



Photo by Gonzalo Temes Castrillon  
Kearney, Madrid

# **The Kearney CFX 2022 report: are fashion brands ramping up their circularity game?**

**KEARNEY**

## As the saying goes, it takes a village—in this case a global village—to save the environment.

After the energy industry, [the fashion industry is the world's second largest commercial polluter](#). The challenge of creating a sustainable, clean environment is so large no single industry can solve it by itself, no matter how well intentioned or successful any single initiative or set of initiatives may be.

Consumers have to be willing to support brands that credibly reduce their environmental impact and punish brands that don't. The same is also true for retailers and regulators. The United Nations-backed Fashion Industry Charter for Climate Action—which recently released updated science-based emission reduction targets—provides one example of how this shared-interest model might work.

During last November's COP 26 meeting companies increased their mid- and long-term goals, committing to halve emissions by 2030 and pledging to reach net-zero emissions no later than 2050. The updated charter set other ambitious targets including sourcing 100 percent of electricity from renewable sources by 2030, sourcing environmentally friendly raw materials, and phasing out coal from the supply chain by 2030. Collectively, the 130 companies and 41 supporting organizations that are signatories of the fashion charter represent a significant proportion of the industry.

To be effective, enforcement of global regulations and laws for circular materials, business models, and production processes must incentivize every link in the fashion value chain including the consumer.

The European Commission, which is building a comprehensive EU Strategy for Textiles, just announced plans to put an end to fast fashion as we know it by 2030. The EU's executive arm has proposed eco-design rules calling for mandatory minimum use of recycled fibers by 2030 and seeking to contain the release of microplastics. The EU also wants to adopt new rules similar to French regulations that went into effect this year banning the destruction of many unsold products.

In America, at the state level, the New York Fashion Sustainability and Social Accountability Act ("Fashion Act") and The California Transparency in Supply Chains Act call for changes in the social and environmental aspects of garment production, requiring mandatory audits and proof of manufacturer engagement in improving social and environmental impacts. In large garment-producing countries such as China or India, their "light" regulations are focusing on the control of environmental damages such as water pollution.

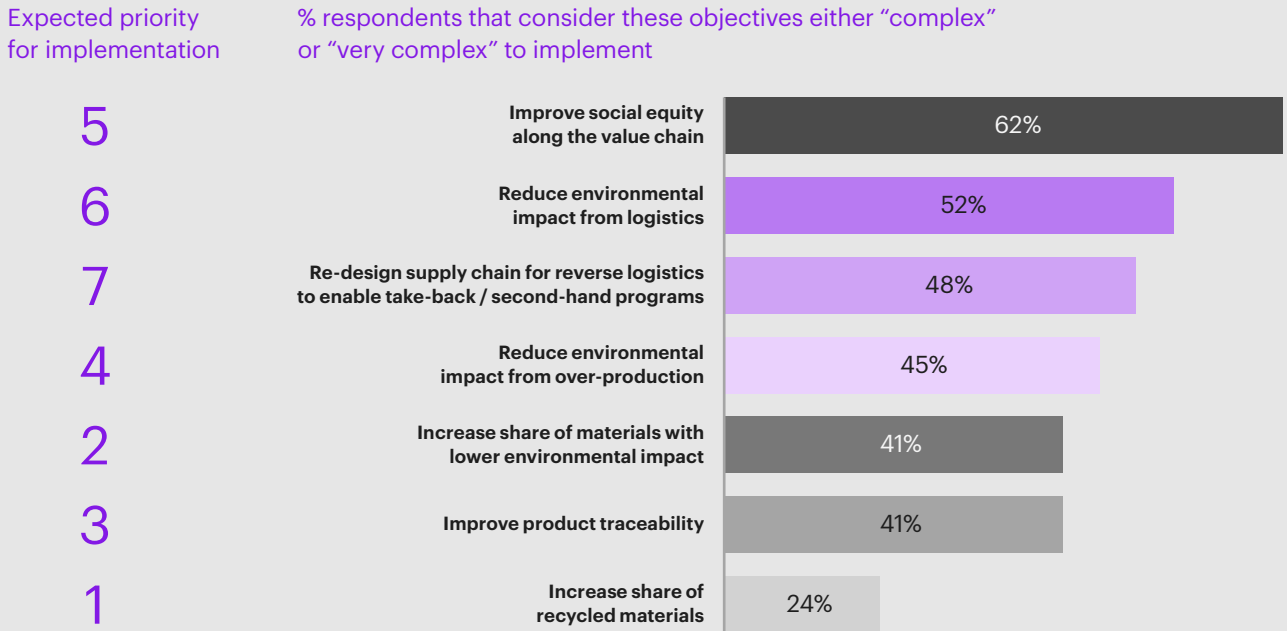
More and broader regulations are needed to make fashion brands, suppliers, and all players in the value chain accountable for global pollution. Addressing these challenges and commitments at a regional level, or by discrete supply chain sector elements, does not and will not solve the problem. All industry efforts must be aligned and harmonized across geographies, or we will just keep shifting problems from one corner of the world to another.

