

SUSTAINABLE HEADACHE



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First edition: September 2023 Edited by Clelia Ragosta "Sustainable Headache" provides an informative guide from the perspective of Conceria Montebello for anyone interested in adopting and implementing sustainable practices for environmental protection.

This work addresses four fundamental pillars: awareness, supply chain management, transparency, and responsible communication, with the aim of unveiling best practices and preventing greenwashing.

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be part of the change

INTRO

Sustainability:

The condition of a development capable of ensuring the satisfaction of the needs of the present generation without compromising the ability of future generations to realize their own.

A simple and immediate definition that, however, in today's scenario, seems almost utopian and beyond the reach of human hands and minds. As we confront the present, our planet faces unprecedented challenges related to the environment, a complex web of threats that endanger our well-being and the future of generations to come. These challenges are frightening, disheartening. However, even in this critical moment, more and more people and companies have sprung into action, driven by a common hope and are leveraging change to be implemented, as we can still act with determination. Although the task may seem daunting, the potential to reverse some of the negative trends is within our reach.

We must act urgently to adapt, minimize damage, and more carefully protect the vital ecosystems that surround us. This challenge requires a new way of thinking, as only by embracing the interconnectedness between the **environment**, **climate**, **economy**, **and society** can we aspire to long-term sustainability.

Speaking of interconnectedness, Conceria Montebello has been committed for years to being part of an active mechanism in this regard, promoting a way of doing business that aligns with the needs of both current and future generations.

We have long wondered what the best actions are to build a business process focused on environmental protection and sustainability. The most concrete answer might seem to adopt a sustainable approach in the choice of machinery, resource optimization, respect and recycling of raw materials, selecting leather that comes from food waste, which, if not transformed, would become harmful waste for the environment, and so on. All of this is important, but it is not the answer to our question.

So, what are the real actions to truly be sustainable? The answer is only one: sharing and information. Only an audience of aware and informed companies and consumers can tackle this change, believing in it and supporting it. In this booklet, we will explore the

possibilities and solutions to build a better future. This booklet, born from insights and knowledge that many people have shared during the webinars organized by us under the title, "Sustainable headache", aims to unite forces in caring for our precious common home and laying the foundations for real awareness, like a pill for these "sustainable" headaches!

Awareness, supply chain, transparency, and communication will be the keywords of this text, with the hope of shedding light on doubts and concerns about such an important issue that concerns all of us, no one excluded.

Happy reading,





AWARENESS

with Francesca Rulli

AWARENESS

"Can the flap of a butterfly's wings in Brazil cause a tornado in Texas?" was the title of a 1972 conference held by Lorenz, an American mathematician and meteorologist known for being one of the pioneers and developers of modern chaos theory.

Let's borrow Lorenz's words to explain how important every single action taken by each of us can be and what significant consequences it can have, both near and far. There are no actions without consequences, in the short or long term.

During the early 20th century, with the spread of massive consumption and exponential industrial growth, a process began that in the subsequent years we not only failed to stop but also failed to control. This process, detrimental to the ecosystem and now one of the world's major scourges, is evidence that every action taken by humans in the past and continuing into the present has left an indelible mark. This includes individual people, of course, but also, and especially, companies.

As Conceria Montebello actively participates in this sustainability advocacy, we want to address the topic from a business perspective. How can one act? How can companies make themselves sustainable? This is a complex but fundamental task to improve performance and the development of the supply chain towards a natural value chain.

In particular, we want to focus on what sustainability means in the world of fashion. To explain these topics better, we turned to <u>Francesca</u> <u>Rulli</u>, founder of <u>4sustainability</u> and Process Factory. Francesca Rulli has worked for years on measurement and shared practices for sustainability.

Francesca highlights that in the world of fashion, sustainability is based on six relevant themes: the materials used, chemistry, traceability of production phases, safety of people and environmental impact, the approach to circularity, and a return to a new value in production. In the last ten years, the fashion industry's attention has been concentrated on these core themes. However, the current market often makes uneven demands, making it difficult to find a common ground for all companies to build their sustainable supply chains.

In this lack of uniformity, over the years, shared rules and well-established methodologies have been developed to measure and improve the environmental and social impact of companies in the industry. There are recognized standards, such as ZDHC for chemistry and Carbon Footprint for CO2, which help establish reduction targets and demonstrate progress on the sustainability journey.

The real goal today, especially for entities like 4sustainability, is to spread these rules and methodologies and create a common foundation on which to build a sustainable fashion supply chain.

A comprehensive and multidimensional system to promote sustainability in the fashion and luxury production chain, 4sustainability® is an innovative framework for implementation and a registered trademark that guarantees the achievement of sustainable performance in the fashion and luxury production chain. Attaining and maintaining this designation is contingent upon completing one or more of the six initiatives outlined in the 4sustainability® roadmap. Additionally, a series of stringent requirements must be met, which are subject to continuous oversight. These initiatives align with the priorities identified by the Global Fashion Agenda and are based on one or more of the United Nations' Sustainable Development Goals.

This broad sharing of clear methods and rules is the first powerful and effective tool that companies can wield to speak the same language and pursue a common

goal. The objective is to promote collaboration among brands, industries, and stakeholders to adopt sustainable practices that can be consistently and harmoniously implemented.

A concrete example of a methodology, as mentioned, is ZDHC (Zero Discharge of Hazardous Chemicals). In other words, the steps involved in pursuing a more sustainable fashion production.

