labour issues, such as 'sweatshop' conditions, and the promotion of desirable practices, such as the concept of 'decent work'. Such alternative normative definitions challenge market and industry conventions, influencing expectations and economic activities.

The literature on voluntary labour standards programmes predominantly points to a top-down compliance approach in regulation, based on bureaucratic standards, external audits and sanctions. Scholars, as reviewed above, point out that this approach has led to limited improvements for workers, as it often identifies violations in factories without adequately addressing them. To significantly benefit workers in the Global South, scholars argue that voluntary labour standards programmes must adopt an approach beyond

compliance that focuses on worker empowerment. This approach, termed 'enabling participatory labour regulation' by Rodríguez-Garavito, addresses key weaknesses of the compliance model: in governance, meaningful participation of civil society; in supervision, externally certified inspection supplemented with participatory monitoring by workers, trade unions and local civil society organisations; in standards, the promotion of enabling rights through individual capacity building and collective organisation.¹⁶⁵

Despite its fundamental empowerment agenda, Fairtrade International is encountering challenges in promoting worker empowerment as well as farmer empowerment. This article examines the experiences and challenges of Fairtrade International's labour certification system, with a focus on inclusive governance structures, participatory supervision systems and enabling rights standards.

The Fairtrade certification system comprises four related entities, defines programme policies and sets standards for participating buyers and producers. An autonomous NGO, FLO-Cert, conducts annual audits and certifies compliance. Twenty-two National Labelling Initiatives promote sales of labelled products in market countries. Three Regional Producer Networks, in Africa, Asia and Latin America, represent farmers and workers who grow Fairtrade products. The relationship between these entities is characterised by increasingly intense scrutiny, evidenced most clearly in the increasingly technical standards of Fairtrade and the bureaucratic oversight of FLO-Cert.

TABLE 1. Fairtrade International program growth

	2006	2010	2014 ^a
Sales revenue (US\$ millions)	2,019	5,800	8,043
Producer countries	57	63	74
Certified producer enterprises	553	905	1,226
Farmers and workers total	789,403	1,153,000	1,651,900

^aIncludes Fairtrade's affiliate Fairtrade America, but not Fair Trade USA.
Sources: Compiled by author from FLO (2009) and FTI (2012b, 2016a).

Fig 2.5- Fairtrade International program growth

165 "Monitoring and Evaluation Report of Fairtrade.", 2009

However, Fairtrade International's governance structure reflects the robustness and persistence of its commitments to empowerment. In the early stages, it was the National Labelling Initiatives that set the direction for Fairtrade, putting producers, who were the declared beneficiaries of the programme, in the background and prioritising market growth. However, over the past decade, there has been a shift in the balance of power between stakeholders, with Producer Networks asserting their influential role, workers gaining increasing representation, and a softening of the Labelling Initiatives' resistance to power-sharing, especially with Fair Trade USA's exit from the international system. In 2014, Producer Networks gained equal voting rights with Labelling Initiatives on the Fairtrade Board, which included a union president for the first time.¹⁶⁶

Fairtrade International realises its agenda of equity and empowerment through certification rules governing production practices and relations between producers and buyers. The basic expectations for all producers are similar: workers and farmers must be organised in democratic associations, production practices must respect social and environmental criteria, and the Fairtrade Premium derived from buyers' commissions must be invested in local social development. However, recognising that promoting fairness for workers and farmers required slightly different approaches, Fairtrade International created two separate certification protocols: Standards for Hired Labour and Standards for Small Producers. Established in 2000, the Standards for Hired Labour were updated in 2005.

Over the last ten years, Fairtrade International has received increasing criticism about its effectiveness in improving working conditions in the Hired Labour Programme. Studies on banana plantations in Latin America raise doubts about Fairtrade's ability to counter the power of transnational corporations and collaborate with trade unions. In Asia, on Fairtrade tea plantations, customer-patron relationships, limited benefits for seasonal workers and an override of local labour laws have emerged. Studies on African vegetable plantations questioned Fairtrade's oversight of complex supply chains, generation of meaningful benefits and equity between regions, commodities and labour categories. Criticism of unions regarding unfair practices in some Latin American plantations was publicised in African plantations and Asian factories certified by Fairtrade.

¹⁶⁶“New Fairtrade Textile Standard and Programme Aim to Protect Workers in the Textile Industry.”, 2016

To address these critical issues, Fairtrade International established the Workers' Rights Advisory Council (WRAC) in 2010. This council, composed of representatives from NGOs, trade unions, retailers and Fairtrade, focused its recommendations on three key areas: worker participation in certification, decent wages and unionisation. The recommendations led to the creation of the New Workers' Rights Strategy, which was approved by the Fairtrade board in 2015. This endorsement was influenced by persistent criticism of existing policies and changes in the composition of the board, with greater union representation. In 2014, Fairtrade International revised the Standards for Hired Labour to reflect these new commitments, highlighting the interests, priorities and challenges faced by the programme.

Fairtrade International introduced new certification criteria in the document entitled *Fairtrade Standard for Hired Labour*, with central requirements linked to the core commitments of the programme. Companies must support Fairtrade in principle and practice by incorporating this commitment into their mission statements. The certification process, conducted by FLO-Cert, includes scheduled and unscheduled audits, documents and interviews with managers and workers. However, the effectiveness of these procedures in ensuring factory compliance has been limited. Fairtrade recognises the limitations of traditional procedures and advocates a 'beyond compliance' approach, focusing on conditions that allow workers to negotiate wages and terms. A new strategy on workers' rights promotes the sharing of audit reports with workers to increase awareness of certification expectations. Fairtrade has improved grievance protocols¹⁶⁷, requiring pre-certification procedures and involving workers in grievance committees. Compliance is monitored through investigation of all allegations, with violations addressed through corrective policies or sanctions to the company. If not resolved, serious violations can lead to decertification. Although Fairtrade encourages worker participation, the supervision model remains predominantly external rather than participatory.¹⁶⁸

Fairtrade International has established comprehensive standards to ensure decent working conditions, based on UN and International Labour Organisation conventions.

¹⁶⁷ "Fair Trade Certification: The Case of Tea Plantation Workers in India.", Makita Rie, 2012

¹⁶⁸ "The Last Ten Years: A Comprehensive Review of the Literature on the Impact of Fairtrade." Greenwich: Natural Resources Institute.

¹⁶⁹These standards address issues such as discrimination, abusive management practices, policies against forced and child labour, and cover aspects such as recruitment, overtime, leave, health, safety and more. In particular, the new protocols on the 'decent wage' represent a significant change, emphasising the need for wages to cover the costs of a decent standard of living. The standards define the decent wage as 'compensation (wages, monetary and in-kind benefits) sufficient to cover a decent standard of living for a worker and his or her family, including food, water, housing, education, health care, transport, clothing and unexpected expenses'. Despite the challenges, the standards reflect Fairtrade's commitment to improving worker welfare and go beyond mere compliance to empowerment. The decent wage benchmarks could serve as a framework for negotiations in non-certified settings and contribute to progress in achieving fair wages on certified farms.

¹⁶⁹ "Fair Trade: Quality, Market and Conventions." Renard Marie-Christine, 2003

TABLE 4. Fairtrade 2014 core labor rights and social development standards (new and augmented^a standards in bold)

Freedom of association (9 rules)	<p>Fairtrade FoA Protocol is signed. Written Right to Unionize Guarantee is given to workers. Democratically elected and independent worker representation, preferably a union, exists. No punishment, harassment or discrimination of union members or representatives. Workers' right to join unions is respected. No anti-union discrimination, interference, or obstruction. Workers are given local designated worker rights contact. Union reps have access to meet and communicate with workers freely. Worker representation is supported: reps meet together, with workers, and with management during work hours. Results of meetings with managers are signed and posted.</p>
Collective bargaining (3 rules)	<p>Workers' rights to bargain collectively are respected. Bargaining is in good faith. Sector collective-bargaining agreement is signed and upheld. Where there is no CBA, there is a proactive process to create one, with a coercion review of any non-CBA-covered enterprises.</p>
Fairtrade Premium Committee and management (12 rules)	<p>Legally registered Premium Committee (including democratically elected worker representatives and non-voting management advisors) and Premium Account, which designates workers as sole owners and beneficiaries, exist. Premium payments go directly into account, with worker and manager reps as joint signatories. Committee (meeting regularly during work hours) manages premium funds in accordance with decisions made by workers' general assembly. Committee members and certifier receive all premium records (Fairtrade sales, premium received, meeting minutes). If firm decertified, legally binding agreement allocates all premium funds to projects or workers within 3 months. Multi-estates fully document all premium income, distribution, and plans.</p>
Fairtrade premium use (6 rules)	<p>Premium Committee prepares prioritized funding plan in consultation with workers (taking into account needs of different types of workers) and budget based on expected premium income. Premium plan is approved in workers' general assembly annually. Premium funds are administered responsibly, including assessing risks for all major projects, loans, and investments. Committee monitors activities and provides annual report to workers' general assembly. Premium is used to benefit workers, their families and communities, not to cover regular company costs; 20% of premium can be a cash bonus with union/worker reps' approval.</p>
Capacity building (3 rules)	<p>Worker training provided during work hours on Fairtrade and workers' rights; managers trained regarding Fairtrade rules. Worker reps on Premium Committee receive added training, partly during work hours. Children of all full-time-resident workers have access to primary education.</p>

Fig. 2.6 Fair Trade core labour rights and social development standards

Fairtrade International has introduced new regulations that support the New Workers' Rights Strategy and promote trade union membership. These regulations emphasise freedom of association and collective bargaining, considering trade unions as the best

means to guarantee workers' rights.¹⁷⁰ Table 4 shows Fairtrade's protocols on freedom of association, with new instruments, such as a Freedom of Association Protocol and a Right to Organise Guarantee, aimed at overcoming barriers to unionisation. Fairtrade is pushing for greater unionisation by requiring that non-unionised companies allow meetings with unions and that, in the case of non-unionisation, workers establish a representative body. The new rules promote the negotiation of collective agreements, requiring companies to actively engage in this process. Fairtrade Premium Program, financed by buyer taxes, supports services for workers and communities, with new rules strengthening workers' control over funds and allowing direct payments to workers. These rules advance Fairtrade's empowerment agenda, supporting individual and collective capacity building to promote enabling rights. However, challenges remain in implementation on the ground, especially with regard to concerns about the politicisation of trade unions in some producer countries.

Fairtrade International has updated the standards to align with the New Labour Rights Strategy, emphasising support for trade unions. The standards explicitly promote freedom of association and collective bargaining, considering independent and democratic trade unions as fundamental to guaranteeing workers' rights. The new protocols include a Freedom of Association Protocol, a Guarantee of the Right to Organise and a designated contact for trade union rights at the local level. The revised standards also address concerns about possible management interference in Fairtrade's Premium Programme by strengthening workers' control over the funds and introducing changes to allow workers to distribute a portion of the premium as a cash bonus. Furthermore, Fairtrade's standards extend beyond workers' rights to include citizens' rights, focusing on the broader development of empowerment through the Premium Programme, which supports education, health, credit and other services chosen by workers. These efforts aim to foster individual and collective empowerment beyond labour rights.

By comparing Fairtrade International's certification process and standards documents with those of other programmes, distinctive characteristics, strengths and weaknesses, and implementation challenges emerge. The programmes included in this comparison are

¹⁷⁰ "Annual Report 2014-2015.", Bonn, 2015

the Ethical Trading Initiative and Social Accountability International which cover both agriculture and production, as well as the Rainforest Alliance / Sustainable Agriculture Network and the Equitable Food Initiative, which specialise in agriculture. Although they are multi-stakeholder initiatives operating mainly in the Global South, substantial differences influence the comparison, such as the lack of certification for Ethical Trading, the mainly ecological orientation of Rainforest and the small size and focus on food security of Equitable Food.