While fashion brand executives obviously cannot save the environment by themselves, there is much more they can—and should—be doing, starting with considering sustainability at every stage of the value chain.

**All industry efforts must be aligned across geographies, or we will just keep shifting problems from one corner of the world to another.**

Figure 1

**Fashion luxury brands’ plans include increasing the share of recycled and eco-friendly materials**



Source: Kearney analysis

A recent survey from Kearney of 30 executives from fashion brands shows the perceived level of complexity per sustainability objective and points at actions they plan to implement first, starting from increasing the share of recycled and eco-friendly materials to improving product traceability and reducing impact from over-production thanks to better planning and allocation capabilities (see figure 1).

Since circularity is crucial to reducing fashion’s environmental impact, the industry also needs to educate and incentivize consumers to buy fewer clothes in the first place and keep them for longer.

Two years ago, Kearney introduced the **Circular Fashion Index (CFX)** to measure fashion brands’ efforts to extend the life cycle of their clothes. The results were sobering. With a median score of just **1.6 out of 10 across** all examined brands only a few brands showed credible efforts to reduce their environmental impact.

Both industry and consumer awareness and activity have increased since 2020, resulting in a heightened awareness of the role fashion plays—or doesn’t play—in creating a more sustainable environment. Google searches for sustainable fashion are up by 350 percent.<sup>1</sup> Secondhand platforms are experiencing double-digit growth. And last year H&M posted more than 100 times on its official social media accounts on a variety of issues including water and CO<sub>2</sub> reduction, circularity, and biodegradability.<sup>2</sup>

But there is much more the industry can—and should—be doing in terms of promoting sustainability. Every fashion brand should try to become like the front-runners—Patagonia, Levi’s, and The North Face. That would have tremendous environmental benefits, but it would also require brands to be serious about reforming their policies. As a whole—and with clear shining examples to the opposite—when it comes to the industry’s efforts to date to mitigate its negative impact on the environment there is little practical distinction between circular fashion and just running around in circles.

<sup>1</sup> Google searches for Jan 2020 to December 2021

<sup>2</sup> H&M official LinkedIn, Twitter, Facebook, and Instagram account in 2021

Figure 2

**Circular Fashion Index sample overview**



Source: Kearney analysis

## The Circular Fashion Index: two years later

The 2022 CFX expanded the scope of our previous studies. We assessed 150 global brands representing 20 countries and six categories: sports and outdoor, underwear and lingerie, luxury, premium/affordable luxury, mass market, and fast fashion (see figure 2).<sup>3,4</sup>

A company's circularity performance is scored based on seven dimensions that affect the garments' longevity. These dimensions include two perspectives: the primary market (affecting new product sales to consumers) and the secondary market (such as the secondhand market or recycling). We've weighted the scores for each dimension, giving the most weight to secondhand sales, rental services, and reuse of returned clothes as raw material or for donations. Next, we've combined these scores to give us an overall score between 1 and 10, with 1 representing the lowest score and 10 the highest (see figure 3 on page 4).

