



UNPACKING *Pay Equity* IN FASHION: ITALY

INSIGHTS ON THE ITALIAN
FASHION MANUFACTURING
INDUSTRY

Imprint

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Global Fashion Agenda also thanks its partners who make it possible to conduct research and present findings to the broader industry.

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The policy initiatives mentioned in the document are a selection and are not meant to be exhaustive. Learn more at globalfashionagenda.org/policyadvocacy.

ABOUT GLOBAL FASHION AGENDA

Global Fashion Agenda is a non-profit organisation that fosters industry collaboration on sustainability in fashion to drive positive impact. With the vision of a net-positive fashion industry, GFA accelerates action by mobilising, inspiring, educating and influencing all stakeholders.

The organisation has been leading the movement since 2009 and convenes the renowned international forum on sustainability in fashion, [Global Fashion Summit](#), the [Innovation Forum](#), thought leadership publications including the [Fashion CEO Agenda](#), [GFA Monitor](#) and [Fashion on Climate](#), and impact programmes including the [Circular Fashion Partnership](#) and the [Renewable Energy Initiative](#). Visit globalfashionagenda.org to learn more.

ABOUT PwC

PwC is present in Italy with 24 offices spread throughout the country with more than 9,000 professionals committed to providing quality services in audit, advisory and tax consulting. PwC's goal is to build trust in society and solve important problems. The Research Office of PwC Italia (PwC Ufficio Studi) supports the firm's professionals in research, analysis and creation of original content for the

firm's positioning on topics of interest, accreditation with key stakeholders and execution of business activities.

PwC is on the side of Fashion and Luxury companies, with a multidisciplinary team distributed throughout Italy and integrated with an international network of professionals to support positive and sustainable change.

METHODOLOGY

GFA and PwC collaborated on the development of this report. Insights were captured through 25 brand interviews, analysis of GFA and UNEP's global Fashion Industry Target Consultation 2024, two round table discussions amongst executives in the fashion industry, one at PwC in Milan on the occasion of International Women's Day and another at Global Fashion Summit in Copenhagen, and a survey amongst 105 Italian manufacturers thanks to industry collaboration with *Camera Nazionale della Moda Italiana* (CNMI), *Confartigianato Moda* and *CNA Federmoda*.

DEMOGRAPHY OF RESPONDENTS

Firm size	Role in the supply chain
76% Micro- or small firms (as per official definition of the EU)	63% Tier 1 suppliers of larger brands
14% Medium-sized firms	25% Processing facilities
10% Large firms	12% Materials suppliers

Regional representation

34% of respondents work in firms based in Tuscany (with more than half coming from the province of Prato, one of the largest textile districts in Europe)		
45% Central	37% Northern	18% Southern (including Sicily and Sardinia)

Gender & age		
60% Female	39% Male	1% Prefer not to say
21% under 35 years old	35% over 55 years old	

Functions			
58% CEOs or owners of the firms	18% Administration		
10% Human Resources	7% Diversity, Equity and Inclusion	7% Other functions	

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Executive Summary

GENDER PAY GAP DEFINITIONS AND LIMITATIONS

Pay equity concerns all individuals of binary and non-binary identities and includes all marginalised groups and minorities. However, current indicators are predominantly limited to gender disaggregation, and very few data is available on migrants and home workers.

The gender pay gap is the difference between the gross wages (i.e. before tax deductions and social security contributions) of women and men, calculated on the average compensation of employees in companies with 10 or more employees. The measure is an indication of the existing inequalities in employment between genders and the resulting repercussions on the family and social sphere.

There are different measurements of the gender pay gap: unadjusted, explained, and unexplained. Despite most analyses referring to the unadjusted gender pay gap, the unexplained measurement represents the true indicator of wage inequality. This gender pay gap indicates the wage difference that cannot be explained by any other factor besides the gender of employees.

CHARACTERISTICS OF THE ITALIAN FASHION MANUFACTURING INDUSTRY

Over 80% of the Italian fashion manufacturing industry is constituted of microenterprises with less than 10 employees, 18.5% are SMEs (10-249

employees), and 0.2% are large enterprises (above 250 employees).¹

Due to their size, the vast majority of these enterprises are exempt from adhering to some EU and Italian regulations pertaining to equal pay and gender equality. However, many of these manufacturers (albeit small) are in the supply chains of large Italian and other European brands that will need to comply with those.

The determination of standard reference salaries for various organisations and sectors within the industry occurs through collective bargaining agreements as outlined in the National Collective Employment Contracts (in Italian “Contratto Collettivo Nazionale di Lavoro” or CCNL).

There is no data source on the use of local subcontractors, as this is often an informal practice.²

HOW PAY EQUITY IS CURRENTLY PERCEIVED WITHIN COMPANIES

Human Resources (HR) and Diversity, Equity and Inclusion (DE&I) functions are more aware of wage discrimination. Among HR, 2 out of 3 state that there are inequalities that disadvantage women. Half of DE&I functions agree with this view.

In contrast, administrative roles and owners and CEOs perceive less of a gender pay gap: 80% of the interviewed CEOs declared they do not observe a gender pay gap in their company.

RECOMMENDATIONS: CALL TO ACTION

To achieve pay equity in the Italian fashion manufacturing industry, a collective cultural effort is needed. Understanding the role that social and cultural norms, including asymmetries in domestic and caregiving responsibilities, have on the gender pay gap and other gender disparities is crucial.

Organisations must implement actions to bridge the gap between EU regulations and brand policies. Measures in support of an inclusive culture that values parenthood are particularly important. Additionally, it is essential to increase awareness among business owners and CEOs of the gender pay gap and develop tools suitable for the unique context of the Italian fashion industry. Developing and integrating responsible purchasing practices across the due diligence steps (adopting appropriate policies, control measures, tracking and reporting) is crucial for reducing income and wage harm.

There is a need to establish a unified methodology to measure pay equity within companies and to avoid overlap and discretion in assessments by manufacturers. Lastly, it is fundamental to establish full transparency and traceability in the Italian fashion supply chain, ensuring that subcontractors are formally included in the value chain and ethical production is guaranteed.

1 *Introduction:* Prioritising Pay Equity in Fashion

A net-positive fashion industry is an industry that gives more to people and societies, the natural world and the global economy than it takes. To achieve this, fashion brands, retailers, and producers must integrate socio-environmental goals into their operations in a holistic way, following the five priorities of the Fashion CEO Agenda: Respectful and Secure Work Environments, Better Wage Systems, Resource Stewardship, Smart Material Choices, and Circular Systems.

The past years have seen an increased focus on achieving pay equity that ensures all employees and workers are remunerated fairly for their skills, effort, responsibility, and working conditions. In 2020, the EU's Gender Equality Strategy 2020-2025 was established, and in 2023, the Pay Transparency Directive came into force, mandating employers of companies with more than 100 employees to disclose pay information to address gender pay disparities. Additionally, the EU Corporate Sustainability Reporting Directive (CSRD), effective first for entities with more than 500 employees from 2025,

mandates comprehensive sustainability reporting on various social topics, including gender equality and the gender pay gap. The specific information that should be reported as required by the CSRD, were developed according to the European Sustainability Reporting Standards (ESRS), which provide detailed models on how companies need to report on gender pay disparities and the measures taken to address these gaps.³ Among other European legislations, the EU Corporate Sustainability Due Diligence Directive (CSDDD) addresses the gender pay gap indirectly as it tackles due diligence aspects related to environmental and human resources concerns. Additionally, the German Supply Chain Act includes gender pay, discrimination, and fair wages as areas companies need to consider in their supply chain due diligence as well.

