



G20 Circular Fashion Workshop

7 June 2021
Report



G20 Online Workshop

Circular Fashion

Monday 7 June 2021

Report

Executive Summary

To inform the G20's discussions on making economies more resource efficient and circular, the Italian G20 Presidency and the European Union (EU) hosted an online workshop on circular fashion on 7 June 2021. It identified the opportunities for a faster transition towards a circular fashion industry, and discussed the national and international actions which would enable the global fashion industry to make the change.

Speakers from the fashion sector from around the world swapped perspectives with some of the international organisations working with the industry on the circular business models they already use or are developing – and the benefits they bring for economic growth, climate change, biodiversity and social aspects, by maintaining the value of products and materials, rather than seeing them too quickly wasted.

A senior advisor to McKinsey highlighted the global significance of the fashion industry: an annual turnover of more than 2 trillion euros, with 60 million employees. The fashion industry produces 4% of global greenhouse gas emissions (some estimate even more), and that is rising. Some 40% of the greenhouse gas emissions stem from raw materials.

Clothing production has doubled in the last 15 years, and the number of times a garment is worn before being thrown away has decreased by 36%. The workshop heard how the COVID-19 pandemic had strong negative economic and social repercussions on the industry and has increased the need to transition to a more sustainable and circular fashion industry.

The United Nations Environment Programme pointed to the essential connection between consumption choices and the impacts of production and waste, including negative social impacts – with the industry's choice of business model as the intermediary. Value chains will need to transition together towards circularity, and this requires collaboration.

Five speakers from the Youth20 eloquently made a call for change – for a future of fashion which meets their values and enhances the lives of future generations.

Opportunities for implementing circular solutions along the fashion value chain were presented by the Jeans Redesign Project, the Circular Fashion Partnership. Brands (H&M Group, OTB); suppliers (Yee Chain); and end-of-first use solution providers (i:Co) elaborated on how they can deliver circular fashion, including by using more sustainable and durable materials, implementing eco-design and promoting customer awareness.

In a chaired discussion on how firms and consumers can mainstream circular fashion, speakers from: e-retail (Zalando); a sustainable fashion start-up (Riley Studios); design consultancy (IDEO); and organisations working on collaborative solutions (Italian standards body - UNI, Ellen MacArthur Foundation and Indonesian NGO Greeneration) identified two key areas of action:

- Public-private collaboration – so that brands, suppliers and policy makers can align investment; and
- Better data at every stage of a product's life – so that circular, sustainable products and materials can be rewarded.

Policy makers, private firms and international organisations all have key roles to play. The CEO of the Global Fashion Agenda described how the great asset of the G20 is its ability to convene key actors on the global scale to co-ordinate change in the fashion industry's global value chains.

Three principles were highlighted to increase circularity in the sector: use clothes more (design to last) and resell them; make products to be made again; and rethink materials so that they are safe from chemicals and toxicity and sourced from renewable or recycled feedstock.

The EU is committed to a circular economy transition and pointed to the importance of working upstream and downstream along the whole value chain to this end. In its forthcoming textile strategy, the EU will support a more sustainable, resilient and competitive model for the textile ecosystem. The EU proposed to build on the G20 Resource Efficiency Roadmap to initiate dedicated work on textiles, in support of the development and implementation of a G20 Circular Economy Vision.

The Italian G20 Presidency will step up to the challenge and host a workshop in September 2021 to crystallise collaboration and sharing of best practices between the G20 stakeholders and governments.

The full report of the workshop is available [here](#).

Opening session

Ms. Laura D'Aprile (Head of Department, Department for the Ecological Transition and Green Investments, Ministry of Ecological Transition, Italy and Italian Presidency Chair of the G20 Environment track) welcomed participants to the virtual workshop. She thanked the European Union (EU) for co-organising the event and for the strong support by the European Commission to the Italian Presidency. She explained that textile recycling is part of an historical and cultural heritage in many countries, such as Italy, while other countries have to face the transboundary effects of environmental pollution and waste management of fashion and the textile industry. Circularity is an opportunity for all countries involved in in the textiles and fashion industry. One of the main concerns related to this sector are the working conditions, especially for women. Implementation of new technologies can significantly improve environmental and working standards and empower women.