ZDHC is one of the fashion industry's major initiatives focused on responsible chemical management and reducing the use of hazardous substances during the production process. To achieve ZDHC's goals, companies must follow a systematic and rigorous approach, including several stages:

Chemical Inventory

A complete inventory of chemicals used in the production process is the fundamental starting point. Companies must identify and catalog all chemicals used, including dyes, bleaching agents, additives, and other materials used in clothing production.

Compliance with MRSL

MRSL, which stands for "Manufacturing Restricted Substances List," contains a list of hazardous chemicals that must be eliminated or minimized. Companies must verify their chemical products' compliance with this list, ensuring that the items they produce do not contain hazardous substances harmful to the environment and human health.

Performance Index

Once the chemical inventory and MRSL compliance verification are completed, a performance index is calculated to measure the sustainability efficiency of the company. This index indicates how closely the company aligns with the sustainability standards defined by ZDHC.

Improvement Targets

Using the performance index, companies can set specific improvement targets to further reduce the use of hazardous chemicals and increase the sustainability of their operations.

Certification and Compliance

ZDHC offers a certification system that attests to the level of sustainability achieved by a company compared to the defined standards. Obtaining this certification represents a significant recognition of the company's commitment to sustainability.



"Can the flap of a butterfly's wings in Brazil cause a tornado in Texas?"

The goal is to create a rating system for brands so that they can be positioned among the best players, the companies that can interpret their sustainability performance better. The brand's effort is to adopt sustainable supply chains, not just for a product, but for the entire chain.

Francesca Rulli has emphasized that, in addition to ZDHC, there are other recognized standards and initiatives aimed at promoting sustainability in the fashion supply chain. One example is the Carbon Footprint, a metric that measures CO2 emissions produced during a product's lifecycle, allowing companies to identify the primary sources of pollution and take reduction measures.

However, to create a real impact and systematic change, it is necessary to go beyond the company level and promote collaboration at the sectoral and international levels. This requires the creation of a shared platform where brands, suppliers, associations, and other industry actors can share information, knowledge, and best practices to address sustainability challenges in a coordinated manner.

Furthermore, another crucial aspect is communication. Companies must communicate transparently and honestly about their efforts to become more sustainable, educating consumers about the importance

of making informed and responsible choices. Effective communication can increase public awareness of sustainability and encourage a growing demand for more ethical and eco-friendly products.

The challenge of sustainability requires global collaboration, where companies, governments, and consumers work together to create a sustainable and environmentally respectful fashion future. Only by joining forces and acting with determination can we achieve this ambitious goal and leave a positive mark on our beloved industry and the world around us.

The growing awareness of the negative impact of economic activities on the environment has placed sustainability at the forefront, and this is undeniable.

However, for an organization to be truly sustainable, as we have seen, it must be ready to adopt strategies, metrics, and work plans aimed at generating social and environmental well-being for all its stakeholders.

In the fashion business, sustainability cannot be seen merely as a tactic to improve reputation. On the contrary, it must be considered a systemic vision aimed at revolutionizing existing business models and processes.

To adapt to current challenges, rigid business models must become more flexible but common, requiring the adoption of a method, a paradigm that is easy to adopt and highlights a company's real characteristics. It is these very companies that play a fundamental role in spreading this awareness: they must clearly communicate to stakeholders the sustainable practices they adopt and commit to promoting sustainability as a goal, a cultural foundation, a unique principle, considering it the only model to use. In this way, they can become true promoters of sustainability in the communities where they operate, initiating a positive mechanism that encourages people to share this awareness. A sustainable awareness.



SUPPLY CHAIN

with Rosie Wollacott Phillips and Deborah Taylor

SUPPLY CHAIN

ESG (Environmental, Social, Governance) has emerged as a central theme for companies and industries worldwide as they constitute the fundamental pillars of corporate sustainability. Let's delve into each element to gain a deeper understanding of their meaning and significance:

Environmental

The environmental component of ESG pertains to a company's impact on the natural environment. Companies must consider the life cycle of their products and services, from production to distribution to disposal. This involves adopting sustainable production practices, reducing greenhouse gas emissions, using clean and renewable energy, minimizing waste and pollution, protecting biodiversity, and promoting the conservation of natural resources. Environmental focus is essential in addressing global challenges such as climate change, pollution, deforestation, and resource scarcity.

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Social

The social component of ESG deals with a company's impact on society and the people involved. Companies must ensure safe and dignified working conditions for their employees and supply chain workers. This includes respecting human rights, promoting diversity and inclusion, combating child labor, and worker exploitation. Companies must also commit to providing a healthy and positive work environment, promoting the health and well-being of employees, and supporting local communities where they operate. Attention to social aspects is crucial for building trust with employees, customers, communities, and other stakeholders.

Governance

The corporate governance component of ESG focuses on responsible and transparent management of the company. This involves effective governance, ethical leadership, and responsible risk and opportunity management. Companies must be transparent about their policies, decision-making processes, and management structures. Good corporate governance is essential to prevent fraud, conflicts of interest, and unethical business practices. Additionally, responsible financial resource management is crucial to support sustainability investments and ensure the long-term success of the company.