## The Circular Fashion Index 2022 results

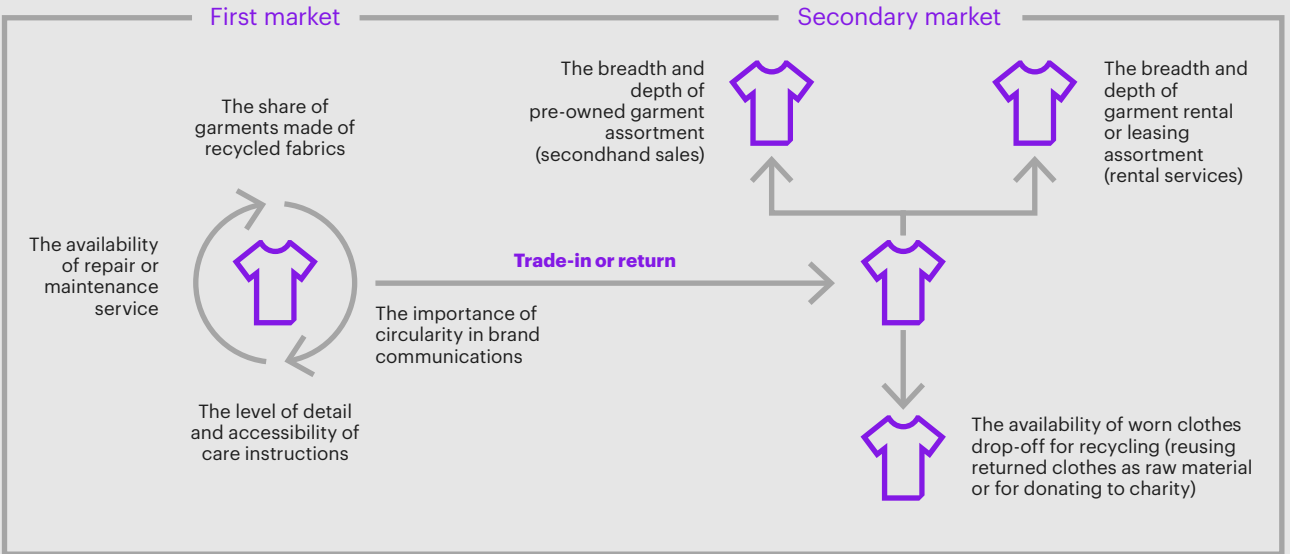
Regrettably, the fashion industry still scores poorly overall (see figure 4 on page 4). This year's average CFX score across all fashion brands is just 2.97 out of 10. Only 7 percent use recycled materials to any credible extent; 54 percent use recycled materials for a few selected items or a few product features, but 39 percent use no recycled materials whatsoever. While communication and promotion of circularity efforts are the easiest and fastest measures to implement, 44 percent of brands don't do it at all, and 40 percent settle for giving the minimum amount of care instructions required by law.

<sup>3</sup> Between October and November 2021

<sup>4</sup> 150 fashion brands; thereof 91 new in 2022 and 59 which were also already assessed in 2020

Figure 3

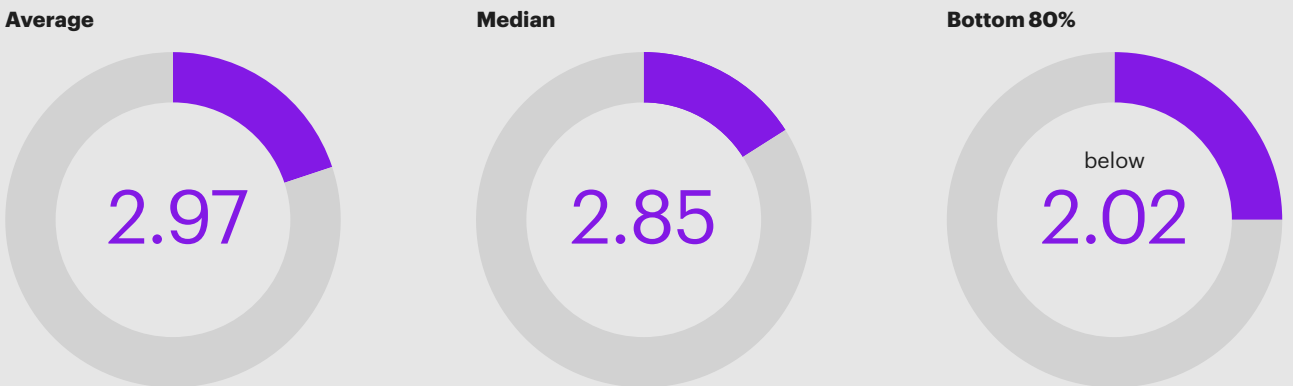
**The Circular Fashion Index measures fashion brands' efforts to extend the life cycle of their products based on seven dimensions**



Source: Kearney analysis

Figure 4

**The fashion industry scores poorly overall in the Circular Fashion Index**



Source: Kearney analysis



The results are even worse for circular actions requiring higher commitment. Only 5 percent (mostly luxury brands) offer extensive repair services, 5 percent secondhand sales, and just 2 percent rent or lease services. Eight percent of brands offer extensive drop-off possibilities so that clothes can at least be used as raw materials or donated (see figure 5).