Mr. Kestutis Sadauskas (Director for Circular Economy and Green Growth, Directorate-General for Environment, European Commission) focused on the EU interest on a circular transition of this industry. He said that textile is a key sector in the EU Circular Economy Action Plan due to its economic significance and concerns over its resource and environmental impacts, including the amount of waste produced. The textile sector still operates in a linear manner. The European Commission is working on a sustainable and strategic framework on textiles, in which the principles of the circular economy will be pivotal. To succeed in this transition, he mentioned that a long-term vision is required, focussing on designing products with a longer lifetime, repair, recyclability and boosting the market for recycled materials. He concluded that the transition is a joint endeavour that will only be achieved through co-creation by all stakeholders.

Session 1 – Perspectives on the Future

Change in the global fashion industry: Mr. Thomas Tochtermann (Director Emeritus & Senior Advisor, McKinsey) explained that the textile sector has a global annual turnover of more than 2 trillion euros. 60 million people are employed in the sector, with a high share of female workers. He also highlighted that this is a highly fragmented industry, with low entry barriers. The top ten players have less than 10% of industry turnover, and 50% of the volume is done by small and medium sized companies. Fashion is extremely fragmented along the value chain, and very little value added is produced by brands and retailers themselves, but by focused raw material manufacturers and garment producers often situated at the other end of the world.

The greenhouse gas (GHG) footprint of the fashion industry is massive, producing 2.1 billion tons of GHG emissions in 2018, equalling 4% of the global total. According to a recent report from McKinsey and the Global Fashion Agenda, 40% of the GHG emissions come from raw materials, while this only represents about 2% of the total garment cost. Analysing the industry's current trajectory towards a 1.5-degree pathway, it will miss the target by 50%.

Mr. Tochtermann quantified the impact that COVID-19 has had. In 2020, the industry suffered strongly turnover fell by 20% in Europe, 23% in the US and 7% in China; industry profits overall fell by more than 90%. There is a huge overstock of old season products. The pandemic has also had grave social impacts, showing the power balance between big global brands and manufacturers in emerging markets, the lack of respect and ethics in some places, with short-term cancellation of orders. But social justice has also become more important for consumers.

He stressed the need to globally recycle garments at the end of life and to extend product life. New business models like repair, rental or e-commerce will need to grow, and the industry needs to tackle overproduction. The positive effect of COVID-19 is that sustainability and circularity finally made it in the boardroom in fashion companies and investors, and on the agenda of regulators.

The environmental challenge: Elisa Tonda (Head Consumption and Production, United Nations Environment Programme Economy Division) introduced the textile value chain, the different value chain actors and stakeholders, and their influence on the value chain. She illustrated the current linearity of the textile value chain but highlighted the opportunities to create circular loops. Various actors are involved, who have an important impact on the lifecycle of textiles, e.g. farmers, manufacturers, consumers, producers, regulators, social and environmental specialists, innovators etc. A shift towards a more circular textile value chain is needed to address the environmental impact of this production and consumption system. Clothing production has doubled in the last 15 years, but the number of times a garment is worn before being thrown away has decreased by 36% - this represents a big loss. She listed some of the serious environmental challenges of the linear model. The industry represents 215 trillion litres of water per year, around 3500 substances are used in the textile production, 750 were found to be hazardous to human health. The environmental hotspots identified in the textile value chain are:

- For climate impact: wet processing at textile production, synthetic fibre production and laundering in the consumer use phase;
- For water scarcity: natural fibre production and the consumer use phase;
- For water pollution and impacts on human health and ecosystems: use and release of hazardous chemicals in wet processing;
- For the release of microfibres - the use phase, with emerging evidence points to its importance across textile manufacturing and at end-of-life.

UNEP's recent work has also highlighted where social risks in the textile value chain are highest – in natural fibre production, yarn and fabric production, and clothing assembly.

Youth's perspective for the future of fashion: Five Youth 20 delegates from Argentina (Mr Tomàs Listrani Blanco), Australia (Ms Babet de Groot), Indonesia (Ms Caroline "Dea" Tasirin), Italy (Mr Nicola Blasetti) and Mexico (Mr Emiliano Reyes Galindo) warned about the risk to continue with a fast fashion model that would lead the fashion industry to be responsible for a quarter of total GHG global emissions. They asked for a future of fashion and a business model that take into account human rights over profit, environment over production, and circularity over linearity. This is the moment to drive the engagement between civil society, all levels of government, and the private sector to reduce the global fashion footprint through inclusive policies. Until now, negative impact from the fashion industry have disproportionately affected the Global South, as the source of cheap, predominately female labour, and as the sink of the West's unwanted clothes. Millions of people can be lifted out of poverty in the Global South through decentralised, ecological, and authentic fashion practices. The speakers ask governments to support also SMEs run by young people who are starting their businesses by providing tax relief and easier access to capital. The fashion industry should incorporate the planetary boundaries concept to transition towards ecological non-toxic materials that last longer with a smaller carbon footprint, ethically and locally produced, while protecting the cultural rights of indigenous communities, with a focus on young people.