Besides legislative drivers, also the fashion industry is increasing its target setting on the topic of gender pay equity. A recent global survey by Global Fashion Agenda and UNEP on fashion industry stakeholders measured



a 35% increase in targets on pay equality between 2022 and 2023 and a 49% increase on DE&I policies. It also identified that just 52% and 70% of industry players were respectively working on these targets⁴, which could indicate a lack of accountability, prioritisation and possibly missing tools tailored to this purpose.

Further research amongst fashion brands producing specifically in Europe also highlighted that the majority of them have (internal) targets to achieve pay equity in their operations and value chains and that they are keen to identify and mitigate gaps. Companies invest a lot into audits and monitoring activities, however they don't have a full visibility on suppliers' wages. When prompted, fashion brands recognized the necessity of standardised solutions for shared manufacturers, tailored to the unicity of the European manufacturing.⁵

This report presents results from Global Fashion Agenda and PwC's initial research into pay equity drivers in Italian fashion manufacturing. It intends to lay out gender pay gap definitions and the limitations of current indicators, and to present characteristics of the Italian fashion market and how pay equity is currently perceived by company owners. The report concludes with recommendations of effective ways to start bridging the gap between EU regulations, brand policies, and the unique circumstances of Italian manufacturers to ultimately achieve *equal pay for equal work for all*.

The Italian fashion industry is globally recognized for its excellence, synonym of quality and craftsmanship. Italy, home to some of the most influential fashion brands in the world and a manufacturing partner of international entities, must continue to innovate and lead in environmental and social sustainability to maintain its prestigious position.

Micro, small and medium-sized enterprises, which make up over 90% of the Italian manufacturing industry, play a crucial role in this transition. Achieving wage equity and equal opportunities for all workers is an essential step forward, as everyone contributing to the creation of our products deserves fair compensation.

In collaboration with Global Fashion Agenda (GFA) and PwC, Camera Nazionale della Moda Italiana (CNMI) is proud to have supported this research on the status quo in the Italian fashion sector. This fundamental work has engaged a wide network of entrepreneurs to gather information on their perceptions of wage equity, understand the unique characteristics of the Italian industry, and initiate the crucial collaborative work necessary to ensure equal pay for equal work.

Through this collaborative effort, we have identified key opportunities to improve transparency, empower women and other historically marginalized communities, and further integrate the fundamental Italian values of art and expertise into every aspect of the fashion industry's operations. These actions will not only strengthen the resilience of our sector but also ensure that the Italian textile and clothing industry is future-proof.

The report, "Unpacking Pay Equity In Fashion: Italy", indeed aims to outline efforts to address encountered issues. By embracing these changes, we can achieve not only significant returns but also have a positive impact on our sector and on society.

On behalf of CNMI, I thank you for your commitment to this important cause.

Carlo Capasa

Chairman

Camera Nazionale della Moda Italiana

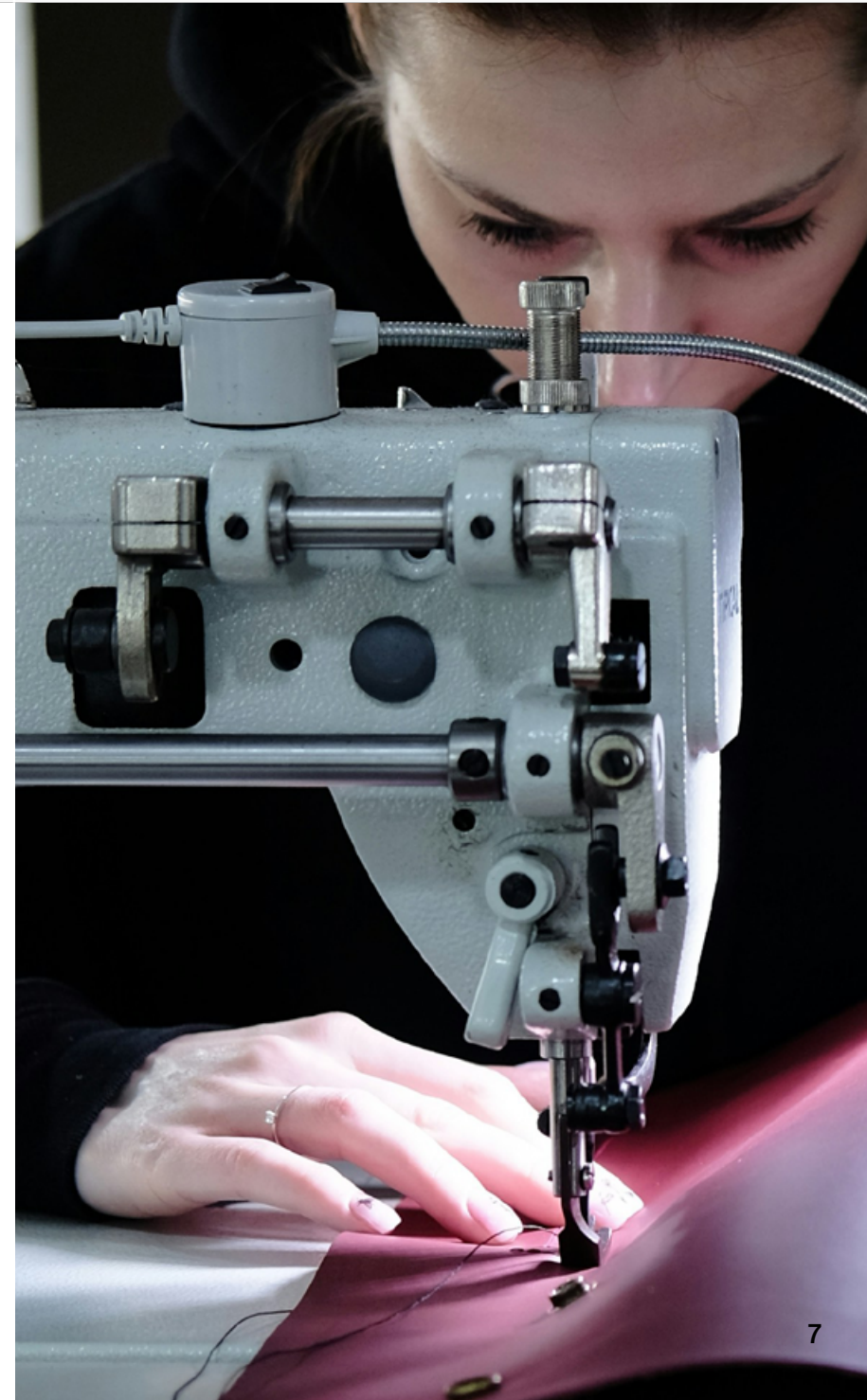
2 *Status:* Pay Equity in Europe and Italy Today

Achieving pay equity, or *equal pay for equal work*, is a critical driver for a fair, respectful and inclusive fashion industry. It ensures that individual workers are remunerated fairly for their skills, effort, responsibility and working conditions. Whereas pay equity applies to all persons of binary and non-binary identity and includes marginalised groups and minorities, current indicators are predominantly limited to gender disaggregation.

GENDER PAY GAP DEFINITION

The gender pay gap is the difference between the gross wages (i.e. before tax deductions and social security contributions) of women and men, calculated on the average compensation of employees in companies with 10 or more employees. The measure is a marker of the existing inequalities in the labour market between genders and the resulting repercussions on the family and social sphere.

The gender gap manifests itself first and foremost in horizontal segregation (i.e., over- or underrepresentation of women in different sectors and professions) and vertical segregation (i.e., limited career advancement opportunities for women compared to men). Whereas horizontal segregation is often linked with the choice of educational paths, then affecting women's labour force participation, contract types and sector of employment, vertical segregation is tied to equal opportunities in training and career path. Despite being more represented in tertiary education (in 25 out of 27 EU countries),⁶ on average women earn less than men mainly because they work in lower-paid sectors and less senior job roles, have fewer opportunities for permanent employment and are more likely to work part-time or do informal work with limited access to legal entitlements.⁷



There are three distinct ways of measuring the gender pay gap:

Unadjusted gender pay gap: the difference between the average hourly wage of male and female employees, expressed as a percentage of male wage.