### Top performers

As in our previous ranking, Patagonia, Levi’s, and The North Face were the top CFX performers with scores of 8.50, 8.20, and 8.05, respectively (see figure 6 on page 6). The clear leaders in prolonging the longevity of their clothes, these three firms all see circularity as a strategic imperative rather than a margin sacrifice on the altar of green marketing. All three companies improved their score vs. 2020.

Patagonia’s improved score reflects a new equipment rental program with the gear-renting platform Awayco and its use of an even higher share of recycled fabrics. Levi’s improved its score largely through new rentals: it launched a rental-only capsule collection of up-cycled denim made with vintage jeans under the Ganni brand. The North Face was able to slightly improve its share of recycled fabrics. Unlike Patagonia and Levi’s, The North Face hasn’t yet engaged in rental services, which currently are only available via third-party websites. Several fashion leaders have showed strong improvements.

These companies are a tremendous example of “good growth” as they pair “sustainability in action” with excellent financial performance (see figure 7 on page 6). Patagonia’s mission statement is “We’re in business to save our home planet”—and our ranking confirms this commitment.

Figure 5

### The fashion industry scores particularly low for actions requiring higher commitment

	Extensive (10–8)	Moderate (7–3)	Limited (2–1)
The share of garments made of recycled fabrics	7%	54%	39%
The importance of circularity in brand communications	10%	46%	44%
The level of detail and accessibility of care instructions	9%	51%	40%
The availability of repair or maintenance service	5%	16%	79%
The breadth and depth of pre-owned garment assortment	5%	15%	80%
The breadth and depth of garment rental or leasing assortment	2%	10%	88%
The availability of worn clothes drop-off for recycling	8%	31%	61%

Source: Kearney analysis

Figure 6  
**Circular Fashion Index  
 ranking 2022**

Rank 2022	Rank 2020	Brand name
1	1	Patagonia
2	3	Levi's
3	2	The North Face
4	8	Esprit
5	17	OVS
6	15	Gucci
7	16	Gant
8	-	Coach
9	-	Lululemon Athletica
10	4	Lindex

Source: Kearney analysis

Figure 7  
**CFX 2022 selected best practices**

<p><b>1</b></p> <p><b>Recycled materials</b></p> <p><b>Patagonia</b>            Uses high share of recycled materials (for example, 36% of cotton or 90% of nylon)</p>	<p><b>2</b></p> <p><b>Promotion and communication</b></p> <p><b>The North Face</b>            Sustainability and circularity are the core of The North Face's brand communication across all channels</p>	<p><b>3</b></p> <p><b>Care instructions</b></p> <p><b>Esprit</b>            Provides detailed, material-specific instructions aimed at extending garment life cycle via its Esprit Care Guideline</p>
<p><b>4</b></p> <p><b>Repair/maintenance service</b></p> <p><b>Levi's</b>            Extends the life of its denim via its Levi's Tailor Shops and DIY content</p>	<p><b>5</b></p> <p><b>Pre-owned assortment</b></p> <p><b>The North Face</b>            Offers extensive pre-owned assortment via The North Face Renewed web shop</p>	<p><b>6</b></p> <p><b>Rental/leasing models</b></p> <p><b>TWINSET</b>            Launched PLEASEDONTBUY program to provide exclusive rental dresses</p>
		<p><b>7</b></p> <p><b>Drop-off for reuse/charity</b></p> <p><b>Gucci</b>            Launched multiple upcycling programs such as Gucci ECONYL® Pre Consumer Fabric Take Back and Gucci-Up</p>

Source: Kearney analysis

## Strongest improvements

OVS, which ranked in the top quartile in 2020 moved up further into fifth position in 2022. OVS increased its share of recycled fabrics from 65 percent of the 2020 collection made with reduced-impact materials to an ambition of 90 percent by 2025, improved care instructions, improved repair available in some stores with plans to activate more, donated pre-owned clothes to charity, and extended drop-off points for customers.

Gucci, which also made 2020's top quartile, moved up to 6th this year. The brand intensified efforts with the Gucci Equilibrium and Off the Grid collections. The company also improved promotion and communication around product longevity and circularity, and plans to increase product longevity at its Gucci Equilibrium website.

It showed its highest improvement in "used as raw material" thanks to the Gucci-ECONYL® Pre Consumer Fabric Take Back Program. Leather scraps from the collection are also recovered and upcycled as part of the Gucci-Up program.

