

SQUARE YOUR CIRCLE

How to Ensure a Just Transition to Reuse Business Models in Apparel

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GLOSSARY

Linear business model: Also known as the take-make-waste business model, a linear model in the apparel industry follows the progression of extracting raw material inputs and manufacturing the materials into clothes, which are used and then discarded as waste.

Circular business model: In the apparel industry, this model attempts to interrupt the linear process by reusing or recycling clothes before they become waste, where material retains its value as the waste from one life cycle becomes the raw materials for the next.

Reuse business model: A business model that is included in the larger circular economy, this business model makes profit through increased use that involved a financial transaction in exchange for used garments while extending the active life of those garments.

Types of reuse business models (not exhaustive)

■ Models where ownership is maintained

- **Clothing provision service model:** A model where the consumer pays for an apparel service or subscription for an extended amount of time or renewed at regular intervals (e.g., monthly), after which time the garments are returned and provided to another service user. Ownership of and responsibility for the garment are maintained by the merchant.
- **Rental model:** Consumers hire a garment for a specified time period and then return the garment to the merchant. After return, the garment is made available to an additional consumer. Ownership of and responsibility for the garment are maintained by the merchant.
- **Repair service model:** Consumers pay for a repair service or subscription at the point of garment sale or afterward to repair garments to as-new standards. Ownership of and responsibility for the garment are maintained by the consumer.

■ Models where ownership changes hands

- **Recommerce model:** The merchant collects garments through various collection schemes, and the garments are sold again to a new consumer. Ownership of and responsibility for the garment change hands.
- **Lease model:** An agreement between the consumer and merchant to exchange ownership of and responsibility for the garment for an extended period, after which the consumer returns the garment to the merchant, who leases it to a new consumer. Ownership of and responsibility for the garment are a mix between merchant and consumer.
- **Just Transition:** The principle that a transformation to a new economy is an equitable one that secures decent work for all people currently reliant on the linear economy.
- **Stakeholders:** Individuals in a company's value chain and network who are or will be affected directly or indirectly by a company's actions.
- **Social Equity:** The absence of avoidable or remediable differences among groups of people regardless of their defined group by social, economic, demographic, or geographic location (WHO 2020). This may include treatment that is equivalent in terms of rights, benefits, obligations, opportunities, and processes (ILO 2007).

PREFACE: WHY WE NEED TO CHANGE OUR CLOTHES

The clothing industry touches every person on the planet. It provides people in all countries with necessities and luxuries, garments for function and self-expression. This includes a wide variety of categories including uniforms and business wear, as well as casual wear and undergarments. It is a massive industry that is expected to eclipse US\$3 trillion by 2030 (Lehmann et al. 2019).

Economic development and ‘fast fashion’ trends, along with new technologies that are accelerating e-commerce, are changing the pace and scale of clothing production and consumption. Many people want—and can increasingly afford—new options after wearing clothes only a few times. Clothing production has approximately doubled between 2000 and 2015, outpacing gross domestic product growth during that period. Meanwhile, the

number of times a garment is worn before it is thrown away declined by 36 percent during that time (EMF 2017). The increasing pace of consumption and production, in turn, puts more pressure on the people in supply chains who are making the clothes, as well as the communities impacted by the waste and water and air pollution. These trends are already unsustainable. Consider this, in 2015 production of textiles reached 1,715 million tons of carbon dioxide equivalence (Eder-Hansen et al. 2017). The waste from discarded clothes (pre-and post-consumer) can sit in landfills for 200 years if made from non-biodegradable fabrics—which most clothes are (Close the Loop 2020). The industry needs to change, business models need to innovate, and clothing companies in 2030 will have to look very different if sustainability and equity are to become the new normal.

Companies that expect to be competitive in 2030 will have to adapt. They must prioritize business models that can meet demands of customers without damaging communities and the environment.

One recent adaptation is a move to make the industry more ‘circular.’ The traditional ‘linear’ model takes raw materials, making them into clothes, which are used and then discarded as waste. The shorthand for the linear process is take-make-waste. A circular model attempts to interrupt the linear process by reusing or recycling clothes before they become waste. It is a much needed and potentially valuable innovation as the annual value of clothes discarded prematurely is estimated to be nearly \$500 billion (EMF 2017).



Circular business models, however, are only a sustainable solution if they can help keep clothing consumption within the planet's limits. If circular innovations focus on incremental efficiency gains while ignoring core system changes, the scale of production, raw material extraction, and pollution will continue to grow. Companies will remain reliant on a model that assumes it can extract more raw materials to make and sell more new clothes to more people, more often, forever. Physically, infinite growth is an impossibility, and the apparel industry must accept and adapt to that fact.

For the industry to be circular *and* sustainable, companies will need a better understanding of three things. WRI and WRAP's collaborative Clothing Reuse Market

Makers project addresses each of these topics:

1. Evidence of consumer demand.

A WRAP market intelligence report, "Evidence of Consumer Interest in New Clothing Business Models," demonstrates potential mass market appeal for reuse business models (Gillick-Daniels 2020).

2. Understanding impacts of new business models on people and planet.

Two guidebooks to help companies "square your circle" and assess the social and environmental impacts of clothing reuse business models.

3. Enabling policies. An inventory of policies and government actions that are enabling or blocking the advancement of clothing reuse around the globe.

Our hope is that the outputs of the project will help innovators in business, government, and civil society find inspiration and opportunities to advance models that meet clothing demand sustainably. Models that dominate the clothing industry tomorrow should have positive impacts on the environment (helping reduce climate change, water stress, and pollution) and society (helping address gender injustices and dangerous working conditions).

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EXECUTIVE SUMMARY

This guidebook aims to help companies identify the stakeholders in their supply chain and recognize the effects their transition to reuse business models may have on them. It is intended to be a guide, as part of a learning process, to ensure the transition to a reuse model, a component of the circular economy, is equitable and just. The guidebook takes companies through three steps of identifying who their stakeholders are, what effects are felt by these stakeholders, and target setting to mitigate risks to these stakeholders and identify partners to support a transition to an equitable reuse business model.

HIGHLIGHTS

- This guidebook presents a framework for apparel companies to identify and mitigate the social effects of the reuse apparel industry, an area of growing importance as an estimated \$500 billion is lost globally each year because clothing is disposed of before the end of its useful life.
- The guidebook presents three steps for companies to ensure a just transition to a reuse business model: (1) Identify who the stakeholders are; (2) recognize existing and future business model effects on these stakeholders; and (3) establish goals for a just transition by reviewing the information and determining where the company has the responsibility and ability to mitigate risks to stakeholders.
- To better understand the complex and far reaching social effects of the apparel industry, companies should conduct stakeholder and vulnerability mappings to ensure a just transition to a reuse business model.
- Apparel companies should work with allies or peer groups to ensure an equitable transition to reuse business models, providing a net positive change for all stakeholders.

This guidebook is a part of a learning process, done in partnership. There is more information to be gained as consumers and firms test and experiment with the circular economy and the recommendations in this guidebook. Additionally, this guidebook was researched and crafted before the global pandemic caused by COVID-19. In the aftermath of the pandemic, the guidebook may change. As we gain information and enter a post-pandemic world, a learning attitude is more important than ever for the guidebook to fulfill its purpose of promoting and ensuring a more just apparel industry operating in a circular economy.

This guidebook does not assume that the circular economy, or reuse business models specifically, are inherently better for people than linear models. However, as businesses transition to a circular economy, the opportunity to do so equitably should not be wasted.

