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Unlocking manufacturers' innovative capacity is key to realising circular fashion, urges new report

International sustainability non-profit Forum for the Future calls on players across the fashion industry to collectively realise the huge untapped potential of manufacturers' innovative capacity to accelerate the sector's circular transformation.

8 September 2020 – With COVID-19 and the climate crisis threatening the fashion industry's dominant business model based on growth in production [1], circular models will need to be at the heart of the sector's radical transformation. In a new report, Forum for the Future and leading fashion manufacturers Cobalt Fashion (part of the Fung Group), Ramatex Group and Yee Chain International are today calling on brands, retailers and other stakeholders to step up efforts to include supply chain voices in the sector's drive to transform how fashion items are designed, made, sold and used.

The "*Making the leap to circular fashion*" report highlights that mass apparel and footwear manufacturers representing the core of today's high-production and low-cost fast-fashion system are uniquely placed to develop and implement innovative circular solutions at scale. By their position in the industry - making sourcing and supply decisions and creating products that retail in shops - manufacturers have enormous potential to shape the fashion sector up and down the supply chain.

However, the report argues that, while significant progress has been made on the fashion industry's environmental and social sustainability performance, initiatives continue to be driven by individual actors and a compliance-focused approach to manufacturing innovation. Given the level of dematerialisation and transformation required, it is unreasonable to assume that the industry can achieve these goals by continuing with business-as-usual.

The report calls on all actors across apparel supply chains to collectively leverage the existing trust, relationships and social capital in the industry, and lays out a three-step approach for brands and retailers to create the networks vital to ensuring long-term success:

1. **Streamlining engagement:** Evaluating points of interaction with supply chain partners that currently inhibit collaboration on circular economy initiatives.
2. **Partnering better:** Engaging supply chain partners at the problem-scoping and ideation stage, and investing in trusted, strategic long-term partnerships.



- 3. Making learning and innovation central to supply chain partnerships:** Considering how existing programmes can work to align their own teams and supply chain partners on common circular goals, and building capacity in that direction.

Further specific recommended actions are also included for research and innovation ecosystems, manufacturers, as well as for critical enablers of change such as investors, policy makers, non-profits and development organisations.

The report's insights are drawn from 'Circular Leap Asia' (CLA). Funded by Laudes Foundation, CLA is a programme focused on empowering fashion manufacturers in Asia to lead the adoption and scaling of circular solutions. Forum for the Future worked with three leading manufacturers focused on tackling the high-impact challenges of reducing microfibre shedding, building the reverse supply chain for clothing recycling, and reducing fabric material waste in the footwear supply chain.

Ariel Muller, Managing Director, Asia, Forum for the Future said, *"The apparel industry is facing significant social and environmental challenges, and it is clear that we need to shift to an equitable system where we produce less, use less resources and generate less waste. While we are seeing many brand-driven circular fashion initiatives coming to market, opportunities for creating an inclusive circular future with all supply chain actors are diminished if we miss out on the perspectives manufacturers can bring. Manufacturers have demonstrated unparalleled expertise in scaling production - it would be a smart, strategic move on the part of actors in the fashion ecosystem to help unlock their potential to lead on specific circular solutions."*

To help support manufacturers in taking a leading role, Forum for the Future is set to develop a 'Manufacturers' Guide to Circular Fashion' this Autumn, which will help industry stakeholders assess where manufacturers are on their circular journey, and the actions they can take to proactively drive the transition.

Roger Chan, Chief Operating Officer at Cobalt Fashion said, *"The Covid-19 crisis serves as a wake-up call for the fashion industry. Moving forward, circular and sustainable solutions will no longer be a "nice-to-have", they will become core to business survival. Being part of the Circular Leap Asia programme helped to accelerate our thinking around circular textiles, and move from a concept to prototype with identified partners. While the pandemic has hampered plans to get the reverse supply chain pilot up and running in 2020, the crisis has deepened our long-term commitment at Cobalt Fashion to develop circular knitwear solutions for our customers and the wider industry."*

Martin Su, Sustainability Manager at Yee Chain International, said, *"As a manufacturer deeply embedded in today's fashion supply chain, it can be challenging to imagine a world where business revenue is not driven by ever-increasing production volumes. Yet that is what we must do to move towards a truly circular future, and we need to work closely with ambitious brands and retailers to make this a reality. Programmes like Circular Leap Asia provide both inspiration and practical support for manufacturers who are keen to play our part."*

Priyanka Khanna, Lead - International Expansion, Fashion for Good, said, *"Now more than ever, it's important for the entire supply chain to come together and collaborate towards innovative solutions. It's equally important to support and recognise the critical role of manufacturers in*



implementing these solutions that have positive repercussions on the rest of the fashion ecosystem."

