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SCHOOL OF MANAGEMENT

SUSTAINABILITY LAB  
MONITOR FOR CIRCULAR FASHION



# Monitor for Circular Fashion

REPORT 2021

# Contents

1

**Introducing  
the Monitor for  
Circular Fashion**  
Who we are

2

**Fashion industry  
research and  
post-Covid view**  
Reshaping  
fashion industry  
perspectives

3

**Methodology  
for identification  
of KPIs**  
3 KPI areas

4

**Data analysis**  
Fashion industry  
analysis

5

**Innovative  
solutions**  
Unlocking  
circular fashion  
opportunities



# Introducing the Monitor for Circular Fashion

Who we are

1





# Who we are

The SDA Bocconi School of Management Sustainability Lab Monitor for Circular Fashion is a:

- 1) multi-year research project
- 2) multistakeholder community

The Monitor for Circular Fashion, powered by Enel X, is willing to disseminate the best practices of circular fashion and promote technical, managerial and scientific skills especially those that contribute to the transition towards circular business models.

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## Partner companies

### Ingredient brands

Candiani Denim  
ICA Yarns  
Manteco  
RadiciGroup  
Vitale Barberis Canonico  
Vibram

### Brands & Retailers

Oscalito  
OVS  
Save The Duck  
Vivienne Westwood

### Service Providers

Dedagroup Stealth  
Intesa (IBM Group)  
PLM Impianti  
Temera

### KPIs Committee

Bip  
PwC

### Technical Partners

Eco-Age  
Visualmade





# **Fashion industry research and post-Covid view**

Reshaping  
fashion industry  
perspectives

# 2





# Reshaping fashion industry perspective

**COVID-19** pandemic has caused major economic, social and environmental consequences, including a significant increase in textile waste production.

The transition from a linear to a circular economy will play a significant role in meeting the Sustainable Development Goals (SDGs) part of the 2030 Agenda.

Some **barriers** are limiting the transformational change towards circularity.

The **cradle-to-grave** approach is still dominant.

The **Monitor for Circular Fashion** is founded on the belief that the following factors will be instrumental in bringing about a transformational change towards sustainability and circularity in the fashion industry:



**Enhanced dialogue** among policy makers, companies, institutions, final users, associations, NGOs and other relevant stakeholders.



**Regulations and incentives** that address the crucial requirements for the implementation of a circular approach.



**Awareness and education programs** on sustainability and circularity for all stakeholders.



# Methodology for identification of KPIs

3 KPI areas

# 3





# 3 KPI areas

## Corporate and energy KPIs

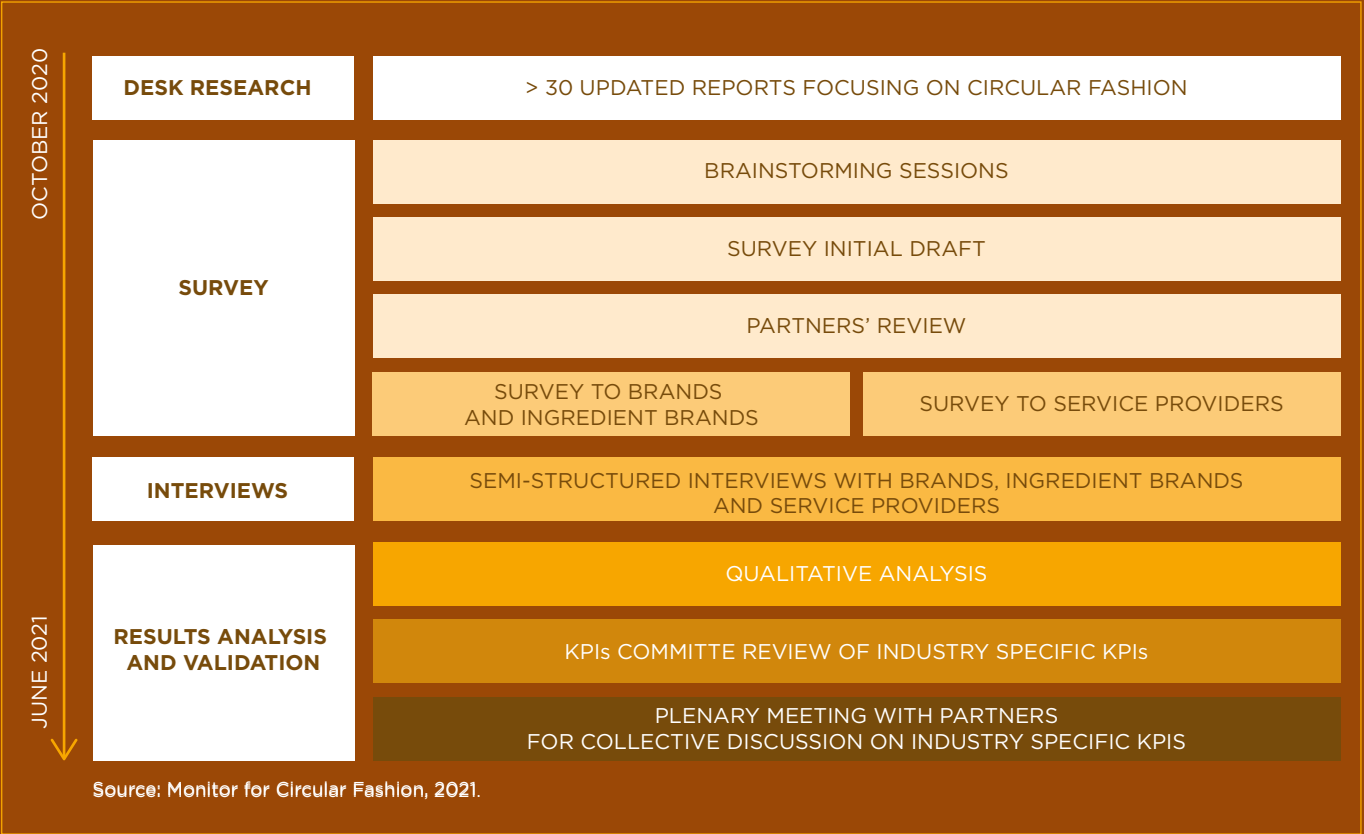
The “Circular Economy Report”\* is an Enel X service, based on a validated methodology by the external certification body RINA and CESI, being accredited by Accredia, able to identify the current level of circularity of the company and to propose a roadmap of innovative solutions for boosting it.