The apparel industry faces challenges that must be addressed if it is to reconcile its economic growth with its sustainability goals. Clothing is both overproduced and underused. Global clothing sales doubled between 2000 and 2015 (EMF 2017), outpacing gross domestic product (GDP) growth during that period. Global sales of clothing are still rising, estimated \$1.45 trillion in retail sales in 2018, growing to \$1.51 trillion in 2019 (O'Connell 2018). Today, fast fashion trends create increased

pressure to produce more clothes both quickly and cheaply. Meanwhile, an estimated \$500 billion—the equivalent of a garbage truck full of clothes thrown away each second—is lost globally each year because clothes are disposed of before the end of their useful life (EMF 2017).

The production and consumption of clothes can have enormous negative effects on both people and the planet. Globally, millions of people work in garment production, most of them women (ILO 2020). These individuals earn low wages. As an example, garment workers in Bangladesh make approximately \$95 each month (McCarthy 2019). However, according to Global Living Wage, a living wage in Bangladesh is \$214 per month for a family of four (Khan et al. 2016). Child labor also persists in apparel industry supply chains. The U.S. Department of Labor, in a 2018 report, cites evidence of both child and forced labor in the fashion industry in Argentina, Bangladesh, Brazil, China, India, the Philippines, Turkey, Vietnam, and other countries (USDOL 2018).

Innovative companies will see these challenges as opportunities. Some already are testing and scaling new business models for a circular economy—such as renting and leasing clothes—to capture more of the value that currently is being thrown away. The hope is that clothing reuse business models also have positive benefits for people and planet. Some companies already make claims

to that effect. But to maximize positive impacts—and maintain consumer trust and loyalty—companies making social benefit claims should be using consistent, credible, and appropriate methods for their assessments. Specifically, they should be asking critical questions and following the three steps outlined as follows:

STEP 1: Who is in your circle? Identify the people who are (or will be) affected directly or indirectly by a clothing reuse business model. List the buyers, suppliers, workers, communities, and other stakeholders across your supply chain. Consider who will feel positive or negative effects if clothes are increasingly reused rather than produced from virgin materials.

STEP 2: Do you see the effects on people in your circle? Gather information

about the effects and the opportunities to maximize benefits for direct and indirect stakeholders. Look for potential partnerships or shifting relationships between buyers and suppliers. Be aware of the effects on the types of jobs available, gender equity, living wages, and local community health.

STEP 3: Are all stakeholders benefiting equitably? Develop metrics and targets for positive social effects. Engage with your company's stakeholders and allies (i.e., levers of change) to ensure that the reuse business model transition is just and equitable. Determine your company's responsibility and ability to influence change in the supply chain by reviewing data and analyzing allies and blockers of your company's transition to reuse.

To maximize positive impacts—and maintain consumer trust and loyalty—companies making social benefit claims should be using consistent, credible, and appropriate methods for their assessments.





EKIP 45-46

EKIP 2

EKIP 43-44

INTRODUCTION

If the fashion industry is going to be sustainable and operate within the planet's boundaries, it will have to leave behind the traditional linear way of doing business. The fashion industry must embrace circular business models such as reuse. In our rapidly growing world of demand and consumption, businesses will need to decouple their success from resource use.

Increasing the lifespan of clothing is integral to this decoupling. In addition to finding new ways of doing business, companies must consider the impacts their operations and business models have on the people in their supply chains by prioritizing gender and social equity.

Traditional clothing business models are linear in that they rely on a process of extracting raw materials (e.g., cotton, wool, oil for synthetic fibers) and using those materials to make clothes. A customer will buy, wear, and then dispose of those clothes. Since the Industrial Revolution, this linear model (also referred to as take-make-waste) has been the dominant model in the apparel industry.

But it has not always been dominant. Prior to the mass manufacturing of garments, it was not uncommon for clothes to last multiple generations. Individuals kept them longer and passed them on to others in the family or community, rather than changing styles multiple times a year. Fewer fashion seasons meant fewer trips to the store to purchase new styles of clothing. This has changed in

recent decades with the rise of fast fashion and micro-seasons, as well as an increase in the number of consumers with more disposable income. The challenge today is decoupling business success and fashion style from resource demand and negative social impact.

The lifespan of clothes becomes increasingly important considering rapidly growing global demand and consumption. Billions of people are entering the global middle class and spending more on clothes. Clothing sales have outpaced GDP growth. Recent estimates find that global consumption has increased between 60 and 100 percent in a period of approximately 15 years (Remy et al. 2016; EMF 2017). During this time, utilization—the number of times an item of clothing is worn—has decreased. Clothes are used for a shorter period or are

used less frequently, or both. Resource use is immense. The Ellen MacArthur Foundation estimates that the annual production of apparel produces more direct emissions than international flights and shipping (EMF 2017). Natural fibers can be thirsty; for example, the unchecked irrigation for cotton cultivation has been the largest contributor to the shrinking of the Aral Sea in Central Asia, affecting fisheries and communities that depend on it (Chapagain et al. 2006; Bennett 2008).

The answer to increased demand for clothes should not be to simply produce more clothes in the same manner as we have done in the past. The question about how to meet growing demand in new, more efficient and transformative ways was first explored in WRI's *Elephant in the Boardroom: Why Unchecked Consumption Is Not an Option in Tomorrow's Markets* (Putt del Pino et al. 2017). The paper calls on companies to do three things: First, do the math of their own projected growth and consider their dependency on natural resources. Second, take a leadership role to change the conversation on consumption with key stakeholders. And third, transform the business into one that will succeed in a resource-constrained world. The Square Your Circle framework stems from this previous work by applying a social lens to business model transformation.

Companies should examine their role in increased demand through business activities like marketing, procurement practices, or number of annual clothing styles offered.

Box 1 | Gender Focus

Women play a key role in garment production. Companies need to consider how their actions may have unique consequences and affect women in the supply chain. Better Work, a collaboration between the UN's International Labour Organization (ILO) and the International Finance Corporation (IFC), aims to promote gender equality in the global garment industry (Janssen and Rossi 2018). The collaboration found multiple deeply entrenched challenges to gender equality. For example, men and women often are segregated in the jobs they perform in garment factories. Often, women are concentrated in low-paying, unskilled positions like sewing machine operators and helpers. Gendered recruitment biases exist, including pregnancy-based discrimination. The idea that garment manufacturing is women's work means that men are unable to get positions in countries like Cambodia and Jordan. However, as the industry advances, jobs become more technology-intensive and require more skill. A higher number of these better paying positions go to men. There is a wage gap between men and women for the same job, and this is experienced particularly hard by working mothers. Sexual harassment is widespread. Fear, inadequate reporting mechanisms, and normalizing the behavior leads to underreporting of incidents. Long working hours also harm women disproportionately as they often are primary caregivers at home. Women are also underrepresented in supervisory roles (Janssen and Rossi 2018).

This examination will help companies evaluate whether these activities deter or enhance circular business models. More clothing produced in the business-as-usual sense will exacerbate already well documented social and environmental impacts. One of the most salient examples is the Rana Plaza disaster that killed more than 1,100 people and injured over 2,500 when a factory collapsed in Dhaka, Bangladesh, in 2013 (ILO 2018a). Wage issues also exist. Garment workers in Ethiopia receive the lowest in minimum wages at \$26 a month and Bangladesh at \$95 (McCarthy 2019). Circular models will affect labor. Values-driven companies must ensure that the social impact improves rather than worsens.

CIRCULAR ECONOMY IN THE INDUSTRY

Mainstream clothing reuse business models have emerged in recent years. Examples include offerings from new companies, such as Rent-the-Runway and The Renewal Workshop, and established companies, such as Levi's and VF Corporation (which owns The North Face, Wrangler, and other brands). Companies are finding ways to create additional value with rental, leasing, resale, or repair business models that give clothes a second life (or a third, fourth, or more).