The analysis of the origin and governance structures of the programmes reveals the institutional power of workers and the independence of the programmes from corporate efforts to weaken commitments to workers. Fairtrade and Equitable Food were founded by NGOs, with Equitable Food balancing union and farmer representatives with corporate representatives on the board. Ethical Trading and Social Accountability, in contrast, were co-founded by NGOs, unions and companies, but decisions often favour corporate interests. While all programmes adopt third-party certification, Ethical Trading is the exception, using internal validation visits, resulting in weak regulatory stringency. Effective complaints procedures are crucial to ensure accountability, and Fairtrade and Equitable Food integrate internal procedures with external mechanisms to allow workers and communities to complain directly to certification bodies. However, without effective sanctions and remedies, the programmes risk failing to maintain accountability.

All of the programmes studied have extensive workplace standards, but Ethical Trading and Rainforest have less extensive social protocols than the others. Fairtrade, Social Accountability and Equitable Food have robust and relatively consistent standards for employment and occupational health and safety. Fairtrade and Equitable Food surpass Social Accountability in protocols that specifically address the needs of women, ethnic minorities and migrant/seasonal workers.

The issue of wages is central to improving workers' welfare. While all programmes require payment of the minimum wage, only Fairtrade imposes annual increases negotiated by workers' representatives to approach decent wages. Ethical Trading, Social Accountability and Rainforest refer to decent wage targets, but do not make them mandatory. Fairtrade's approach to worker empowerment is unique, pushing for decent wages, democratic worker organisations and a Fairtrade Premium that supports social development.

In conclusion, Fairtrade stands out for its approach to worker empowerment, moving beyond the compliance and capability-building model through the goal of decent wages, democratic worker organisations and social development. However, there are considerable challenges in practice, especially in areas with fragile unions and weak regimes. The synergy between labour rights, social development and citizens' rights offers important opportunities, but it is a challenging task to improve the capacity of local communities to pursue their rights. Assistance from public regulatory institutions is seen as essential to achieve significant gains in labour rights.

The various studies done on the topic therefore show that contrary to criticisms of Fairtrade's plantation certification that circumvents fairness commitments, Fairtrade is seeking to strengthen the empowerment agenda in the hired labour sector. The research is set in the broader context of the labour standards literature, comparing Fairtrade with other programmes and highlighting advances and challenges in governance, oversight and labour standards. While Fairtrade has robust protocols to empower workers, it also shows limitations in compliance-based oversight, highlighting the challenges Fairtrade and similar programmes face in implementing standards and achieving empowerment goals.

In this chapter I have analysed the pros and cons of social certifications, explaining their strengths and weaknesses through precise studies and critiques. After this in-depth description we will see them applied to a concrete case in the next one

CHAPTER THREE

CYCLE JEANS CASE STUDY

3.1- THE WORLD OF DENIM

In the first chapters of this thesis, I analysed the environmental and social challenges of the textile supply chain, the EU objectives through the Green Deal and Agenda 2030, and the essential role of certifications such as GOTS, SA8000 and Fair Trade in promoting sustainability and transparency. With the pros and cons of each piece of legislation, enforcement or regulation examined in detail, in chapter three, I will look specifically at the complex denim supply chain. Starting from the birth of denim through to its wide diffusion and future prospects. From this point, I will analyse the problems caused by the processing of this product throughout the entire supply chain, in order to emphasise how difficult it is to meet these standards with such a complex product, although the detailed analysis of a specific case will allow me to state the contrary.

With the case study of the local brand Cycle Jeans, I will highlight how the power of Made in Italy allows a brand to choose suppliers of a certain level who are both environmentally and socially conscious. Thanks to first-hand interviews, a more than positive aspect of our territory towards European regulations and social certifications will emerge.

3.1.1-Birth of Denim

From the 12th century, cotton fabrics spread throughout Europe for their comfort and affordable price. In Italy, production developed in port cities such as Venice and Genoa, where cotton was imported from Egypt, Syria or North Africa. Specialized Italian companies produce inexpensive fabrics to export competitively to Europe, diversifying the offer according to weight and use.

The roots of denim go back to moleskin, an economic fabric in the 12th century.¹⁷¹ In Genoa, in the 16th century, a strong, blue moleskin was produced by replacing wool or linen with cotton. Denim began to be used for workwear in the 16th century, and in Chieri, in the province of Turin, the first jeans were made and distributed via the port of Genoa. Levi Strauss, having moved to New York, markets Genovese fabrics in California, but without success. At local request, he uses cloth to make strong jeans, later adopting sargia

¹⁷¹ “Jeans: un’affascinante storia del tessuto denim al capo d’abbigliamento”, Trama e Ordito, 2 aprile 2012

imported from Europe, giving rise to the first jeans in America. Levi Strauss monopolised work jeans, but with the innovation of rivets and reinforced pockets, they became popular during the Great Depression.¹⁷²

In the 1920s in Europe, companies such as Rica Lewis, Mustang and Lee Cooper produced denim workwear. After World War II, jeans, initially associated with American soldiers on leave, became popular in everyday wear. The marketing of Levi's in Europe began in 1959, followed by the opening of Blue Bell, now Wrangler, in 1962 in Belgium. The following years saw the proliferation of Italian brands such as Gas Jeans, Diesel and Replay Jeans, consolidating the denim supply chain in Italy.

In the 1950s, during the economic boom, the import of US-made clothing became a successful trend in Italy. Italian entrepreneurs began to replicate American garments, with the Bacci family starting production of the Roy Roger's brand in 1952, while brothers Giulio and Fiorenzo Fratini debuted with Rifle in 1958, focusing on exports to Soviet bloc markets.

At the end of the 1960s, new Italian brands dedicated to denim were born such as Shaft, Bell Botton and King's, extending their presence to the Veneto and Piedmont regions. In 1967, the first Fiorucci shop opened in Milan, offering workwear during leisure time, marking the beginning of a new fashion in Italy. In the 1970s, numerous Italian entrepreneurs fascinated by the American denim-jeans myth turned towards functional casual-wear, creating brands such as Carrera Jeans, Sisley Jeans, Goldie and Jesus. Two companies specialising in denim products are created: Compagnia Finanziaria Moda (Closed, Red Botton and Bell) founded by Aldo Ciavatta, and the Genius Group (Goldie, Americanino, King's and Daily Blu) founded by Adriano Goldschmied. These realities characterised and developed a local ecosystem in the sector in Italy.¹⁷³

The 80s and 90s saw the birth of new Italian labels such as Gas Jeans, Diesel, Replay Jeans, Tela Genova and Met. In the 2000s, Dondup, Cycle and Jacob Cohen emerged on the Italian scene, consolidating the whole denim supply chain in Italy and contributing to its development.

¹⁷² "Dalla crisi del tessuto la rivoluzione del seicento" – La Repubblica – 4 novembre 2008

¹⁷³ "Denim – una storia di cotone e arte" – Giulia Rossi – Fashion Illustrated

3.1.1.1- Diffusion in Veneto

In the 1970s and 1980s, the denim scene in Veneto was characterised by the significant contribution of Adriano Goldschmied, the founder of the Genius Group. In collaboration with Ambrogio della Rovere and Gegè Schina, Goldschmied created the brands King's, Daily Blu and Goldie, which were dedicated exclusively to the production of mid- to high-end denim garments. This project makes use of local expertise, emphasising the importance of know-how in the region.¹⁷⁴

The opening of a shop in Cortina d'Ampezzo in 1970 represents a milestone in the Genius Group's success story, especially in the North-East. The figure of Adriano Goldschmied is recognised as the 'father of denim' in the premium segment, as he contributed to enhancing and reinterpreting a popular garment in a luxury key. In the creative context of the Genius Group, young talents such as Renzo Rosso and Claudio Buziol emerged and joined the company.

The year 1978 marked the beginning of Renzo Rosso's journey. He founded Diesel, a brand that transformed the five-pocket concept into a fashionable and experimental product. Diesel introduced the first jeans with a worn and ripped effect onto the market, making a significant contribution to denim fashion.

In Veneto, in addition to the companies mentioned above, companies such as Carrera, Pepper and Americanino developed, which innovated in the denim sector, transforming it from a commonly used material into an international must-have. GAS jeans, founded by Claudio Grotto in the 1970s, is an example of a company that has been able to innovate the denim product through changes in both fabric and design.

Another important company is Giada SPA, founded by the Bardelle family, who created the famous Americanino brand in the 1970s. In 2004, his son Nicola Bardelle relaunched Jacob Cohen, founded by his father in 1985, revising jeans as a sartorial product through careful research into fits, the origin of raw materials and a manufacturing process completely made in Veneto.¹⁷⁵ The brand's success is closely linked to the dialogue with the territory, which stimulates innovation and attention to the product.

The evolution of the sector in the 1990s is characterised by a crisis phase that leads to the closure or downsizing of numerous companies. This crisis is triggered by the fall in import duties, allowing the entry of low-cost products from countries such as Bangladesh, the

¹⁷⁴ "Be Stupid for a successful living" – Renzo Rosso – Rizzoli Editore.

¹⁷⁵ "Se l'italia ha la stoffa per i jeans da sartoria", *Corriere della Sera*, 12 marzo 2012

Philippines, China, Vietnam and Pakistan. Local companies react by offering imported products at more competitive prices than those produced in Italy. Production delocalisation becomes a strategy adopted by many companies, with negative consequences for domestic production.

The companies that resist and keep production in Italy are those that manage to maintain a competitive advantage not only linked to local production, but also through the adoption of innovative technologies and the offer of high quality products. In this context, realities emerge that exploit innovation as a key element to face market challenges. The diversification of denim from a simple garment to a tailored, high-quality product becomes crucial for the survival of Italian companies in the sector.

3.1.2-Global context and future forecasts

In 2014, the EU28 Member States imported jeans to the value of EUR 4.077 billion, an increase of 8.2% compared to the previous year. This amount corresponds to a total of 531 million pairs of jeans, considering a population of 503 million. China remains the leading exporter of jeans to the European Union, with 142 million pairs, followed by Bangladesh with 141 million and Turkey with 47 million. The European denim market, which includes trousers, shirts, jackets and t-shirts, is one of the largest in Europe. Despite stagnation in the period 2007-2014, it grew by 120.7% in value and 99% in volume terms in 2014.¹⁷⁶

The growth is mainly attributed to the increase in average import prices over the last ten years, from EUR 6.93 per pair in 2004 to EUR 7.68 per pair in 2014.¹⁷⁷ European jeans imports in 2014 came mainly from China, Turkey, Bangladesh, Pakistan, Morocco, Tunisia and the United States. Imports from Turkey and Tunisia decreased in the period 2008-2014, while imports from Asian countries, such as Bangladesh and Colombia, increased. The Netherlands appears to be an important hub, contributing 17 million imported animals, thanks to trade routes via Rotterdam.

The average price of imported jeans in Europe is €7.68, up 3.1% compared to 2013. Production prices vary between producer countries, with Italy standing at €15 per pair, reflecting higher direct and indirect costs. Exports in the Textile-Fashion sector in Italy grew by 3.8% in 2014, reaching EUR 28.5 billion, while imports increased by 8%, totalling

¹⁷⁶ The Global Forest Products Industry Grew”, Marketline, 2011

¹⁷⁷ “Il settore Tessile-Mod Italiani nel 2014-2015”, Pitti Immagine SRL e SMI, 2015

EUR 19.3 billion. This led to a trade balance of approximately 9.2 billion, a decrease of 380 million compared to the previous year.¹⁷⁸

But this is not the end of the story as the denim industry seems to be gaining momentum. Denimwear is gaining momentum, projecting denim sales to reach \$79.1 billion (€69.7 billion) by 2026, with an annual growth rate of 4.8%. During the pandemic year, the industry recorded a turnover of USD 57.3 billion (EUR 50.5 billion).¹⁷⁹

The Global Denim Jeans Industry report by ReportLinker attributes this acceleration to several factors, including the westernisation of lifestyles in some emerging economies and the entry of younger generations into the labour market. The boom in online shopping is another significant element, with forecasts of a 9.2% increase in denim sales in the digital channel by 2026, currently accounting for 17.7% of the total. In physical shops, denim sales are expected to grow by 3.7% annually, reaching USD 60.8 billion.¹⁸⁰

The US market constitutes the largest share of consumption globally, accounting for 24.6% of global turnover. In 2021, jeans sales in the US are estimated to have reached EUR 15.1 billion. Jeans sales in Japan and Canada are expected to increase by 2.6% and 4%, respectively. In Europe, Germany expects growth of 3% per year, while the rest of the European markets will reach a total of USD 4.6 billion by 2026.

