THE CIRCULAR FASHION ECOSYSTEM
A BLUEPRINT FOR THE FUTURE

Findings from Phase 1 of the Institute of Positive Fashion’s Circular Fashion Ecosystem Project

EXECUTIVE SUMMARY

FOUNDING PARTNERS

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BRITISH FASHION COUNCIL

Arts and Humanities Research Council
Executive summary

“Driven by industry, recognising the role of government and the consumer, we challenged ourselves to imagine the future circular fashion ecosystem in the UK. By providing an actions-oriented blueprint for the future of fashion, we looked to accelerate the transition towards a circular fashion economy that thrives in its own right and to which other nations can look for inspiration and guidance.”

CAROLINE RUSH CBE, CHIEF EXECUTIVE, BRITISH FASHION COUNCIL

In 2020, the British Fashion Council launched the Institute of Positive Fashion (IPF) to create a new industry standard for accountability by acting as a catalyst for change in this, the Decade to Deliver. The Circular Fashion Ecosystem Project (CFE) is the inaugural project from the IPF.

The need for change

The Sixth Assessment Report of the IPCC sends a stark message – time is running out to prevent catastrophic climate change, with some experts stating that society has four years to deliver urgent and radical action. The need for change is driven by industry, recognising the role of government and the consumer.

The fashion and textiles industry is the joint third highest emitter of greenhouse gases globally, accounting for around 5% of global emissions. In addition, it consumes 98 million tonnes of non-renewable resources every year, and uses 93 billion cubic metres of water annually. Fashion is a complex industry with extensive, often opaque, global supply chains whose environmental and social impacts reverberate across the globe. These impacts have been exacerbated by the global pandemic as a dramatic reduction in the demand for fashion items resulted in mountains of unsold inventory. This has exposed just how dependent the fashion industry is on its status quo of overconsumption and has shed light on the critical need for change.

By its very nature, fashion encourages expression, offering the potential to connect citizens to global issues. However, the industry is facing unprecedented challenges to inspire and clothe consumers around the world while dramatically decarbonising and reducing the waste arising from its activities. Fashion has a considerable impact on the UK economy. The industry employs 890,000 people and contributes £35 billion to the UK gross domestic product (GDP). If acted upon, it has the potential to deliver the reductions in greenhouse gases needed to deliver the reductions in greenhouse gases needed to reach the goals of the Paris Climate Agreement. For the fashion sector, this chance to transform the economy to be more regenerative also presents an opportunity to address the systemic environmental and social challenges that exist within its global supply chains, while realising commercial opportunities in its consumer markets.

This report presents the findings from Phase 1 of the CFE Project based on research conducted from January to August 2021. The findings provide a framework for how identified actors can work together to lead and enable change in multiple, interconnected areas of the fashion ecosystem and achieve greater circularity.

What we need to do

Presented here are three target outcomes for a future circular fashion ecosystem in the UK. Combined, they make up the target state for the circular fashion ecosystem and allow for its long-term viability, resilience, and prosperity.

TARGET OUTCOME 1: Reduced volume of new physical clothing

There is a clear environmental case for reducing the flow of new materials and new physical clothing through the system. Garments purchased in the UK have a significant environmental footprint, with the production of new fibres and manufacture of clothes having the largest contribution to this. The most effective way for UK stakeholders to reduce their individual and collective detrimental impact on the environment is through reducing consumer demand for new, physical clothing.

TARGET OUTCOME 2: Maximised utilisation through product circularity

There is a clear environmental and economic case for reversing the trend of declining clothing utilisation. The UK population purchases more clothing per person than many other European countries and throws away over a million tonnes of clothing every year. It has been estimated that more than $500 billion is lost globally every year due to underutilisation of clothing and a lack of recycling. By improving clothing utilisation, the number of times clothing is worn, we can ensure that more value is captured from all garments produced. Circular business models can help deliver this increase in utilisation while adding greater profitability and stability to the supply chain.

TARGET OUTCOME 3: Optimised sorting methods and materials recovery

Emerging technologies show potential for scaling closed-loop and regenerative recycling of used clothing but planning and investment need to start now. The net impact of any recycling technology, depends on its energy and material inputs, efficiency, emissions, and potential to replace the use of environmentally detrimental materials. Emerging technologies for fibre-to-fibre recycling demonstrate potential for replacing virgin inputs for clothing with recycled inputs, thereby eliminating the environmental impacts of many virgin clothing fibres.