The assumption is that these new business models will be better for the environment, and companies indeed are making this claim. ThredUp's 2019 report claims that, "if everyone bought one used item instead of new this year, we would save 5.7 billion pounds of CO₂ emissions, 11 billion kWh of energy, 25 billion gallons of water, and 449 million pounds of waste" (ThredUp 2019). The RealReal claims that as of May 2020, its reuse

business in total has saved 13,300 metric tons (over 14,660 tons) of carbon and 608 million liters (over 160 million gallons) of water, thanks to shoppers and consigners (The RealReal 2020). Patagonia's Worn Wear line states that, "buying used gear means one less new item that had to be made, lightening the load on our planet," and it cites WRAP's statistic that "keeping our clothing in use just nine extra months reduces the related water, waste and carbon footprints by 20% to 30% each" (Worn Wear 2020). However, it was only companies that are fully immersed in reuse business models that mentioned positive social effects from reuse, citing job creation as a net positive.

This guidebook offers three steps:

1. Identify who is in your company's circle of stakeholders.
2. Recognize and understand the effects on those stakeholders.
3. Develop metrics and goals to ensure that stakeholders benefit equitably.

The goal of the guidebook is to provide companies with a common approach for a just and equitable transition to reuse business models. It focuses on people first and looks for opportunities to engage stakeholders in supply chains. It calls attention to gaps in information, unintended consequences, and areas where more transparency is needed. It highlights issues that a reuse business model can affect positively and informs companies where they need to be careful to avoid negative effects like job loss.





JUST TRANSITION FOR PEOPLE IN A REUSE SUPPLY CHAIN

Reuse models in the fashion industry, and the circular economy overall, should have a positive effect on both people and the planet. As the world transitions to circular business models, a just transition needs to be prioritized. This guidebook provides companies with the tools they need to begin this transformation by following the principles of inclusivity, transparency, and equity.

Clothing reuse business models and the circular economy in general should have a net positive impact on society. The apparel industry directly and indirectly affects hundreds of millions of people globally (EMF 2017). Reuse business models must be inclusive. As they replace traditional business models, reuse models should improve conditions for garment workers, women, and communities throughout apparel supply chains. WRAP's 2015 report, "Economic Growth Potential of More Circular Economies," stated that by 2030, an expansion of the circular economy could create 1.2 to 3 million jobs in Europe (Mitchell and James 2015). The potential unintended consequences of business model transitions, including job loss and gender inequity, are unclear.

To maximize positive and avoid negative effects, companies are looking for consistent, credible, and appropriate methods for understanding people in their supply chain. They fear that without these methods, there is a risk of damaging consumer trust and loyalty and harming vulnerable communities.

This document provides guidance to help companies ask and answer critical questions about their business model's effect on people. **Follow the steps outlined below to evaluate the social risks and benefits of clothing reuse:**

STEP 1: Who is in your circle? Identify the people who are (or will be) affected directly or indirectly by a clothing reuse business model. List the buyers, suppliers, workers, communities, and other stakeholders across your

supply chain. Consider who will feel positive or negative effects if clothes are increasingly reused rather than produced from virgin materials.

STEP 2: Do you see the effects on people in your circle? Gather information about the effects and the opportunities to maximize benefits for direct and indirect stakeholders. Look for potential partnerships or shifting relationships between buyers and suppliers. Be aware of the effects on the types of jobs available, gender equity, living wages, and local community health.

STEP 3: Are all stakeholders benefiting equitably? Develop metrics and targets for positive social effects. Engage with your company's stakeholders and allies (i.e. levers of change) to ensure that the reuse business model transition is just and equitable. Determine your company's responsibility and ability to influence change in the supply chain by reviewing data and analyzing allies and blockers of your company's transition to reuse.

PRINCIPLES OF INCLUSIVITY, TRANSPARENCY, AND EQUITY

Clothing reuse business models can be designed to benefit often ignored stakeholders in apparel supply chains. Dangers exist in not considering all stakeholders involved and in not thoroughly considering possible unintended consequences of shifting business models. As a cautionary example, consider the unintended negative consequences of used-clothing imports from higher-income economies to sub-Saharan African countries. One analysis found that these exports were responsible for

approximately 40 percent of the annual decline in sub-Saharan African apparel production and roughly 50 percent of the annual decline in apparel employment over the period from 1981 to 2000 (Frazer 2008). How, then, can clothing reuse business models avoid these negative unintended consequences and ensure positive social effects?

Layering social considerations on top of a successful circular apparel sector will include prioritizing three principles: **inclusivity**, **transparency**, and **equity**. These principles have been largely missing from traditional clothing business models, and their absence has contributed to the negative social impacts we see today. Many companies may comply with safety standards and labor laws; however, there are limits to the effect that approaches have on bettering workers' lives (ETI 2016). Although there has been substantial spending in corporate social responsibility (CSR) programs, authors Reinecke et al. (2019) point out that such programs address symptoms of a broken system rather than addressing the system itself. Increasing pressure from competition has led most retailers to rely almost completely on supply chains without producing their own goods (Reinecke et al. 2019). Business models reliant on outsourcing can unintentionally support the informal economy, which is unregulated and subject to low wages and long working hours (ILO 2017).

Companies can advance social benefits by expanding how they think of and engage their stakeholders. Evaluating the effect on people will require companies to consider individuals' roles, potential benefits, and possible costs or negative effects, including unintended consequences. This means a new focus on the individuals that companies rely on to make the

Box 1 | Concepts, Frameworks, and Tools

Several existing concepts, frameworks, and tools can help companies ensure net positive effects on people in their supply chains.

This guidance builds on existing frameworks, global initiatives, and public-private efforts to measure social effects, adapting and applying them to clothing reuse business models. Companies may find the following sampling of references, frameworks, and tools useful in their efforts to advance positive social effects with their clothing reuse business models:

- The **Sustainable Development Goals (SDGs)** are 17 global goals that include objectives for gender equality, decent work and economic growth, reduction of inequalities, and responsible production and consumption (UN 2019).
- The World Business Council for Sustainable Development's **Social and Human Capital Protocol** is an accounting framework to help mainstream the measurement of social effects for business (Social and Human Capital Coalition 2019).
- **Social Life Cycle Assessments** are methodologies that draw on UNEP guidelines for social life cycle assessment of products (Andrews et al. 2009) and the International Organization for Standardization 14040 framework (ISO 2006) to evaluate a product's social and sociological impacts, actual and potential, positive and negative, across its life cycle (Life Cycle Initiative 2020).
- The Sustainable Apparel Coalition's **Higg Index** includes a brand module for social effects covering child labor, discrimination, forced labor, sexual harassment and gender-based violence, noncompliance with minimum wage laws, bribery and corruption, working time, occupational health and safety, and responsible sourcing (SAC 2020).
- The **Social Hotspots Database** is a suite of databases and tools that look to improve social conditions globally by providing increased visibility of social hotspots in product supply chains (SHDB 2020).
- WRI's **Mapping Social Landscapes: A Guide to Identifying the Networks, Priorities, and Values of Restoration Actors** is a guide to help actors identify their stakeholders. It is written from a forest restoration perspective but offers invaluable insight to understanding network connectivity and cultural insights to those networks (Buckingham et al. 2018).
- **Making Women Workers Count: A Framework for Conducting Gender-Responsive Due Diligence in Supply Chains** is a framework from Business for Social Responsibility (BSR) and the Laudes Foundation (former C&A Foundation) for gender equity (BSR 2019). Companies can also use this framework to help prioritize action steps to address issues.
- BSR's **Gender Equality in Social Auditing Guidance** presents the top requirements for gender-sensitive social auditing and includes recommendations, examples, and advice for auditors (Barraja 2018).
- BSR's forthcoming report, **Fashion's Just Transition: Taking a People-Centered Approach to Circular Economy**, provides an overview of potential social effects arising from a shift to circular fashion and proposes opportunities for businesses, policymakers, and advisers to design circular fashion business models to be inclusive and fair from the outset (BSR Forthcoming).
- IndustriALL and ASOS.com's **Global Framework Agreement** includes provisions on annual impact assessments of purchasing practices on labor rights (ASOS.com and IndustriALL Global Union 2017).
- Ethical Trading Initiative's **Due Diligence Framework** helps companies meet their corporate responsibilities to respect the human rights of workers through global supply chains and report against those obligations (ETI 2016).
- The **Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector**, issued by the Organisation for Economic Co-operation and Development (OECD), helps businesses implement due diligence recommendations from the OECD Guidelines for Multinational Enterprises along the garment and footwear supply chains (OECD 2017).
- The **Applied Political Economy Analysis: A Problem-Driven Framework** of the Overseas Development Institute (ODI) uses political economy analysis to help users identify and understand problems and resolve them practically through three phases (Harris 2013).