ESG factors are interconnected and complement each other. Sustainable and responsible management requires the balance and integration of all three elements. For example, a company may commit to reducing greenhouse gas emissions (environmental), but if it does not ensure fair and safe working conditions for its employees (social) and does not adopt transparent and responsible governance (governance), its approach to sustainability will be incomplete and less effective. Awareness of and importance placed on ESG have grown significantly in recent years as more companies recognize the urgency of addressing global challenges like climate change, social inequality, and the crisis of trust in the corporate sector. Investors, consumers, and other stakeholders are increasingly evaluating companies based on their ESG commitments and their ability to generate long-term value for the environment, society, and the economy. ESG has become a critical element for the success and resilience of companies in a sustainable future.

In an engaging webinar featuring representatives from the leather and fashion industry, Rosie Wollacott Phillips, Head of Group Sustainability at Mulberry, and Deborah Taylor, Managing Director of the Sustainable Leather Foundation, two experts in the field of sustainability, shared their insights on how ESG factors are shaping the fashion industry and leather producers' practices.

Both emphasized the importance of embracing sustainability as a philosophy and an ongoing journey, rather than merely a marketing strategy.

Rosie Wollacott Phillips began with a discussion on how the adoption of ESG principles has undergone a transformation in recent years. In the past, leather producers were often labeled as "bad actors" due to environmental concerns related to pollution and waste management. How-

ever, brands are now starting to pay greater attention to social and governance aspects. Awareness of these issues has grown following shocking events such as the Rana Plaza disaster, a tragic incident that occurred on April 24, 2013, in Savar, Bangladesh.

A building called Rana Plaza, housing multiple textile factories and clothing companies, suddenly collapsed. The structure had been constructed haphazardly and with severe violations of safety and building standards. Inside Rana Plaza, thousands of textile industry workers were on duty that day, despite reports of cracks in the building's walls and concerns about its stability. The result was a catastrophe: hundreds of people lost their lives, and thousands were injured.

The Rana Plaza disaster drew global attention to the unsafe and precarious working conditions in textile factories in Bangladesh and other parts of the world where production costs were low. It sparked a series of protests and demands for improvements in working conditions, wages, and factory safety.

In response to the disaster, many international clothing companies began to review their supply chains and collaborate with organizations and associations to improve working conditions in textile factories. The Rana Plaza disaster highlighted the importance of sustainability and corporate social responsibility in the fashion industry, shedding light on serious labor conditions and social issues within the sector.

Deborah Taylor emphasized how the growing focus on ESG has led to increased transparency and accountability among all players in the fashion supply chain. Brands are striving to understand the impact of their operations on all aspects of the environment, people involved, and corporate management. The European directive on corporate social responsibility has mandated sustainability reporting, making it impossible to ignore such issues.

Both experts agreed unequivocally that sustainability is not just an image concern but a fundamental requirement for the industry's survival. Companies must be transparent about their processes and production practices in terms of environmental, social, and governance aspects. Consumers are increasingly concerned about the origin of the products they purchase and expect companies to adhere to higher sustainability standards.

However, both experts also firmly stated that the transition to more sustainable production comes with a cost and requires investments in research, development, and new technologies. Moreover, sustainability should be seen as an opportunity to create value rather than a mere additional expense. Companies must be prepared to invest now to reap long-term benefits and contribute to building a sustainable future for the fashion and leather industry.

The discussion also focused on the importance of consumer education regarding sustainability. While many consumers claim they are willing to pay more for sustainable products, their purchasing choices are often driven by price and design considerations. It is the responsibility of companies and industry stakeholders to educate consumers about the importance of sustainability and make them understand that change is necessary for the benefit of the planet and future generations.

ESG factors are compelling companies to adopt more responsible practices and consider the impact of their operations on all aspects of the business. Sustainability is not just a trend but a necessity to ensure a sustainable future for the fashion and leather industry. Transparency is crucial on this path to sustainability. Leather producers must be able to demonstrate that they are taking measures to reduce their environmental impact, protect workers' rights, and follow responsible governance practices. The adoption of certification standards and traceability systems is essential to demonstrate the credibility of these efforts and gain consumer trust.

A tangible sign of commitment to the environment is the active collaboration between Conceria and business decisions. Furthermore, it should be noted that ESG has a dual significance, a double advantage that translates into impacts on investments and business decisions. Compa-

The foundation specifically focuses on supporting the global leather value chain to improve and protect future generations, following the principles of People - Planet - Profit. It's an industry-led, consumer-oriented organization. At the heart of the foundation is the revolutionary SLF Transparency Dashboard™, integrated with an audit certification standard that evaluates the sustainability compliance and performance of companies operating in the leather value chain, according to the three pillars of sustainability: environmental, social, and governance.

that ESG has a dual significance, a double advantage that translates into impacts on investments and business decisions. Companies that focus on sustainability and innovation attract investments from more conscientious shareholders and customers. The ESG approach can lead to new business opportunities and markets. Consumers are increasingly attentive to the environmental and social impact of the products they purchase, and companies offering sustainable solutions can gain a competitive position and market advantage. Sustainability-adapted companies are also more resilient to environmental and social challenges and can better manage risks associated with these issues.

To successfully implement ESG, collaboration among all stake-holders in the industry is necessary, including leather producers, brands, suppliers, and consumers. The hope is that companies can work together in a collaborative approach to develop sustainability standards, share knowledge and best practices, and collaborate to address the challenges and obstacles associated with the transition to sustainability.