Explained gender pay gap: the difference between the average hourly wage of male and female employees justified by measurable characteristics of employees and employment (such as age, educational level, sector of employment, seniority), expressed as a percentage of male wage. If negative, this measure indicates that the characteristics of female employees justify a higher net hourly wage than that of male employees.

Unexplained gender pay gap: the difference between unadjusted and explained gender pay gaps, i.e., indicates the wage gap component that cannot be justified by any factor except the gender of employees. It is thus the real gender pay gap.



Achieving pay equity, or equal pay for equal work, is a critical driver for a fair, respectful and inclusive fashion industry.

GENDER PAY GAP IN ITALY

Over the past two decades, G7 countries have experienced steady wage growth. Japan and Italy are exceptions; the latter records the greatest degrowth of the group, with an average annual wage in real terms in 2023 which has fallen below that of the early millennium, from \$47,555 in 2000 to \$45,978 in 2023 (-3.3%).⁸

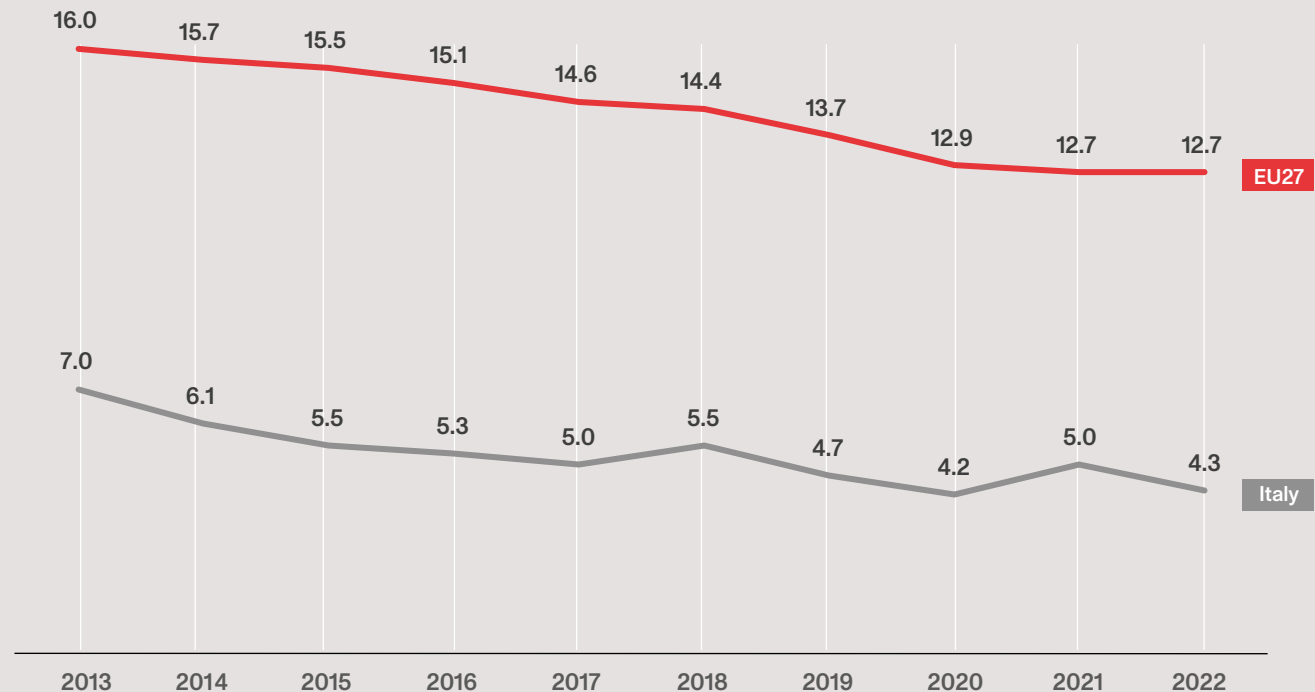
Between 2012 and 2022, the gender pay gap in Europe decreased, and Italy recorded an unadjusted gender pay gap of 4.3%, compared to the European average of 12.7%.⁹ Just 4 years earlier, in 2018, Italy had reported an unadjusted gender pay gap of 5.5%. The breakdown of the gender pay gap based on 2018 data shows that women, based on their personal characteristics and job positions, should have had a salary 5.4% higher than their male colleagues. This means that the overall gender discrimination in the labour market in that year amounted to 10.9% of the male wage.¹⁰

Women's participation in the Italian labour market is low: in 2023 the female employment rate was 52.5%, almost 20 points lower than the male employment rate (70.4%), with wide regional variations. Female employment rate in Italy is lower than the one of Greece (52.8%) and Romania (54.3%) and far behind the Netherlands (78.9%) and Sweden (75.6%).¹¹

The fact that the unadjusted gender pay gap measured in Italy is among the smallest in Europe is partly due to the higher representation in the workforce of women with a higher level of education and therefore well-paid jobs, while women with a lower level of education (and typically lower wages) have a lower labour market participation rate.¹²

As will be observed in the following section, the fashion manufacturing industry partially differs from the data observed at the national level, in that it is characterised by an over-participation of women compared to the Italian average, especially in non-managerial roles.

Gender pay gap in unadjusted form, Italy and EU27



Source: PwC Ufficio Studi elaboration on Eurostat, Gender pay gap in unadjusted form

50
years needed to close the gap according to PwC's Women in Work 2024 ⁽¹⁾

0.87€
average women's earnings for every 1€ earned by men in EU countries ⁽²⁾

-3.7pp
drop in the gender pay gap in the last 10 years in the EU ⁽²⁾

Source: (1) PwC, Women in Work 2024; (2) European Commission

3 Overview: Italian Fashion Manufacturing

KEY CHARACTERISTICS

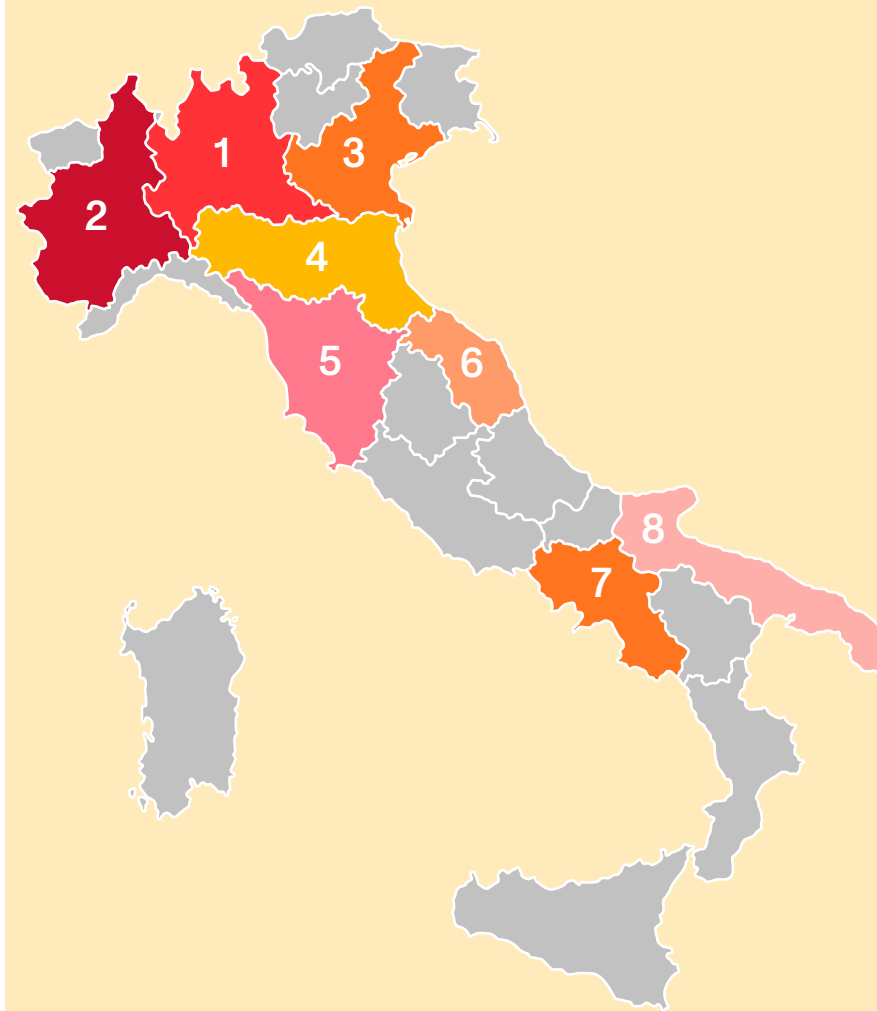
Italian fashion manufacturing involves apparel (including fur), textile, footwear, leather and tanning, and accessories (including jewellery and eyewear) industries.¹³ In 2023 the sector recorded an annual revenue of over €100 billion, with a 4% growth in comparison to 2022. Similarly, exports have seen an increase of 4.2% with a value of almost €90 billion in the same year.^{14, 15}