The methodology, based on over 60 KPIs, is divided into two levels of analysis: Corporate and Energy-Site.

\* Enel X has produced 10 "Circular Economy Reports" to generate the aggregate data analysis on Corporate and Energy KPIs.

## Tailored KPIs for fashion

The identification of over 30 fashion industry tailored KPIs was based on primary and secondary data, gathered by SDA Bocconi Sustainability Lab research team through desk research, an on-line survey and semi-structured interviews to the 14 companies part of the community.





# Data analysis

Fashion industry  
analysis



# 4



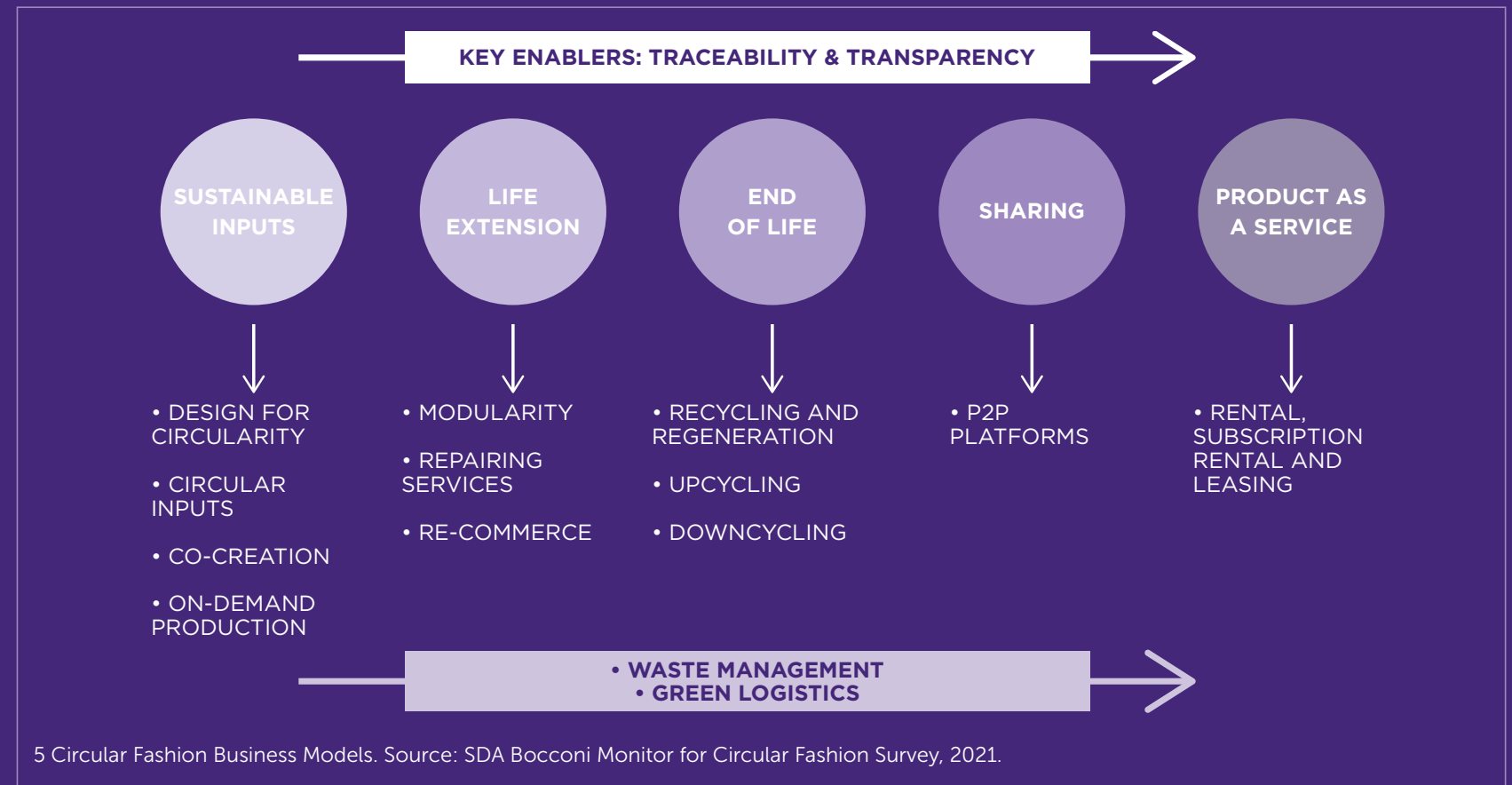
# Fashion industry analysis

## Circular Fashion Value Chain Activities

Upstream circularity activities such as “Design for Circularity”, “On-demand production”, “Circular inputs”, are currently much more diffused than downstream activities such as “repairing services”, “rental, subscription rental and leasing”, “re-commerce, second-hand market”.

## Post-sale activities for circularity

In order to improve the circularity performance, companies must implement one-to-one communication actions with the final clients. Building long-term relations with them can help facilitate product take-backs in order to achieve resource efficiency.





# Detailed circularity activities along the Circular Fashion Value Chain



Source: SDA Bocconi Monitor for Circular Fashion Survey, 2021.

# Main enabling technologies to accelerate circularity in fashion

MAIN ENABLING TECHNOLOGIES FOR CIRCULARITY	TECHNOLOGIES FOR TRACEABILITY	BLOCKCHAIN	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>