The transition to more sustainable production, it must be said, can be a complex and costly process, but it is essential to ensure a sustainable future for the fashion and leather industry. And in which areas is it necessary to make solid investments? Undoubtedly, technology, research, innovation, and communication.

"ESG is the key to sustainable, ethical, and responsible fashion."



The leather and fashion sector is currently undergoing a significant transformation, driven by the need to adopt sustainable and environmentally, socially, and ethically responsible practices. ESG factors are guiding this change and are becoming a central element for companies aiming to build a sustainable and responsible future.

In conclusion, ESG represents a holistic view of corporate sustainability, which is not just a trend but a necessity. Through collaboration and consumer education, the industry can successfully meet the challenge of becoming a driving force for change. ESG is the key to sustainable, ethical, and responsible fashion.



TRANSPARENCY

with Massimo Brandellero

TRANSPARENCY

In the midst of an ever-evolving world, the fashion industry stands at a crucial crossroads, and it's not just about the themes we've explored so far. In the guest for awareness and the need to methodically regulate the supply chain and production processes, a third vital theme emerges: "transparency." It represents the very essence of the art of sustainable fashion, where the veil is lifted, and truth is revealed, echoing Heidegger's philosophical concept of transparency as the revelation of truth. This pivotal concept has captured the attention and inspiration of figures like Massimo Brandellero, paving the way for new business models based on awareness and supply chain traceability.

Massimo Brandellero, the Founder of The ID Factory, who has been a guest speaker during a TED talk shedding light on transparency in the fashion world, introduces us to the world of sustainable fashion, taking us back to a time when relationships and trust were the key elements of the industry. But what is the essence of Brandellero's project? When you decide to purchase an article of clothing, be it a suit, a pair of shoes, or a bag, it becomes a challenge to obtain details about the origin journey of the product. Where it comes from and where each stage of the production process, from spinning, weaving, dyeing, cutting, manufacturing, or assembly, has truly taken place.

Tracking and tracing the path of raw materials from their source to the finished product is a complex operation for the brand but crucial for ensuring product sustainability.

France, Belgium, Portugal, Spain have made it mandatory to provide all this information on the product label, and the European Union is advancing a proposal to establish a European Digital Product Passport. Similarly, in the state of New York, the Supply Chain Fashion Act requires companies to trace at least 50% of their supply chain within 12 months of the law's approval.

The ID Factory offers the fashion and luxury industry a method to track components, materials, and processes related to clothing, footwear, and accessories.

Twenty years ago, personal experience and the ability to build trust relationships were the cornerstones of business relations. Dialogue was based on trust between individuals, and information regarding the production chain was exchanged in a more informal and less formalized manner. To reach profitable agreements and build bonds, trust was enough.

However, in more recent times, scenarios have become global stages, no longer local. Relationships between companies and between companies and customers are borderless, and the growing demand for transparency has led to a paradigm shift. The evolution of society and collective awareness has prompted institutions and legislations to impose new rules and obligations regarding transparency and sustainability in the fashion industry. The "Detox My Fashion" campaign launched by Greenpeace in 2011 was just one of the many signals that prompted companies to reconsider their practices and make visible what was once hidden, appointing designated figures to manage sustainability processes.

The "Digital Product Passport," for example, emerges as a disruptive tool capable of meeting this growing demand for transparency. It allows for monitoring and precise communication of information about the origin of materials, production stages, and management of finished products. This new era of traceability makes it possible for consumers to follow the journey of each product, from the cultivation field or the origin of raw materials to the creation of the finished garment. All of this paves the way for new business models, such as the circular economy, which redefine the value of objects and their useful life, aligning them with environmental and social awareness.

In this context, transparency is not merely a formal action but a springboard for new business models, where companies embrace sustainability as a growth opportunity. The philosophy of "closing the loop" is spreading, encouraging brands to design products and services to be eas-

ily reusable and recyclable. This sustainable approach not only reduces environmental impact but also creates a deeper connection with consumers who feel engaged in a virtuous cycle of responsible consumption.

However, transparency is a complex challenge that requires an integrated approach and effective communication. Companies and brands must demonstrate the authenticity and truthfulness of their sustainable actions, avoiding the danger of greenwashing. Only in this way can they establish a trusted relationship with consumers, who are increasingly concerned about the origin of products and the sustainability of companies.

Despite the challenges, the art of transparency opens doors to new opportunities. The circular economy emerges as one of the pathways to a sustainable future, and companies like those led by Massimo Brandellero demonstrate how adopting a transparency approach can create a real competitive advantage, increasing the brand's value and meeting the needs of the modern consumer. In fact, a choice for transparency leads to the fact that an increasingly aware audience will automatically be drawn to companies that show themselves in their absolute truth, companies willing to certify step by step every detail of their production process.

Companies cannot and should not ignore the importance of sustainability, yet none of them are perfect. Transparency then becomes a means to recognize strengths and areas for improvement, to share the challenges faced, and to commit to constant improvement. It is essential that the

transparency dialogue involves all stakeholders, including institutions, producers, consumers, and non-governmental organizations. Why? Because it is self-evident that I cannot exhibit my intention of genuine transparency if the steps preceding me in the supply chain are murky. How can a product be brought to market following high standards, if when it enters the company as raw material, there is no way to trace its origin and more?

Being transparent also means choosing suppliers who are equally transparent, and so on, further back, to create a supply chain that is clean from start to finish.

