



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



IMAGE COURTESY OF BETHANY WILLIAMS

BRITISH FASHION 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^a. 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^b.

The fashion and textiles industry is the joint third highest emitter of greenhouse gases globally, accounting for around 5% of global emissions^c. In addition, it consumes 98 million tonnes of non-renewable resources every year, and uses 93 billion cubic metres of water annually^d. 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^e. 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)^f. If acted upon globally and across sectors, the circular economy can deliver the reductions in greenhouse gases needed to reach the goals of the Paris Climate Agreement^g. 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^h. 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^{i,j}. It has been estimated that more than \$500 billion is lost globally every year due to underutilisation of clothing and a lack of recycling^d. 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](#).

Taken together, the recommendations suggest the following:

- The UK government should lead on policy creation, incentive-setting, and investment for developing the required innovations and enabling infrastructure.
- Brands and retailers should embrace circular and sharing business models, and empower consumers to adopt circular practices.
- Significant research and coordination are needed to maximise collaborative actions. Information accessibility and transparency throughout the ecosystem must be improved.
- There is more work to be done to educate the consumer on garment care, end of garment life, and recycling.
- A shift in attitudes towards circular products and services is required to motivate the transition. Positive messaging and an increased understanding of the value of circular business models will increase demand for a more circular fashion ecosystem.
- Digital technologies can facilitate and unlock multiple elements of the target state.

The transition towards the target state, as laid out in this report, represents a huge opportunity for climate and circular economy action by the UK fashion industry to create change and impact at scale. Achieving the transition in a just and fair manner will be paramount in ensuring that no one is left behind and that existing inequalities are not exacerbated.

“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.”