		RFID	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>
		ARTIFICIAL INTELLIGENCE AND INTERNET OF THINGS	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>
	TECHNOLOGIES FOR CIRCULAR PROCESSES	RECYCLING TECHNOLOGIES	<div></div>	<div></div>	<div></div>				<div></div>
		AUTOMATIC SORTING MACHINES							<div></div>
		ONLINE PLATFORMS FOR WASTE	<div></div>	<div></div>	<div></div>				<div></div>
		PRODUCT PASSPORTS	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>
		3D PRINTING	<div></div>		<div></div>				

MAIN FASHION VALUE-CHAIN ACTIVITIES INVOLVED:

1. ECO-DESIGN
2. RAW MATERIAL SOURCING
3. MANUFACTURING OF SEMI-FINISHED PRODUCTS
4. MANUFACTURING OF FINISHED PRODUCTS
5. TRANSPORT AND LOGISTICS
6. DISTRIBUTION AND RETAIL
7. END-OF-LIFE SERVICES

Source: SDA Bocconi Monitor for Circular Fashion Survey, 2021.

Several advantages will come from the use of technologies as enablers of circularity but challenges are still to be solved, for instance: privacy and security, lack of regulatory framework and data collection complexity and costs.



# Circularity trade-offs, challenges and opportunities

CIRCULAR FASHION TRADE-OFFS	
1. HIGHER OPERATIONAL COMPLEXITY	OPERATIONAL
2. ENVIRONMENTAL IMPACTS OF PROCESSES, INCLUDING LOGISTICS	ENVIRONMENTAL
3. AVAILABILITY OF VOLUMES	OPERATIONAL
4. COSTS OUTWEIGH PROFITS	ECONOMIC
5. LEAD-TIME AND TIME TO MARKET	OPERATIONAL
6. QUALITY ISSUES	QUALITY

TOP RANKING CIRCULAR FASHION TRADE-OFFS  
TRADE-OFF CATEGORY

Source: SDA Bocconi Monitor for Circular Fashion Survey, 2021.