Louis Vuitton moved to the top quartile in 2022 from the third quartile in 2020 by improving the share of recycled fabrics used across its brands, including LVMH's Cedre platform to recycle old and unsold material, the Be Mindful collection, Upcycled Virgil Abloh LV sneakers, and the LV upcycling logo which indicates the use of recycled polyester. The strongest improvement came in the area of care instructions with very thorough care instructions for all product categories and different materials and care instructions available on the website for all products.

Some new entries to the CFX also posted impressive results.

## Top three highest new joiners

The highest three newcomers tracked on the CFX 2022 ranking were luxury brand Coach (#8), athletics brand Lululemon (#9), and the outdoor brand Columbia which made it to the top quartile.

Eighth-ranked Coach's messaging for its leather products emphasizes longevity, wearing in the product, and using modifications and repairs as a point of differentiation. Extensive care information is available on the website with breakdowns for each material offering. Repair services are available at all Coach stores and the factory. Recrafted and used product offerings are prominently highlighted on Coach's website.

Lululemon Athletica's sustainability page features specific, measurable goals to be achieved by 2025—for example, at least 75 percent of polyester will be recycled content, 100 percent of cotton will be from a responsible platform by 2025, and so on. Through internal initiatives and partnerships, more than 90 percent of damaged and excess products are resold, donated, recycled, or used as home insulation, stuffing for mattresses, furniture, and so on. The brand's trade-in program allows customers to get an e-gift card for old products.

**Coach's messaging for its leather products emphasizes longevity, wearing in the product, and using modifications and repairs as a point of differentiation.**



# Circularity mirrors geography, underscoring the impact of nation-state regulations and legislation.

Columbia provides extensive product care instructions. In collaboration with I: CO, it's ReThreads program allows consumers to drop off old products, which are sold as secondhand or, if unwearable, used for new fabrics and insulation.

Circularity mirrors geography, underscoring the impact of nation-state regulations and legislation (see figure 8).

The majority of the 150 brands tracked (75 percent) came from Germany, France, Italy, and the US.

Although France has no brands in the top 10, it enjoyed the highest CFX score—followed by Italy—by dominating the top 20 and 30 with 10 brands respectively.

Italy has two brands (OVS and Gucci) in the top 10, with the remaining Italian brands equally split by quartile.

The US comes in third thanks to Patagonia, Levi's, and The North Face—the three top CFX performers.

Figure 8  
**Although the United States is home to the top three CFX performers, a number of poor-performing brands bring its score down**

	France	Italy	Germany	United States	Others
<b>Brands (#)</b>	22	14	17	60	37
<b>Average (1-10)</b>	3.65	2.95	2.63	2.95	2.75

Source: Kearney analysis

Germany's Esprit ranks fourth, adidas made it in the top quartile, and Hugo Boss landed in the second quartile. However, the country is also home to some poorly performing brands that drag its overall score lower than France, Italy, or the US.

Of the remaining 16 countries (with 37 brands in scope), Sweden scored best with 4.92, followed by Canada (3.43) and the UK (3.33).







The scores all vary significantly by fashion category (see figure 9).

Luxury and premium brands have the highest scores due to their extensive care instructions and repair services that a demanding clientele expect based on the price premium. Fast fashion and underwear/lingerie have the lowest scores due to the nature of their business model. Secondhand or rental services are harder to introduce in those segments.

**Luxury and premium brands have the highest scores due to their extensive care instructions and repair services that a demanding clientele expect.**

Figure 9

**As expected, luxury and premium brands score the highest**

	Luxury	Premium / affordable luxury	Mass market	Sports / outdoor	Fast fashion	Underwear / lingerie
<b>Brands (#)</b>	17	25	49	24	27	8
<b>Average (1-10)</b>	3.52	3.11	2.89	3.29	2.52	2.33
						

Source: Kearney analysis

## Conclusion

We started this report by saying that it takes a village—a global village—to save the environment and that the challenge of creating a sustainable, clean environment is so large no single industry can solve it by itself, and that is true. But, as CFX 2022 shows, there is a lot more the fashion industry could be doing. Producing significantly fewer clothing articles and at the same time extending the lifetime of their clothing by enabling consumers to wear them longer is the most effective way to reduce the industry’s environmental impact.

But before that can happen, fashion brands must acknowledge, understand, and own their environmental impact from one end of the value chain to the other, including manufacturing, distribution, and retail partners. Only then will they be in position to prioritize initiatives with the biggest impact.

Communication is also crucial. Fashion brands need to communicate how consumers can shop and dress in more sustainable ways. Above all, they need to stop pressuring consumers to buy the latest trends to always look “en vogue”—vintage clothes could do that too!