The sector is made up of around 60,000 companies, of which 81.3% are classified as microenterprises with less than 10 employees, 18.5% are SMEs (10-249 employees), and only 0.2% are large enterprises (more than 250 employees).¹⁶ In particular, in the fashion supply chain, family-owned enterprises represent 85.2% of all businesses, with a peak among microenterprises at 86.4%.¹⁷ In 2012, 16.6% of Italian fashion & textile manufacturing factories were owned by

Chinese companies, mainly in Lombardy, Tuscany, and Veneto.^{18, 19} A large part of the production caters to luxury.

As for all other industries in Italy, the standard reference salary for manufacturing is defined by the National Collective Labour Agreements (CCNL) through collective bargaining agreements. CCNLs are signed by the trade union members of the representative national confederations and the relevant employers' associations.²¹ The advantages of CCNLs include provisions that benefit all workers regardless of the job qualification, such as wage increases, employer contributions to complementary social security, and funds for supplementary health care.

Another feature often mentioned in connection with Italian fashion manufacturing is local subcontracting. Small manufacturers are working with subcontractors to have flexibility



Main production hubs: 1) Lombardy region: Castel Goffredo and Como; 2) Piedmont region: Biella; 3) Veneto region: Riviera del Brenta, Vicenza and Verona; 4) Emilia Romagna region: Carpi; 5) Tuscany region: Prato; 6) Marche: Fermo and Macerata; 7) Campania region: Naples; 8) Puglia region: Bari and Barletta-Andria.²⁰

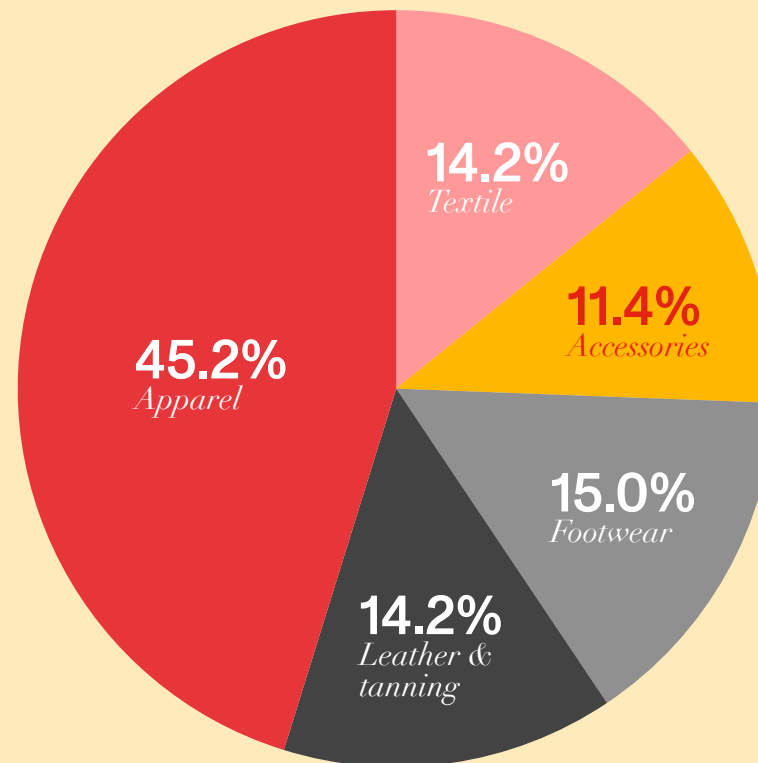
and quick order delivery while keeping costs down. OECD and industry associations research reveals that it is often challenging for suppliers to increase wages.²²

The EU directive on pay transparency (Equal pay for equal work) will only be mandatory for companies with at least 150 workers by June 7, 2027, and for companies between 100 and 149 workers by June 7, 2031. Thus, over 80% of Italian fashion manufacturers will not need to comply with this directive. Yet, many of the fashion brands they produce for, have already established pay equity policies and are exploring tools to assess wage levels throughout the supply chain.

Italian law includes provisions on gender equality, referencing that women are entitled to equal rights and, for comparable jobs, equal pay as men. In 2022, a Gender Equality Certification was established to support employers in certifying measures to ensure equal pay and opportunities of professional growth, in implementing policies to monitor gender disparities and maternity protections. Law No. 162/2021 extends the obligation to draw up the two-yearly report on the personnel situation and equal opportunities in the workplace, which was already in force for companies with more than 100 employees, to companies with between 50 and 100 employees. Achieving the certification is financially incentivised with partial exemptions from social security

Share of total revenues by segment of the fashion industry

ITALY, 2022



Source: Cerved

contributions and other incentives related to the participation in State aids grants co-financed through European funds and to the participation in public calls.

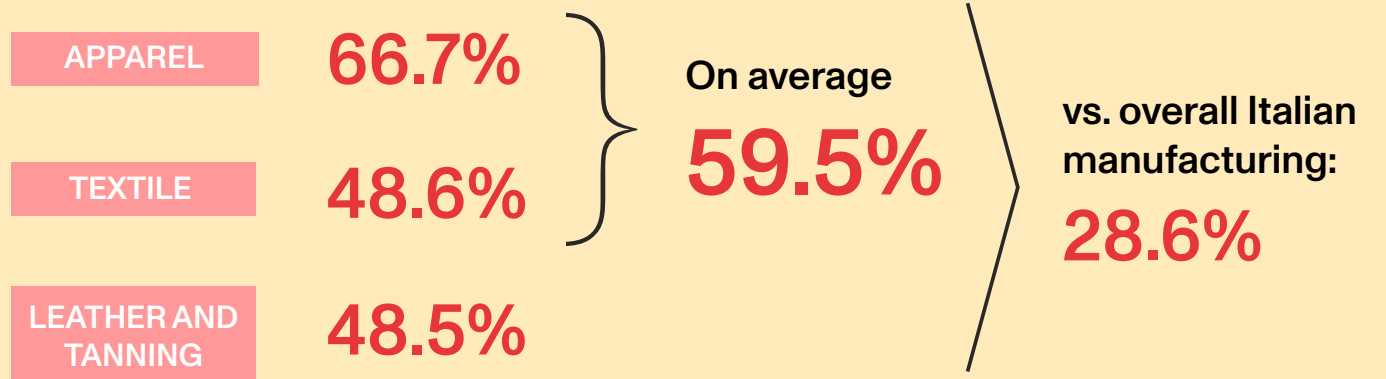
In considering the challenges encountered within the Italian fashion manufacturing industry, characterised primarily by micro and small family-owned enterprises, that will not be affected by compliance obligations in the medium term, it is imperative to consider regulatory interventions that foster transparency within these small-scale entities and their subcontractors.