TOP RANKING CIRCULAR FASHION OBSTACLES
1. COSTS
2. AVAILABILITY OF TECHNOLOGIES
3. AVAILABILITY OF INFRASTRUCTURE
4. EXTERNAL CULTURAL OBSTACLES
5. LAW AND REGULATORY OBSTACLES
6. AVAILABILITY OF EXTERNAL COMPETENCIES
7. AVAILABILITY OF INTERNAL COMPETENCIES
8. INTERNAL PROCESS INERTIA
9. INTERNAL CULTURAL OBSTACLES
10. CONFIDENTIALITY

TOP RANKING CIRCULAR FASHION ADVANTAGES
1. IMPROVED BRAND REPUTATION AND FINAL USER LOYALTY
2. NEW BUSINESS OPPORTUNITIES
3. NEW JOBS
4. COST REDUCTION



# Innovative solutions

Unlocking  
circular fashion  
opportunities

# 5





# Unlocking circular fashion opportunities

## How to increase circularity performance

Reimagining the future of the industry towards circularity requires a collective effort. The community comprising of 14 member companies of the Monitor for Circular Fashion, are of the opinion that to increase circularity performance of the industry as a whole, the following actions should be prioritized:

1. Measuring and assessing circularity
2. Increasing the level of traceability of the fashion value chains
3. Resolving circular fashion trade-offs
4. Engaging final clients/users in circularity initiatives
5. Improving the collection of waste
6. Accelerating industrial symbiosis
7. Scaling-up circularity pilot projects
8. Develop harmonized EU-wide end of-waste criteria



MANAGERS'  
ACTIONS



JOINT INDUSTRY  
ACTIONS



POLICY MAKERS'  
ACTIONS



# Tailored KPIs for Fashion: introducing the Circular Fashion Manifesto

The Companies of the Monitor for Circular Fashion have set more than 30 tailored KPIs for the fashion industry in order to measure for each activity of the Circular Fashion Value Chain:

- transparency and traceability performance
- sustainability and circularity performance

	CIRCULAR VALUE CHAIN ACTIVITY									
	ECO-DESIGN	RAW MATERIAL SOURCING			MANUFACTURING ON SEMI-FINISHED PRODUCTS		TRANSPORT AND LOGISTICS	DISTRIBUTION AND RETAIL		END-OF-LIFE SERVICES
	IMPLEMENTING ECO-DESIGN PRINCIPLES	MEASURING TRACEABILITY	INVESTING IN R&D	REDUCING WASTE	PERFORMING RESPONSIBLE MANUFACTURING	SUPPORTING SHARED AUDITS AND INTEROPERABILITY AMONG PLATFORMS	ACHIEVING DECARBONIZATION	EDUCATING FINAL USERS ON RESPONSIBLE CONSUMPTION	DEVELOPING RELIABLE SUSTAINABILITY CLAIMS	ENGAGING FINAL USERS TO EXTEND THE LIFE OF PRODUCTS
ACTIONS	Liaising with multi-stakeholder initiatives focused on eco-design.	Measuring traceability by identifying clear and relevant KPIs.	Increasing research on sustainable and circular materials.	Reducing textile waste on total raw material.	Enhancing joint commitments on traceability.  Performing and providing training on responsible manufacturing.	Supporting shared audits, to grant higher efficiency for suppliers and supporting interoperability among auditing platforms.	Adopting recommended methodologies to measure data related to transportation in order to achieve decarbonization, starting from Scope 1.	Engaging and educating final users on responsible consumption.	Respecting the guidelines on sustainability claims developed by UNECE.	Engaging and educating final users to extend the life of products.



# Monitor for Circular Fashion: next steps

**During the next months and years the Monitor for Circular Fashion aims also to enhance traceability and transparency for circularity and encourage Governments to adopt a harmonized policy framework to support circular fashion initiatives.**



# Thanks to the partner companies of the Monitor for Circular Fashion

Candiani  
DENIM

DEDAGROUP  
STEALTH

ICA  
YARNS

Intesa  
An IBM Company

MANTECO®  
MANTELLASSI COMPAGNIA TESSILE

Oscalito  
1936

OVS

PLM Impianti  
100% made in Italy

RADICI  
GROUP



temera

vibram®

VITALE 1663  
BARBERIS  
CANONICO

Vivienne  
Westwood

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## KPIs Committee

bip.

pwc



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