Designers need to account for circularity in their process. Clothes should be more durable and styles more timeless making it easier for consumers to wear them longer. Manufacturing incorporating monofibers and other innovative materials that are easier to recycle would also make another huge difference. Brands also need to invest in repair services and, beyond that, get serious about secondhand and rental services. For more on this, read our previous study, [Think twice: why fashion brands should embrace the secondhand opportunity](#).

Regulators and lawmakers can help the industry transition to more sustainable practices by setting and enforcing global standards and guidelines—for example, on value chain traceability or minimum garment lifetime. Regulators can also help establish the required infrastructure such as take-back programs; support R&D investments in areas from new fiber development to recycling technology; encourage sustainable behavior through tax incentives for sustainable fashion brands; and prohibit unsustainable practices such as the burning of unsold inventory.

The hurdles to fashion industry sustainability are significant, but they can be overcome if—and only if—every link in the global fashion supply chain from raw material suppliers right down to the consumer agrees to agree that our planet is worth saving.

**Fashion brands must acknowledge, understand, and own their environmental impact from one end of the value chain to the other.**

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# Appendix

Interview with Marie-Claire Daveu, chief sustainability and institutional affairs officer, Kering, on sustainable fashion and the circularity ecosystem

## What is the role of fashion brands in making the industry more sustainable?

Sustainability is not an option, but a necessity for the fashion industry. We need to address climate change, protect biodiversity, and solve raw materials scarcity. All fashion brands must put sustainability at the heart of their strategy, but for luxury brands sustainability is a particular duty, because luxury is always there to set trends and directions and has to offer perfect products, on all aspects. Of course, brands cannot solve all these complex issues individually, but must collaborate to set targets and share solutions. For example, this is the idea behind the “Fashion Pact” which can now count on close to 250 brands, representing 35 percent of the global fashion industry by volume. At Kering, for many years, when we implement solutions for sustainability challenges, we open source them to the industry. This should also help smaller companies which cannot invest in developing solutions alone—still they need to take responsibility and act.

## What are the most important targets and actions to improve sustainability across the value chain?

The most important target is traceability. If you don't have full traceability, you won't be able to implement the main actions on raw materials, social equity, farming practices, etc. The second most important target is to increase the use of recycled/eco-friendly materials while preserving the high-quality standards we are used to in the luxury industry. Animal welfare is also becoming more and more important, for example for materials like leather, wool, and cashmere. We prefer upcycling over recycling and at Kering we are working on this, for example by collaborating with not-for-profit organization La Réserve des Arts in Paris and now in Milan. Last, but not least, it is important to move in the direction of producing only what you will sell. To this end, at Kering we are piloting artificial intelligence applications for planning. Destroying unsold items is no longer an option.



**Marie-Claire Daveu**  
Chief sustainability and  
institutional affairs officer, Kering

## How important is the rest of the fashion ecosystem? What roles for regulators, consumers, employees, investors, etc.?

Having regulations at different steps of the value chain is very important. To change the paradigm, we need both the commitment from companies and regulation (for example, on traceability for leather). Regulations must be harmonized all over the world to avoid shifting problems across geographies. Clients of luxury products are more and more young—Gen Z and Millennials—and more and more concerned by sustainability issues and animal welfare, increasingly asking questions about these aspects and requiring excellence. As a company, if you want to attract the best employees, it is vital to show that you are proactively addressing social and environmental issues. Finally, the investor world puts more and more importance on ESG aspects; this is becoming an important trigger going forward.

## What is the role of circularity within the broader sustainability context?

Circularity is key, because extending the life cycle of fashion items and materials plays a big part in solving the sustainability equation. However, making circularity happen requires rethinking the whole business and operating model: scale and speed are the name of the game here! For example, at Kering we made a few disruptive moves on circularity in recent years. We invested in the second-hand platform Vestiaire Collective and in the textile technologies company Worn Again. We are also setting up local teams to repair and extend the life cycle of products without flying them all over the world. Consumers also have a key role to play and must be engaged and educated. What they buy, how often, and where they buy are all crucial aspects to make circularity a success.

## Interview with Andy Ruben, CEO and founder, Trove, on making secondhand possible

### **What is your recommerce platform? How is that different?**

Supply is the most strategic area of this whole space and probably the least understood by the people who will read this report. The supply is coming from us. We talk about our “beloved” brands, but it’s the brands that are forming the resale channel. From a resale market perspective, for example, consumers prefer Tom Ford more than Old Navy.