Other industrial transitions: Social impact studies of other significant business model shifts, such as those driven by automation, can be helpful for companies to review their approach for equitable inclusion of their stakeholders. For instance, in their review of the effects of automation, McKinsey & Company, the global management consulting firm, urges policymakers and businesses to prioritize the "rethinking and strengthening transition and income support for workers caught in the crosscurrents of automation" (Manyika et al. 2017). Additionally, a shift in technology in an industry is a good example of how transitions affect women and men differently. More technology in the apparel sector may require a different skill profile, possibly leading to more demand for technical skills, which could hurt women who are underrepresented in the fields of science, technology, engineering, and math (Abbott and Mohapatra 2019).

clothes they sell (**inclusivity**). For example, to what extent will clothing reuse affect farmers producing cotton or garment workers dyeing and stitching fabric? This also means concerted efforts to increase visibility into supply chains (**transparency**) and create meaningful metrics and targets to ensure that all stakeholders are sharing in the value that clothing reuse can create (**equity**).

Consider, for example, how important the principles of **inclusivity**, **transparency**, and **equity** will be for ensuring that new clothing reuse business models address gender issues. An industry transitioning to circular business models may have an outsized effect on women, who make up most of the workforce in the apparel industry. Women in the industry often receive low wages and are at risk of exploitation and sexual harassment and are frequently left out of decision-making.

Consider how important the principles of inclusivity, transparency, and equity will be for ensuring that new clothing reuse business models address gender issues.

Currently, in existing supply chains, companies have little ability to see exactly how competitive pressures and orders with short lead times affect women. Recent research has shown that such pressures can contribute to verbal abuse or reduced restroom breaks for women that can lead to health consequences, especially for women who are pregnant (HRW 2019).

STEP 1: WHO IS IN YOUR CIRCLE?

Companies can use a simple chart and circle (see the example in Figure 1) to focus on stakeholder **inclusivity** in the supply chain.

- Identify and map stakeholders who are directly affected by the company (those who are involved in the business, supply chain, or product being produced)
- Identify and map stakeholders who are indirectly affected by the company (those who are connected to the business, supply chain, or product being produced due to proximity, economic dependence, or familial ties).

First, define the clothing reuse business model to evaluate. Are you renting clothes? Are you repairing clothes? Are you launching a recommerce program to take back and resell garments? Note that supply chains and stakeholder lists will look different depending on the reuse business model (i.e., rental versus recommerce versus repair).

Next, review and identify stakeholders involved and affected over the lifetime of the garment. Consider the country contexts of both where products are produced and

exported and where they are consumed and imported. Figure 1 below shows the circle of influence with examples (not exhaustive) of stakeholder relationships to the company. Be sure to consider your entire supply chain (Figure 2) when identifying your stakeholders. Stakeholders mapped in circles of influence represent opportunities to positively affect people across the supply chain with a clothing reuse business model.

DIRECT IMPACT STAKEHOLDERS

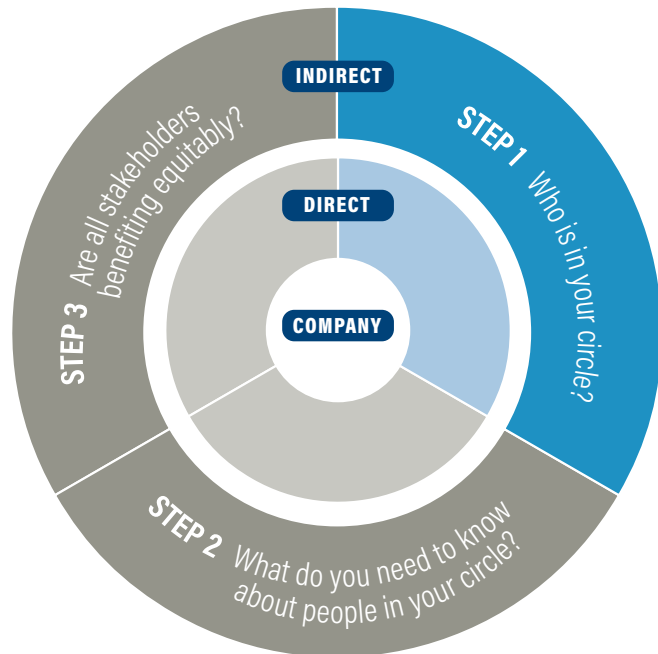
This circle includes stakeholders who are first affected by a change in business model. Consider stakeholders who work directly with the company (e.g., suppliers, garment factory workers), as well as consumers who purchase the finished product.

Figure 2 provides a simple example of a supply chain. Each stage has stakeholders who may be affected by a transition to reuse. These are stakeholders for whom companies can potentially have the greatest and most immediate influence. Consider opportunities related to training programs (for garment workers), communication, context study, and purchasing decisions.

Use third-party consultants and/or worksheets and surveys to work through the following questions:

- For each stage of the supply chain, who is directly involved in the garment reuse life cycle?
- Who are the stakeholders? Gender, age-range?

Figure 1 | Circles of Influence: Identifying Stakeholders



Source: Authors.

DIRECT

EXAMPLES OF DIRECT STAKEHOLDERS

Retail employees, garment production workers, factory owners, consumers, company employees, c-suite, reuse and repair center employees

EXAMPLES OF POTENTIAL IMPACTS ON DIRECT STAKEHOLDERS

Net jobs, movement of jobs from garment exporting country to garment importing country, gender impacts, wages, child labor, freedown of association

EXAMPLES OF HOW COMPANIES CAN USE INFLUENCE FOR POSITIVE CHANGE FOR DIRECT STAKEHOLDERS

Direct communication, political economy research, purchasing decisions, procurement policies

INDIRECT

EXAMPLES OF INDIRECT STAKEHOLDERS

Communities near production sites, garment workers' dependents, informal economy workers, unions, technology and logistics platform workers

EXAMPLES OF POTENTIAL IMPACTS ON INDIRECT STAKEHOLDERS

Community health (waste pollution), regional poverty levels, informal economy engagement/growth or reduction

EXAMPLES OF HOW COMPANIES CAN USE INFLUENCE FOR POSITIVE CHANGE FOR INDIRECT STAKEHOLDERS

Donor activities, political research, adhering to compliance requirements, applying human rights due diligence policies