The fashion world is increasingly focused on sustainability and transparency, and consumers are ready to reward companies that are seriously committed to a better future. The keyword is "responsibility," and transparency becomes a tool to demonstrate it through concrete actions.

Furthermore, transparency is the key that opens the door to ethical and fair fashion. It allows consumers to be aware of their choices and support brands that embrace ethical and environmental values. It's no longer just a matter of fashion; it's a necessity for the planet's future.

Looking ahead, the future of fashion will be shaped by those who embrace the art of transparency and commit to a sustainable supply chain. Massimo Brandellero is just one example of a protagonist who has understood the importance of this issue, and his commitment is just the beginning of a journey toward a more aware and transparent fashion industry, as it is a concrete commitment that translates into support for other companies.

The art of transparency is an intricate dance involving institutions, companies, and consumers. It requires a holistic approach and a sincere willingness to change. It's a dance that demands synchrony and collaboration to achieve a sustainable future. Heidegger's words still resonate: "transparency" is "truth," it's unveiling the truth, it's the foundation on which the entire sustainable fashion supply chain is built.

Traceability of raw materials, production management, and communication with consumers become central elements of this new approach. When a brand embraces transparency, it commits to providing clear and verifiable information about the sustainable practices adopted throughout the production process. This engagement of consumers behind the scenes of the company creates a bond of trust and an emotional connection between the customer and the brand, increasing loyalty and loyalty to the product.

Another crucial dimension of transparency concerns the social and environmental responsibility of companies. Initiatives for the well-being of workers, respect for human rights, and attention to reducing environmental impact become the cornerstones around which sustainability revolves. Brands commit to clearly communicate the measures taken to improve the quality of life of workers and preserve the ecosystem. This open and transparent dialogue represents a true revolution in the fashion industry, pushing companies to consider people and the planet beyond mere profit, once again touching on the themes we addressed in the chapter dedicated to ESG.

And today? What is the actual situation?

Despite the progress made, transparency in the fashion supply chain is not yet perfect. Numerous challenges remain, and the path toward complete clarity is continuously evolving. Companies must grapple with the difficulty of collecting accurate data throughout the supply chain and adopting new technologies to ensure information verifiability. Furthermore, the lack of universal standards for traceability necessitates collaborative efforts among various industry players to define shared and validated criteria.

In this context, the role of institutions and legislations becomes crucial. Legislative and policy measures aimed at promoting transparency and rewarding sustainable practices by companies can accelerate the shift toward a more responsible fashion industry. At the same time, companies must be encouraged to proactively adopt transparent practices, beyond legal obligations, to demonstrate their genuine commitment to sustainability.

The art of transparency in the fashion supply chain concludes with a look to the future. The fashion world is undergoing a radical transformation, of which we are all active participants. Massimo Brandellero, with his dedication and passion, represents only a part of a growing community of protagonists who are contributing to transforming the fashion world. This chapter is just a small piece of a larger puzzle, where sustainability and transparency become the foundations for building a better future for the fashion industry and the entire planet.

In conclusion, transparency is not just an abstract concept but a driving force for change in the fashion supply chain, a ray of light. Through transparency, companies can demonstrate authenticity and responsibility, creating a positive impact on society and the environment. The future of fashion depends on the ability to embrace the art of transparency, and only by working together can we build a world where fashion is synonymous with beauty, ethics, and sustainability. We are all called to dance to the same rhythm, toward a bright and conscious future.



"The art of transparency in the fashion supply chain concludes with a look to the future."

COMMUNICATION

with Massimo Brandellero, Alessandro Barzaghi and Raffaele Gaito

COMMUNICATION

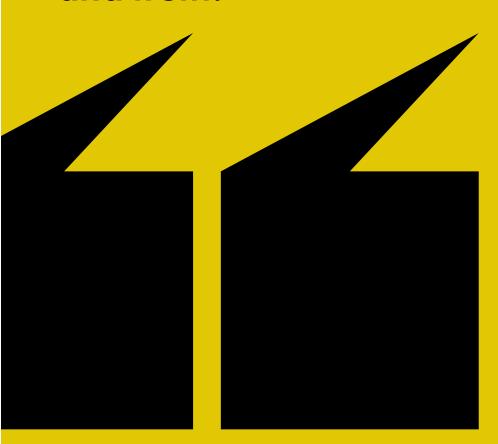
How do you communicate sustainability? This is the question we want to address as we introduce a concept that is one of the cornerstones of our model focused on a sustainable approach. Sustainability isn't just about doing what's possible, according to the norms and ethics, to ensure a present and future for this planet that lives up to expectations.

Sustainability also means communicating your actions to a broad audience of stakeholders, based on principles of honesty, consistency, and truth. Truth, indeed.

There's a topic closely linked to communicating sustainability: greenwashing.

Communicating how a company practices sustainability and greenwashing are two sides of the same coin. On one hand, there's the need to share best practices; on the other, there's the risk of conveying a message that's polished and dignified only in form, not in substance.

"Sustainability also means communicating your actions to a broad audience of stakeholders, based on principles of honesty, consistency, and truth."



But what is greenwashing, really?

It's "A form of undue appropriation of eco-sensitive virtues and qualities to win favor with consumers or, worse, to make people forget a company's bad reputation for activities that harm the environment" (Valentina Furlanetto, The Charity Industry).