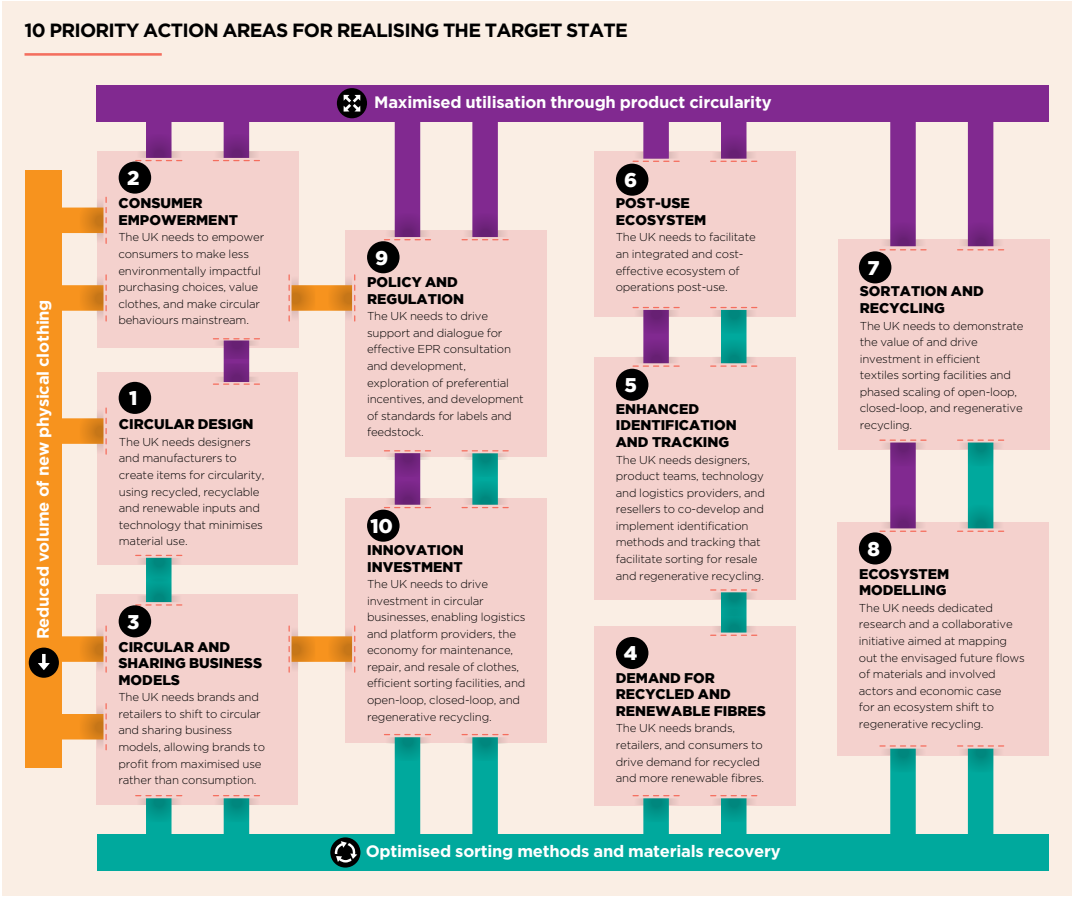
JALAJ HORA, VICE-PRESIDENT OF PRODUCT INNOVATION AND CONSUMER CREATION, NIKE

REALISING THE CIRCULAR FASHION ECOSYSTEM

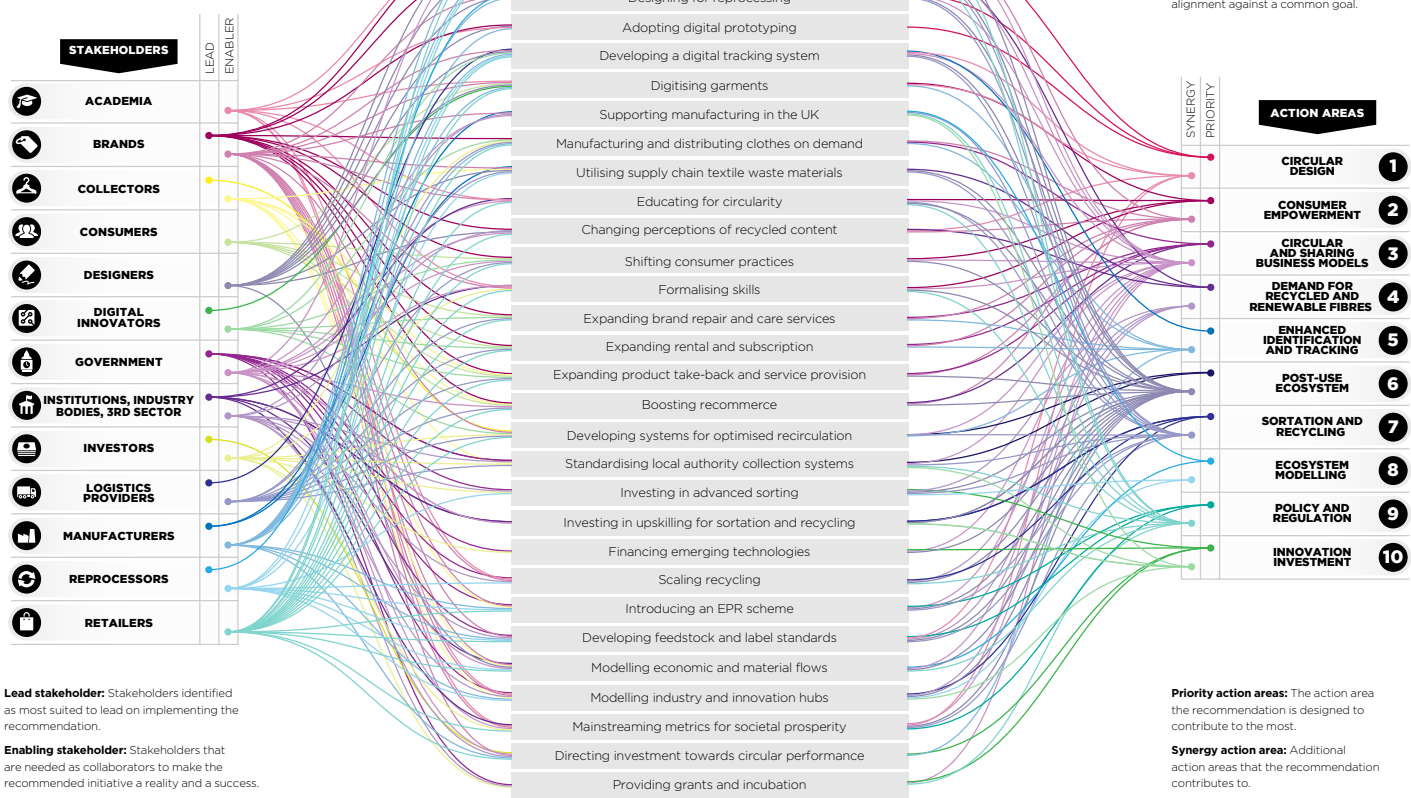
Achieving systems change through 10 priority action areas

Transitioning to the target state requires transformation across multiple dimensions of the current system, from behaviours and mindsets to the infrastructure and policies underpinning the fashion and textiles industry. Strategies for realising the target state should be re-evaluated on an ongoing basis to monitor both success and unintended consequences. This is due to the complexities of this system and the need for a fair and just transition (see ‘Ensuring a just and fair transition’ on pages 92-93).

This section presents the next components of the framework for transitioning the UK fashion economy towards the three target outcomes laid out previously. The first of these are our ten priority action areas. We have developed these by analysing the changes needed to bridge the gap between the current and target state for a circular fashion ecosystem. Transitioning complex systems requires pressure to be applied to several points simultaneously. Through the stakeholder consultations, we were able to better understand which parts of the UK fashion ecosystem that need changing to achieve the target outcomes. The action areas were developed to cover each of these dimensions, and are shown in ‘10 priority action areas for realising the target state’.



STAKEHOLDER ACTIONS AND CONNECTIONS



Lead stakeholder: Stakeholders identified as most suited to lead on implementing the recommendation.

Enabling stakeholder: Stakeholders that are needed as collaborators to make the recommended initiative a reality and a success.

Across the recommendations, there will be a need for one or more convening actors who can bring the relevant stakeholders together and ensure alignment against a common goal.

Priority action areas: The action area the recommendation is designed to contribute to the most.

Synergy action area: Additional action areas that the recommendation contributes to.

References

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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 convenor 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.



IMAGE COURTESY OF BRITISH FASHION COUNCIL