In the coming years, the industry's sales are expected to increase significantly, especially in developing countries such as China, India, South Korea, Brazil, Mexico, Turkey, the United Arab Emirates and Saudi Arabia.

3.1.3- Production cycle and sustainability

The genesis of a pair of jeans has its roots in cotton plantations around the globe. The process begins with the meticulous harvesting of cotton capsules, the contents of which are then transformed into the robust and distinctive fabrics that characterise this iconic garment.

After harvesting, the cotton undergoes a pre-processing phase. Seeds and impurities are carefully removed, and the clean cotton is compressed into bales to facilitate its transport

¹⁷⁸ "Global Denim Outsourcing: Shifting Paradigms" ,Suryalakshmi Cotton Mills Limited

¹⁷⁹ "Denim: le importazioni di jeans in aumento dell'8,6% in Europa", FashionMag, 2021

¹⁸⁰ "Entro il 2026, il valore previsto del mercato del denim sarà di 79,1 miliardi di dollari", Techno FashionWorld, 2022

to the spinning facilities. This delicate stage is crucial to ensure the purity of the cotton fibres that will form the heart of the fabric.¹⁸¹

Spinning is the next crucial step. Here, the cotton fibres are spun and twisted to form strong, flexible yarns. These yarns become the basis for the denim fabric, known for its twill weave, giving jeans that distinctive diagonal weave.

After spinning, the raw fabric is ready for weaving, where special looms weave the threads to create the denim fabric. This fabric, now characterised by its recognisable texture, goes through the dyeing process. Indigo is often the predominant choice, and the fabric is dipped in multiple vats to achieve the desired tone. This process not only gives the jeans their distinctive colour but also the ability to fade with time, giving each pair a unique character.

Once the denim fabric is ready, it moves on to the cutting stage, where it is precision-cut according to specific patterns. This ensures that every component of the denim is precisely cut to ensure a perfect fit and a consistent aesthetic appearance.

The assembly is an intricate ballet of stitching that joins the different cut parts, creating the structure of the jeans. Pockets, decorative seams and other design details are integrated at this stage to create the final appearance.

The application of details such as buttons, rivets and brand labels not only adds functionality to the jeans but also contributes to their distinctive style. These details become brand recognition elements and an integral part of the design.

Subsequently, jeans can be subjected to various washing processes to achieve the desired look. Stone washing can give a worn look, while other treatments can create unique textures or add colour nuances.

Each pair of jeans goes through a strict quality control to detect flaws or imperfections. This step is essential to ensure that every pair that reaches the consumer meets the expected quality standards.

Finally, the packaged jeans are ready for distribution. They are folded, packed and sent to retailers or directly to consumers through various channels, including physical shops and online platforms. The complex process of jeans production requires specialised skills, advanced technology and constant quality control to ensure the creation of high-quality

¹⁸¹ "Come vengono fatti I jeans?" Dressthechange, 2020

jeans that meet the needs and expectations of consumers worldwide. This journey from tree to trade embodies the craftsmanship and technological innovation that characterise the denim industry.

It is therefore clear that the steps to create a pair of jeans are many and this makes it an unsustainable garment.

Denim is simultaneously one of the most widely used fabrics, with an annual production of 3.5 billion garments, and one of the most demanding in terms of resources. The production of one pair of jeans requires the use of 3,800 litres of water, 12 square metres of land and 18.3 kilowatt hours of electricity, generating a total emission of 33.4 kg of CO₂ equivalent during the entire life cycle of the product.¹⁸²

In addition, from the perspective of textile sustainability, it is important to consider that cotton production uses 2.5% of global arable land but contributes to 16% of total pesticide use. These products can cause significant damage to the environment and have negative impacts on farmers' health, with reports of acute poisoning cases.

It is precisely for these reasons that a revolution, albeit not always silent, has developed in the fashion industry in recent years. Criticism is emerging against 'fast-fashion', a production category that promises average quality clothes at extremely affordable prices. Consequently, new brands are emerging that adopt strict rules to ensure a minimal environmental impact of their garments. Among these companies, many are still niche companies dedicated to the production of jeans with low CO₂ emissions and limited use of resources.

It is clear that in an industry that is set to grow on a global scale, but at the same time contributes significantly to pollution in the textile sector, it becomes crucial to take sustainable actions to improve production processes. And this is indeed what is happening and what all companies involved in the sector are beginning to do. Leading this turnaround is the Ellen MacArthur Foundation,¹⁸³ which in February 2019 launched the 'Make Fashion Circular' initiative, bringing together a group of industry experts in an intensive workshop with the aim of developing a shared vision on the future of denim. The result of this workshop was the creation of a guideline document aimed at redefining the denim production process.

¹⁸² "Tessuto jeans: diversi modi per impiegarlo", Cimmino, 2021

¹⁸³ "The jeans redesign, we can create a better future", Ellen MacArthur Foundation, 2023

"The way we produce jeans is causing huge problems from a waste and pollution perspective, we need to change," commented Francois Souchet, head of the Make Fashion Circular initiative. "By working together, we can create jeans that last longer, that can be recycled at the end of their use to become new garments and made with processes that are more mindful of the environment and the people who make them."¹⁸⁴

This guideline is based on four fundamental pillars: durability, wholesomeness of materials, recyclability and traceability.

Durability refers to the physical ability of a product to maintain its functionality without requiring excessive maintenance or repair during its expected life cycle. The guidelines focus primarily on ensuring physical durability, but also recognise the importance of emotional resilience in increasing the number of uses of a garment.

To ensure high resistance for at least 30 washes, it is not enough for jeans to withstand a minimum number of washing cycles, but they must also maintain performance requirements. To assess this, stress tests are carried out, including abrasion resistance and dimensional change. Providing detailed information on the care of the jeans is a key step; each garment should have a clearly visible label containing detailed information on washing techniques, instructions for low-temperature cycles (30 °C or lower) and recommendations to avoid using the tumble dryer.

Use natural cellulose-based fibres derived from regenerative or organic farming. The choice of materials such as cotton, hemp, lyocell and viscose should be integrated with sustainable agricultural practices, aiming to preserve, regenerate and increase soil productivity without compromising ecosystem services. The long-term goal is to obtain all cellulose-based fibres from regenerative sources. Producing jeans with little or no chemical residues is also an important step. This concerns not only the chemicals specifically used during production, but also those used for cleaning, machine detergents, lubricants and all products used in cultivation and production. Obviously also prohibiting the use of certain chemicals or production processes. Some processes, such as galvanising, pumice abrasion, oxidation and sandblasting, which are responsible for the desired

¹⁸⁴ Francois Souchet, Make the Fashion Count

aesthetic effects on jeans, have negative impacts on the environment, generating hazardous waste. The prohibition of such processes will help reduce environmental impacts and preserve the performance of fabrics.

Garment production, including fabric construction and selection, often neglects the consideration of recyclability of garments at the end of their life cycle. To increase the recycling rate, it is essential not only to make wise choices in existing materials and processes, but also to develop new fabrics that combine desired functionality and recyclability.

Assuring a minimum 98% of cellulose-based fibres in the total fabric composition of jeans is essential to ensure that the materials used are recyclable with high quality and value. The remaining 2% non-cellulosic fibres may include plastic materials such as elastane, nylon and polyester, including zips, seam threads, linings and labels. Another crucial aspect is the assurance of complete or minimum removability of metallic rivets. These rivets can pose a challenge in recycling processes, often leading to the cutting off of parts of the denim fabric, which may end up in landfills or be incinerated. In order to maximise the amount of fabric recovered, it is necessary to explore new solutions that simplify the removal process during recycling. This concept also extends to accessories, metals or additional technologies, which should be designed for easy separation from the garment.

The use of natural cellulose-based fibres from regenerative or organic agriculture is a strategic choice. The selection of materials such as cotton, hemp, lyocell and viscose should be integrated with sustainable agricultural practices, aiming to preserve, regenerate and increase soil productivity without compromising ecosystem services. The long-term goal is to obtain all cellulose-based fibres from regenerative sources. Equally important is the production of jeans with little or no chemical residues. This concerns not only the chemicals specifically used during production, but also those used for cleaning, machine detergents, lubricants and all products used in cultivation and production. Clearly, there is also a need to ban the use of certain chemicals or production processes. Some processes, such as galvanising, abrasion with pumice stone, oxidation and sandblasting, which are responsible for the desired aesthetic effects on jeans, have negative impacts on the environment, generating hazardous waste. The prohibition of such processes is crucial to reduce environmental impacts and preserve fabric performance.

The correct labelling and identification of materials are crucial to ensure consumer recognition. The implementation of universal tracking systems and monitoring technologies integrated in clothing design can facilitate material identification.

Adoption of the 'JEANS REDESIGN' logo, the use of an image demonstrating compliance with all the criteria listed above is essential. The logo, printed on the inside of the garment, will serve to identify jeans produced in accordance with the guidelines at all stages, from purchase to use through to disposal of the product.

3.1.4- The Made in Italy advantage

Being a Made in Italy denim brand offers a number of distinctive advantages, especially when putting sustainability at the forefront. Italy, renowned for excellent craftsmanship and attention to quality, creates an ideal environment for the production of denim that responds to growing consumer concern for the environment.

One of the main advantages is the craftsmanship and quality intrinsic to Made in Italy. Italy's tradition of craftsmanship in the textile sector guarantees the production of robust and durable jeans, characterised by the precision and attention to detail that are the hallmark of Italian craftsmanship.¹⁸⁵

Environmental sustainability has become a key priority for consumers and brands. A Made in Italy denim brand can adopt advanced and environmentally friendly production techniques, thus reducing the overall ecological impact of the product life cycle.

The management of a short supply chain is a further advantage. By being located in Italy, denim brands can ensure greater transparency on the origin of materials, as well as maintain more direct control over working conditions and production practices.

Italy is also a center of innovation and research in the textile sector, giving denim brands Made in Italy access to new technologies and sustainable methodologies. This helps to maintain the brand's position at the forefront of responsible fashion.

Italian designers, renowned for their design talent, give Made in Italy denim brands a distinctive, cutting-edge aesthetic. This attracts consumers in search of high-quality fashion garments with appealing designs.

¹⁸⁵ "Moda, Made in Italy e sostenibilità: un connubio possibile?" Studi di teoria e ricerca sociale, Ariela Mortara e Stefania Fragapane, 2016

Moreover, Italy is associated with luxury, and a Made in Italy denim brand can use this connection to position itself as a sustainable luxury brand. Increasingly aware consumers are willing to invest in high-quality garments that reflect eco-friendly values.

In conclusion, a sustainability oriented Made in Italy denim brand can benefit from the reputation of Italian craftsmanship, design excellence and opportunities to adopt ethical and environmentally friendly production practices. This approach not only meets the needs of modern consumers but also contributes to building a positive and responsible brand image.

3.2- CYCLE JEANS CASE STUDY

After a general description of the denim world, I will focus on the specific case of the local Made in Italy brand Cycle Jeans and analyse its suppliers, whom I had the pleasure of visiting and interviewing in person.

