

## Recap of Round Table: Recycled Textiles - Technical Barriers to Scaling Adoption

Date: 21.05.24

### Objective:

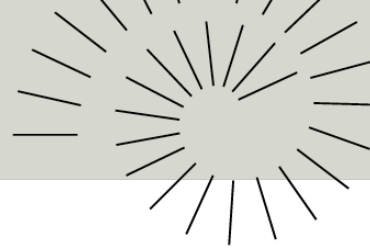
Industry stakeholders were invited to discuss the barriers influencing recycled material quality, such as collecting, sorting, and processing of textile waste feedstocks. Limitations from a brand perspective in integrating recycled materials into their products were also addressed, such as cost, quality, and availability to together explore actionable strategies to address them.

### Background:

- **Material Quality as a Barrier** - The quality of recycled materials is a significant barrier to their adoption by brands, hindering the rapid scale-up of circular textile systems.
- **Bangladesh's Role in Textile Industry** - The textile industry is crucial to Bangladesh's economy, contributing 84% of export revenue and providing significant employment. Efforts are underway to improve circularity in this sector such as through the Global Fashion Agenda's Circular Fashion Partnership programme and BESTSELLER's Switch to Upstream Circularity pilot.
- **Legislative Support in the EU** - New regulations, such as the Ecodesign for Sustainable Products Regulation and Waste Framework Directive, aim to improve material quality and recyclability, enhancing the potential for circular textile systems.
- **Economic and Environmental Benefits** - Scaling textile recycling capacity globally, including in Bangladesh, can reduce raw material needs and environmental impacts, with the potential to save \$750 million annually by recycling cotton waste domestically. However, recyclers need a consistent supply of feedstock and brand support to overcome the quality barrier.

### BESTSELLER – SWITCH to Upstream Circularity Bangladesh Pilot

- **Aim:** To scale traceable textile recycling with BESTSELLER's suppliers in Bangladesh, to capture and valorise high volumes of post-industrial textile waste through a circular system that brings greater value to BESTSELLER's local manufacturers.
- **Project objectives:**
  - Research scaled (domestic) diversity of recycling solutions.
  - Develop strong business cases in collaboration with select manufacturers to strengthen the waste collection and recycling business case.
  - Achieve an industry-wide acknowledgement of circular system opportunities (for/with) manufacturers through its cross-sectoral collaborations.
- **Project status:** 100+ manufacturers surveys, 13 BESTSELLER factories onboarded, 9 BESTSELLER factories actively segregating, 2000+ tonnes of post-industrial waste segregated, 1800+ tonnes of post-industrial waste shipped, 500+ tonnes of waste traced to recycling. Primarily working with 100% cotton, cotton-poly blend (no elastane), other blend textile, and cotton-elastane blend.



## Reverse Resources Platform Bangladesh Results – Nin Castle, Co-Founder, Reverse Resources

- 204 suppliers registered on the platform, 77 active facilities
- 19,720 tonnes of cutting waste registered from 2021
- 7,667 tonnes of waste sent to T2T Recyclers Globally from 2021
- 26 recyclers receive waste from BD, globally
- 19 waste handlers involved
- Now working with all waste stream fibre types. While we don't necessarily have the solutions for all fibre types, it is important to begin collecting waste data on all waste streams to identify where solutions are most needed.
- RR are now working with both mechanical and chemical recyclers.

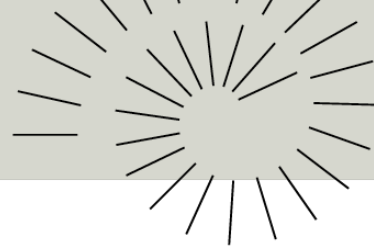
### Meeting notes:

## Overview of Technical Challenges in Scaling Adoption of Recycled Textiles – Alexander Granberg – Senior Project specialist – BESTSELLER A/S