Session 2 – Circular Solutions

Chair: Ms. Valentina Superti, Director for Ecosystems II: Tourism & Proximity, Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs (DG GROW), European Commission

Ms. Superti stressed the focus of the European Commission on textiles and the potential of the circular economy in spurring economic growth. An increasing number of companies in Europe have started to develop circular models from the start-up base, or they are implementing innovative circular solutions to their existing business models. What is observed in Europe is that the most common circular business models are based on resource efficiency and resource recyclability, recycling and renewability product life extension, sharing platforms, and the product as a service model. At the same time, there are still some issues that currently restrict the uptake of circular business models at a bigger scale. For consumers, the psychological aspects in switching from owning to a product-as-a-service solution is sometimes difficult to overcome. It's important to work together to find the best solutions supporting these practices. The European Commission will present a new strategy for a sustainable textile ecosystem this year. Ms. Superti called on everyone to participate in a dedicated survey that will close in August.

Case studies of circularity in fashion: Ms. Laura Balmond (Lead of Make Fashion Circular, Ellen MacArthur Foundation) started this conversation explaining that textiles in a circular economy are used more, made to be made again, made from safe and recycled or renewable inputs via safe chemistry, recycled inputs and regenerative practices. The Ellen MacArthur Foundation interviewed a large number of experts to understand what it would take to make a pair of jeans circular and quickly realised that it has to be a collaborative action. For this reason, the Foundation launched the “Jeans Redesign Guidelines” – with 72 organisations that committed to make and place them on the market by May 2021.

Mr. Mohiuddin Rubel (BGMEA, Bangladesh) enriched this debate presenting the Circular Fashion Partnership that will publish a “Circularity Playbook” by the end of 2021 and will host a workshop on 16 June.

Circular Economy Business Models in Fashion: Ms. Alexandra Frid Razola (H&M Group) said that H&M Group aims to be climate-positive by 2040 and has set circularity goals with the aim of decoupling growth from resource use. H&M Group is investing in recommerce, rental services, reselling platforms, repair services. She stressed the importance of bringing customers along, especially through education and awareness building. H&M Group is making circularity easy for the customer by enabling customers to access these services in their stores. She admitted that keeping the profitability of these new models is often challenging. These new models must be available for customers and integrated in the services the brand provide to them. This is a big responsibility that needs incentives to ease the transition.

Mr. Martin Su (Yee Chain) introduced his company, one of the manufacturers that supplies global sportswear brands, working with over 20 brands around the globe and produces in Taiwan, Vietnam, Indonesia and China. They are trying to find different ways to make processes more circular, giving attention to energy, water, materials and chemicals. The main materials that they use are polyester, nylon and cotton, and they are trying to use recycled content. They are also looking into materials that can “go into earth safely.” They are working with local designers, schools and small businesses on how better reuse materials. Water is very intensive in this industry – it is necessary to reduce its amount or not use any water going forward to produce

colour. Another option that Mr. Su considered one of the best, is to completely avoid to colour fabric. He stressed that there should be a limitation concerning colours. Pollution is too cheap, but it is not too expensive to change. An important element for a sustainable transition is to look at who pays.

Ms. Mai Thu Nguyen Thi (I:Co) provided data on the textile market. The global apparel market is projected to grow to 2.25 trillion USD by 2025. Almost three quarters of used clothing ends up in landfill or incineration and less than 1% of end-of-use textiles are recycled into new textiles. Collection systems and infrastructure are limited and not at full capacity; this leads to loss of more than 100 billion USD annually. As an end-of-use solution provider, I:Co collects 30,000 tonnes of textiles a year utilising their global sorting and recycling infrastructure. I:Co seeks to bridge the gap of communication between fashion companies and sorters/collectors of clothing. They are working on in-store collection to make it more convenient for customers. Challenges include poor quality of garments, local government restrictions and laws and the conception/definition of end-of-used clothing as waste. It is important to raise awareness that discarded garments are “valuable resources” and not waste at all. A great example is in the EU with a separate waste collection for textiles, as mandated by the Waste Framework Directive). A transition towards a sustainable fashion industry needs push and pull from politics, brands and consumers.