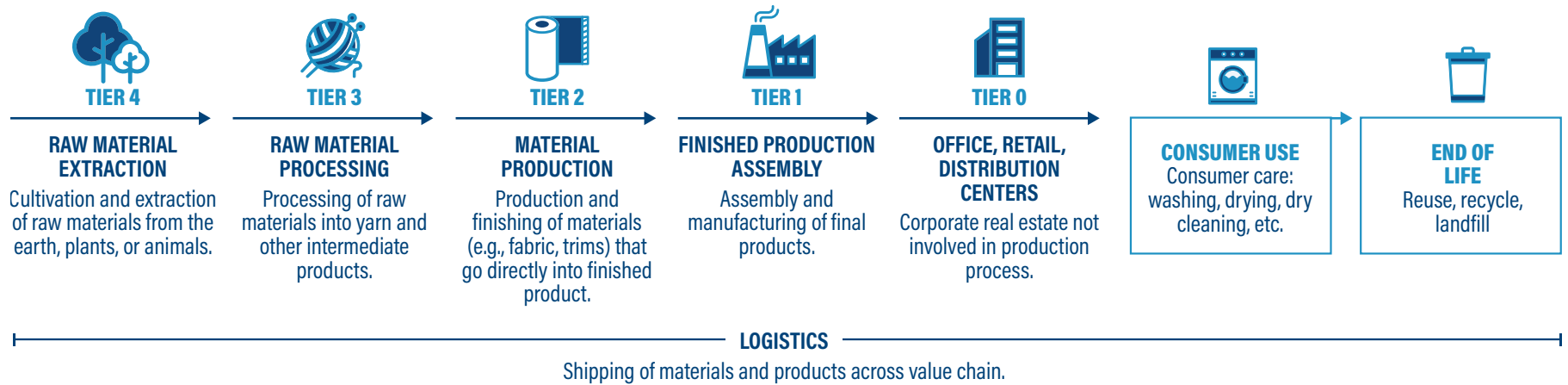
- Who is working part-time? Full-time? What type of contract?
- Are there potential vulnerable groups such as migrant workers, ethnic minorities, or others working in your supply chain? Are they likely to keep their jobs in a reuse supply chain, or are they at risk of being first to lose their jobs?
- Where are stakeholders located geographically? What are the critical geographies?

- Are any of these stakeholders unique to this reuse business model or who may be left out when transitioning away from the linear model? What is their role?
- Who are the skilled and unskilled labor forces that you will rely upon to make and reuse clothes?
- Are subcontractors involved in your business model? If so, what are the methods of quality assurance followed by your supplier?

A closer look at examples of direct stakeholders

Garment Workers: Garment workers' well-being has a direct relationship to the type of work they do and the wages they earn. Workers often are employed by the manufacturers that produce a brand's clothing; however, a company can take several actions to ensure that the workers making the clothes they sell are treated well. As most garment workers are women, a gendered approach should be a priority.

Figure 2 | Apparel Supply Chain



Source: Sadowski et al. 2019.

BSR’s report on “Gender Equality in Social Auditing” identifies three approaches to social auditing that companies can take to engage with workers and identify gendered issues: traditional worker voices mechanisms; technology-enabled worker voices solutions;¹ and participatory learning and action approaches (Barraja 2018). BSR’s report goes into detail about the most relevant tools under these three approaches and maps them against proven or potential value in identifying gendered issues.

Current Apparel Suppliers and Manufacturers: Consider opportunities where engaging current suppliers can promote partnerships and lead to more sustainable clothing reuse business models. Presently, power asymmetries exist between large buyers and a producer base

that is not only smaller but fragmented. These asymmetries present themselves in noncommittal relationships between buyers and suppliers. A more sustainable way of doing business is one where supply chain interdependency is achieved through more trustworthy partnerships (Sahan 2018).

Reuse business models may need to approach these partnerships in different ways other than linear equivalents. For example, an increased need for reverse logistics coordination and consequent longer-term relationship building could occur. Reuse and possibly other circular economy models can help create these partnerships between buyers and suppliers:

- Repair business models may require skilled labor as unique jobs are involved in repair and resale.

- Rental and leasing models require reliable reverse logistics operations.

Clothing reuse business models may help advance service-based economies built on relationships that do not force a race to the bottom in terms of price and sometimes quality. Suppliers who provide reliable, quality goods, including durable materials for the reuse market, can be partners in clothing reuse business models.

Consumers: Reuse may help consumers shrink their closets while still wearing stylish clothes when reuse becomes a more common way of wearing and purchasing apparel. M&S and Oxfam carried out a survey in 2016 that found that 3.6 billion clothes are left unworn by UK consumers—about 57 items per person, around one-third the average closet (Oxfam 2016).

Reducing consumption can help with consumers' attitudes about their clothing purchases as well. Consumers can regret overbuying clothes. A survey of UK consumers found that 82 percent of them have regretted a clothing purchase in the past (Skelton and Allwood 2017).

Additionally, reuse clothing, especially for resale, has a lower price point than new garments. As a result, consumers will have access to brands that were previously out of reach.

Emerging Enabling Agencies: Reuse has the potential for supporting the creation and sustainment of green industries that actively seek to avoid negative effects on the environment and focus on service rather than production of goods. Reuse business models will require new logistics and reverse logistics operations. Companies like Trove create a platform for companies to launch their own resale business (Trove 2020). Agencies that collect used clothing for resale or online services that help customers rent and return garments will be important factors in the reuse economy. On the other hand, companies like CaaStle are service-oriented, allowing retailers to offer clothing as a service (CaaStle 2020). In these, repair services and tailors will be required for reuse. Inventory advancements will be required to keep track of the garments as they move to consumers and stakeholders. Circular.fashion is a company that has developed a digital circular ID for clothing that creates a reverse supply chain network, so consumers, sorters, and recyclers have transparent information crucial to closing the loop on apparel (Circular.fashion 2020).

INDIRECT IMPACT STAKEHOLDERS

Indirect stakeholders are more difficult than direct stakeholders for companies to identify and influence but are essential to ensuring net positive effects of clothing reuse business models. Examples of stakeholders in this circle include the community living near a production site facility, recipients of workers' wages (family dependents) and members of the informal sector whose work contributes to the garment industry.² Companies may have difficulty obtaining information on indirect stakeholders. However, supply chains that are transparent and inclusive will help companies have the widest-reaching and longest-lasting effects on these individuals and communities.³ Engaging indirect stakeholders in reuse supply chains also will demonstrate an ability and willingness to be inclusive.

Indirect stakeholders include those in the communities near production facilities and those, often women, who work in the informal economy. For instance, if reuse business models reduce new garment production, there may be fewer negative effects in the community overall. Contrarily, reduced production may have a negative effect on wages of those garment workers and therefore have a slowdown effect in the community.

Companies can influence indirect stakeholders through donor activities and local environmental impact. This may include the following examples:

- Positive effects (e.g., philanthropic activities that provide educational services)
- Other social goods (e.g., creating local economic opportunities through services to the business, procurement, and designing for circularity with local entrepreneurs or businesses)
- Adherence to environmental standards to avoid toxic wastewater and air pollution so as to avoid harming the local community.



Companies should complete an assessment, either internally or with the support of third-party consultants, that focuses on questions such as the below. Consider using worker interviews, supplier questionnaires, and human rights impact assessments. Use Figure 3, which offers several categories and issues related to indirect stakeholders, to help shape these assessments.⁴ Finally, consider the relative vulnerability of each of these groups in terms of a business model change.

- For each stage of the supply chain, map the stakeholders on whom the company has indirect influence:
 - Who are they?
 - Which actions affect them?
 - Are there any unintended consequences of those actions (i.e., ripple effects, harming the informal economy)?
- Who in the community surrounding the relevant supply chain stage is affected by the company's actions?
- Who are the garment workers' dependents? (i.e., family at home receiving share of wages)
- Who is involved in the informal economy, and what role do they play in your supply chain (by sex, age, minority status)? Does your company's reuse model take business from the informal economy?
- Companies should be aware of the local context in which they produce their clothes. Which workers are earning

a living wage? Which workers or communities are being paid less than a living wage?⁵ Is there a gender pay gap?