### Pillar 1 - Feedstock

#### *Access to good quality waste*

- Level of segregation is currently low. Must encourage scaled waste segregation.
- Require incentives/ business case for manufacturers to segregate and trace their waste such as premium pricing and Higg FEM score improvements making them more attractive as a long-term sourcing destination.
- BESTELLER are looking beyond just BESTSELLER waste but facility waste as a whole.
- Highlighted the importance of involving the informal sector as part of the transition. Leveraging key suppliers' existing relationships with local waste handlers in the supply chain rather than going directly to waste handlers. Preference to not disrupt the current process/ communication channels, but rather improve it when waste handlers also benefit. Potential benefits for waste handlers lack clarity currently.
- Waste handlers and middlemen ("Muscle Men") have greatest visibility and understanding of the broader context. In Bangladesh, local waste handling companies (collectors, sorters, and pre-processors) provide essential services like logistics, material aggregation, storage, cleaning, quality checking, and segregation. These small, often informal businesses are typically run by honest individuals earning a living but some of them are also a part of or under the influence of "musclemen/local network. "Muscle men" or middlemen use political influence, coercion, and violence to control the textile waste flow. They operate as organised groups with specific interests, imposing their control over the textile waste flow.
- Require a stronger business case for waste handlers & sorting centers.
- Capex investments necessary for advanced sorting capabilities. Manufacturers can invest but require long-term brand commitments.
- For recyclers to set up facilities close to the feedstock source/ or value chain, they require longer-term commitments and volume guarantee.



## **Pillar 2 - Quality**

### ***Scalability and beyond capsule collections***

- Challenges around short fibres highlight the need for local and scaled chemical recycling solutions.
- Some recycling solutions exist elsewhere, requiring potential waste export. Bangladesh was unable to ban the export of industrial waste. Nonetheless important to incentivize suppliers and solution providers (i.e. recyclers, sorters) in the country to retain value in Bangladesh.
- Currently observe a knowledge gap at manufacturing level. Limited technical understanding of how to use recycled fibres effectively.
- Manufacturers are hesitant of recycled fibres as responsible for quality. Can brands be more lenient?
- Highlighted importance of providing adequate training to recyclers and mills with clear expectations on quality.
- Recyclers require verified composition before accepting shipments and require more advanced sorting technology to validate the exact composition.
- BESTSELLER is testing different fibres for mechanical recycling (Ready Project). Facing high waste prices and presence of multiple intermediaries.
- Complex infrastructure required for a reverse supply chain.
- Difficulties faced with working with informal waste handlers due to security issues. Need for compliance and transparency in waste management.
- Strong incentives needed to formalise middlemen and clarify waste ownership.
- Aim to create an inclusive ecosystem for all involved parties, especially in challenging locations like Bangladesh.
- Must secure long-term partners to reduce recycled material costs and ensure quality.

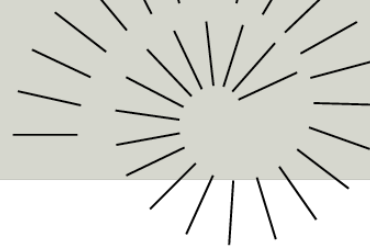
## **Pillar 3 - Premium Price**

### ***Premium price for preferred materials***

- Brands motivated by upcoming EU regulation however face challenges with higher cost of recycled material.
- A shift in mindset is needed to avoid recycled input being priced out of the market.
- Complex feedstocks result in higher prices to cover segregation costs. High prices of mechanical recycled material compared to virgin.
- Reiterated the important role of waste handlers. Direct transactions from manufacturers to recyclers are impractical due to insufficient checks and storage space.
- Waste handlers are necessary, requiring incentives/ long-term agreements to ensure efficient waste management. Currently lack a strong business case.

## **Legislation and Reporting**

- Questioned what policy measures are needed to be in place to support efforts i.e. setting recycled content minimums, whether per fibre or aggregated, to encourage greater use of recycled materials. Moreover, how can governments be best supported to guide the informal sector?
- Tax reform on waste happening in Bangladesh.
- Discussed potential to host a closed-door roundtable led by collective brand voices with waste handlers.



- Improved data collection and reporting on recycled content are crucial, especially considering the ESPR legislation. Currently, data on textile-to-textile recycling is inadequate, with no comprehensive information available at the country level.
- The EU is discussing specific recycled content targets and policymakers are particularly interested in targets for textile-to-textile recycling.
- There is a need for better global data on recycling and existing feedstocks. Efforts should focus on convening and coordinating the various initiatives happening in different countries to enhance data quality and consistency.

#### **Next Steps:**

- To continue the dialog within the Circular Fashion Partnership group
- Explore opportunity to facilitate closed-door roundtable(s) with brands and waste handlers

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