



**circularity for
apparel and footwear**

Building blocks for a sustainable circular economy for textiles and footwear



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Key recommendations from the textile, apparel and footwear industry

The value of creating circular business models has been recognised for many of the EU's waste streams and within the circular economy agenda – from plastics to electronics to cars – thanks to the substantial benefits to be gained both in environmental and financial terms. Textiles have been identified as one of the waste streams with the highest untapped potential to implement circular practices.

The partners of the Policy Hub - Circularity for Apparel and Footwear – which consists of the Sustainable Apparel Coalition (SAC), the Federation of the European Sporting Goods Industry (FESI) and the Global Fashion Agenda (GFA) – have carried out extensive consultations and in-depth studies to see how circular economy principles could be best applied to this unique value chain. With operations spanning across several continents, circularity of textiles warrants a global approach; with a remarkably varied portfolio of products – from specialised trekking gear to cotton underwear – any circular economy initiative must take into account the different contributions each player can bring and take a holistic approach, looking at all stages of a product's life: from design all the way through to recycling.

Circularity must above all bring genuine benefits to the environment, as we fight the global warming crisis, and generate innovative and sustainable economic opportunities for Europe. Embedded in each key stage of a product's value chain – **design, material choice, sustainable production processes, product use and reuse and recycling**, circularity aims to ensure an optimal use of resources throughout a product's lifetime.

As EU policy-makers begin to assess what a circular economy for textiles should look like, we offer our key recommendations:

1. Building on achievements: Leverage tools that already exist

The concept of circular economy and sustainable business models is not new to the textiles industry – in fact, many fashion and sporting goods companies already have dedicated programmes in place. These range from using materials that are sustainable, recycled, recyclable and durable to offering take-back or second-hand purchase schemes to consumers. In parallel, EU policy-makers have also laid the groundwork by adopting key legislative frameworks such as the EU Waste Hierarchy, with which it is important to ensure coherence. To enforce these efforts, the industry at large has designed and subscribed to several initiatives that help measure and improve the sustainability of the textiles value chain:

- The Higg Index suite of sustainability tools has been developed over the past 10 years by the Sustainable Apparel Coalition, which includes companies and stakeholders of all sizes to measure and score a company or product's sustainability performance. The Higg Index Product Tools, in particular, will enable designers and product developers to make better choices at every stage of a product's life-cycle by assessing the environmental impact of a design, selected materials, and ultimately, the finished product. The Higg Brand & Retail Module (Higg BRM) assesses social and environmental impacts of brand and retailer operations. By using this tool, which will be available in 2020, brands and retailers can share their sustainability performance with key stakeholders, including supply chain partners and eventually consumers;
- Many industry organisations are signatories of the Fashion Industry Charter for Climate Action, which is supported by the UN and was launched in December 2018;
- Many apparel and footwear companies already set (or have committed to setting) and disclosed greenhouse gas emissions targets voluntarily through the Science Based Targets Initiative (SBTI);

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- Area-specific efforts include the EMF Make Fashion Circular Initiative, EURATEX Prospering in the Circular Economy, Cradle-to-Cradle institute, Organic Cotton Accelerator, Zero Discharge Hazardous Chemicals (ZDHC), and Better Cotton initiative.

EU policy-makers should leverage these initiatives as best practices in designing policies for a circular economy for textiles, recognising that the Higg Index offers the measurement that standard organisations can use to assess their performance across all these initiatives, accelerating progress towards a circular economy. The industry value chain must be fully represented in discussions on the European vision for textiles in a circular economy to ensure EU policies build upon, and do not replace, successful existing efforts.