WOMEN AT WORK

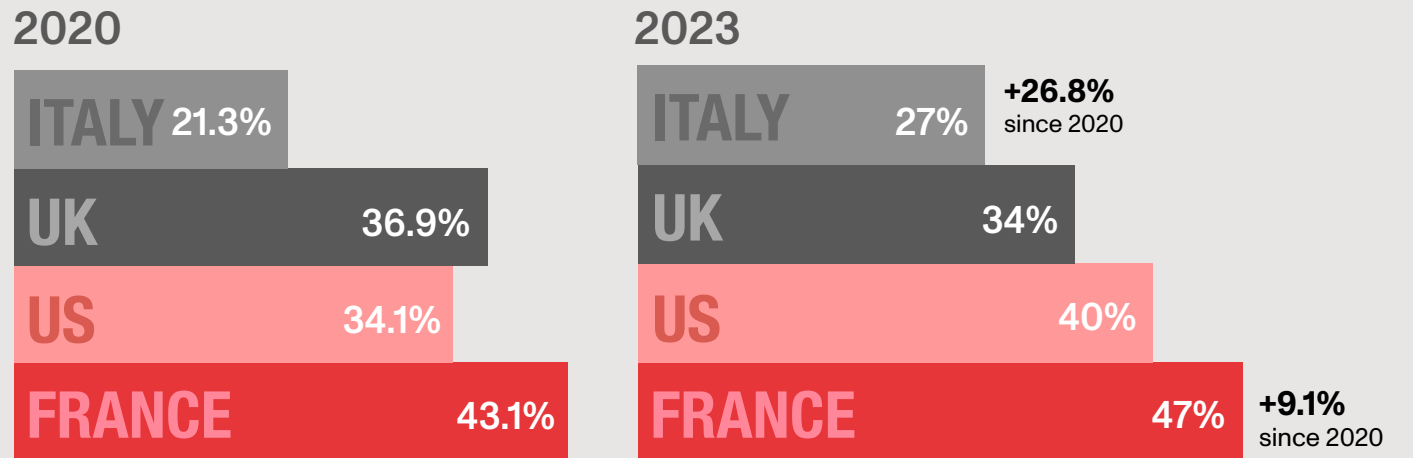
Over 600,000 people are employed in the fashion manufacturing industry in Italy.²³ In 2022, women accounted for around 60% of the workforce in textile and apparel industries, twice as much as the female presence in the whole Italian manufacturing sector.²⁴

Italy has witnessed an increase in the representation of women on the boards of fashion companies, rising to 27% in 2023 from 21.3% in 2020.²⁵ This change is mainly attributed to a growing attention to gender inequalities resulting in more policies and laws supporting female quotas in corporate leadership, leading to a positive impact on gender equality.

The female share in the labour force



% of women in fashion BoDs



Overall, women are overrepresented in lower-paying positions (in the leather and tanning sector, 66% of workers are women) and underrepresented in leadership positions (in the leather and tanning sector, only 31% of managerial roles are occupied by women, a percentage that drops to 17% in the textile sector).²⁶

Furthermore, working conditions and contracts vary significantly across genders: over 70% of part-time workers are women in the textile industry, and 58% in the tanning and leather industry. This has an impact on the pay gap, as part-time contracts typically

offer lower hourly wages, fewer benefits, and limited opportunities for career advancement, resulting in a significant reduction in the average female wage.

According to the National Social Security Institute (INPS) data on private sector employment, in 2022 women in the Italian textile industry earned €80 daily (average daily salary based on the cumulative number of days worked) while men earned €107 a day. In the tanning and leather industry, women on average earn €82 and men €100. Overall, for every €1 earned by men, women, on average, earn €0.81, resulting in a 19% salary difference.

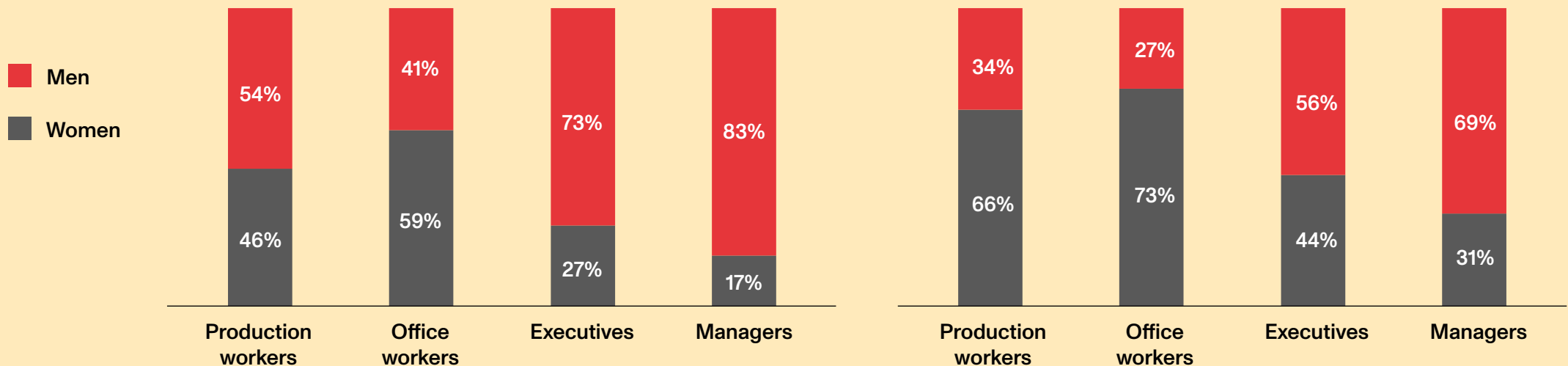
In the future, it will be relevant to observe how the increase of women on the boards of directors of Italian fashion companies will influence female participation in the Italian fashion manufacturing in Italy. Currently, these sectors are characterised by a strong vertical segregation and an unbalanced environment in terms of permanent employment opportunities and propensity to part-time work. The progress of women on boards that is being observed year after year can influence the transformation towards a more equal and inclusive participation.

