



Can Italian fashion end exploitation with a voluntary agreement?

Following probes into factories linked to luxury brands, Italian authorities have rallied the fashion industry around a new voluntary agreement. Here, experts weigh in on whether or not it is likely to work.

By Bella Webb



Over the past year, Italian authorities have been investigating alleged worker exploitation in factories that supply the luxury sector. The process has shaken the industry, threatening the hard-won consumer perception that ‘Made in Italy’ is synonymous with superior quality and ethics.

Last week, the prefecture of Milan, which has been leading the investigation, proposed a solution. The ‘Memorandum of Understanding for the Legality of Procurement Contracts in the Fashion Production Chains’ aims to improve working conditions and combat exploitation, tax and social security evasion throughout Italy’s fashion supply chains. Brands and suppliers will be asked to submit data to a central database, which will then be used to generate a “green list” of approved suppliers, with rewards and incentives for what the prefecture deems the most “virtuous”.

It’s a voluntary protocol, signed by numerous local and national government officials, alongside industry associations Confindustria Moda and Camera Nazionale della Moda Italiana. Any Italian fashion company can sign up to the protocol, not just those working locally.

While sustainability experts often advocate for agreements of this nature to be legally binding, the memorandum is not. Rather than reinventing the legal system, the memorandum aims to maximise compliance with the legal system Italy already has in place, says Andrea Sianesi, professor of operations and supply chain management at Italian university Politecnico di Milano, and a member of the expert task force assembled by the prefecture of Milan to clean up Italy’s supply chains.

“It is not legally binding, because the laws already exist,” Sianesi explains. “It is more than a simple ‘moral-suasion’. It provides detailed guidance for companies throughout the supply chain, with a clear statement that the ‘buyer’ will make the ‘supplier’ responsible at every stage. I hope this will allow the Italian fashion supply chain to position itself as a world champion for social sustainability.”





The ultimate goal is to make sure that the entire fashion supply chain operates with respect for the laws, to protect the health and safety of workers, Sianesi continues. The main focus is to avoid ‘caporalato’ — an illegal form of labour intermediation in which the recruiter, a gangmaster or ‘caporale’, profits by supplying workers to fulfil short-term surges in demand. “It’s worth noting that the Italian supply chain is mostly compliant. Only four cases of non-compliance have been detected so far in the Lombardy region. These cases garnered a lot of attention in the media, because the awareness was so high for the brands affiliated with these factories, but at the end of the day, they represent a negligible percentage of the Italian fashion supply chain.”

Still, for Italian suppliers who are already struggling with the administrative burden of compliance — a position that prompted the EU to strip back its regulatory reporting requirements — another demand for data and auditing may not be welcome. “The memorandum is undoubtedly ‘another survey’, but our hope is to reduce the number of different surveys at a wider level,” says Sianesi. “This is not a job for the task force, but something that industry associations have to do.”

Here, industry experts share their takes.

Francesca Rulli

CEO of supply chain consultancy Process Factory and data platform Ympact, who has been working with Italian suppliers to consolidate progress in the face of complex regulatory shifts.

The memorandum is a much-needed step towards ensuring compliance across the Italian fashion supply chain. If applied clearly and consistently, it could accelerate meaningful implementation — both in regulatory terms and in how the industry defines and shares responsibility. That said, it could risk adding to the administrative burden suppliers are already facing, unless it is designed to harmonise with, or even consolidate, existing frameworks. Alignment is key to streamlining the rules, rather than multiplying them.

Many Italian brands and suppliers are already deeply committed to responsible production. However, the lack of harmonised standards means they often have to navigate overlapping or inconsistent compliance requirements. This diverts resources and attention away from what *really* matters: improving conditions, reducing impacts and establishing transparent supply chains.

My experience implementing practical sustainability solutions has shown me that suppliers are more likely to comply with rules — or even take the lead — when those rules are aligned, when expectations are shared and when they can be systematically implemented. Now that the protocol has been signed, we need alignment to ensure consistent and lasting positive impact. Broad and swift adoption will not happen without stronger collaboration and a shared understanding that sustainability can be a driver of long-term value.

In this context, harmonisation isn’t just about checks and enforcement, it’s also about freeing up capacity, especially for smaller suppliers, so that they can focus on raising standards, investing in innovation and highlighting the values that make ‘Made in Italy’ so highly regarded around the world. A unified framework provides the visibility and confidence to act, knowing their efforts will contribute to a stronger, more resilient fashion system.