3.2.1-History of the brand, philosophy and suppliers

CYCLE was born in 2000 from the dreams and ambitions of two young Italian fashion designers, Andrea Bertin and Elena Boaretto, today creative directors of Cycle. Thanks to their vision in just ten years, CYCLE is an internationally recognized and appreciated Italian brand, positioned in the most important showcases of contemporary avant-garde shopping. The two young designers, whose roots lie in a land that has always been linked to Made in Italy, the Veneto region, boast profound experience and specific know-how in luxury jeanswear, having worked for years with passion and dedication for some of the most important brands in the Italian fashion system.

Andrea and Elena, each with their own characteristics, personality and wealth of experience, form a single creative soul, masterfully balancing technique and creativity. Andrea, in charge of the men's collection, represents competence in the more technical aspects, from workmanship to washing and materials, combining tradition, research and innovation. Elena, who is responsible for the women's collection, represents the more creative side, her designer soul manages to give life to ever new shapes and proportions that find perfect expression in the CYCLE product.

Cycle was born from an intuition, the conviction of Andrea and Elena to revive, reinterpret, give a new lease of life to forgotten, obsolete styles and accessories. All updated, declined according to an absolutely contemporary taste and style, responding collection after collection to the numerous demands of the global market. Thus was born the idea of mixing shapes and fabrics, treatments and washes. This is the real core of Cycle's philosophy. The style formula stitches together tailoring, streetwear and casualwear. The men's and women's collection has gradually been completed, moving rapidly towards a structured, personal and characterful total look; to its already vast denim range, always the soul of the brand, outerwear, knitwear, trousers and skirts are added with the natural and logical addition of dresses, shirts and leather goods.

Buying a Cycle garment means buying a garment made with passion, particular but never excessive. The garment that best represents the company remains the 5-pocket denim:

jeans are like a living garment, changing, evolving with the passage of time, an absolutely malleable garment that transforms, adapting to the needs of the wearer. The use and continual washing of jeans change according to the wearer's lifestyle and habits. Each denim garment by Cycle, as well as every other garment, is unique in its attention to detail, treatments, finishes, but above all it is unique in its choice of materials: for denim, a particular inclination towards the highest Japanese tradition, finely stitched with passion by the mastery of Italian craftsmanship. More than any other garment, Cycle jeans represent the very essence of fashion according to the brand, the uniqueness and unique quality of made in Italy: CYCLICITY.

Cycle has always been selectively distributed, following a commercial strategy typical of fashion brands even when, in its early days, the brand reflected a purely denim world in its products. In line with this philosophy, for which Cycle represents in the fashion scenario the new trend in high-end jeanswear, today Cycle is present in Italy in the most exclusive multi-brand boutiques and in some of the most important department stores at an international level, hinting at a far-sighted vision from both a commercial and a product point of view; a far-sightedness that has been and continues to be the true thread running through the brand's history, its evolution in the market, dictated by a natural intuition for everything that can be defined as new fashions and trends and that also characterizes its communication strategy.

The denim production is 100% Made in Italy, set in collaboration with selected artisans and renowned textile manufacturers, witness to a constant search for the best fabrics and suppliers.

Cycle's business has been restructured and revamped by NUMERO 8 from 2020, after some years out of the market. NUMERO 8 is an innovative Italian fashion company, founded in 2005 in Noventa di Piave. Founder and distributor of brand SUN68, NUMERO 8 has brought the brand to become an Italian casualwear excellence: with almost two million pieces distributed each year at more than 2,300 retail dealers, SUN68 is one of the most high-performance companies in Italy. In April 2020, NUMERO 8 bets on the future. Regardless of the challenging time for the whole industry, the founder and CEO of brand SUN68, has acquired the majority of historic luxury denim brand Cycle, for a proudly 100% made-in-Italy collection.

The name Cycle contains within itself the principles on which the brand's philosophy is based: using traditional materials and finishes to respond to needs of the contemporary

market, with the aim of designing modern denim garments with an authentic vintage taste.

As previously mentioned, the brand philosophy is that of a 100% MADE IN ITALY product produced by the best craftsmen in the area. It is based on the idea that no one has the know-how that we have, everyone learns from us how to make, work the fabrics and apply the accessories. Made in Italy gives an extra value to the products precisely because the production processes are different.

This philosophy and the level in Cycle's market in terms of price allow the company to choose certain more prestigious suppliers rather than others, and obviously the more prestigious the suppliers the higher the level of awareness of sustainability and safety at work.

In the specific case of the suppliers I interviewed, these were companies with an important background behind them, first of all, and then truly committed to sustainability, who chose to pursue it not because it was imposed by the market but because they truly believed in it. Working with Italian suppliers who are predisposed to recycling and sustainability is because NUMERO 8, as a company, also recognises a certified product in compliance with all existing regulations. And this is a great advantage for a brand, knowing that it is placing a product on the market that is certified from both an environmental and social point of view, also to protect itself from possible controls that are never welcome. As a brand you can choose what kind of supplier you want to work with depending on the product you want to put on the market.

In dealing with the product office, I had the pleasure of experiencing first-hand probably a period of transition that the fashion world, and denim in particular, is going through on the subject of sustainability, because it is true that there is more and more awareness of social and environmental issues, but there is still a choice. Choosing between a product that is sustainable and is more expensive and a product that has not undergone any special treatment to protect the environment and is therefore cheaper. As long as there is a choice, there will never be a strong and definitive change, but it is with great pleasure that I realised from my interviews, which I will describe in the next few pages, that when the definitive change comes, our territory and our suppliers are already more than prepared for the change, in fact perhaps they have already been doing so for some time. I decided to interview a cotton supplier, a laundry and a button factory, in order to show that the entire denim chain is prepared. Let's see them in detail now.

3.3-ORTA: COTTON FACTORY

3.3.1- Introduction

Since its foundation in 1953, ORTA has inherited a rich heritage in the world of denim, handed down from generation to generation. Originally founded as a spinning and weaving company, ORTA evolved its business in 1985 to become a remarkable denim manufacturer. ORTA's philosophy is guided by core values such as transparency, commitment and reliability, placing sustainability at the heart of its business practices.

The company is committed to creating a stronger denim ecosystem, blending art, technology and sustainability to open up endless new possibilities for contemporary and future denim. As an industry leader, ORTA established its sustainability division in 2010, known as Orta Blu. The latter plays a crucial role as a sustainability platform, aiming to redefine the future of denim in terms of design, production, consumption and disposal.

Orta Blu's mission is to communicate energy-saving efforts and technological advances in its plants through its research and development department. In addition, Orta Blu engages in practical social missions by collaborating with non-governmental organisations globally. A distinctive concept introduced by Orta Blu is the 'Life-Loop', which aims to connect global communities to productively address each other's challenges.

Orta Blu actively encourages its online community, known as The Blu Tribe, to make small changes to make a difference. By sharing technical knowledge through the Denim Academy, workshops and publications, Orta Blu positions itself as an online reference point for news related to sustainability, fashion and denim.

ORTA's vision is that denim, with its unique imprint on culture, will continue to exert a significant influence. ORTA BLU fits into this context, operating at the intersection of people, planet and purpose. The footprint reflects the present and embraces the sustainable future. To ensure that jeans remain relevant for the next generations, ORTA has adopted a business model based on three pillars: purpose, product and process. These pillars testify to ORTA's ongoing commitment to sustainability, ensuring a positive impact on the planet and society.

3.3.2- Sustainability ideas

Sebla, sustainability manager in Orta, began by saying that sustainability is the fundamental pillar that drives every project at Orta. The company, as she told me, approaches every initiative with a strong commitment to sustainability, placing this aspect at the heart of the initial phase of every project. Orta's peculiarity is its intrinsic willingness to adopt sustainable practices not only in response to customer requests, but out of an intrinsic interest. A tangible example of this perspective is the decision to introduce organic cotton to the market in the early 2000s, when consumer demand was not yet widespread. Each project is developed with the intention of supporting consumers by offering innovative solutions and services that aim to maximise sustainability. Although the specific nature of these efforts may vary from commission to commission, Orta's vision is constant: to be sustainable not because of others, but because it is an intrinsic choice, an essential part of their corporate identity and philosophy.

As can also be perceived from the diagram below, the path to sustainability in ORTA has taken a long time and year after year it has become increasingly richer:



Fig 3.1 “Orta’s Sustainability Journey”

During our discussion on the future of sustainability, we examined the extent of the current enthusiasm and whether it was genuine or merely a passing trend. Sebla

responded by indicating that both perspectives are valid. Since the basis of any initiative is the need to sell a product, its attractiveness and topicality are crucial. Sustainability is undoubtedly an advantage, but the balance between using sustainable processes and technologies without compromising the quality of the end product is crucial. Financial stability is the first thought, followed by environmental impact considerations. The issue of price is another factor to be evaluated, as sustainable products tend to have higher costs. Not all companies are willing to face these additional costs, which vary depending on the type of sustainability adopted, such as organic or recycled cotton, and also depend on the size of the customer. Therefore, each company maintains a basic level of sustainability, but specific initiatives may vary according to consumer demand and economic considerations.

"Will the future be more and more difficult due to new European regulations?" I asked Sebla.

According to her, the future of sustainability is not to be considered difficult, but rather different from current priorities such as coal and water reduction. It foresees a constant evolution in the industry's outlook and priorities. Adaptation to new legislation and regulations will be essential but will increasingly become an established practice in the corporate landscape, without necessarily posing a difficult challenge. Regarding the 2030 Agenda, Sebla expresses peace of mind, pointing out that their current processes and mechanisms already fully meet the Agenda's goals, with a particular focus on reducing energy, water and eliminating toxic substances. He claims that by directly processing cotton, his company has implemented sustainability measures far beyond what is required. Although new challenges may emerge, the outlook is for adequate preparation and continuous implementation of sustainable practices in their specific sector.

Here, we observe the accomplished objectives and the methodologies employed.

The initial objective, GOAL 12, pertains to responsible consumption and production. To fulfill this, they chart their value chain and release an annual report focusing on social, environmental, and sustainability aspects, it's called "Efficient resource management". This report details their environmental and social policies, processes, and activities. The aim is to identify, prevent, mitigate, and account for potential environmental and social risks. The report also discloses both actual and potential adverse environmental and

social impacts. This includes factors such as greenhouse gas emissions and effects on water, chemicals, and material management, encompassing the utilization of recycled materials.



Fig 3.2 “Efficient resource management”

On the other hand, with regard to the water-saving and sanitation targets, ORTA responds as follows:

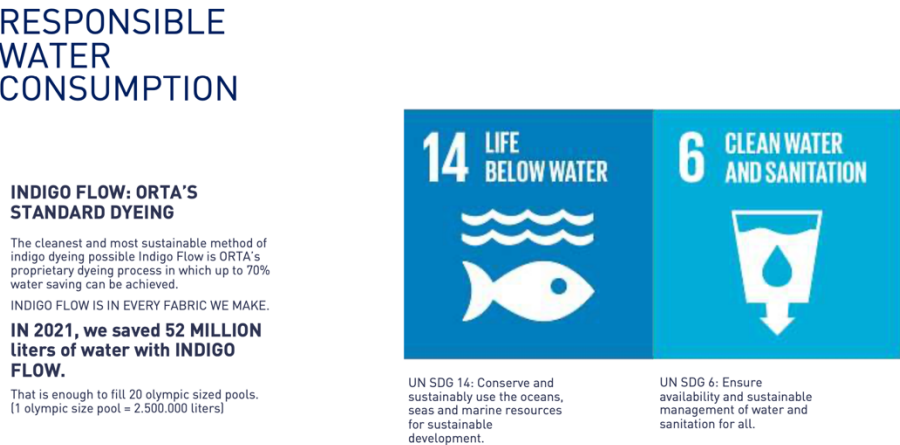


Fig 3.3 “Responsible water consumption-INDIGO FLOW”

Indigo Flow is sustainable dyeing technology. In dyeing, the warp yarns are dipped into the dye baths consecutively to ensure that it creates a ring effect around the yarn. The more dips you have, the darker shade you get. At the end of the process there are rinsing baths to remove excess chemicals from the yarn. The most water consuming part of the indigo dyeing is this rinsing stage. This is conventional dyeing. In indigo flow process, the dyestuff and other chemicals better penetrates to the yarn and gets fixed. Therefore, it removes the fresh rinsing water need at the end. This saves up to 70% water consumption during dyeing process.