Gender compositions of job qualifications

ITALY, 2022

IN THE TEXTILE INDUSTRY

IN THE LEATHER INDUSTRY

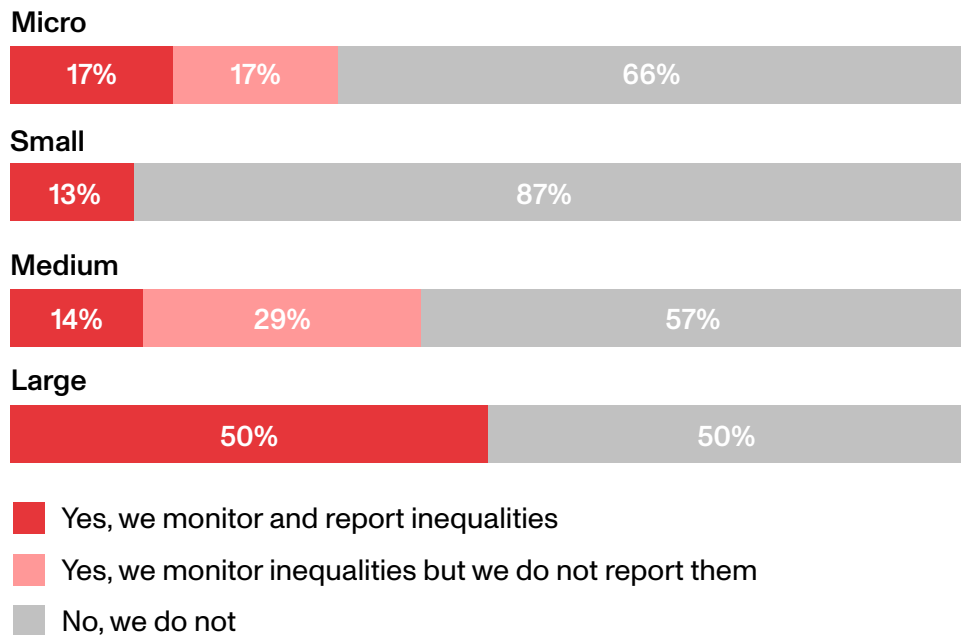


PERCEPTIONS AND CURRENT PRACTICES

When asked about the perceptions of the gender pay gap, only 20% of Italian fashion manufacturers reported a gender pay gap in their firms, with the majority of those being large companies. Nevertheless, only half of large companies are monitoring and reporting on wage inequalities between men and women and less than half of microenterprises and SMEs have undertaken such activities. Monitoring and reporting inequalities are the first steps towards a more comprehensive understanding and greater awareness of the phenomenon.

Does your company monitor and report to the appropriate department wage inequalities between women and men?

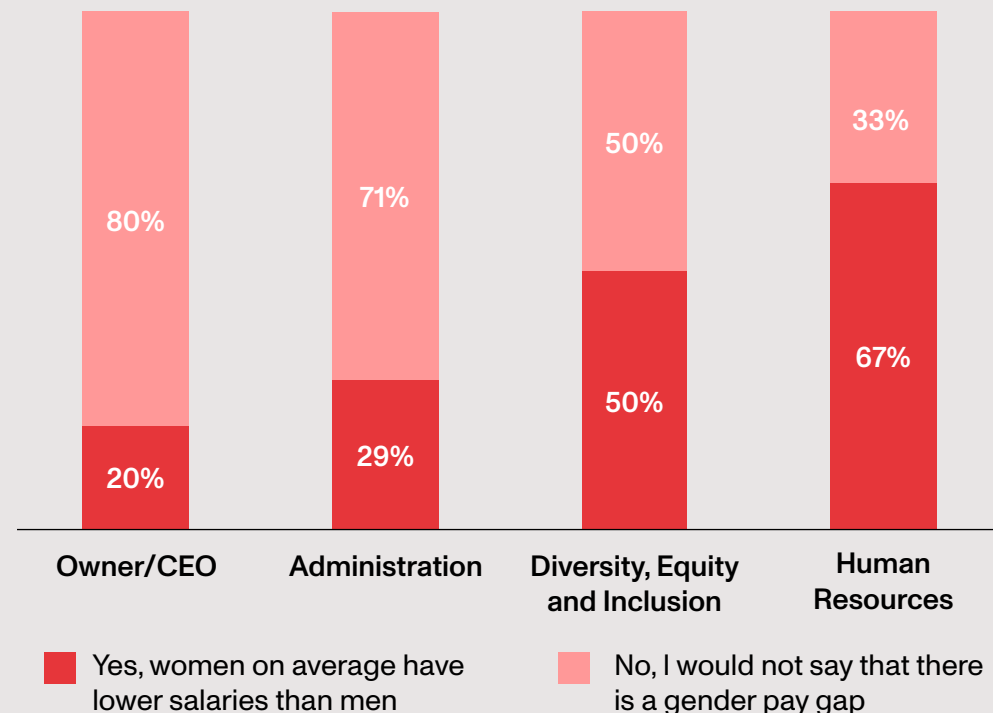
By firm's size



The perception of wage inequality varies according to the role within the company: Human Resources (HR) and DE&I functions, who on average deal with these issues more frequently than others, tend to be more aware of wage discriminations. Among HR, 2 out of 3 clearly state that there are inequalities that disadvantage women. Half of DE&I functions agree with this view. Differently, administrative roles, CEOs and owners are less keen on perceiving gender pay gaps.²⁷

Would you say there is a gender pay gap in your firm?

Responses aggregated by function of the respondent



Most of the gender pay gap is perceived for higher-level positions such as executive and managerial roles. 52% of respondents declared that women in positions with high responsibilities experience broader wage discrimination than factory or production workers and administrative or office

ones. However, it is to be considered that the sample does not include production line workers, whose perspective could enrich the analysis.

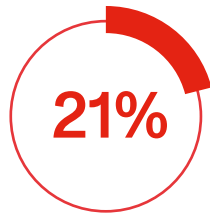
surprisingly, micro firms have the second highest share, with 43% of respondents saying they have at least one such policy.

All large companies claim to have at least one policy to ensure equal compensation for women and men;

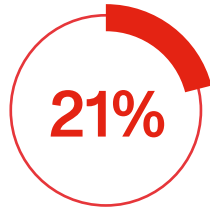
Yet half of companies surveyed are considering applying for a Gender Equality Certification.

At which level do you think the gender pay gap is most present?

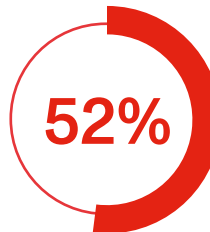
among
production workers



among
office workers

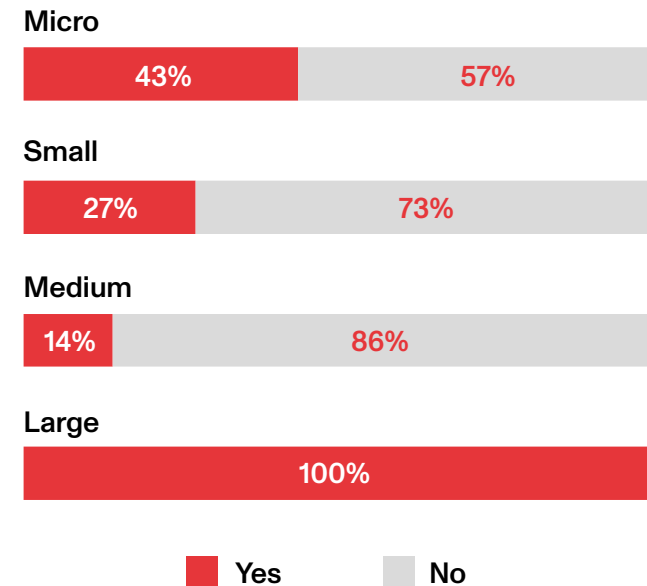


among
executives and managers



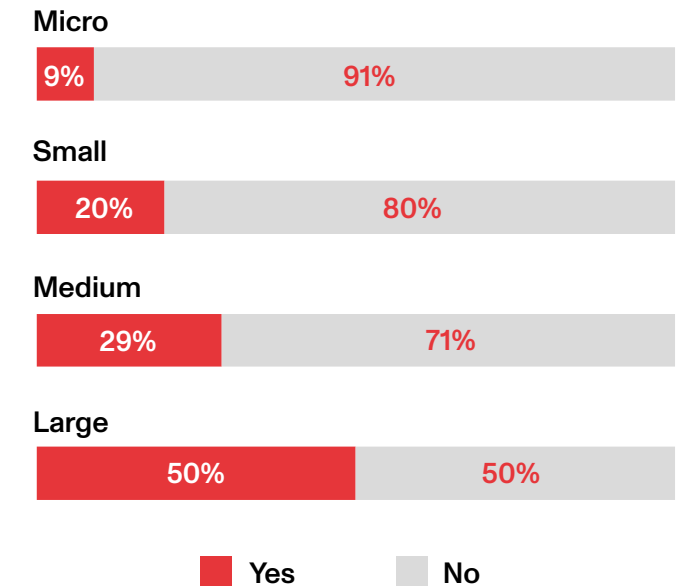
Does the company have a policy to ensure that women and men are compensated equally?