This sentence encapsulates the essence of a practice that has been increasingly widespread in recent years. Companies, as well as freelancers, have found themselves navigating a historical context where attention to sustainability is central. Even when their intentions weren't noble, the message conveyed was and is extremely misleading.

There are many cases where many businesses, even when they don't fully embrace sustainable practices, talk about practices that are. A false message, a message constructed merely to please the public.

During the recent webinar organized by Conceria Monbello on sustainability, we tackled this topic: communicating sustainability and avoiding greenwashing.

In particular, the webinar featured Alessandro Barzaghi, a legal expert who provides assistance to fashion and food retailers in corporate and commercial law and real estate law. With a broad range of experience in supporting both Italian and international clients, Alessandro Barzaghi has also specialized in advising companies on ESG issues, particularly the risks of greenwashing, a deceptive practice in which companies falsely promote themselves as sustainable or environmentally friendly.

Barzaghi introduced the topic by starting with the judgment from Gorizia on November 26, 2021, which represents the first Italian provision on greenwashing.

A milestone in the field, according to the lawyer. In general, "greenwashing" is widely debated in the contemporary environmental discussion, and this reality is undeniable.

It had never been discussed before, at least from a legal perspective, because greenwashing had never been taken to court until November 26, 2021. However, according to the judgment issued by the Tribunal of Gorizia on that date, the first of its kind, "attention to environmental issues is significantly high, and the alleged ecological virtues of a company or a product can influence the purchasing choices of the average consumer." Therefore, "it is not acceptable for ecological claims to become banal slogans devoid of concrete meaning regarding product characterization and differentiation, as this goes against the real protection of the environment."

So, while in the past, declaring to be sustainable even when it wasn't true, after this judgment, the attention to the issue has gained a different weight. And this makes us ponder a crucial point. The

reason is simple: consumers are prepared, aware, they want the truth, they want to interact with entities that are truly environmentally conscious, not just through glossy advertising messages.

The point is that, despite a genuine intention to avoid greenwashing on the part of both companies and consumers, there is still a lot of confusion on the topic and, above all, on the laws that govern it.

During the webinar, Massimo Brandellero also participated, providing valuable insights. According to Brandellero, companies must establish clear and achievable sustainability goals, integrating them into their long-term strategies. These goals should be measurable and concrete, and progress toward their achievement should be regularly monitored and made public.

Transparency and responsibility: a key theme that emerged from the webinar is the importance of transparency. Companies must be open about their sustainable and non-sustainable practices, avoiding any form of greenwashing. Responsibility is fundamental; if a mistake is made, it should be acknowledged, and corrective actions should be taken.

Transparency, therefore, returns as a hot topic because without it, it's challenging to interpret common signals that may indicate a deceptive marketing campaign. Some of these signals include using buzzwords like "eco-friendly" and "green" without providing concrete support, emphasizing insignificant aspects while neglecting primary issues, and presenting unverifiable or misleading data.

Without rules, however, it's possible to start from some basic practices that should be common to every company genuinely aiming to make a positive impact:

Eco-design and Innovation

It was emphasized how eco-design is essential to reduce the environmental impact of products. The adoption of sustainable materials and eco-friendly production processes can significantly contribute to reducing a company's footprint.

Circular Economy

Another topic discussed in the webinar was the importance of the circular economy. Circular economy models promote reuse, recycling, and rethinking of production and consumption methods, favoring a more sustainable resource management.

Environmental Certifications

The role of environmental certifications in ensuring the credibility of a company's sustainable practices was stressed, as mentioned in previous chapters. Internationally recognized certifications can help identify companies committed to a genuine path towards sustainability.

To be fair, progress is also being made in legal matters. An example is the French <u>law n. 2020-105</u> of February 10, 2020, known as the "Loi relative à la lutte contre le gaspillage et à l'économie circulaire," which deals with combating waste and promoting the circular economy. Here are some of the key points of this law:

Food Waste

The law promotes the reduction of food waste and establishes measures to encourage the donation of excess food to charities and associations.

Electronic Products

The law introduces provisions to improve the durability and repairability of electronic products, aiming to reduce the disposal of still functional electronic equipment.

Packaging

The law aims to reduce the use of single-use packaging and promote sustainable packaging.

Plastics

It includes measures to limit the use of single-use plastics, such as plastic utensils and straws, and promote sustainable alternatives.

Circular Economy

The law promotes the adoption of practices and production and consumption models based on the circular economy, aiming to reduce the consumption of natural resources and waste production.

Extended Producer Responsibility

It introduces the principle of "extended producer responsibility," requiring producers to manage the life cycle of their products, including collection and recycling at the end of their useful life.

Recovery and Recycling

The law includes measures to promote the recovery and recycling of waste, particularly electronic waste and packaging.

Education and Awareness

The law promotes public education and awareness regarding the importance of waste reduction and the adoption of sustainable practices.

In general, this law aims to promote a more sustainable development model, with a significant focus on waste reduction and the adoption of practices that promote the circular economy.

Additionally, the new European directive <u>CSRD</u>, Corporate Sustainability Reporting Directive, has been established. This term refers to a proposed directive to enhance transparency in sustainability reporting practices by companies listed on European markets. The CSRD aims to establish stricter standards for reporting environmental, social, and governance (ESG) information by these companies.

We start from simplicity to respond to the request for truth. But what happens when these practices, real and authentic, need to be communicated to your target audience?