With these first two techniques, three important objectives set by Europe have already been achieved.

She then described other techniques used to respect the environment.

The first one is the HYDROTECH+.

Durable, water-repellent fabrics with Trutech+ technology characterise HYDROTECH+. This innovative approach repels water, keeping garments dry and clean. Featuring a robust water repellent shield that contains no PFCs or fluorocarbons, HYDROTECH+ utilises Trutech+ technology to retain optimal stretch. This reduces the risk of fabric shrinkage, ensuring a long-term wearing experience. While being the pinnacle of water resistance, HYDROTECH+ promotes awareness in water management, emphasising responsible water use. This technology offers greater durability, ensuring a durable fit and requiring fewer washes. Consequently, less washing means less water consumption, contributing to more comfortable and sustainable jeans.

Another technique is the LIGHT FORCE.

They redefined top-bottom dyeing methods for sulphur as a response to improve laser effects on sulphur-dyed fabrics after laser applications. By reactivating the dyeing method through Reactive Dyeing, colours can now be made permanent after long laser finishing requirements. They renewed their dyeing methods as a solution to enhance the laser effect on sulphur-dyed fabrics after laser applications. Furthermore, ORTA's coated fabrics show a significant response to laser technology.

With ZERO-MAX, ORTA reinvents the origins of denim with an authentic zero cotton denim fabric. A technological revolution in denim using only TENCEL™, Modal and recycled polyester.

ZERO-MAX uses recycled yarns with ultra-soft stretch for maximum shaping.

Made with a unique fusion of weft and elasticity, ZERO-MAX is a soft, super-shaping technology that retains its shape in every situation.

Taking the best features of all ORTA products, it is wisely eco-balanced with 30% recycled cotton in the blend, yet built stronger and more durable than even a normal cotton blend fabric.

It is an eco-balanced fabric with an incredible 30% recycled cotton, blended with Tencel™ for sophisticated softness.

This is a wise way of thinking about innovation and well-crafted production.

It is an elegant and comfortable fabric, stretchy and durable for a long life. GOLDEN RATIO is ORTA's all-knowing innovation that combines sustainable circular production with durable construction for denim that stands the test of time.

These are just some of the techniques used by ORTA in terms of sustainability, so it is clear that there is a real interest in this topic.

3.3.3- Sustainability model: Product-Purpose-Project

Afterwards, I talked to Sebla about their sustainability model:

Their sustainability model is based on three pillars: Product, Process and Purpose. In Product, they manage fibre and implement innovative and sustainable processes. In Process, they closely examine energy, chemicals, emissions, water, waste and stakeholder engagement. The Purpose is where they define social missions and work. Between Product and Process, they use LCA to measure the environmental performance of their products. Between Process and Purpose, they use the Higg Index to assess the organisation's environmental and social performance.

The model is very detailed and has many branches like a tree. It is also a living model, which means that they continuously update it with innovations and projects, as can be seen in the image below.



Fig 3.4- Orta's Life Cycle Assessment Business Model

At ORTA, the entire life cycle is considered from a holistic perspective during the development of a product or system. They not only assess the environmental benefit of the new creation for ORTA, but also consider its impact on the supply chain, customers and consumers who will use it.

The 'Product' component of the sustainability approach covers the entire process that occurs within the factories, starting from the cotton harvest to its processing and beyond. All stages, from fibre production to the subsequent process, are included in this part, highlighting the attention paid to every detail.

The 'Process' part emerges as one of the most crucial phases, as this is where sustainability techniques are implemented. This includes production involving the combination of fibres, the application of dyeing techniques and the various washes. In this section, all management activities are also included, ranging from water and energy saving strategies to decisions on techniques to be adopted in the various factories.

The 'Purpose' component, on the other hand, embraces internal company initiatives, such as targeted training courses for employees. It emphasises the corporate aspect, which

goes beyond production and involves training programmes, partnerships and the social life of the company. This also includes partnerships with educational institutions to share the corporate experience with young people.

3.3.4- Certifications

Orta has many social and environmental certifications and thanks to the interview with Sebla I realised how important and difficult they are to obtain and maintain.

In the picture below we can see a list of all the certifications Orta has obtained over the years.

OUR CERTIFICATIONS

- FAIRTRADE CERTIFICATE
- BETTER COTTON
- GOTS : GLOBAL ORGANIC TEXTILE STANDARD
- GRS: GLOBAL RECYCLED STANDARD
- REGENAGRICS: REGENAGRI CONTENT STANDARD
- RCS: RECYCLED CLAIM STANDARD
- OCS: ORGANIC CONTENT STANDARD
- OEKO-TEX ® STANDARD 100
- ISO 9001: QUALITY MANAGEMENT SYSTEM
- ISO 45001: OCCUPATIONAL HEALTH & SAFETY MANAGEMENT SYSTEM
- ISO 14001: ENVIRONMENTAL MANAGEMENT SYSTEM
- ISO 50001: ENERGY MANAGEMENT SYSTEM
- TS 27001: INFORMATION SECURITY MANAGEMENT SYSTEM
- ISO 10002: CUSTOMER SATISFACTION MANAGEMENT SYSTEM



Fig 3.5 -Orta's Certifications

As part of the interview, Sebla, ORTA's sustainability manager, discussed GOTS, FAIR TRADE and ISO 1400 certification in more detail.

Particularly interesting was the in-depth discussion on GOTS certification. Sebla emphasised that it not only focuses on the biological nature of textile fibres, but embraces the entire production process, guaranteeing the absence of harmful chemicals. This system, although complex, places a strong emphasis on the verification of textile fibres during audits, ensuring consistency of product quality and transparency for consumers. It was emphasised that it is essential that all components and steps involved, from cotton

growing to fabric washing, comply with GOTS standards and that mixing GOTS products with 'normal' products in the same machines is not allowed.

The most interesting aspect concerns the advantages of GOTS certification. Not only do you get an organic product, but you significantly reduce the use of harmful chemicals and improve farmers' working conditions. Sebla explained the process for obtaining certification, which starts with the notification of the intention to plant cotton and goes through a transition period with frequent testing and analysis. This process lasts until the cotton is harvested, during which sporadic tests are carried out to verify the absence of genetically modified products. After a rigorous three-year period, if all tests are passed and standards are met, the producer becomes a certified GOTS grower, subject to annual inspections. The clarity and accuracy of the testing times were emphasised as essential elements during the interview.

Afterwards, we discussed about FAIR TRADE certification.

Sebla emphasised its relevance especially for the cotton farmers the company relies on. While ORTA uses this certification to a limited extent, it is of paramount importance to ensure that the supplying cotton plantations respect labour and ethical standards.

FAIR TRADE certification, through its 'cotton programme', focuses on the workforce involved in the cultivation. It ensures that cotton plantations do not exploit workers, contributing to a fair and safe working environment. Sebla emphasised that through FAIR TRADE, ORTA not only supports ethical practices but also gains the benefit of a more transparent supply chain. Since FAIR TRADE certifies the entire process in advance, including cotton testing, ORTA avoids the need for additional chemical testing.

An interesting aspect is the added value that this certification gives to the growers, making them more prestigious in the agricultural context. Sebla explained that traditionally, female farmers profit from unfavourable working conditions, but FAIR TRADE imposes restrictions to prohibit such behaviour.

In addition, SEBLA emphasised that the presence of FAIR TRADE certification in ORTA's supply chain is due to the fact that the cotton farms with which the company cooperates possess such certification. Annual audits verify the social and environmental status of the plantations, ensuring that there is no undesirable mixing and that the certification is renewed annually. This process also requires the creation of a certification for each

product, transferring the necessary knowledge and documentation to the producers. The full audit takes place every four years.

Finally, we discussed the ISO 14001 certification, responsible for sustainability at ORTA, in more depth, focusing on the company's global resource management, including water, energy and chemicals. This certification aims to ensure that ORTA adopts sustainable practices in its organisational and operational system, thus contributing to efficiency and reduced environmental impact.

ISO 14001 certification requires constant involvement in improvement projects that must be documented and presented. All initiatives must be tested and certified by an independent third party to ensure their validity and compliance with the standards.

One of the key aspects highlighted by Sebla relates to organisational system management, indicating that ISO 14001 focuses on 'how to' rather than on individual products, unlike certifications such as GOTS that focus primarily on product quality. ISO 14001 certification implies the need to adopt good business practices and implement sustainable organisational procedures.

Furthermore, Sebla emphasised that ISO 14001 certification requires the presence of a third-party auditor who performs audits every three to four years to assess and monitor ORTA's business activities. These audits cover several areas, including air and water emissions, ensuring that the company maintains high environmental standards. ISO 14001 certification, therefore, provides a framework for resource management and promotes sustainable business practices.

Sebla, during the interview, pointed out some issues related to certifications, recognising that not all companies or audits intend to manipulate the system. However, she emphasised that the choice to adopt specific certifications depends on the intentions and business ethics of each organisation. Furthermore, she clarified that the different cultures and values in each country can influence such behaviour, and certifications must adapt to this diversity.

Sebla indicated that ORTA has numerous certifications because the market in their sector demands them, demonstrating a concrete commitment to sustainability. However, she also admitted that certifications are expensive to obtain and maintain, and that in the

complex and risky market, they can be a way to differentiate and demonstrate authenticity.

A critical aspect that emerged during the interview is the complexity of certifications, which are numerous, constantly evolving and often change over time. Sebla expressed the wish that certifications could be consolidated into a single standard, simplifying the process and reducing confusion. However, it recognised the challenges of such unification, given the various specific requirements and regulations.

During the interview, one example that she emphasised further was a recent change in the certification landscape, noting that until recently, those with OCS certification¹⁸⁶ could automatically also benefit from GOTS certification. However, she pointed out that this possibility is no longer valid, indicating that the two certifications have been separated. This change now means a double effort for farmers, not only in terms of compliance but also in terms of costs, as they must now obtain and maintain both certifications separately.

It is clear, therefore, that for such a large, sustainability-oriented company, social and environmental certifications are essential, even if they are sometimes very complex to manage and obtain.

3.3.5- Transparency

During our conversation, Sebla elaborated on the concepts of traceability and transparency at ORTA, explaining how the company is committed to providing a clear and comprehensive view of the life cycle of its products. The Life Cycle Assessment (LCA), a crucial tool, measures environmental performance by considering the entire journey from the production of raw materials to the end of the product's life cycle. This tool, supported by specialised software, allows ORTA to collect, analyse and monitor sustainability performance across key parameters such as: global warming potential, water use, land use, eutrophication and antibiotic depletion.

¹⁸⁶ The OCS certifies textile products and manufacturing activities made from natural fibres - plant or animal - produced and certified according to organic farming criteria.