Urgent, bold, and ambitious action is required from all stakeholders to realise the target state. This report identifies ten priority action areas, each of which involves efforts across many different parts of the fashion ecosystem. Each action area is equally important and has the potential to amplify the effects of the others. They jointly contribute to the target outcomes, as shown under ‘10 priority action areas for realising the target state’ at the end of this summary and on pages 50-51 of the report.

Who needs to act

Achieving the changes set out in the action areas will require collective action by all stakeholders across the UK fashion ecosystem. The ‘Stakeholder actions and connections’ diagram presents 30 recommendations for leading and enabling stakeholders to kick-start efforts across the action areas. The diagram is available on pages 54-55 of the report and at the end of the executive summary. An interactive version can be found on the IPF’s website, which enables the user to illuminate elements by Stakeholder – Recommendations – Action areas. Further information regarding the specific recommendations for each stakeholder can be found in Appendix 2.1.
REALISING THE CIRCULAR FASHION ECOSYSTEM

10 PRIORITY ACTION AREAS FOR REALISING THE TARGET STATE

Achieving systems change through 10 priority action areas

1. **Consumer Empowerment**
   - Promoting environmentally responsible consumer choices, with incentives and support for businesses.
2. **Circular Design**
   - Developing new business models of the circular economy, enabling brands to shift to circular business models.
3. **Circular and Sharing Business Models**
   - Developing new business models, allowing brands to access and capture the value of circular business models.
4. **Policy and Regulation**
   - Facilitating dialogue, collecting information, and influencing investment, policy, and regulation with the government to foster government action.
5. **Innovation Investment**
   - Facilitating innovation investment and collaboration, particularly between the consumer and the government, to foster government action.
6. **Enhanced Identification and Tracking**
   - Ensuring the collection, identification, and tracking of materials and waste across systems.
7. **Ecosystem Modelling**
   - Facilitating the development of ecosystems of technologies and processes.
8. **Demand for Circular and Remanufactured fibres, Fabrics and Materials**
   - Facilitating the development of markets for circular and remanufactured fibres, fabrics, and materials.
9. **Optimised Sorting and Materials Recovery**
   - Facilitating the optimisation of sorting and materials recovery.
10. **Product Incentives and Recycling**
    - Facilitating alignment between product incentives and recycling needs.

The transition towards the target state, as laid out in '10 Priority Action Areas for Realising the Target State', requires pressure to be applied to several points to bridge the gap between the current and target state. Strategies for realising this transition areber based on analysing the factors that contribute to the current state and the target state and identifying gaps. This is to be used to develop a transitional strategy for the UK fashion industry, which will facilitate transformation towards the target state.

**“There’s a unique opportunity for organisations like the IPF to establish a framework, in partnership with the industry and the government, that facilitates dialogue, collects information, and then influences investment, policy and regulation with the government to pull it all together.”**

JALAJ HORA, VICE-PRESIDENT OF PRODUCT INNOVATION AND CONSUMER CREATION, NIKE
The role of the British Fashion Council and the Institute of Positive Fashion

The BFC has a critical role in accelerating a transition to a circular fashion economy in the UK and beyond, acting as the convener for change across actors in the ecosystem. It is uniquely placed to shape policy and industry regulations, particularly through dialogue with government and industry, as well as all other stakeholders in fashion’s ecosystem.

The Institute of Positive Fashion (IPF) sits at the heart of the British Fashion Council. The IPF is helping the British Fashion Industry meet its goal to be more resilient and circular through global collaboration and local action.

The IPF will use the BFC’s convening power to bring together actors across the ecosystem to address the largest climate-related issues facing the industry. Global experts are brought together to share their knowledge and resources to fast-track collective positive change.

The three pillars of the IPF are Environment, People, and Craftmanship & Community. The CFE Project’s goal is to enable a target state which generates positive change across all pillars, offering a holistic blueprint for change for UK fashion.

The British fashion industry is a flagship for creativity, design, innovation, and craftsmanship. The IPF and BFC have a significant influencing power on the global stage and will use their unique position to foster research between industry and academia and become a centre of excellence for innovation, commercialisation, education and cutting-edge research.

Furthermore, the IPF will promote knowledge-sharing, the early embedding of circular design amongst the BFC network, and upskilling emerging talent with skills and strategies for their businesses to be future-proofed, responsible and resilient.

References