- Is the community around production facilities reliant on the local operation of the facility? For instance, are local shops and service providers reliant on the spending of garment workers?

For your reference: A closer look at examples of indirect stakeholders

Informal Economy or Shadow Economy:

The informal economy is pervasive in many countries. For example, India has a high percentage of informal work, the ILO estimates that 88 percent of India's workforce is informal (ILO 2018b). The International Monetary Fund (IMF) estimates that just over 46 percent of India's GDP is from the shadow economy (Medina and Schneider 2018). Companies should be aware of how their business models affect groups, such as the informal economy, because they likely produce garments for many brands and may be affected by a business model transition.

The garment industry is widespread and vulnerable to opaque supply chains and unchecked subcontracting. In countries where there are rule-of-law concerns, it is often labor where corners are cut to lower costs. Southeast Asia is an example where cost cutting led to increased informal work. Home-based subcontracted work also emerged in Southeast Asian countries to produce

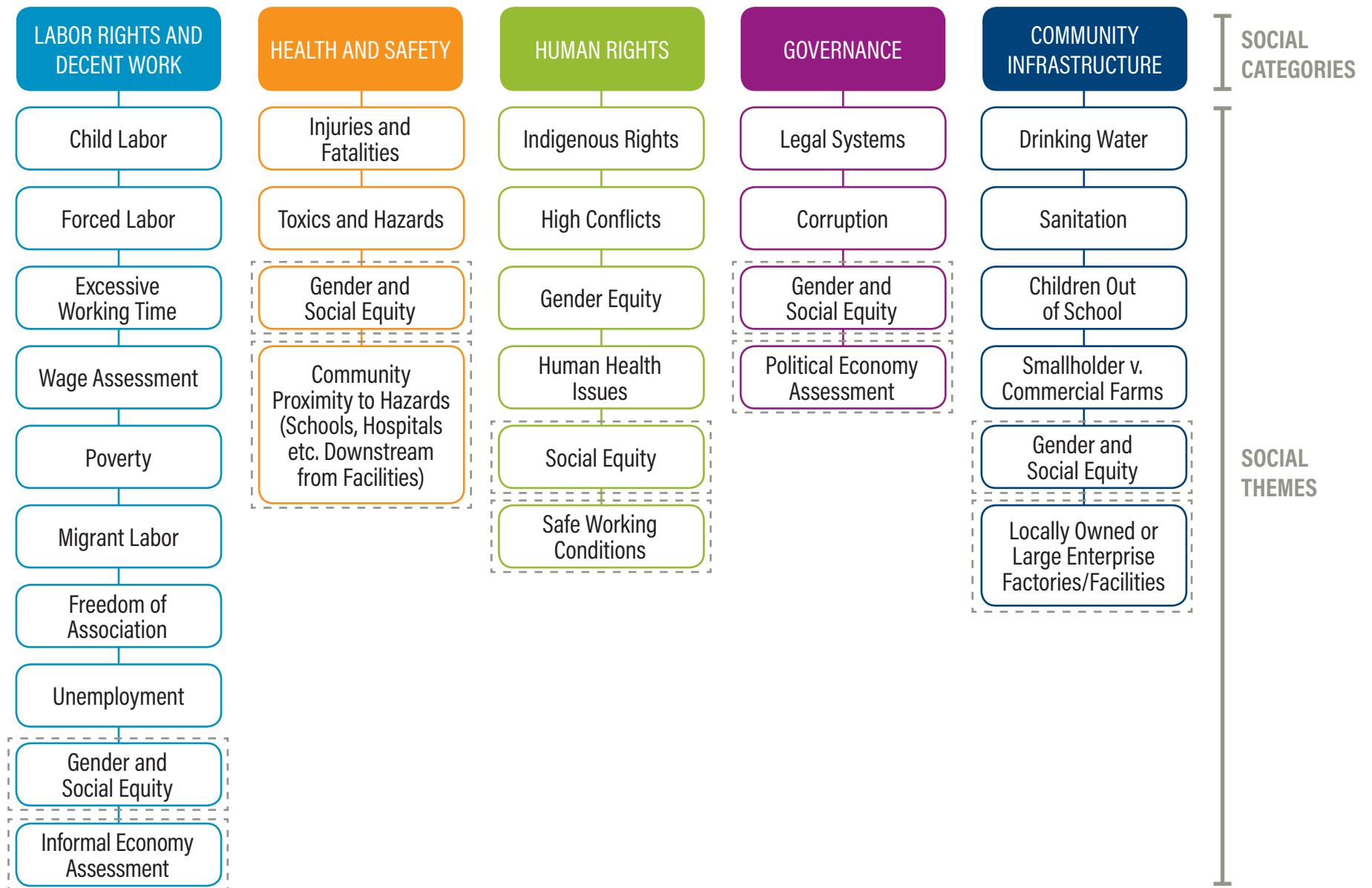
garments with low wages and low overhead costs without companies having to offer benefits or security to workers (Doane 2007).

There are examples of organizing a response to help ensure that worker rights are recognized in the informal economy. The organization Women in Informal Employment: Globalizing and Organizing is a global network focused on the working poor in the informal economy to ensure rights by capacity building and influencing policy at local, national, and even international levels (WIEGO 2019). India has a similar trade union, registered in 1972, called Self-Employed Women's Association (SEWA 2019).

Communities near production sites:

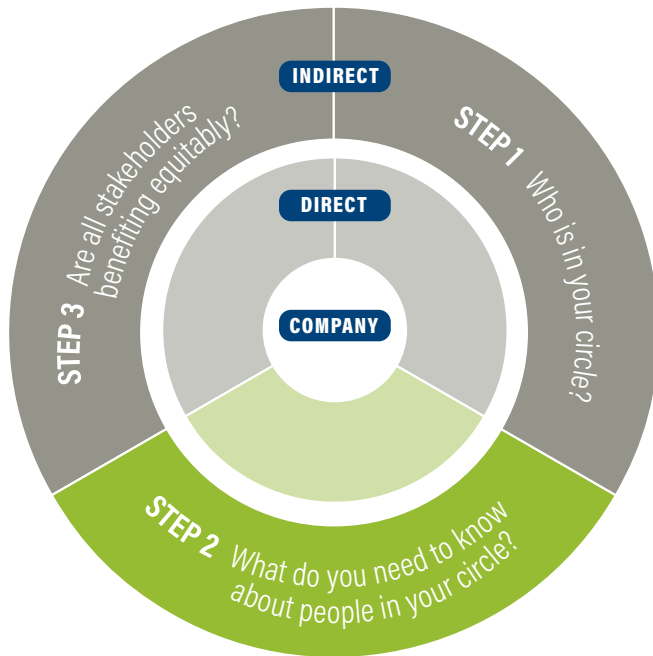
Communities that surround or are downstream from production facilities are often affected by hazardous practices. Companies can follow the steps in this guide to mitigate these risks and focus on a just transition to reuse. Some negative effects felt by the communities include wastewater pollution from clothing production. This wastewater often contains chemicals harmful to both humans and wildlife. More than 15,000 chemicals (Roos et al. 2019) are associated with garment production. Some of these chemicals, including formaldehyde and chlorine, are toxic. The EU deems that 165 chemicals used in apparel production are hazardous to health or the environment (Swedish Chemicals Agency 2013; Fibre2Fashion 2012). In 2018, the EU placed additional restrictions on 33 substances used in clothing, footwear, and other textile materials and

Figure 3 | Social Themes for Mapping Indirect Stakeholders



Source: Social Hotspots Database Social Themes Table. The dashed, grey boxes were added by the authors to include social themes that are integral for apparel companies to consider, given the importance of gender and social equity (Benoit Norris and Norris 2015).