Ms. Sara Mariani (OTB) concluded the session mentioning design for circularity as key in creating products with a conscious approach to the choice of raw materials, manufacturing, durability, reparability and ultimately recycling.

Session 3 - Drivers and Enablers of Circular Solutions

Chair: Mr. Mohamad Bijaksana Junerosano, Greeneration, Indonesia

Mr. Junerosano highlighted the risk of creating too much data. He encouraged the Indonesian 2022 G20 Presidency to follow up with participants and advertised the Indonesia Circular Economy Forum on 21-23 July.

Enablers of Circular Business Models: Ms. Laura Coppen (Zalando) was the first speaker of the last session. She talked about the industry gap: there are not nearly enough materials being recycled. Upcoming EU regulations steering the textile sector to circularity will be key, including EU’s push for a digital product passport.

25% of customers say they consider sustainability when making a purchase decision, and 50% of customers bought a more sustainable product in 2020. Post-COVID brand transparency is more important to customers, but there is an “attitude-behaviour gap” in what customers want to do and what they actually do. Part of reasons for this gap is accessibility. Shopping needs to be easy. Zalando wants customers to access circular choices and drive behavioural change. Their goal is to apply the principles of circularity and to extend the life of at least 50 million fashion products by 2023. She mentioned Zalando’s pilot digital product ID which will enable customers to access care advice and suggestions on where to resell.

Ms. Olivia Dowie (Riley Studios) presented her brand Riley Studios and its mission to change consumption. Consumerism needs to drastically change into something much kinder. Riley Studios creates clothes from waste, including plastic bottles. The goal is to ensure that all products are built for life (seasonless, gender neutral pieces) – with life guarantees. Customers can send them back to repair and the brand uses only materials that can be recycled. Ms. Dowie highlighted significant challenges for a small brand, such as the complexity of finding the right, recyclable fabrics. For this reason, she says that conscious brands need grants and tax breaks until sustainability becomes the norm. Her final concern is how to lower barriers to entry so that start-ups can also do it the right way – not just the easy way. Finally, consumers need education.

Mr. Sergio Fregoni (IDEO) talked about the gap rooted in the lack of cross-industry collaboration. While brands and retailers have rich data up until the point of sale, they have zero information on how clothes are used post-purchase. A “Circular fashion OS” is needed, to redefine the way apparel is sold, used and resold.

Ms. Elena Mocchio (UNI) proposed standardisation as a strategic tool for competitiveness and circularity. Standards must be recognised by public authorities and regulators. There is the necessity to have a sound international dimension through the International Organization for Standardization (ISO) and the European Committee for Standardization (CEN).

Ms. Valerie Boiten (Ellen MacArthur Foundation) concluded the session highlighting the role of policy makers in setting out a vision and ambition level with targets that can create demand signals for solutions (for example around recycling, infrastructure, secondary materials), developing product policies, and working with the supply chain as innovations continue to emerge. The alignment of and between policies is important. Collaboration is key: sharing knowledge and solutions is the only way to reach the global need of addressing circularity. Other two key elements are communication and transparency.

Reflections

Chair: Ms. Federica Marchionni, CEO Global Fashion Agenda

Take-away messages: Ms. Marchionni invited the G20 Italian Presidency to continue to implement this work on sustainable fashion through new commitments, events and opportunities in autumn.

Mr. Andrea Crespi (Sistema Moda Italia) said that sustainability is a powerful marketing tool, but definitions are still weak. Moreover, there is the need to address the problem of the fast fashion which can't continue if the aim is sustainability. The industry must work on two main things: longevity and measuring. Starting measuring is the first step to claim sustainability.

Role of the G20: Ms. Laura D'Aprile (Italian Presidency chair) announced a further workshop in September to share practical ways forward for international collaboration. She informed that this topic would be also discussed during the G20 Resource Efficiency Dialogue.