The programme identified a number of barriers currently holding the industry back from maximising manufacturers' full potential to innovate for circularity. These include: industry practices that prioritise volume, speed and cost, delivered by complex and fragmented supply chains, and distribute value unevenly across supply chain actors; manufacturers carrying significant risk for investments into circular solutions without guaranteed return; and a compliance-driven approach to ensuring supply chain sustainability.

The fashion industry is a highly polluting one, which by some estimates produces up to 10% of global carbon emissions, consumes 79 trillion litres of water and generates 92 million metric tons of waste every year [2]. Between 2000 and 2015, global clothing production nearly doubled while the number of times a garment is worn before it is thrown away declined by 36% [3].

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For more information, interviews, or comment, please email Ulrike Stein, Senior Communications and Marketing Manager at Forum for the Future, u.stein@forumforthefuture.org.

NOTES TO EDITORS

References:

[1] The Business of Fashion and McKinsey & Company estimate that revenues for the global fashion industry will contract by 27 to 30% in 2020 year-on-year. Source: "The State of Fashion 2020 – Coronavirus Update", available at <https://www.businessoffashion.com/articles/intelligence/the-state-of-fashion-2020-coronavirus-update-bof-mckinsey-report-release-download>

[2] Global Fashion Agenda and The Boston Consulting Group, Inc. (2017), Pulse of the Fashion Industry and Ellen MacArthur Foundation. (2017). "A New Textiles Economy: Redesigning Fashion's Future." [online] available at: https://www.ellenmacarthurfoundation.org/assets/downloads/publications/A-New-Textiles-Economy-Full-Report_Updated_1-12-17.pdf

[3] Ellen MacArthur Foundation. (2017). "A New Textiles Economy: Redesigning Fashion's Future." [online] available at: https://www.ellenmacarthurfoundation.org/assets/downloads/publications/A-New-Textiles-Economy-Full-Report_Updated_1-12-17.pdf.



About Circular Leap Asia

Major fashion brands are making commitments to advance circular fashion solutions, but there is a clear gap when it comes to executing potential solutions at scale. Supported by Laudes Foundation, Circular Leap Asia (CLA) is a two-year innovation programme to help upstream actors in fashion to explore how they might proactively offer circularity solutions to brands who are looking for solutions.

Helmed by international sustainability non-profit Forum for the Future, the programme has worked with three pioneering manufacturers to identify circular fashion pilot projects most relevant to the challenges they face in the business.

- Ramatex Group: Investigating opportunities to reduce apparel microfibre shedding via textile design & manufacturing innovation
- Yee Chain International: Addressing systemic fabric wastage caused by inefficient product development & purchasing practices
- Cobalt Fashion (Fung Group): Prototyping and testing reverse supply chain solutions to enable clothing-to-clothing recycling

Read the report and case studies here <https://www.forumforthefuture.org/circular-leap-asia>.

What is circular fashion?

Forum for the Future's definition of circular fashion is: "A fashion industry based on circular models is one in which waste and pollution are designed out from all stages of the life cycle of the product, products and materials are kept at their highest value during use, and where natural systems are regenerated. A circular model also ensures sustainable production: that the 'take' and 'make' elements of the value chain are sustainable and renewable. These are the principles and goals that would underpin its core business models."

What is sustainability?

Forum for the Future's definition of sustainability is: "Sustainability is a dynamic process which enables all people to realise their potential and to improve their quality of life in ways that simultaneously protect and enhance the Earth's life support system."

About Forum for the Future

Forum for the Future is a leading international sustainability non-profit with offices in London, New York, Singapore and Mumbai. We specialise in addressing critical global challenges by catalysing change in key systems. For over 20 years, we've been working in partnership with business, governments and civil society to accelerate the shift toward a sustainable future. Together we are reinventing the way the world works.

Find out more at www.forumforthefuture.org or by following [@Forum4theFuture](https://twitter.com/Forum4theFuture) on Twitter.



About Laudes Foundation

Laudes Foundation is an independent foundation joining the growing movement to accelerate the transition to a just and regenerative economy. Responding to the dual crises of climate breakdown and inequality, Laudes supports brave action that will inspire and challenge industry to harness its power for good.

Part of the Brenninkmeijer family enterprise and learning from six generations of entrepreneurship and philanthropy, Laudes Foundation advances the work of C&A Foundation to work collaboratively and persistently to both influence capital and transform industry, starting with the built environment and fashion industries.