Figure 4 | Circles of Influence: Collecting Impact Data on Stakeholders



Source: Authors.

known to cause cancer and reproductive health problems (European Commission 2018). In countries where environmental legislation is not enforced, polluted water is discharged unfiltered into local waterways, first affecting local communities and then spreading outward. Positive examples of partnerships with communities to enhance responses do exist, however. For example, Zero Discharge of Hazardous Chemicals Foundation (ZDHC 2020) is an organization aiming to work with the apparel value chain to remove hazardous waste from wastewater discharge.

STEP 2: WHAT DO YOU NEED TO KNOW ABOUT PEOPLE IN YOUR CIRCLE?

Opacity in apparel supply chains can be an immense barrier. Companies have a difficult time monitoring and addressing social effects, especially beyond the first tier of stakeholders (Reinecke et al. 2019). Supply chains are vast and flexible, often spanning multiple countries or legal jurisdictions, which means that social issues are hard to see and track. Supply chain **transparency** is increasingly viewed as necessary to assert the innate human rights of workers and build trust

among stakeholders (Kashyap et al. 2017; Reinecke et al. 2019). Some human rights legislation uses transparency as a mechanism to minimize risks in supply chains. Examples include The California Transparency in Supply Chains Act 2010 (Harris 2015) and the United Kingdom’s Modern-Day Slavery Act 2015 (UK 2015). Companies can ask important questions to address blind spots in their clothing reuse supply chains. Figure 4 offers examples of information and potential effects on stakeholders.

DIRECT

EXAMPLES OF DIRECT STAKEHOLDERS
Retail employees, garment production workers, factory owners, consumers, company employees, c-suite, reuse and repair center employees

EXAMPLES OF POTENTIAL IMPACTS ON DIRECT STAKEHOLDERS
Net jobs, movement of jobs from garment exporting country to garment importing country, gender impacts, wages, child labor, freedown of association

EXAMPLES OF HOW COMPANIES CAN USE INFLUENCE FOR POSITIVE CHANGE FOR DIRECT STAKEHOLDERS
Direct communication, political economy research, purchasing decisions, procurement policies

INDIRECT

EXAMPLES OF INDIRECT STAKEHOLDERS
Communities near production sites, garment workers’ dependents, informal economy workers, unions, technology and logistics platform workers

EXAMPLES OF POTENTIAL IMPACTS ON INDIRECT STAKEHOLDERS
Community health (waste pollution), regional poverty levels, informal economy engagement/growth or reduction

EXAMPLES OF HOW COMPANIES CAN USE INFLUENCE FOR POSITIVE CHANGE FOR INDIRECT STAKEHOLDERS
Donor activities, political research, adhering to compliance requirements, applying human rights due diligence policies

EFFECTS ON DIRECT STAKEHOLDERS

Understand the potential effect of transparency for direct stakeholders and the differences in effect within stakeholder groups (i.e., female garment workers versus male garment workers). Explore how clothing reuse could be a net-positive for these stakeholders.

Engage with third-party sustainable development experts or supply chain consultants to answer the following questions. Look for macro data, such as that provided by the World Development Indicators database (World Bank 2019), and directly engage with stakeholders in key countries across your supply chain.

- Is reuse encouraging partnership building between buyers and suppliers?
- Are skilled workers able to progress in their careers as part of a reuse business model change in supply chain (i.e., repair requiring skilled labor)? Will retraining be required?
- What are the new kinds of roles emerging from the business model? What kinds of worker profiles have access to these new roles?
- Are there any changes in location where repair or other services might take place compared to the original product manufacturing location?
- Is the effect on stakeholders equitable across gender (i.e., part-time vs. full-time; workers with disabilities; managers vs. workers)?

- Do new stakeholders receive a living wage?
- What kind of formal and informal rules are established as reuse becomes mainstream? Is your company acting to ensure that gender and social equity policies are applicable and transparent in their new reuse supply chains?
- What considerations is your company taking about a potential movement of jobs away from ready-made garment industries? Is there a way to increase reuse in those markets?
- Are consumers faring better with reuse options? Are more clothing brands more accessible through reuse?
- Have reuse products and services been designed inclusively (e.g., with women's needs in mind)?

EFFECTS ON INDIRECT STAKEHOLDERS

Understand the effect of clothing reuse business models on indirect stakeholders and the differences among them (i.e., communities surrounding a garment factory in an apparel exporting country versus communities around a repair factory in an apparel importing country).

Consider the following questions from a gender and social equity perspective:

- How does subcontracting look in a reuse scenario? Is there more transparency than in the linear system in how work is allocated?
- How does reuse impact the health of the garment-producing community when compared to linear use of facilities? For example, what is the wastewater pollution from reuse facilities (repair, clean, and process used garments) compared to traditional facilities?
- Does an increase in reuse reduce demand for new garments?
- What is the role of the informal economy? Is there a new informal economy associated with the reuse supply chain? In which geographies are they working?
- Does reuse affect the share of a worker's wage being sent home to families?
- Does gender come into play when considering the type of effect these stakeholders experience?
- Where production in a local community is set to decrease, what other local economic opportunities are available?
- Is there an opportunity to engage with the community by upskilling workers or working with refugees or other vulnerable groups?

This circle is the most far-reaching and the most complicated. It can be difficult to consider all possible outcomes of investments in and expansion of clothing reuse business models. However, try to recognize the way in which activities reverberate in communities that are buying and producing these clothes.

Companies can improve indirect stakeholders' lives by engaging with the communities associated with their supply chains. While companies have less control over ensuring specific outcomes for their indirect stakeholders, companies gain an understanding as to how a brand affects these communities. This provides a basis for planning mitigative actions and ensuring that any disruptions are not felt disproportionately in those communities most at risk. Companies can engage with these indirect stakeholders in several ways, including educational programs, health programs, leadership training, and community engagement.

Box 2 | Measuring Effects

A suggested method of measuring effects is comparing total wages disbursed as well as total workdays in both linear and reuse models to determine the effect on garment workers. This analysis should be done by country to identify net winners and losers in the transition to a reuse economy. After analyzing the net effect on workers, companies can take mitigative actions to move to a more just transition. Figure 5 offers examples of how companies can wield influence to benefit stakeholders.

STEP 3: ARE ALL STAKEHOLDERS BENEFITING EQUITABLY?

Companies should take insights from Steps 1 and 2 to ensure **equity** in how they shape clothing reuse business models in a way that creates wide benefits for stakeholders. Find hotspots that offer opportunities for the greatest positive effects.

To help companies shape their reuse business modes in the most equitable way, companies should identify who is a potential ally or blocker in this transition. Companies can complete an analysis of allies and blockers and set goals to address hotspots where people may be vulnerable in their supply chains.

When setting goals for an equitable and just transition to a reuse business model, companies should align these goals with other global targets (e.g., SDGs) or other collaborative efforts (e.g., Sustainable Apparel Coalition) to achieve more than they might as an individual company (Putt del Pino et al. 2016).

SETTING PRIORITIES FOR THE TRANSITION TO A REUSE BUSINESS MODEL

Create action plans based on prioritization of issues, using three criteria:⁶

1. The severity of impacts
2. Your company's capacity to address impact
3. Recognition of the influence your company has in order to address the issue; that is, does your company have direct influence to enact change, or does it need to work with coalitions or partners to address the impact? (BSR 2019).

Evaluate the different blockers and allies for a transition to clothing reuse business models.