We hear from executives who want to work with ThredUp because they currently sell online and through Nordstrom, but it’s not a channel. It is a marriage of convenience for marketing’s sake. The reason that’s no longer valid is that they no longer control the supply. We don’t talk about growth with partners. We talk about supply. Almost all of them are supply constrained. They know they will sell everything they can get.

The entire industry is about the behavior and ease in getting supply out of closets. Right now, with Patagonia, you can return it to Patagonia, REI, and Nordstrom and it comes to Trove.

### **What roles should brands play?**

As I said, this is a marriage of convenience. The better the Real Real does, the better the brands do. Brands have to be able to speak for themselves and take control of their narrative. They are lulled to sleep in working with companies such as ThredUp because they think it will be so easy. These platforms are letting consumers define how the brand is represented on their sites. We believe when a brand takes this route their brand equity goes down because the resellers are not expanding the brand. If you do the resale market well, you are expanding what the brand is: consumers that already love the brand have a new way to engage. Brands have got to run the table here.



**Andy Ruben**  
CEO and founder, Trove

### **Let’s talk about sustainability.**

Brands want to figure out a new way to approach sustainability. Brands are sadly mistaken if they think they are going to market their way to sustainability. Customers expect innovation and they expect it as a change in their business model. Consumers doing used clothing exchanges for a gift card don’t work anymore because they know most of that gets burned or buried. That is different for Trove. We provide the CO<sub>2</sub> equivalent for every item donated for our partners, so it’s clear to them and their consumers what impact they are making.

### **Why would a company want to partner with a platform rather than do this themselves?**

What are you going to do if you are a luxury brand, when your brand is being sold on Amazon, Alibaba, or Walmart? We just did a pilot with a company where they had an 8 percent fake rate before Trove. Having that control and authenticity is critical. But besides that, the biggest reason brands aren’t doing this right now is because it falls to the next tier of priorities all the time.

There is always something more pressing. Part of this is they have to have the capability to bring in single SKUs, which are very challenging operationally. The current technologies for warehousing are not set up for single SKU operations. We do this for brands. We are reverse creating digital catalogs for them, and we collect stories on every product that comes in. In addition to this, pricing is so important, and having a partner for this makes a big difference. You need to understand the economics of every single SKU. Need to know the margin of it. What does customer acquisition look like? What is the LTV increase like for the brand when they bring something in? All of this is not a small effort to build and manage [by] yourself.



Interview with Marieke Akerboom, project lead, EigenDraads, on textile recycling

## Can you briefly introduce your company, EigenDraads?

We are an initiative, based in Rotterdam, the Netherlands, and specialize in end-of-use textiles. We work with governments, businesses, and initiatives along the value chain, mostly the post-consumer side. We focus on the area of Rotterdam, as it is the hub for professional textile sorters in the Netherlands. Our aim is to help valorize textiles in the region.

## How has the textile recycling industry developed over the past five years?

Mechanical recycling has existed for years. Chemical recycling, however, is a completely new technology that emerged over the last years. It is still in its infancy. There are numerous firms out there, but only a few of them managed to transition from pilots to a real demonstration facility. Even rarer are companies, such as Renewcell from Sweden, that have made the step to chemically recycle textiles at an industrial scale (for example, 50 to 100k tons of textiles a year). The industry overall is at least another three to five years away from chemical recycling at scale, as the technology is still developing. Most textiles are a mix of different fabrics and colors. Dealing with those impurities is one of greatest challenges in chemical recycling.

**We expect that there will be a shortage [of recycled fiber-to-fiber fabrics] for at least another decade.**



**Marieke Akerboom**  
Project lead, EigenDraads

## What major challenges is the industry currently facing?

From a manufacturing perspective there is a shortage of recycled fiber-to-fiber fabrics. Brands want to use them to showcase their sustainable efforts. Recycled PET currently goes at a much higher price than virgin PET mainly because of the scarcity but also because of the effort it requires to get a recycled material to industry processing standards. You cannot just throw your old dress into a recycling process and expect that the PET pallets that come out are good enough. The requirements for fiber spinners are very high. The fiber cannot break and should have no color, so that you can dye it afterward. There is a massive requirement list. We expect that there will be a shortage for at least another decade.