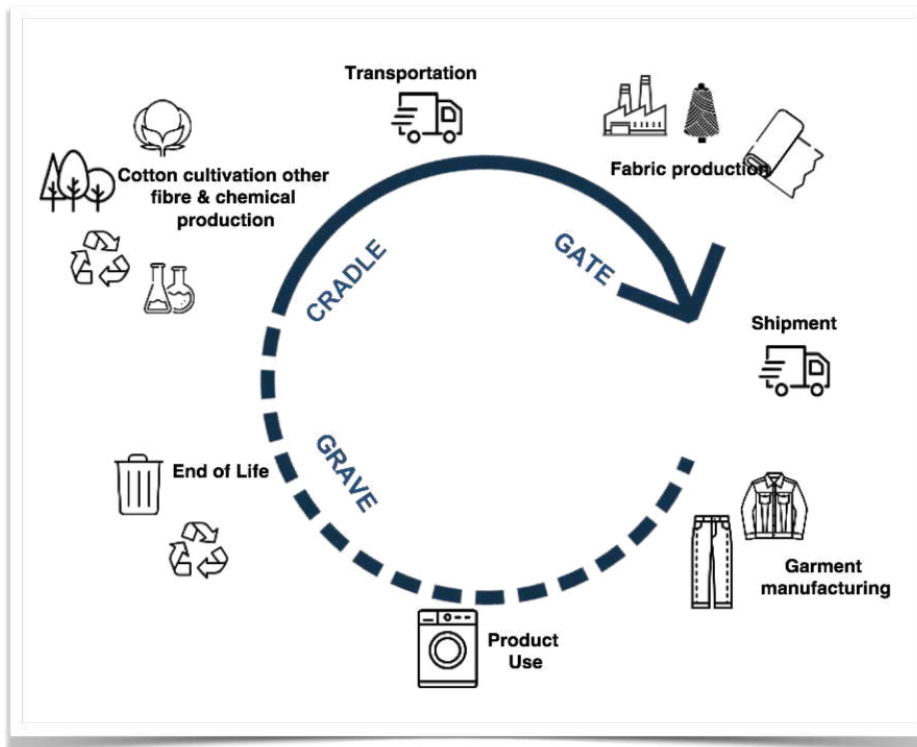


Fig 3.6 the entire product route, from raw materials to distribution






ENVIRONMENTAL KPIS STUDIED IN ORTA LCA STUDIES				
	Impact Category	Unit	Description	Example impact
	Global Warming Potential (GWP)	kgCO ₂ eq	Emission of greenhouse gases (GHGs).	Climate change
	Eutrophication Potential (EP)	kg PO ₄ ³⁻ eq	Emission of substances to water contributing to oxygen depletion.	Nutrient loading to stream-water pollution
	Land use	m ² a	The amount of agricultural area occupied.	Deforestation
	Abiotic Resource Depletion	kg Sb eq	Measure of mineral, metal and fossil fuel resources used to produce a product.	Mineral scarcity
	Freshwater Use	liters	Freshwater taken from the environment	Excessive use leads to water scarcity

Fig 3.7 Environmental KPIS described in ORTA

A significant step taken by ORTA is the labelling of each fabric with a unique QR Code, a practice that has been implemented for over 4 years. This QR Code offers transparency on the fabric's production and, when scanned, reveals the environmental impact assessed through LCA. In addition, traceability is extended to the fibre origins of each fabric, with QR codes on the tags. This was a very important introduction, Sebla explained, because it

allows direct communication with consumers or companies showing them the real impact of the fabrics and consequently also the prestige of the treatments due to the certifications described above.

Another revolutionary ORTA initiative is the ORTA BLU app, a proprietary tool that differentiates materials and processes based on environmental impact, following a cradle-to-gate approach. The app offers users the opportunity to explore the impact of their choices and understand the denim production process.

Transparency for ORTA is not just a business concept, but a mission that leads to responsibility. Sebla emphasised how responsibility leads to transformation and ultimately to ORTA's positive footprint in contributing to a sustainable future. This commitment is evidenced in ORTA's constant openness, which recognises the importance not only of 'what is made', but also of 'how it is made'.

ORTA's multicultural heritage, rooted in the Silk Road and the transfer of craftsmanship, remains relevant today. As the centre of a transparent production network, ORTA shares high-quality raw materials and valuable craft skills. With this philosophy, ORTA opens its supplier network to all denim enthusiasts, inviting them to share this path to sustainability.

It was therefore with pleasure that at the end of the interview I could see a real interest on the part of the company in the topic of sustainability, a concrete focus on which they intend to develop many future projects, and above all a genuine choice to be sustainable and not imposed by society. As far as social certifications and targets imposed by Europe are concerned, Orta certainly does not have to worry.

3.4-EVEREST: INDUSTRIAL LAUDRY

3.4.1- Introduction and history

The second supplier I had the pleasure of interviewing is Everest Industrial Laundry. "Everest Lavorazioni Tessili SRL " was founded in 1970 as a dry-cleaning and water-based laundry by Mr and Mrs Soligo, who decided to undertake this activity in response to a great demand for this service. Within a few years, the laundry proved to be a success and in 1976 the owner decided to invest in the purchase of two industrial machines to wash large quantities of garments and began proposing to local clothing companies including Stefanel, Americanino, Dismero, Pepper, Seventy, Replay, Wit Boy and Melby, for simple water-based washing with fabric softener. The company's business gradually grew and in 1983, the company invested in three machines for stone wash treatment, meeting market demands. Investments in machinery were constant over the years to satisfy customers located throughout the territory, mainly in the provinces of Padua, Venice and Treviso; it was in the 1980s that the company created the ironing department so that garments could be ironed, shipped to customers and immediately distributed.

In these years the orders were relatively simple and the margins substantial, allowing significant investments. The years marked a turning point for denim as far as research into washing was concerned, companies began to ask for treatments that would make the garments look lived-in, the laundry consequently chose to invest in a sandblasting plant; during these years Everest opened the dyeing department to be able to respond to the requests from customers who relied on the company for the treatment of all the garments they produced. The company's growth led the family to purchase a new building where to place the whisking, manual sanding and spraying department, thus being able to offer new types of processing and being able to treat an ever-increasing number of garments. In 2002, the company reached 6 factories and a turnover of 8 million euros; in the following years Everest chose to acquire a laundry in Turkey, Everwash, in order to satisfy orders seeking processing at a low price. This purchase operation allowed Everest to grow substantially in a few years, reaching in 2015 over 100 employees, around 80 international customers and a turnover of 24 million euros divided between the two sites, 17 million euros for the Veneto site and 7 million euros for the Turkish site.

Over the years, the company's business has allowed it to create solid ties with 4-5 customers who also account for a substantial share of Everest's turnover; this has been

achieved thanks to its speed and reliability in responding to orders, its ability to offer tailor-made treatments for each customer, its competitive price and its sustainable organisational structure with a low environmental impact, the latter of which is rewarded by many customers.

The company's research and development, thanks to continuous experimentation, has proven to be successful from a competitive point of view, as although treatments are carried out as in the past, innovation through the use of new technologies has changed processes. This dynamic approach has characterised Everest's success in recent years. The business model has remained the same for the search for orders, only the radius has been extended by the sales team aiming for international expansion. The company gives customers the opportunity to put together a washing prototype, defining costs and production quantities, and once the brand's approval has been received, a few samples are produced which will be distributed to agents and in the client company's showroom. Once the orders have been collected, the client company will turn the production order over to the laundry so that it can plan the delivery of the garments by interfacing with the other companies in the chain.

3.4.2- Sustainability ideas and Agenda 2030

Unlike the other interviews conducted electronically, Everest I had the pleasure of visiting in person and interviewing the environmental manager who explained the company's environmental and social practices in detail.

The first thing to say is that the company chose to become sustainable at the behest of the owner.

In fact, in 2016, he saw sustainability as the future, when in the beginning it was still only a niche thing and where few people believed in it. In fact, many people told him that there was no point in going out and buying machines to save water, methane, that it would just waste a lot of money, instead it was all that gained in the long run.

So when asked "Are you worried about the regulations of the 2030 Agenda and the Green Deal?" the answer was absolutely not because in addition to being many years ahead in many practices they have many social and environmental certifications that force them to achieve certain goals sooner. These certifications we will see later.

Everest cares about the environment, which is why in recent years it has created new departments with high-tech machinery capable of developing low-impact washes by drastically reducing the use of water, energy and chemicals.

I have also perceived a desire to protect the worker through a real code of ethics.

The purpose of this procedure is to describe how the organisation intends to pursue the objective of respecting the ethical standards established as fundamental and indispensable for company management.

“The Code of Ethics” introduced in the company aims at imprinting fairness, equity, integrity, loyalty, and professional rigour in operations, behaviour and the way of working both in internal and external relations, focusing on compliance with national and international laws and regulations. Everest undertakes to monitor compliance with the Code of Ethics by preparing information, prevention and control tools and ensuring the transparency of operations, intervening, if necessary, with corrective actions and appropriate sanctions.

The Code of Ethics is prepared on the basis of the ILO conventions¹⁸⁷, which deals with labour issues at international levels,, and pursuant to and for the purposes of Legislative Decree 231/2001.¹⁸⁸

With this code of ethics there are commitments that Everest keeps, let us see them below. Everest undertakes not to employ forced or compulsory labour. Workers shall not be forced to make "deposits" or leave their documents with the company and shall be free to terminate the employment relationship in accordance with the terms of current legislation and/or collective bargaining.

No discrimination is practised in the recruitment and management of personnel, including salary treatment, granting of benefits, career advancement, dismissal or retirement, on the basis of race, religion, age, nationality, social or ethnic origin, sexual preference, gender, political opinion, disability or other personal conditions not related to experience or ability in the assigned task.

It is forbidden to employ workers younger than the minimum age required by the law in force, and in any case child labour. In any case, it does not assign underage workers (over 15 years of age and having fulfilled their school obligations) dangerous, unhealthy tasks.

¹⁸⁷ “INTERNATIONAL LABOUR ORGANISATION” international organisation linked to the United Nations

¹⁸⁸ Decree 231 provides for the administrative/criminal liability of the company in relation to certain offences committed by directors, managers, employees or third-party agents, if committed in the interest or to the advantage of the company.

The Company is committed to respecting the rights of workers to participate in union associations in a legal and peaceful manner, and to negotiate collective agreements, without discrimination or interference of any kind.

Everest will respect the staff's right to a decent salary, which meets the legal and industry minimum standards, and which is always sufficient to meet the worker's basic needs.

Everest is committed to comply with applicable laws and industry standards regarding working hours, holidays, and holidays. Notwithstanding the above, the working week shall not exceed 48 hours. Overtime work must be voluntary and must not exceed 12 hours per week and must be remunerated with a wage supplement in accordance with legal provisions. Staff must receive at least one day off after 6 consecutive days of work, unless laws and collective agreements provide for flexible working hours with the possibility of adequate compensatory rest.

The company ensures a safe and healthy working environment, taking into account the applicable regulations on the subject and guaranteeing access to drinking water, toilets, fire-fighting systems and adequate lighting and ventilation. It undertakes to provide the means suitable for production processes and personal protective equipment and to inform personnel on their correct use.

Everest undertakes to ensure that the employment relationship is legally binding and that all obligations to employees with regard to labour and social security are fulfilled.

Consumers are manifesting a significant change with regard to sustainability, evidenced by an increasing level of awareness. This change, the environmental manager explained me, is reflected not only in individual consumer preferences but also in European regulations and the approach to the circular economy. Certifications are perceived as a means to advance in this direction, acting as a guide for consumers towards more sustainable products.

However, it is important to consider that recent developments and market dynamics have affected the path towards sustainability. Market competitiveness continues to play a predominant role: if a sustainable product costs more than a non-sustainable one, the market often tilts the choice towards the cheaper option. Consumer choice plays a key role in this dynamic, and if a non-sustainable product is cheaper, it often trumps environmental awareness.

The customer, in many cases, tends to select the cheapest option, especially when confronted with a sustainable product that takes longer to produce. Sustainability, in fact, entails additional costs associated with more expensive raw materials, detailed chemical analyses and the process of obtaining and maintaining certifications. These factors contribute to an overall higher price for sustainable products, creating a challenge in balancing market demand with a commitment to sustainability.

3.4.3- Certificates

During the interview with Everest's environmental manager, we explored the topic of social and environmental certifications, focusing mainly on industry standards such as ZDHC¹⁸⁹, GOTS and GRS¹⁹⁰.

With regard to GOTS certifications, Everest is currently qualified as a supplier and has GOTS-certified customers who audit them as suppliers. While the certification process is still ongoing, Everest is committed to ensuring compliance. This includes the use of baskets, machinery and chemicals dedicated exclusively to GOTS products. This approach ensures that the customer receives a GOTS-certified product, as it has been washed in machines specifically designed for this purpose, thus closing the production cycle safely and transparently. From the pictures below, taken in person, we can just see the GOTS certification areas in the laundry.

