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## **ARTICLE**



## Supply Chain Gang: Italian Fashion Seeks to Boost Transparency With New Certification and Audit System

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Artisan craft cannot be sidelined in a world of fast fashion, says Italy's leading fashion trade associations, which convened on October 15 for a discussion with the Ministry of Enterprises and Made in Italy (MIMIT). Representatives from Confindustria Moda, CNA Federmoda, Confartigianato Moda, the Camera Nazionale della Moda Italiana and the Fondazione Altagamma were in attendance, with the next "Fashion Table" slated for November 17.

The meeting came on the heels of a new package of fashion-related measures approved by the Italian Senate. The amendments create a new certification system to increase traceability and tout compliance with labor laws, which many view as a selling point for consumers who demand greater supply chain transparency. Small- and medium-sized businesses are the backbone of the Italian economy, and for many operating in the global fashion sector, the "Made in Italy" label serves as a crucial marketing tool, representing good quality, craftsmanship and adherence to fair labor practices under Italian law.

Recent investigations into subcontracting by Italian luxury brands have threatened the reputation of the "Made in Italy" brand. Italy's antitrust regulator, the <u>Autorità Garante della Concorrenza e del Mercato</u> (AGCM), fined the Giorgio Armani fashion group and one of its units €3.5 million (approximately \$4 million) for unfair commercial practices last August, just a month before the designer's death at 91 years old. The company denied allegations of wrongdoing and indicated that it would appeal. Additionally, earlier in the year, news broke that national fashion gems Valentino and Loro Piana were under investigation for abusive practices in their supply chains.

In a joint release, Confartigianato Moda and CNA Federmoda urged the Italian government to take strong action, stating that "recent investigations into iconic Made in Italy companies have revealed

opaque practices and profound imbalances in the production chain. The credibility of an entire sector, composed primarily of micro and small artisan businesses that guarantee quality, employment and connection to territory, is on the line. Made in Italy is not a label, it is an entire value chain."

In a press statement, Senator Adolfo D'Urso said the newly approved legal measures were intended to "firmly defend Italian fashion, to protect its reputation and the values that have made it synonymous with beauty, quality, and authenticity."

The new package of amendments introduces a voluntary supply chain certification and audit system. In addition, companies that engage subcontractors will be obligated to include legal clauses in their contracts requiring subcontractors to comply with applicable regulations and demand evidence of employment law and tax law compliance. Certification will be valid for one year and subject to renewal upon audit. MIMIT will establish a public register of certifications, and certified companies can market their products using the designation "filiera della moda certificata", or "certified fashion supply chain". The use of this tag by companies that have not completed the certification process will be sanctioned by the AGCM, with fines reaching €50,000, or about \$58,000 at the current exchange rate.

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