## What can fashion brands do to support textile recycling?

Brands can account for recyclability in their clothing design. The more monofibers are used, the easier to recycle an item at a later stage. However, there are limits due to consumer acceptance. Look, feel, and functionality, especially for sports or outdoor clothing, are still paramount. But it doesn't end there. Brands can also help with the collection of post-consumer textiles. They can leverage their stores as collection points to make the drop off for consumers easier. The remaining steps of the value chain can be outsourced to local sorters. Fashion brands can also directly invest into textile recycling. H&M's CO:LAB is quite active in that space. They have seed funded a dozen initiatives that may otherwise not have come this far today. Lastly, the brands could make their customers more aware about the environmental impact of their clothes and encourage them to reduce, reuse, and recycle.

## **What can governments do to support textile recycling?**

Thanks to the new EU directive that will come into force in 2025, each waste stream will need to be collected separately. For textiles, that means that collection points will become mandatory. Some EU countries such as the Netherlands or Germany already have them, but it will be new in especially Eastern Europe where textile recycling is not as common. As a consequence, sorters will get much more volume and here is where governments can support. Sorters will need to invest to cope with that higher volume. Also, their business case will erode as low-quality volumes will drive their prices down. To effectively support circularity, governments should subsidize sorters via for instance one-off capital investment subsidies and a per kilo contribution via for instance an extended producer responsibility scheme, as collectors and sorters play a critical part in the textile recycling value chain.

## **What is your outlook for the textile recycling industry over the next five years?**

The textile recycling industry will experience high growth. The industry will overcome some of the technological challenges and be able to deal with a higher share of impurities. We will see more companies able to produce at industrial scale. For the near term there will be no shortage of textile feedstock for recyclers at scale. However, it will be interesting to see how demand and supply of recycled fabrics will develop thereafter—hence the need for a well-organized collection and sorting infrastructure to guarantee the feedstock supply.

**To effectively support circularity, governments should subsidize [collectors and] sorters, as collectors and sorters play a critical part in the textile recycling value chain.**

## Interview with Karla Magruder, founder, Accelerating Circularity, on why circularity has to be a system

### **Please describe your organization and your role in it.**

I have been in the industry for 40+ years and worked in many different areas within apparel. I founded Accelerating Circularity as I saw a gap in people's understanding of what circularity is. For example, just because a product is recycled doesn't mean it's circular. Just because it's recycled doesn't mean it's recyclable. I had a lot of contacts within the industry, so with Accelerating Circularity we created a textile working group where brands, recyclers, and collector sorters all work together. The whole idea behind it is a steering committee that represents a big chunk of what would be a circular system.

### **What is a circular system?**

This has to be a business model where companies work together. One company can't go at it alone. It has to be a system to be effective. We work with cotton and polyester, and right there we have about 80 percent of all fibers. We have to leverage both chemical and mechanical methods. We need to use everything in our arsenal. You can't just use any one segment. You can't birth just an arm or a leg. You have to birth it all at the same time. Certainly there is a gestation period, but when it comes time to birth it, it all has to come together.

### **OK, so how do we do it?**

The kinds of things that need to happen aren't that sexy. We need to collect the feedstocks to create the feedstocks for the new technologies. We developed a textiles use case hierarchy that we work from: Reduce, Reuse domestic, Reuse international, Recycle - Mechanical, Recycle - Chemical, Wipers, Shoddy, Landfill, and Incineration. Wipers is a better business case than Shoddy because the collectors make more money. We are trying to work with mechanical recyclers, ahead of chemical recyclers. There are all kinds of challenges, for example, there aren't enough plastic bottles anymore, because the bottlers have figured out how to recycle themselves. Bottlers will pay more money and make more consistent commitments. It's also really hard to do any recycling of anything with an animal content in it. In general, only about 50 percent of materials have visible line of sight to what might be able to be recycled.



**Karla Magruder**  
Founder, Accelerating Circularity

### **What role do consumers play in accelerating circularity?**

We need to educate the consumer that even if something is ripped or stained, they shouldn't put it in the garbage bin. Today we are mostly getting recycling feedstocks from secondhand collectors, and not from landfill and incineration, but that's where we need to in order to build the feedstocks.

### **What advice would you have for companies that want to increase circularity?**

Join one of the projects that are out there. They can't do it themselves. You have to be involved with some sort of consortium. Some companies think they need to own the IP, but they really don't. The parts of the system that need to be connected but aren't need to start talking. For example, designers should be talking to recyclers about what can be done. The other thing is, brands all want this to be cost neutral. It's laughable. For years and years, we have talked about the triple bottom line. We nod to the social and environmental efforts but focus on the dollars part. I'd also call out the need for regionality to this. If you think about where the feedstocks are, in the US and Europe, we need to understand how we marry up the system from collection through finished product. We need to open up our minds more and do some trials at scale.

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