¹⁸⁹ The ZDHC is an international programme created after the DETOX campaign launched in the same year by Greenpeace following several studies on pollution caused by the textile, tanning and footwear industries supplying major global brands.

¹⁹⁰ The GRS (Global Recycle Standard) certification scheme certifies products made from recycled materials and manufacturing activities. It valorises products made from recycled materials, respecting environmental and social criteria extended to all stages of the production chain.



Fig 3.8 Area reserved for GOTS treatments

3.9 washing machine dedicated to GOTS treatments

The international ZDHC system, which operates with a list of chemicals, is another key point of focus. Each supplier has its own list of chemicals, and depending on whether or not they fall within certain parameters, certification is or is not obtained. For example, a product may have 70% GOTS certification and 30% Bluesign certification¹⁹¹ according to ZDHC's chemical standards. Taking their water purification system as an example, waste water must meet the standards set by ZDHC. This system ensures that the waste water at discharge meets certain parameters. In the event that these parameters are not met, adjustments have to be made and values applied in order to fall within the set parameters. ZDHC's holistic, top-down approach results in fewer undesirable substances in the wastewater, thus contributing to sustainable water management.

Everest is committed to integrating these certifications as a fundamental part of its business practices, constantly striving to improve and adapt to the highest sustainability standards.

ISO 14001 certification plays a key role in ensuring a complete process system at Everest. This certification ensures waste regulation, discharge authorisation and annual registration of the total stock of all waste. A crucial element is the standardisation of the waste system, which makes it possible to monitor the amount of plastic, paper and other

¹⁹¹ Bluesign is a certification system that provides environmental solutions for fashion industries and brands. The objective is to develop a strategic plan to make production more sustainable, on a small or large scale.

materials produced per item. Everest demonstrates its commitment to energy and methane impact reduction targets annually.

On the water side, ISO 14001 certification imposes annual targets for the reduction of all resources that could have an environmental impact. A tangible example is the techniques used, such as Stone Wash, which involves digging and breaking pumice, generating waste and requiring more water for disposal. This scenario prompts Everest to examine alternatives and adopt new techniques, such as bleaching. Although it is impossible to achieve the 100 per cent Stone Wash¹⁹² effect, Everest implements innovative solutions, such as the atomisation of certain bleached products, reducing the need for total immersion in water and achieving a similar effect in a more sustainable manner. The ISO 14001 certification, therefore, guides Everest in its commitment to responsible and sustainable business practices.

Obtaining certifications can be a significant challenge. The complexity lies in the need to have well-structured processes and procedures, as it is essential to present specific documents during audits. ISO 14001 certification, with its categorisation of processes, facilitates the path to product certifications such as GOTS. Starting this process can be difficult, but once undertaken, the succession of certifications becomes smoother.

ISO certification requires an annual audit, which makes the process of obtaining it relatively challenging, but the real challenge is to maintain certification over time. This is also true for GOTS, as it must be ensured that each garment certified as GOTS at the entry into the process is maintained until its exit.

The presence of a customised system greatly facilitates the achievement of certification. On the other hand, if one starts from scratch, the challenge is greater, as it is necessary to ensure complete traceability of all products. However, certifications offer significant advantages, as many customers prefer to work with certified companies, giving them a competitive advantage in the market.

We then tackled the subject of fake certifications and of course the environmental manager pointed out to me that discussions on fake certifications and audits are quite complex. One important aspect is the need for audits to be proportionate to the company's

¹⁹² Stone-washing is a textile production process used to give a worn appearance to a freshly made garment.

turnover. A client that sends an auditor to perform a full audit and then commissions a limited number of items per year should be treated differently than a client that accounts for 60 per cent of the company's total turnover.

This consideration becomes significant in the context where a company might object to an auditor performing a thorough audit if the annual commissions are then limited. This kind of dynamic could raise questions about the proportionality of audit efforts with respect to the actual impact of the client on the company. In summary, the audit request should be aligned with the scope and importance of the business partnership between the company and the client, avoiding excessive intrusion in situations where the business engagement is limited.

Not to be overlooked is the protection of workers, which can be guaranteed thanks to the certifications they have. On the social side, the company actively collaborates by playing a crucial role in the management of certifications and social assessments. In the past, they had adopted the SMETA¹⁹³ standard, but with the implementation of the GOTS and GRS certifications, which also incorporate a social assessment, they considered these certifications sufficient. These certifications involve the verification of the correctness of payrolls and the safeguarding of workers' rights, with a focus on the absence of exploitation.

The thing that shocked me in this interview was the part about the questions that audits ask, as they are often standardised internationally.

They include sensitive aspects such as asking for pregnancy tests for new female hires, a practice that, although it may seem controversial, reflects the global standardization of investigations. Peculiar questions, such as the numbering of employees' mattresses, are asked without necessarily taking into account cultural and moral differences, highlighting a kind of uniformity in the questions asked in different regions, such as in India, Bangladesh and Italy. On the one hand this can be seen as a positive aspect, because it means that they actually check the status of the workers, on the other hand these are absurd questions to ask in industrialised countries like ours.

¹⁹³ SMETA (Sedex Members Ethical Trade Audit) is an audit methodology created by SEDEX that verifies labour standards, health and safety conditions in the company, attention to environmental issues and professional ethics.

Audits also check workers' protective equipment related to the working environment for compliance and also interview workers to make sure they have not been instructed.

For the workers, an environmental and social self-assessment was implemented, which achieved a remarkable 86%. Preparation for audits is a continuous and thorough process managed by the environmental manager, who emphasises the importance of not improvising at the last moment. The company's readiness, even in impromptu audit situations, is crucial, demonstrating consistency and adherence to the set objectives. During visits, auditors carefully examine employees' pay slips, always requesting concrete evidence to support claims about the company's commitment to sustainability. The key to success is to demonstrate with concrete data and evidence that the targets set are realistic and supported by concrete actions.

If they see something wrong, e.g. at the bureaucratic level, they open a report and the company has a certain amount of time to remedy it; if, on the other hand, the anomaly is process-related, they confront each other and try to explain the reasons. One can find the most collaborative audits and the least collaborative ones.

3.4.4-Techniques employed and Environmental Impact Measurement

Subsequently, the interview discussion focused on the practices and techniques adopted by the company to preserve the environment, highlighting their commitment to sustainability.

For example, washing techniques such as Stone Wash were examined, the implementation of which requires the extraction and crushing of pumice, generating waste and contributing to the landfill problem. In response to this issue, the company decided to adopt a new strategy to achieve similar results without negatively impacting the environment. An example of this is the bleaching process, which is essential to achieve the Stone Wash effect. However, as achieving 100% of the desired effect with this technique is impossible, the company introduced an innovative method known as 'Fogwash'. This revolutionary washing technique uses water in the form of mist, thanks to special injectors. This approach saves resources significantly, with a 70% reduction in water consumption, 50% reduction in energy and chemicals compared to a normal washing cycle.

Innovations such as Fogwash demonstrate the company's commitment to finding sustainable solutions to reduce the environmental impact of its production practices.

Another example of this is the latest generation of laser machinery, designed to speed up or replace manual processing on garments. In particular, it is used for the creation of all-over patterns or textures on fashion garments. Its power and precision also allow the laser to be combined with ozone for low environmental impact treatments. This strategy not only improves production efficiency, but also reduces the use of resources.

Another eco-friendly approach mentioned is the use of ozone, a gas with strong oxidising power. In the company, the gas is artificially created through high-tech machines and gradually introduced to bleach indigo-based and dyed garments, without the need to use water or other harmful chemicals.

In the dyeing sector, the company has adopted an environmentally friendly system known as jet dyeing. This technology saves resources, reducing the consumption of water, energy and chemicals by 70%. The recovery pump, combined with an applied jet, contributes to a more sustainable dyeing process.

The 'Environmental Impact Measurement' software represents a major innovation for Everest and its customers, providing a valuable tool for assessing the environmental impact of the washing processes developed. Designed with predefined values, the software displays a numerical score indicating the level of impact: green for low, orange for medium and red for high impact.

This genealogy tool, an integral part of the business side, provides a detailed environmental assessment for each garment produced. It considers various factors such as the use of chemicals, the different processing steps and gives a full account of the specific environmental impact, for example, 20 litres of water, 30 kW of energy and the impact on the worker rated at 20.

Environmental Impact Measurement ties in closely with the topic of sustainability and certification. Its effectiveness is further enhanced by the presence of a process certification behind it, such as ISO 14001. This synergy between advanced software and certifications underlines the commitment to providing tools and resources that contribute to a more sustainable approach in production and washing processes.

Beyond the interview, in this specific case, visiting first-hand and seeing in GOTS dedicated machinery, the techniques used to save energy and water, and the entire working process behind this industrial laundry, conveyed to me a genuine environmental

and social interest. Something that is intrinsic to the company's soul, completely far removed from the fake sustainable practices or greenwashing of many other companies.

3.5- BERNING: METAL PRODUCTS COMPANY

3.5.1-Introduction and core activities

The last interview is about a button factory.

Berning Srl Italia was founded in 2003 by Franco Ennio, an expert in the field of small metal parts with 20 years' experience as a technician and sales manager, and Christoph Berning, owner of the German multinational of the same name founded in 1888, specialising in the production of metal accessories for clothing. Their in-depth knowledge of materials, production processes and the functionality of the articles, together with continuous stylistic research, form the pillars of the company.

Berning's goal is to create articles that complement the brand's stylistic line and, at the same time, meet the needs of the production lines. After identifying the brand's stylistic requirements, the company engages in the study and presentation of complete design proposals to the customer. This includes technical drawings, 3D renderings with photographic rendering, prototypes made promptly in resin or metal, formulation of offers and analysis of application methods.

Berning Srl's strengths include a constant search for new solutions, creativity at the designers' disposal, excellent quality of each accessory, technical expertise to support the customer, and a strong passion for the work. At the production level, they supply buttons, rivets, studs, lettering, logos, zip pullers and rings in alloy and brass, being able to ship and supply worldwide thanks to their expansion.

Technical advice is another service offered by Berning Ltd. Their experience enables them to advise customers on the application of any accessory, studying the fastening problem and proposing solutions. They also offer assistance on fastening machines and, if necessary, supply the machines themselves.

A further distinguishing feature is the possibility of applying the accessories directly onto fabrics or leather supplied by the customer. This solution eliminates application errors, avoids material waste, guarantees reliable application and does not require the purchase of tool sets.

The Berning brand is an established name associated with quality products at fair prices and the promotion of values such as decency, reliability and responsibility. Their philosophy is based on building relationships of trust and sustainability with all partners, ensuring fair working conditions and a decent environment for employees, and establishing strong relationships with suppliers and customers. Berning demonstrates its commitment to social responsibility through compliance and certification according to the SA 8000-2001¹⁹⁴ standards.

Berning is committed to protecting every consumer from harm resulting from its products.

The company adopts a policy of environmental protection, constantly minimising the use of resources and minimising the environmental impact of production. Berning believes in the need to refocus business on traditional values and virtues and actively contributes to this goal.

From suppliers, Berning expects high quality products and services at fair prices. The company promotes fair working conditions, a safe environment and general responsibility, which are regulated in its Code of Conduct. This code guarantees respect for employees' rights, environmental protection, compliance with laws and fair business practices. In return, suppliers are entitled to fair treatment based on previously established agreements.

Berning recognises the right of every employee to decent working conditions, fair treatment, and respect for their rights and dignity. It also guarantees a safe and healthy working environment in accordance with the Code of Conduct, which the company also imposes on itself.