By firm's size



Is the company considering a pathway to gender equality certification within their company?

By firm's size



Tools that are being used by large corporations to measure, improve, and report on pay equity includes the Women's Empowerment Principles Gap Analysis Tool (WEPs Tool), Fair Compensation Toolkit (Fair Labor Association), Anker Wage Methodology or Social Labor Convergence Program. Certifications include: GEEIS-DIVERSITY certification, EDGE Certification, Equal Salary, Winning Women Institute.

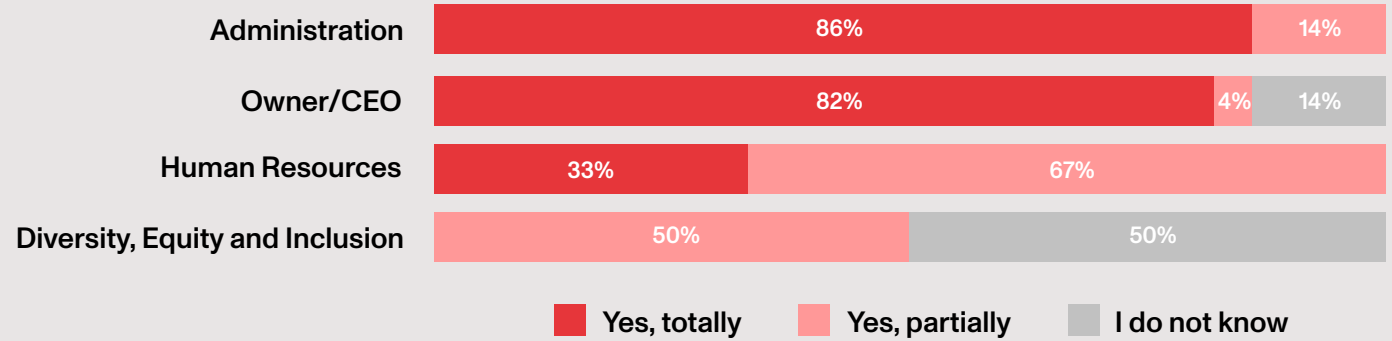
In relation to equal opportunity in job promotions, CEOs have a stronger perception that career progression is totally equal for males and females (82%), where just half of DE&I functions perceive it as partially equal.²⁸

Only 25% of the executives and managers in the companies that participated in our survey are women. Of these companies, however, 51% say that women hold positions in accounting and administration, i.e. they work in contexts that typically do not participate in strategic decisions on pay equity.

There is also a need for greater understanding of diversity, equity, and inclusion issues. Small and medium-sized enterprises in Italy reported to have only partial awareness of the importance of DE&I.

Do you perceive that promotions occur in a gender equitable way?

Responses aggregated by function of the respondent

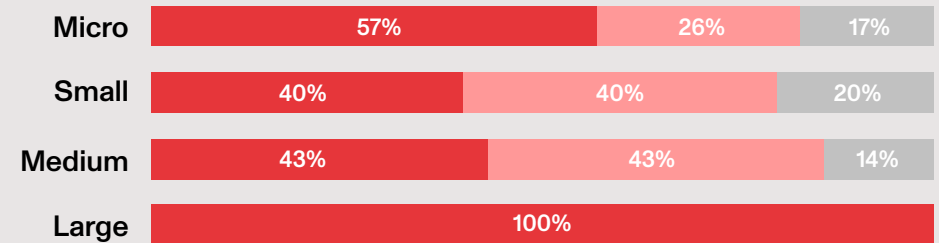


What are the functions in your company in which executives and managers are women? (% of respondents on multiple selection)



Does your company have internal diversity, inclusion, and gender equality policies?

By firm's size



■ Yes
 ■ No, but I know these kinds of policies
 ■ No, I do not know what these policies are about

Furthermore, 43% of the respondents believe that having children has a significant negative impact on women’s career progression. An independent research conducted by the Research Office of PwC Italia showed that the main impact mentioned is the reduction of working hours (19%), which in turn influences the gender pay gap, or even job loss (for 10% of the respondents).

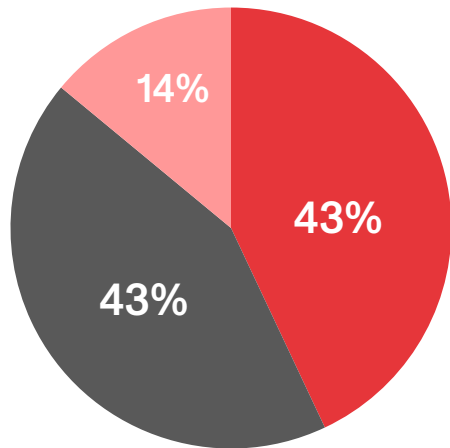
Despite the fact that 60% of interviewed firms offer support for parenthood beyond existing national regulations (the most common form of support

is working flexibility, 38% of the firms), only 5% of the firms provide additional paid paternity leave or daycare centres. These results indicate a misperception of the needs of parenthood, which stems from a gender bias regarding the division of family and domestic care responsibilities.

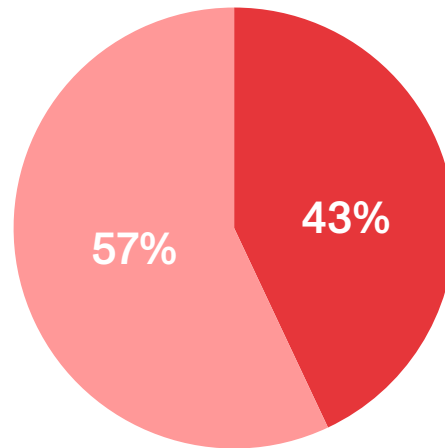
When it comes to childcare in Italy, 54% of women claim to be involved with childcare on a daily basis, compared to only 36% of men.²⁹ Additionally, 71.4% of women take care of household chores daily, while only 40.7% of men do the same.³⁰ This difference

in responsibilities contributes to the motherhood penalty, which makes up around 60% of the wage gap between men and women in Northern and Western European countries.³¹ Mothers in Italy also face lower employment rates (58.4%) compared to women without children (71.0%) and are more likely to have part-time contracts (22.3% compared to 17.1% for women without children). In contrast, men with children have a higher employment rate than those without children (91.1% vs. 84.8%), and a lower incidence of part-time contracts in the total population (4.7% vs. 7.4%).³²

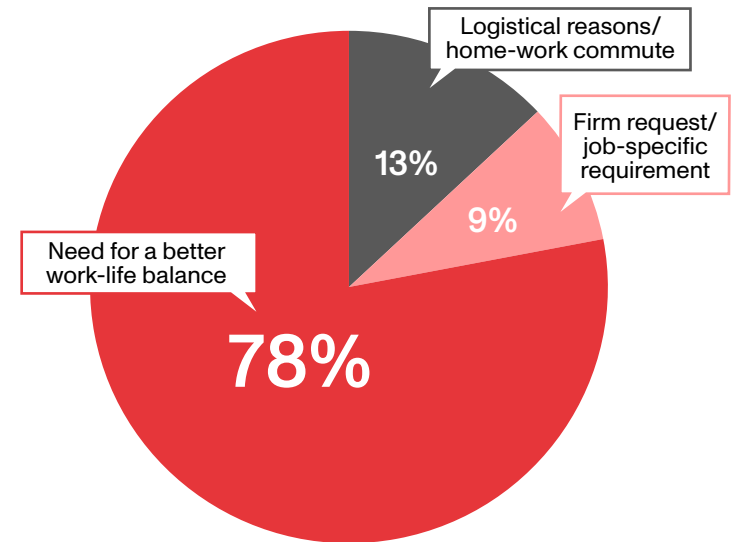
Do you think that for a woman, having children hinders career progression in your firm?