2. United in great diversity: Different contributions from different players

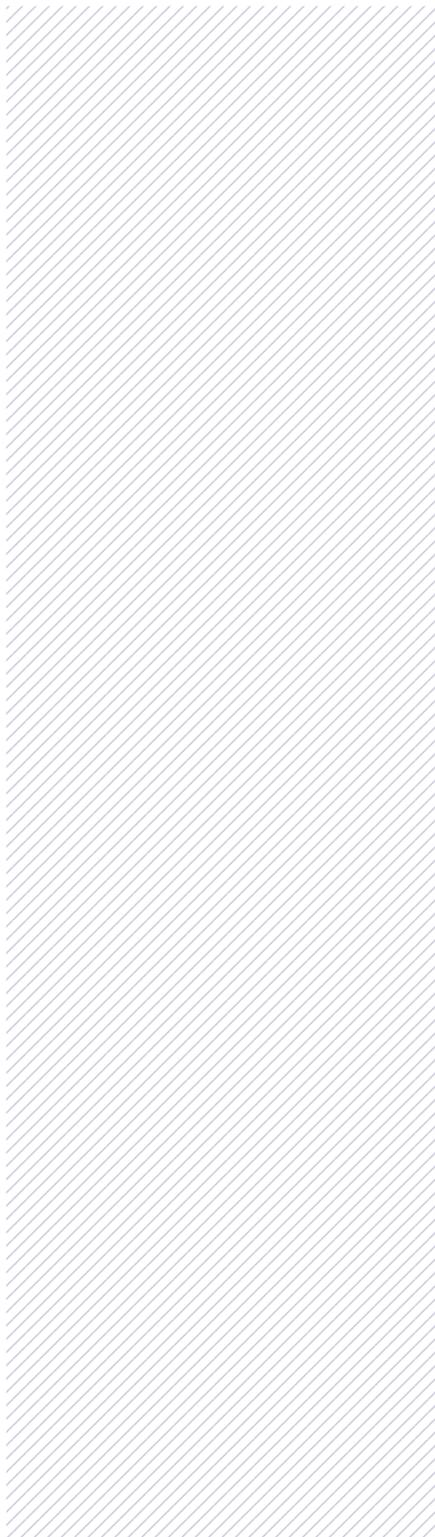
The textiles industry represents a huge variety of players, from raw material producers to fabric and yarn producers, from global and local manufacturers to major fashion brands, and specialised sportswear brands. Different products are designed for very different purposes and with fundamentally different attributes. It is important to keep this in mind when shaping the EU's Circular Economy for Textiles: there is not only one loop. Rather, the range of contributions to reducing waste is as large as the range of business models and products that exist on the apparel market. While all players share the same goal, there are many different paths to achieve it.

The EU should offer incentives that recognise the value each entity brings to minimising waste by offering a range of supportive solutions, such as:

- **Reduced VAT for services which prolong a product's life, e.g. repair or specialised washing; and promoting longer use models to consumers e.g. reuse or rental;**
- **Incentivising the use of secondary raw materials by making them financially viable in comparison to virgin raw materials;**

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- **Dedicating research & funding to ensuring that these secondary raw materials are of sufficiently high quality for use (performance, safety, durability);**
- **Enabling the global market for secondary raw materials to thrive, by removing regulatory barriers to the trade flow of waste, recycled intermediate-products and waste scraps;**
- **Design guidance by policies which are not too detailed and prescriptive, as this would also limit innovation. Instead of only focusing on the end-of-life of products, a more holistic approach is needed in order to increase resource efficiency and minimise waste. A lifecycle assessment is often the most appropriate methodology to determine relevant measures to reduce the environmental impact of products.**

1. Signatories list: <https://unfccc.int/climate-action/sectoral-engagement/global-climate-action-in-fashion/fashion-industry-charter-for-climate-action/participants-in-the-fashion-industry-charter-for-climate-action>
2. For more detailed list of industry players please refer to Annex II.

3. Sustainability first: Keeping the broader environmental picture in mind

The end goal of circular economy initiatives is to reduce impact on the environment, and ensure resources never become waste. With a value chain spanning across sectors and continents, the apparel and footwear industry will need a holistic approach to truly unlock the benefits of circular business models. We believe that there are enormous gains to be made from optimising each step of a product's life – including design, production and consumption – and not focusing solely on recycling.

- **The EU should dedicate funds to research and innovation into new materials and optimising the production process to better integrate recycled and recyclable materials from the design stage;**
- **The EU should invest in breakthrough research to bring sorting & recycling technologies to scale to help meet its 2025 targets, particularly ensuring those processes have a minimal environmental impact. This can be done through existing EU funds such as Horizon Europe or the LIFE programme.**
- **Developing the logistics capacity to connect European markets and product collection with production capacity – and to track and verify recycled materials – is necessary.**

4. Unlocking opportunities: Creating economic value for Europe

Europe has a great deal to gain from creating a genuine market for secondary raw materials, where these are affordable and in demand, as this is still an emerging business: Europe could take the lead. In order to do this, the recovery and transformation of waste into raw materials needs to be facilitated.