To shed light on this, <u>Raffaele Gaito</u>, Growth Coach, entrepreneur, and communicator, known for his experience in guiding companies and professionals towards significant improvements in their products and processes, intervened. Raffaele employs an innovative and experimental approach that has consistently produced remarkable results. Communication is his field, and his response to the question of how to communicate truth and sustainability is swift.

According to Gaito, the key lies in consistency. Corporate communication must align with the actions taken. If a company claims to be environmentally friendly and sustainable, its policies, processes, and products must demonstrate this commitment. The promoted message should reflect the reality of the company's operations.

All members of a company, for example, must be involved in actively supporting and implementing sustainable practices. Adequate internal training and awareness can help create a corporate culture genuinely oriented towards sustainability because it's not a passing trend or a mere marketing strategy but a lasting commitment. Companies must demonstrate a continuous dedication to improving their sustainable performance over time.

According to Raffaele Gaito, using storytelling authentically and effectively is a powerful tool to avoid greenwashing and transparently communicate a company's sustainable practices. Storytelling involves using engaging narratives to convey messages, values, and experiences to consumers, creating an emotional connection with the brand and its goals.

In the context of sustainability, storytelling can be used to honestly and persuasively illustrate the sustainable actions adopted by the company and their positive impact on the environment and society. However, it's essential that storytelling is authentic and based on real facts; otherwise, it could be interpreted as greenwashing.

At Conceria Montebello, we support engaging communication that focuses on several key points:

Authenticity of Narratives

The stories used to present the company and its sustainability must be based on concrete facts and verifiable data. Transparently narrating the company's sustainability journey, including the challenges faced and goals achieved, contributes to demonstrating the company's authentic commitment to sustainability.

Emotional Engagement

Stories should emotionally engage consumers by connecting the company's sustainable practices with shared values, aspirations, and concerns of the audience. Creating an emotional bond fosters greater trust and affinity with the brand.

Focus on Positive Change

Stories should focus on the positive impacts of the company's sustainable actions on the environment, communities, or consumer health. Showing how the company is making a tangible difference can help prove its authenticity.

Transparency on Progress

Use storytelling to share progress in achieving sustainability goals over time. This allows consumers to understand that the company's commitment is not a short-term marketing strategy but an ongoing process towards greater sustainability.

Stakeholder Involvement

Involving stakeholders such as customers, employees, or community members in the storytelling process can add authenticity and credibility to the narratives. Testimonials and firsthand experiences can reinforce the company's message regarding its sustainability.

In conclusion, sustainable communication is a powerful tool that companies can use to convey their efforts and commitments to environmental and social sustainability. However, it's crucial to understand that sustainability cannot be mere superficial advertising; it must be a genuine corporate philosophy driven by social and environmental responsibility.

The evolution of sustainable communication has also led to the spread of the term 'greenwashing', a phenomenon that undermines consumer trust and the credibility of companies engaged in sustainability. From words to actions, from promises to deeds: this should be the essence of sustainable communication.

The three guests we have met in this chapter, Alessandro Barzaghi, Raffaele Gaito, and Massimo Brandellero, have provided valuable insights into the challenges and opportunities that sustainable communication presents.

In an era where sustainability has become an increasingly urgent concern for our planet and society, companies have the responsibility to communicate ethically and truthfully. Only through sincere commitment and real action can we achieve long-term sustainable transformation.

So, returning to the initial question: how do you make the truth beautiful when talking about sustainability? The answer lies in being authentic, transparent, and dedicated to the cause of sustainability. Only then can we build a better future, where companies play a fundamental role in promoting sustainable development for the benefit of our planet and future generations.

CONCLUSIONS

the pages of "Sustainable Headache" firmly believing that sustainability holds the key to a brighter and prosperous future for the fashion industry. Throughout this book, we have delved into four core themes underpinning this revolution: sustainability awareness, transparency, ESG (Environment, Social, Governance), and responsible communication to avoid greenwashing. These pillars are fundamental in addressing the current "sustainable headache" plaguing the fashion industry and paving the way towards a future where beauty, ethics, and sustainability dance in harmony.

Sustainability awareness represents the crucial first step on this journey. It is imperative that every

With hope in our hearts, we close actor in the fashion supply chain grasps the urgency and importance of adopting sustainable practices. From the inception of the production cycle to the end consumer, awareness must permeate every aspect of the industry. Only when both companies and consumers embrace sustainability as a priority can we hope to achieve a genuine positive impact on the environment and society.

> ESG factors emerge as a potent tool for assessing and monitoring companies' sustainable performance. By intertwining environment, social, and governance aspects, ESG provides a holistic view of corporate practices. Companies embracing ESG demonstrate a genuine willingness to go beyond short-term profits and

adopt policies and initiatives that respect the environment, communities, and human rights. Investors, consumers, and institutions are increasingly looking to ESG as crucial indicators for evaluating the sustainability of companies. This means that ESG isn't just a tool for enhancing a company's reputation; it's also an engine for attracting new investments and securing an increasingly aware clientele.

Transparency remains a key element in driving significant change. When companies embrace the art of transparency, they commit to providing clear and verifiable information about their sustainable practices. This involvement of consumers in the inner workings of a company creates a bond of trust and an emotional connection between the customer and the brand. Transparency isn't merely a formality; it's a springboard for new business models based on social and environmental responsibility.