Do you think that for a man, having children hinders career progression in your firm?



Main reason behind the choice of part-time



■ No ■ Yes, significantly ■ Yes, partially

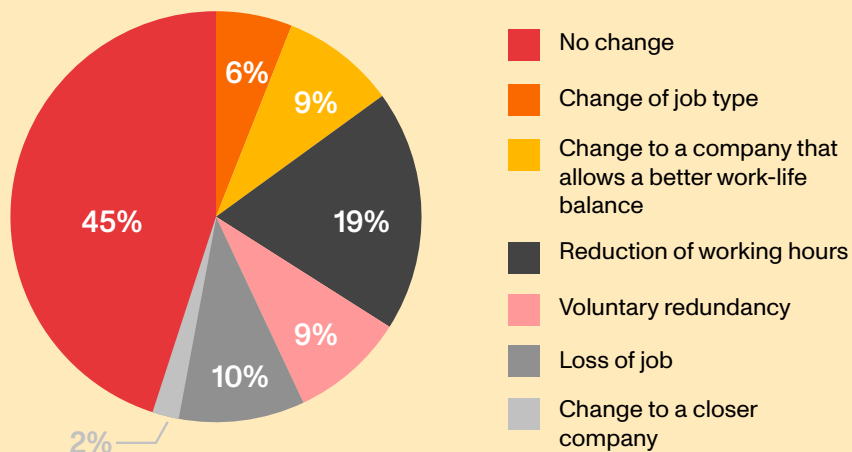
■ No ■ Yes, partially

Greater commitment is needed from companies in the fashion supply chain regarding gender equality. The gap between monitoring actions and perceptions of wage disparity, as well as between large companies and SMEs, highlights the importance of accessibility to proper tools by all stakeholders and of the dissemination of a truly inclusive culture, in which everyone's individual contribution is recognised. On one hand, smaller companies should act together to seize opportunities and converge towards common goals. On the other hand, larger companies and business associations should promote a culture of diversity, equity, and inclusion, including some best practices.

Lastly, it is important to recognize that gender inequality arises from unbalanced cultural responsibilities, particularly when women are further disadvantaged due to the demands of motherhood. The choice to reduce working hours or even leave one's career after the birth of a child is often not a free choice but rather a necessity due to a lack of an inclusive workplace culture that allows for adequate flexibility and the ability to adapt activities to different needs. The fight for wage and gender equality requires a better balance in sharing domestic chores and family care responsibilities, as well as a cultural shift in both companies and institutions. Companies can help

by fostering an inclusive culture where parenthood is valued and can coexist with successful careers, and by supporting women's empowerment through welfare policies that promote a better work-life balance, grant more flexibility and encourage fathers to take on more family responsibilities. Institutions can contribute by implementing modern, flexible, and equal parental leave policies that ensure equal opportunities for both men and women in the workforce.

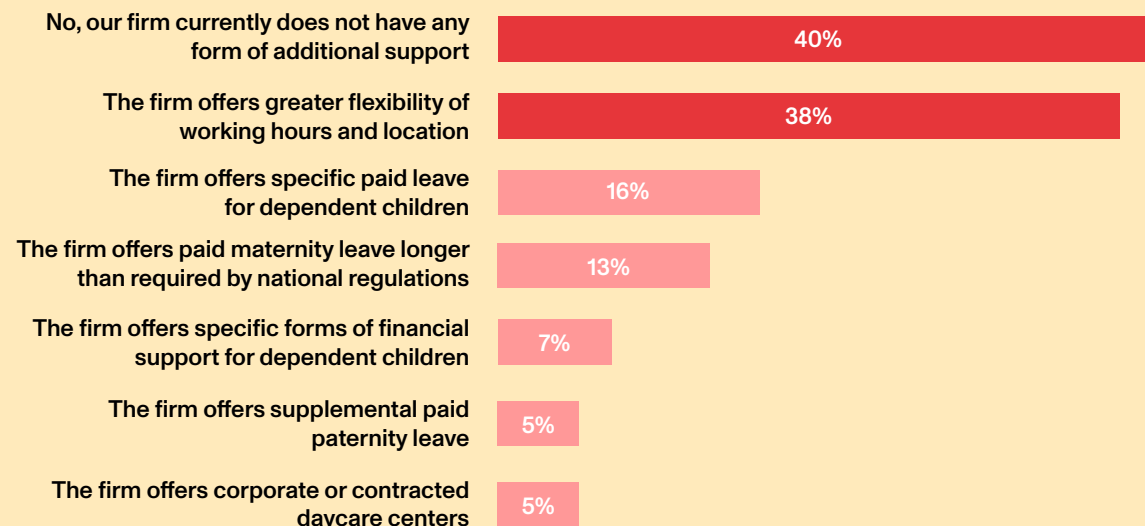
How has your work changed since your last maternity leave?



Source: PwC Ufficio Studi. Survey conducted on 500 Italian women with children, aged 25-45. Women who were inactive both before and after the birth are not considered in the statistics.

Does your company provide additional forms of parenting support beyond those provided by national regulations?

(% of respondents on multiple selection)



4 *Recommendations:* Call for Collective Action

Achieving pay equity in the Italian fashion manufacturing industry, will require a collective industry and cultural effort to support SMEs and artisan businesses, increasing transparency and including subcontractors into the value chain. Below are recommendations of effective ways to start bridging the gap between EU regulations, brand policies, and the unicity of Italian manufacturers to ultimately achieve equal pay for equal work for all:

Gender equality - The gender pay gap is just one aspect of gender inequality. To understand the reasons behind this disparity, we need to recognize the influence of cultural gender norms, the impact of motherhood on women's careers, and the difference in opportunities that men and women have in reaching top leadership positions. The asymmetry in gender roles, including in terms of domestic and caring responsibilities, has a strong

impact on women's participation in the labour market, and is at the root of the gender pay gap and other inequalities. Companies can help by creating an inclusive culture that values parenthood, and institutions can contribute by implementing modern, flexible, and equal parental leave policies to ensure equal opportunities for both men and women in the workforce.

Prioritise pay equity in fashion - Although EU and Italian regulations are not compulsory for the majority of Italian fashion manufacturers, most have implemented at least one policy to ensure gender pay equity. Greater awareness is needed to shift the perception of the gender pay gap among company owners, for them to be more aligned with HR, and DE&I functions. Furthermore, it is essential to develop DE&I policies that extend from companies' own business operations to subcontractors.

Increasing traceability & transparency - Full transparency and traceability across the Italian fashion manufacturing industry are imperative to develop increasingly ethical and wage-protecting value chain. This approach is essential to uphold fair labour conditions throughout the supply chain and prevent exploitative practices.

Required tools - The current practice of gender pay gap monitoring and reporting, predominantly undertaken by large and micro companies, underscores the necessity for the development of tools tailored to the unicity of the Italian fashion manufacturing industry. Such tailored tools would foster heightened adoption and enhanced insight into suppliers' wage structures. Developing and integrating responsible purchasing practices across the due diligence steps (adopting appropriate policies, control measures, tracking and reporting) is crucial for reducing income and wage harm.³³

The imperative of working collaboratively - It is essential to establish a unified methodology or assessment for pay equity within brands to avoid duplicate evaluations by manufacturers. This would streamline the process and ensure coherence in addressing this pivotal issue. In addition, it is imperative for brands and trade associations to actively involve manufacturers and subcontractors in the process of developing capacity building.

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28 The statistic excludes those who do not belong to the aforementioned functions.

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