Ms. Astrid Schomaker (Director for Global Sustainable Development, Directorate-General for Environment, European Commission) concluded this workshop on behalf of the EU, talking about G20 and its particular interest in contributing to greater sustainability and circularity of consumption and production. It is essential to work upstream and downstream along the whole value chain. She proposed building on the G20 Resource Efficiency Roadmap to initiate dedicated work on textiles. This would be important to facilitate collaborations between companies which play a role at various stages along the value chain. It would also contribute to the development and implementation of the G20 Circular Economy Vision suggested by the Italian G20 Presidency. She stressed the need for alignment across the globe and reiterated the EU's support to the Italian Presidency for future events, such as a more technical workshop on these themes in September or later.

Final agenda

| Time | Theme | Content | Speaker |
|---|---|---|---|
| 11:00 | Log-on | | |
| Opening Session | | | |
| 12:00 (6 min) | Welcome | <ul style="list-style-type: none"> Themes and objective of the workshop | <ul style="list-style-type: none"> Laura D'Aprile, Head of Department, Department for the Ecological Transition and Green Investments, Ministry of Ecological Transition, Italy Kestutis Sadauskas, Director, Circular Economy and Green Growth, Directorate-General for Environment, European Commission |
| Session 1 – Perspectives on the Future | | | |
| 12:06 (7 min) | Change in the global fashion industry | <ul style="list-style-type: none"> The global economic and employment significance of fashion The impact of COVID | <ul style="list-style-type: none"> Thomas Tochtermann, Senior Advisor to McKinsey |
| 12:12 (7 min) | The environmental challenge | <ul style="list-style-type: none"> Trends in the fashion sectors environmental impacts | <ul style="list-style-type: none"> Elisa Tonda, Head Consumption and Production, UNEP Economy Division |
| 12:18 (9 min) | Youth's perspective for the future of fashion | <ul style="list-style-type: none"> 5 sets of expectations for the fashion sector | <ul style="list-style-type: none"> Representatives of the Y20: Mr Tomàs Listrani Blanco (Argentina) Ms Babet de Groot (Australia) Ms Caroline "Dea" Tasirin (Indonesia) Mr Nicola Blasetti (Italy) Mr Emiliano Reyes Galindo (Mexico) |
| Session 2 – Circular Solutions | | | |
| Chair - Valentina Superti, Director, EU Commission | | | |
| 12:30 (20 mins) | International collaborations for circularity | Introduction The Jeans Redesign Initiative Circular Fashion Partnership | <ul style="list-style-type: none"> Laura Balmond, Make Fashion Circular Abhishek Bansal, Arvind tbc Mohiuddin Rubel, BGMEA |
| 12:50 (55 mins) 5 min each from Panel + questions | Circular Economy Business Models | Facilitated Panel: Case studies of the rationale, impact and prospects of circular business models (e.g. renting, resale, redesign, remanufacture, recycling) | <ul style="list-style-type: none"> Alexandra Frid Razola, H&M Group Martin Su, Yee Chain Mai Thu Nguyen Thi, I:Co |

| Time | Theme | Content | Speaker |
|---|--------------------------------------|---|--|
| Session 3 - Enablers of Circular Solutions | | | |
| Chair - Mohamad Bijaksana Junerosano, Greeneration, Indonesia | | | |
| 13:45 (55 mins) 5 min each from Panel + Audience questions. | Enablers of Circular Business Models | Facilitated Panel on key enablers - including: <ul style="list-style-type: none"> • Policy Frameworks • Technology • Collaboration • International Standards • Customer data and empowerment | <ul style="list-style-type: none"> • Valerie Boiten, Ellen MacArthur Foundation • Laura Coppen, Zalando • Elena Mocchio, UNI • Sergio Fregoni, IDEO • Olivia Dowie, Riley Studio |
| Reflections | | | |
| Chair - Federica Marchionni, CEO Global Fashion Agenda | | | |
| 14:40 (10 mins) | Take-Away Messages | Reflections on the 3 Sessions: <ul style="list-style-type: none"> • Can circularity deliver value and sustainability for all stakeholders in value chains? | <ul style="list-style-type: none"> • Federica Marchionni, CEO Global Fashion Agenda • Andrea Crespi, Sistema Moda Italia |
| 14:50 (6 mins) | Role of the G20 | <ul style="list-style-type: none"> • Which principles support successful circular economy business models? • Which policy initiatives could foster circularity? • How could G20 could take forward co-operation on circular economy for fashion? | <ul style="list-style-type: none"> • Laura D'Aprile, Head of Department, Department for the Ecological Transition and Green Investments, Ministry of Ecological Transition, Italy • Astrid Schomaker, Director, Global Sustainable Development, Directorate-General for Environment, European Commission |