- **Responsibilities (e.g. collection and sorting) should be clearly allocated and specified for all players within the value chain;**
 - **The EU should have a clear set of definitions for all terms which the circular economy encompasses to bring coherence to sectorial efforts and ensure all players and national governments are aligned;**
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- **The Extended Producer Responsibility (EPR) system should be designed in close collaboration with industry and be harmonised across EU member states;**
- **The EU's textile value chain is global, with a large majority of garment production taking place outside of Europe. It should remain as such: the recycling industry in Europe should continue to feed back into the global circularity loop and be able to trade waste and recycled intermediate products as valuable resources.**

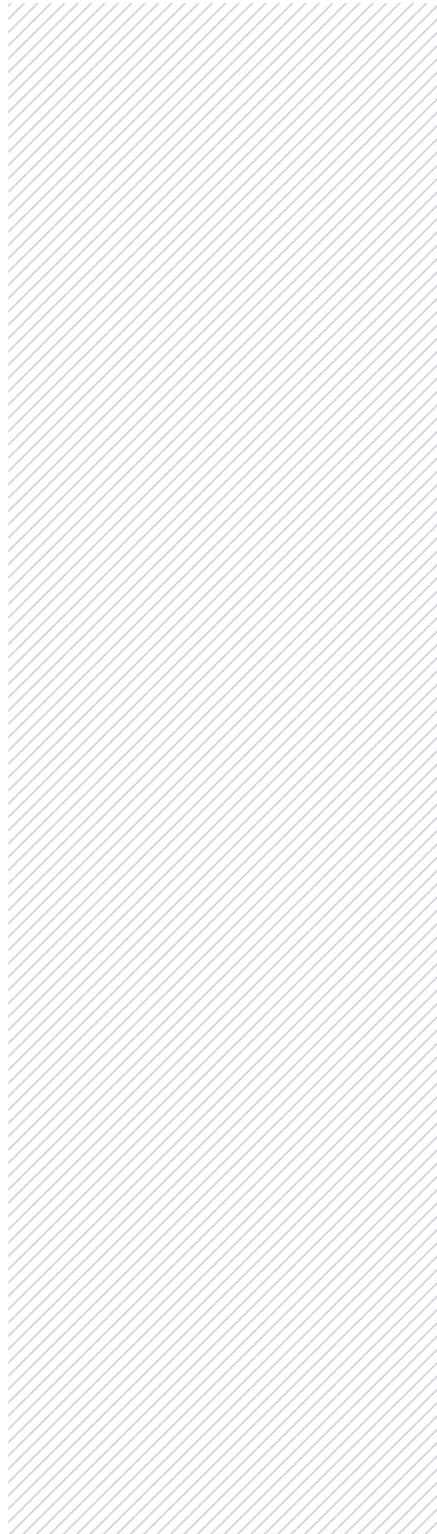
5. Consumer communication: Enabling informed choices

The industry has a key role to play in raising consumer awareness about their choices. Consumer habits and behaviours are fundamental to shifting industry business models from linear to circular as they ultimately decide on how to dispose of their garments. Consumers need to be incentivised to participate in industry efforts by having easily accessible take-back schemes, and they must be fully informed on the options available to them: reuse, repair, rental, as well as information about how they can recycle their garments. Many retailers have best practices to share as they have been operating in-shop take-back schemes with incentives for consumers to participate for several years. Others offer repair solutions or product rental possibilities. The Policy Hub seeks to foster cross-stakeholder collaboration within textile, apparel and footwear's global value chain and open dialogue with policy-makers to jointly drive forward a circular economy agenda that generates new and sustainable competitive advantages for Europe and brings benefits to society at large and to the planet.

- **A common and harmonised approach should be promoted at European level to communicate and educate consumers, e.g. a product environmental communication framework, to include:**
 - Green claim guidelines that set the rules on how to communicate information, including aspects of the product life-cycle (raw materials, production, use-phase and end-of-use);
 - Endorsement of the Higg Index;

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- The possibility of electronic communication solutions (such as electronic labelling) to communicate with consumers notably on the environmental impacts of products – all the more so in our digital age.
 - **To better promote reuse and rental, the European Commission should run pilot projects in several Member States to explore how retailers could work with consumers to promote these types of new business models.**

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About the Policy Hub

The Policy Hub is an initiative launched in May 2019 by the Sustainable Apparel Coalition, Federation of the European Sporting Goods Industry, Global Fashion Agenda and their members to develop and promote a unified European policy framework that accelerates the transition to a circular system for the apparel and footwear industry, incentivises environmental performance at all stages of products' lifecycle and stimulates innovation and new business models.