Responsible communication becomes a fundamental element in avoiding greenwashing. Companies must commit to communicating their sustainable practices in a transparent and truthful manner, avoiding exaggeration or misleading consumers. When communication is based on truth and responsibility, consumers place their trust in the brand and feel engaged in a reciprocal relationship. Companies must embrace an ethical approach to communication,

using appropriate channels to provide clear and comprehensive information. Only in this way can we build an authentic bond between the company and the consumer, founded on trust and collaboration.

Looking to the future, it's crucial to continue pushing towards a fully sustainable fashion supply chain. This challenge demands concrete action from all involved parties. Institutions and legislation must continue to support the transition to sustainability by implementing appropriate legislative and policy measures. Simultaneously, companies must take proactive steps, going beyond legal obligations and committing to real change. The adoption of universal standards for traceability and sustainability can help create a level playing field for all companies, making it easier for consumers to make informed and conscious choices.

Furthermore, it's essential to involve the next generation of fashion designers and entrepreneurs. Universities and fashion schools must integrate sustainability into their curricula, teaching future creators how to embrace ethics and sustainability in their practice. Only when sustainability becomes an intrinsic part of designer training can we hope to see a radical transformation in the industry.

As consumers, we must be aware of our power. Every time we make a purchase choice, we are voting with our wallets. We must demand more from companies and reward those committed to sustainability. Our voice can make a difference, compelling companies to change their practices and become increasingly sustainable.

We are on the right path. The fashion industry is beginning to shift towards sustainability, but there is still much work to be done. We must act together like a harmonious dance, where every step counts and contributes to meaningful change.

Looking ahead, we can envision a future where sustainable fashion is no longer an exception but the norm. Companies embrace sustainability as an integral part of their identity, and consumers confidently choose products that respect the environment and human rights. This future is possible but requires collective commitment and a shared vision.

Companies must lead in this transformation process. They must act with courage and determination, overcoming obstacles and embracing sustainability as a key driver of their corporate strategy. They must invest in research and innovation to develop new sustainable materials and eco-friendly production processes. They must collaborate with suppliers, sharing knowledge and best practices to build more transparent and responsible supply chains. They must take concrete measures to reduce environmental impact and improve working conditions in their supply chains. Only through authentic and forward-thinking commitment can companies be-

come pioneers of change and role models for the entire industry. Conceria Montebello embraces each of these aspects.

Institutions and legislation must support this transition towards sustainable fashion. They must enact policies that incentivize companies to become more responsible and reduce their ecological footprint. They must promote the adoption of universal standards for traceability and sustainability, providing consumers with reliable information to make informed decisions. They must also reward virtuous companies with tax and financial incentives, encouraging a broader sustainability agenda.

Sustainable fashion is much more than a passing trend. It is a vital necessity for the future of our planet and society. This book is an invitation to dance together towards a better future, where fashion is an art form that celebrates beauty and respect for humanity.

In the dance of sustainability, we cannot afford to stand still. We are aware of our powers and responsibilities. We have the power to create a sustainable future for fashion and the world at large. Every step we take towards sustainability is a step towards a better and fairer future.

Be part of the change!

ACKNOWLEDGEMENTS

Being sustainable is being responsible. Sustainability is more then just reducing emissions, it means respecting our planet and our people which define our environment.

We would like to be remembered as the generation who overcame the Anthropocene era, who found something to stop human behaviours to be so damaging for the earth and its population.

To do this we established two main goals: innovation and inclusion. In this cloudy and uncertain times Innovation means that we all need to change perspective, it is our responsibility to bring new and challenging solutions to the system.

New ways of producing, new ways of developing, new ways of communicating, new ways of caring.

Inclusion on the other hand might be better explained through the concept of interdependence. We all depend on each other in the industry, we all work together, we all fight together to provide a better future to who's coming next.

So thank you Franco Dalle Mese for always sharing a vision, thank you Luca De Iulis for pushing the boundaries of communication, thank you to our Sustainability team without whom we could not be part of the change. Thank you to all the guests for contributing and spreading interest, Thank you Montebello for believing, thank you for acting.

Let's work with love.

Viola Dalle Mese

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Massimo Brandellero,

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Raffaele Gaito,

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"Sustainable Headache" provides an informative guide from the perspective of Conceria Montebello for anyone interested in adopting and implementing sustainable practices for environmental protection. This work addresses four fundamental pillars: awareness, supply chain management, transparency, and responsible communication, with the aim of unveiling best practices and preventing greenwashing.

In Conceria Montebello's relentless pursuit of sustainability excellence, this ebook offers a detailed overview of how every aspect of the leather industry can be transformed into an opportunity to preserve our precious planet.

The book is an indispensable work for anyone looking to embrace sustainability in the leather industry and contribute to a future that lives up to expectations.



The story of Conceria Montebello is one of success, dedication, and innovation that began in the 1960s with Giuseppe Dalle Mese. From humble beginnings, the company has consistently grown, becoming a publicly traded company in the 1970s. The entry of Gianfranco, Giuseppe's son, brought innovation and international collaborations to the fashion industry in the 1980s. Over the years, the tannery has invested in automation, quality, and sustainable development. Today, with the third generation at the helm, it continues to shine in the international fashion and interior design industry as part of the Studioart HDM s.r.l. Holding. Its story is a testament to how a family dream can leave a lasting impact that spans decades.