The company builds its customer relationships on the principles of simplicity and responsibility. It guarantees maximum confidentiality on plans and developments, respecting brands and avoiding indirect support for 'fake' products. Despite the need to be commercially intelligent, Berning is committed to avoiding dishonest deals, kickbacks, fraud or deliberate mistakes for its own benefit.

Quality is the basis of this enduring success with over 130 years of history. Continuous customer satisfaction through quality products and services is essential to ensure the

¹⁹⁴ SA 8000= Social Accountability Standards, drawn up by CEPAA

future development of the company. Therefore, quality is a criterion of great importance for daily business and establishes a solid bond with customers.

There is a deep awareness of the importance of quality components, especially in the automotive industry, and they operate an effective quality management system, certified according to ISO 9001:2015.¹⁹⁵ All necessary tests are conducted in-house, and special tests such as atomic absorption spectroscopy are performed nearby. Customers receive all the necessary information, such as data sheets, test programmes and inspection certificates.

Key principles include careful and competent advice and support, innovative and high-quality products that fully meet customers' needs, reliability in manufacture and delivery, professional diligence in all services offered, and a fair price-performance ratio. Products must fully meet their functions and customer needs, whether they focus on aesthetics in the clothing sector or safety in the automotive sector.

Services must be useful, accurate and efficient, providing customers with reliable support. Optimal teamwork is essential for good results, so staff must be informed about objectives and standards, motivated and trained. External partners must also be aware of our idea of quality, and their procedures are closely integrated with ours. The constant improvement of technology and procedures is essential to ensure the effectiveness of our work and the continuous growth of product and service quality. They use a quality management system, the details of which are documented in the quality manual.

3.5.2- Sustainability ideas and patents

The profit-oriented company has a duty to make an appropriate contribution to the preservation of the common environment and, consequently, the economy itself. For Berning, environmental responsibility is not just a slogan, but a concrete commitment. Since 1995, the company has been operating according to basic guidelines, constantly keeping in line with environmental legislation. Certified according to EMAS¹⁹⁶ and ISO

¹⁹⁵ ISO 19001= international standard certifying the quality of the company

¹⁹⁶ EMAS (Eco-Management and Audit Scheme) registration is a voluntary environmental certification tool for companies and public bodies to assess, report and improve environmental performance

14001:2004¹⁹⁷ standards since 1996, Berning has been managing its wastewater for almost 30 years with an optimum coefficient of 1.

The ongoing commitment extends to the reduction of wastewater, energy consumption and the use of chemicals. With the investment in a new galvanising plant, the company aims to be at the forefront of the industry. Berning is active in experimenting with new surface treatments and raw materials, paying particular attention to the origin of the materials used.

Berning intends to take the lead in promoting ecology over economics, even in the face of conflicting interests. The company is committed to providing products with high environmental standards, ensuring that no consumer is harmed by its products. The approach is to use raw materials, energy and other resources sparingly, and to avoid harming the environment. Berning's production has no harmful effects on people or the environment.

Responsibility extends to the safe and healthy working conditions of employees, avoiding harmful impacts from work. Berning is committed to complying with applicable environmental laws, regulations and standards. All actions and decisions of the company will be assessed against criteria of environmental protection and compatibility.

In working with customers, partners, suppliers and contractors, Berning is committed to minimising emissions and making careful use of resources. The company invests in the training and motivation of employees to promote environmentally friendly actions. Berning constantly monitors and further reduces the environmental impact of its activities. Environmental protection is represented with credibility and appropriateness, ensuring that Berning's aspirations correspond to reality.

The interview with Franco confirmed and deepened what had been said before and proved to be extremely interesting and motivating, especially in the area of sustainability, a topic of great passion for him. . The first focus of the discussion was the European document, which has been recognised and already accepted, although Franco raised concerns regarding Italy.

¹⁹⁷ ISO 14001= technical standard of the International Organisation for Standardisation on Environmental Management Systems

Berning, who has a presence in five countries including Italy, Sweden, Germany, Turkey and France, noted that the Italian public seems to be the least sensitive to sustainability issues of all these countries.

Although Berning's main production is focused on metal, being associated with the garment industry, Franco believes that the company's task is to anticipate the market. This will be demonstrated through the introduction of two patents, of which I will give a detailed description later.

Returning to the topic of sustainability in Italy, Franco, with his long experience in the industry, pointed out that 10 to 15 years ago only a few companies dealt with sustainability, targeting a niche audience. However, today it is imperative to realise that adapting to sustainability issues is essential to remain competitive in the market. Applying sustainable practices is not limited to installing solar panels or water purification systems, aspects that Europe already considers standard.

The real meaning of sustainability, according to Franco, is to focus on a circular life cycle for garments. Landfill and incineration must be eliminated, and a recycling system similar to plastic and glass must be in place from the moment the garment is created. This transformation requires major industrial changes and consumer re-education.

Currently, textiles are considered special waste by Europe, and Franco emphasises the importance of preparing industrially for this change. In summary, the interview highlights a significant change and commitment to sustainability in the garment industry and an awareness of the need to adapt to new production and consumption patterns to ensure a sustainable future.

Franco shared with me a significant anecdote from his past experience with social certifications, dating back 28 years when the need arose to obtain OECOTEX 100¹⁹⁸ certification through product labelling. This need arose following an incident where a button on a pair of jeans caused an infection in the person wearing them. This event prompted the industry to produce nickel-free metal materials, a change that also extended to jewellery and several other industries.

However, as described above, when the certifying body arrived, product samples were provided in which the absence of nickel could be 100% guaranteed, thus obtaining

¹⁹⁸ OECOTEX 100= is an independent testing and certification system for textile products of all kinds

certification. This approach entailed a risk of spot checks, but the probability was remote. Over time, this procedure has been radically overtaken by the manufacturers' decision to completely eliminate the use of nickel in the production of basic electroplating.

Franco pointed out another occasion when economic dynamics drove this total conversion. However, Franco's fear concerns the possibility of new certifications being created in the future through bureaucracy rather than based on logical principles of circularity. His concern reflects a desire to prevent the certification process from becoming overly bureaucratic, losing sight of the main objective of adopting sustainable and environmentally friendly practices in industry.

Faced with such a vast and opaque scenario, the question arose:

"What can we who produce buttons and rivets do to change the system?"

So he began by doing a survey in 2019, based on Germany looking at how many jeans were marketed in that year. 180 million jeans.

He weighed one button and multiplied by 180 million jeans and got the equivalent weight of one AIR FORCE ONE.

The weight of an AIR FORCE ONE is, on average, buried every year, in Germany alone, just considering buttons. This figure displaced him and he wondered what he could do to make his product even more sustainable. Thus the two patents were born.

The first patent is now widely used and approved by brands and is called "PURE AGING". It consists of a button ageing process that reduces chemicals, galvanic processing and energy. It achieves an ageing and oxidation result that tends to take 5 years with the metal product exposed to the elements. The packaging used for this production line is also environmentally friendly as recycled materials are used. This project reflects constant innovative research, but above all a commitment to sustainability.

The company is proud to be able to offer a small but significant contribution to the cause of protecting the environment and they are equally proud to be able to offer their support to those brands that want to enhance projects for an environmentally sustainable future. This project in fact offers an alternative to the market while being in line with the look of jeans which tend to have 2 standard looks one dark and one light.

This patent has in fact been received with great enthusiasm in Sweden, Germany, and New York.

Staying in tune we could also mention the new galvanic system they introduced in 2018, probably the most modern in Europe, combining many active galvanic baths in one fully automatic system. This allows them to achieve better quality and control during the production process, as well as a reduction in their ecological footprint.

With these technologies, we have substantially reduced the use of energy and raw materials. With state-of-the-art filtration, they have further increased the quality of exhaust air, combined with a heat recovery system, further reducing energy.

These initiatives show Berning's tangible commitment to addressing environmental challenges in the button and rivet industry, demonstrating that even in a seemingly niche sector, it is possible to adopt sustainable practices and contribute significantly to global sustainability. The 'PURE AGING' patent and the modern electroplating plant represent concrete steps towards an ecologically responsible future, demonstrating that innovation and sustainability can go hand in hand.

The second patent, on the other hand, is being published these months.

The idea was born 4-5 years ago when a denim company expressed the need to create a sustainable project that would allow for greater denim disposal.

Specifically, as we all know in the upper part of trousers we find buttons zips and rivets that cannot be recycled along with the cotton of course, so they cut off the legs as much as they could and the upper part of the trousers went to incineration or landfill.

This company wanted to increase the recyclable part of cotton per jeans.

There is, of course, always a user-education part, which is why they started to look into a way that buttons and rivets could be detached independently at home by the end consumer, without having to implement the presence of a person inside the factory otherwise it is no longer profitable. Franco decided to start this patent because he claims that 'everyone is responsible for his own product'.

He will therefore soon come out with this patent and present it to denim companies. Knowing the regulations that they will increasingly have to implement from the textile point of view, he relieves them from the metal point of view, which is objectively an advantage since all the brands will be busy studying new fabrics etc.

At the end of the interview, despite the fact that it was already clear anyway, I asked the question: "So there is a real interest in sustainability in Berning, you don't do it because you have to?"

"It's the exact opposite" was the impulsive answer. Very often it is the Berning company itself that finds the Brands unprepared and further behind where they have already arrived.

Quite apart from the owner's personal passion on this subject, Franco also argues that if he only had to talk to people of his own age, everything would be based on pure marketing to increase sales.

Working with the younger generation, however, changes the story.

"The market will increasingly reward elements of tangibility of the concrete act," he says, emphasising the fact that for the generation of the future, elements of concrete sustainability are now taken for granted.

I then asked Franco if considering all the countries where the company operates if there are different sustainability practices for each country and the answer is no the paradox is that despite the lukewarm climate towards the sustainable revolution in textiles in Italy all ideas start here because we are an area teeming with materials and ideas.

Berning srl is therefore a truly sustainable-oriented company, certainly far ahead of the average, but this will not make it unprepared for the future.

CONCLUSIONS

In my thesis project, I delved into the intricate dynamics of the textile supply chain, focusing on the sector's environmental and social challenges and impacts. By examining the ambitious goals set by the European Union in Agenda 2030 and the Green Deal, I outlined a path towards more sustainable and responsible textile production. Environmental and social certifications were identified as key factors in achieving this goal, but I found that the ethical and moral variable of the people and countries involved in the industry can influence this dynamic, sometimes in unexpected ways.

Coming to the conclusions of my work, I reflect on the main findings and connections that emerged during the research. The focus on the local textile supply chain, with particular attention to denim, offers a perspective on the Italian situation in view of an imminent change in the sector. The interviews and factory visits allowed me to see that many companies are already ahead of European standards, suggesting that Made in Italy can still make a difference in a market dominated by Fast Fashion.

The short supply chain approach and the quality of the products allow brands like Cycle Jeans to choose suppliers who adopt sustainable practices from both an environmental and social point of view. However, suppliers pointed out that not all consumers are sensitive to these issues, and age is often a determining factor. This confirms the evolution of consumers towards greater environmental and social awareness, especially among the younger generations.

The face-to-face interviews were essential to fully understand the dynamics of social certifications and to closely examine the opinions of those who are directly involved in the textile sector and who are confronted on a daily basis with European regulations and the pros and cons of social certifications.

Although we are in a period of transition, it is encouraging to see that many companies have already aligned themselves with the new regulations, thus preparing for the near future. Despite the criticism, certifications have been positively evaluated for the ethics and morals they represent, characteristics that often distinguish Made in Italy.

I admit that when I started this global analysis I had an opinion about the Italian situation from this point of view and, as I think it turned out, it was with great pleasure and enthusiasm that I was able to change my mind on the subject. One of the limitations of this

thesis is certainly the fact that it focuses on a small number of suppliers; to give a definite answer to this question, it would be necessary to examine a larger sample of realities. In spite of this, it was satisfying to show that Made in Italy can still make a difference, and who knows that in the future, given the expected environmental and social changes, it may not regain the prestige it had in the past and has somewhat lost in recent decades.

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