The Policy Hub seeks to foster cross-stakeholder collaboration within apparel and footwear's global value chain and open dialogue with policy-makers to jointly drive forward a circular economy agenda that generates new and sustainable competitive advantages for Europe and brings benefits to society at large and to the planet.

ANNEX I – Definitions

The following definitions are based on a mix of internationally agreed notions (EU, Ellen MacArthur Foundation, ISO) and wording proposals from across the Apparel and Footwear Industry for definitions where there is no pre-existing norm.

Circular Economy (Ellen MacArthur Foundation)

A circular economy is an economic system where products and services are traded in closed loops or ‘cycles’. A circular economy is characterised as an economy which is regenerative by design, with the aim to retain as much value as possible of products, parts and materials.

This means that the aim should be to create a system that allows for the long life, optimal reuse, refurbishment, remanufacturing and recycling of products and materials.

Duration of service

The duration of service, or lifetime, of apparel and textile products assessed is calculated according to the number of care cycles tolerated by the product and the frequency of the washes. The number of care cycles vary depending on product category, style, and fiber type.

End-of-waste status

Substance or object ceasing to be waste after a recovery operation (including recycling) if complying with specifically regulated criteria in accordance with the following conditions:

- is commonly used for specific purposes
- there is market or demand - fulfils the technical requirements for the specific purposes and meets the existing legislation and standards applicable to products
- its use does not lead to overall adverse environmental or human health impacts

Environmental footprint (Higg Index)

Harmonised methodology for the calculation of the environmental footprint of products (including carbon).

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EPR (Extended Producer Responsibility) (OECD)

An environmental policy approach in which a producer's responsibility for a product is extended to the post-consumer stage of a product's life-cycle.

European Waste Hierarchy

A priority order in waste prevention and management legislation and policy:

- prevention
- preparation for reuse
- recycling
- energy or other recovery
- disposal

Material quality (Higg Index)

The material quality is the outcome of quality tests run by companies. The results of these tests influence the duration of service of a product.

Prevention

Measures taken before a substance, material or product has become waste, that reduce:

- quantity of waste, including through the re-use of products or the extension of the life span of products
- adverse impacts of the generated waste on the environment and human health
- content of harmful substances in materials and products.

Recyclable

A product that can be processed and recycled within commercial recycling processes where the recycled material becomes a raw material that can be reintroduced in the production of new products.

Recycling (EU Definition)

Recycling means any recovery operation by which waste materials are reprocessed into products, materials or substances whether for the original or other purposes. It includes the reprocessing of organic material but does not include energy recovery and the reprocessing into materials that are to be used as fuels or for backfilling operations.

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Recycled material

Materials (fibers, yarns, fabrics) made from the recycling process of 'used products' and 'secondary materials' and are suitable for the production of new products, such as garments, instead of or alongside virgin raw materials.

Reuse

Any operation by which products or components that are not waste are used again for the same purpose for which they were conceived.

Secondary raw material (EU Parliament)

Recycled materials that can be used in manufacturing processes instead of or alongside virgin raw materials.

Sustainability (ISO Definition)

State of the global system, which includes environmental, social and economic subsystems, in which the needs of the present are met without compromising the ability of future generations to meet their own needs.

Waste

Any substance or object which the holder discards or intends or is required to discard.

Water consumption (Higg Index)

Volume of water used during the product consumer's use-phase. This phase includes the washing of garments, e.g. hand-washing, dry-cleaning, etc. during its lifetime.

Water use (Higg Index)

Volume of water used during the product's production.

Annex II – Players

The players in the textiles industry include:

- **Raw material producers:** Local or multinational companies producing the raw material for the textile value chain, either based on natural/botanic or synthetic raw materials via manufacturing processes.
- **Suppliers:** Fabric and yarn producers which create the textile materials which will form the basis of the garment.
- **(Garment) Manufacturers:** Both on a local (EU, or even country) scale and on a global scale (multinational companies), companies which transform the textile into garments which will be sold to consumers.
- **Retailers:** These include major (multinational) fashion brands as well as smaller, more boutique brands and specialised brands, such as active lifestyle and sportswear brands, which sell the garments to consumers.
- **Logistics:** Companies that are responsible for collection points and return/take-back procedures.
- **Recyclers:** Companies that are specialised in the sorting and transformation of waste, bringing secondary raw materials back into the loop.

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