Deborah Lucchetti

Coordinator of Campagna Abiti Puliti, the Italian segment of Clean Clothes Campaign, the garment industry’s largest alliance of labour unions and NGOs dedicated to empowering workers.

The first objective of the protocol is a census of the companies that make up the textile supply chains in Lombardy, a useful tool to counter endemic exploitation in the fashion industry that feeds on opacity. However, the memorandum has several weaknesses.





Firstly, there is a lack of transparency and accessibility of data, both of which are necessary for a healthy public scrutiny mechanism. Ideally, there would be open reporting systems, accessible to individual actors outside of the protocol, including workers and the trade unions representing them. There is also no mention of unfair trading practices (such as excessively long payment terms, transferring financial risks to the supplier or short-notice cancellation of contracts), which are the primary cause of labour rights violations. And there is an excessive weight placed on commercial audit, while marginalising public inspections, which drives secrecy rather than public transparency and collective solutions. Finally, there are scarce details about the concrete rewards and incentives companies will benefit from if they adhere to the protocol.

Campagna Abiti Puliti recently interviewed entrepreneurs and auditors across the EU. We found that brands would need to pay at least twice the current rates (cost per minute) to create the right conditions for labour rights to be respected and collective national contracts to be formed throughout the supply chain. Respect for human and labour rights has a cost, and this must be borne by those with the most economic power in the supply chain: the brands and the retailers.

Today, information asymmetry upholds the current power imbalances in the supply chain, by protecting the interests of a few large companies, at the expense of public interest and the industrial sector. If we had the opportunity to shape the protocol, we would have invested in transparency as a powerful lever of awareness and conditioning of business conduct. Citizens, activists and the media must be able to exercise their power to condition the market. We would have included an obligation for brands to comply with a minimum hourly rate, which would benefit SMEs throttled by prices being too low. And we would have arranged for an open mechanism for anonymous reporting of violations.

We believe that these gaps in the protocol exist because key voices were missing or underrepresented. This includes workers in the most vulnerable situations, NGOs and grassroots unions working closely with the most hidden parts of the supply chain (including subcontractors), and small entrepreneurs squeezed by the unfair trade practices often imposed by brands. Moving forward, the memorandum should be supplemented to fill these deficits, and to make sure that key protections like the EU's Corporate Sustainability Due Diligence Directive (CSDDD) are safeguarded.

Christina Hajagos-Clausen

Textile and garment industry director at global union federation IndustriALL, which represents workers in the mining, energy and manufacturing sectors.

The memorandum calls for the creation of a database, where luxury fashion suppliers can voluntarily enter their data, including information on tax compliance, social security contributions and labour law compliance. This level of transparency is a critical step that strengthens supply chain due diligence. It also provides a link between workers and customers, and provides workers and their unions with the information they need to advocate for workers and resolve conflicts.

Without doubt, this is a step forward in tackling illegality and exploitation in Italy's local fashion production chain. But it is not legally binding, something that has proven essential in creating meaningful change in fashion.

As part of the agreement, Italian luxury brands must commit to 'raising awareness' of the new database among their suppliers, but they can still work with those who fail to use the platform. We have seen — over many decades — that voluntary regulation like this does not bring change, because it does not address the root causes of exploitation or provide accountability. In the case of luxury brands and retailers, more action is needed.

One robust alternative would be negotiated agreements between global companies and trade unions with a promising track record of tackling systemic risks, including supply chain worker health and safety,





sexual and gender-based violence, enforcement of social protection contributions and higher wages. Legally binding agreements of this nature provide tangible consequences for rights violations. They are worker centric by design, and their implementation is predicated on meaningful remedy. Crucially, they also redress power imbalances in the supply chain. This model is a prime example of combining international, national and mandatory measures.

At IndustriALL, we helped to put this model into practice with the 2024 International Accord for Health and Safety in the Garment and Textile Sector and the newly negotiated Agreement to Support Collectively Bargained Wages in the Garment, Textile, Footwear and Travel Goods Industry in Cambodia (ACT for Cambodia). These examples show how legally binding agreements ensure transparency, accountability, union participation in decision-making and governance, and a financing model for brands to ensure that the agreements are financially feasible. By pooling the resources and leverage of multiple signatory brands, they illustrate the promise of collective action to leverage change.

For too long, luxury brands have hidden behind the veneer of being more responsible for their supply chain through the sometimes false narrative of artisanal craft, high quality, exclusivity and high prices. The recent prosecutor investigations and antitrust probes into Italian luxury brands will shine a light on the truth behind luxury supply chains. It's time for luxury brands to take a page out of fast fashion's book. It's time to move from voluntary agreements to legally binding ones.

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