AN ANALYSIS OF BLOCKERS AND ALLIES FOR SOCIAL IMPACT

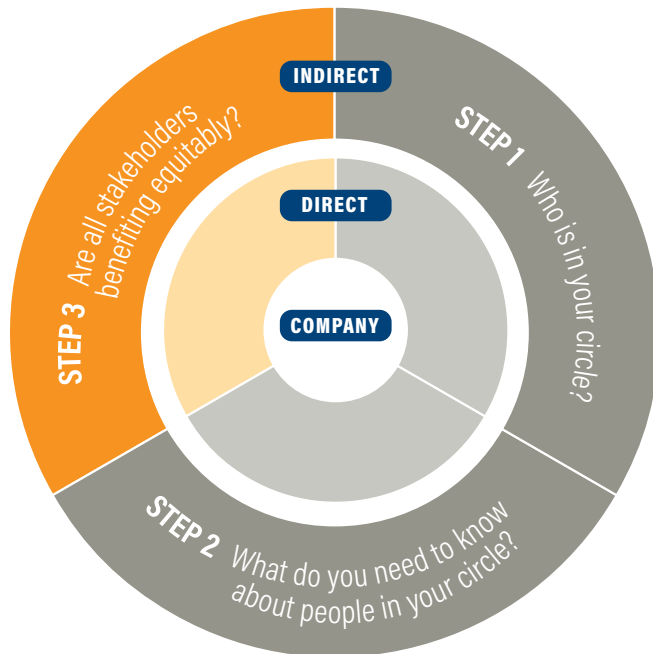
A company's transition to a reuse business model, or to a circular economy overall, will meet some barriers to and opportunities for scaling. Certain interested parties could be allies to scale reuse business models. Others could be blockers as they may benefit from the status quo linear business model and resist transitioning to reuse. A company should include these types of interested parties in its stakeholder mapping and complete an analysis to determine what type of interactions may be necessary going forward in a business model transition that benefits all stakeholders.

An analysis that looks at interested parties and determines whether they are potentially a blocker or an ally should consider whether these parties stand to gain from a transition to a reuse business model. This analysis should also look at the relationship these parties have to the company and other stakeholders. **The goal for this analysis is to determine which allies will help ensure that the reuse business model is an equitable one and which blockers might resist this change.**

Following are some guiding questions for companies to ask and a table to help frame the analysis.

- Who are the interested parties in your value chain? Can your company see whether these parties have a clear incentive or disincentive to transition to reuse and/or circularity?
- What is your company's relationship with these parties of interest?

Figure 5 | Circles of Influence: Using Data to Prioritize Equity



Source: Authors.

- What sort of influence could your company have to ensure that reuse transitions are good for your company's stakeholders?
- What cooperation or collaboration is possible with these parties of interest?
- Where are these parties located geographically? Does their location influence whether the party is an ally or a blocker?
- What positive expertise, connections, and influence does this party have?
- If an interested party is considered a blocker, does your company understand the reasoning behind the party wanting to

keep a linear business model? Is there a way to mitigate this challenge?

Table 1 is an example of an ally and blocker analysis that focuses on levers of change among stakeholders and shows how the questions above can be applied. A key focus of this analysis is to determine the structure in place in which your supply chain and stakeholders work and the motivations they might have for supporting or resisting a transition to reuse (i.e., consider political structures, geography, institutions, laws and regulations, and power relations) (Harris 2013).

DIRECT

EXAMPLES OF DIRECT STAKEHOLDERS

Retail employees, garment production workers, factory owners, consumers, company employees, c-suite, reuse and repair center employees

EXAMPLES OF POTENTIAL IMPACTS ON DIRECT STAKEHOLDERS

Net jobs, movement of jobs from garment exporting country to garment importing country, gender impacts, wages, child labor, freedown of association

EXAMPLES OF HOW COMPANIES CAN USE INFLUENCE FOR POSITIVE CHANGE FOR DIRECT STAKEHOLDERS

Direct communication, political economy research, purchasing decisions, procurement policies

INDIRECT

EXAMPLES OF INDIRECT STAKEHOLDERS

Communities near production sites, garment workers' dependents, informal economy workers, unions, technology and logistics platform workers

EXAMPLES OF POTENTIAL IMPACTS ON INDIRECT STAKEHOLDERS

Community health (waste pollution), regional poverty levels, informal economy engagement/growth or reduction

EXAMPLES OF HOW COMPANIES CAN USE INFLUENCE FOR POSITIVE CHANGE FOR INDIRECT STAKEHOLDERS

Donor activities, political research, adhering to compliance requirements, applying human rights due diligence policies

Your company should complete this analysis based on your specific supply chain and stakeholders. The questions provided are guiding in nature and not exhaustive.

LEVERS AND STRATEGIES FOR ENGAGEMENT

Those interested parties identified as allies or blockers should be targets for negotiation, communication, and partnerships. Companies can influence these levers of change through **lobbying efforts**, **cooperation**, and **coalition building**. Figure 6 offers a summary look at these allies and blockers.

Table 1 | Example of Allies and Blockers Analysis

INTERESTED PARTY	PRIMARY CONCERN OF STAKEHOLDER— APPAREL EXPORTER, IMPORTER, OR BOTH	OVERALL CONSIDERED AN ALLY OR A BLOCKER	POSSIBLE BENEFITS OF REUSE FOR INTERESTED PARTY	POSSIBLE NEGATIVES OF REUSE FOR INTERESTED PARTY	OPPORTUNITIES TO ENGAGE ALLIES	POSSIBLE MITIGATING ACTIONS FOR A BLOCKER
Sustainable development organizations	Where is this organization located?	Does the reuse transition help with these organizations' goals?	Reuse may help the local communities where they work and improve overall health or other goals of the organizations.	May see reuse as a threat to local businesses.	Grassroots knowledge, network with varied groups.	Demonstrate how reuse could help with local communities through entrepreneurship programs.
Economic ministers and their staff	Where is the economic ministry located? What share of the GDP is due to apparel revenue?	Does the reuse transition interfere with or support the country's economic goals?	Reuse may make more products available for local consumers.	Government officials may be concerned about a reduction of new garments being produced in their country.	Powerful and can push for change when priorities are aligned; can provide insights and knowledge around legislation, tax, customs, trade law, etc.	<ul style="list-style-type: none"> Is there an opportunity to sell reused goods in the countries that primarily export apparel? Can goods that are designed for reuse generate more value per unit overall than those designed for linear models?
Environmental ministers and their staff	Where is the environment ministry located?	Does the reuse transition interfere or support the country's environmental goals?	Reuse may reduce environmental impacts associated with production of new garments.	May have other priorities in the country.	Issues aligned.	Company may need to demonstrate how its reuse business model will benefit the environment.
Labor ministers and their staff	Where is the labor ministry located?	Does the reuse transition interfere with or support the country's labor goals?	Possibility of creating jobs in the reuse supply chain.	Job creation may be prioritized over quality of job or gender equity; job creation may not be in country of production; job growth slowed or declined in country of production.	Industry already engaged with labor ministries.	Engaging with the labor ministry early will be the best way to ensure a just transition to reuse for the country's workforce.
Unions	Where are the unions located? What role does the apparel sector have in job creation?	Will the unions view the reuse business model as a risk to their members?	Focusing on worker engagement may help unions see reuse as a benefit.	Reuse could be seen as a negative effect on jobs. Union focus could be gendered, leaving women out of the discussion.	Has inroads into government ministries and connections to local community; collective action leads to change.	Vision may not align with circular if short-term gains are not clear, companies can demonstrate how reuse is a short-term as well as a long-term benefit to its members; varied strength from one country to another, often male-dominated so companies should make an extra effort to directly engage with women in the supply chain, not just through unions.
Peer companies	Are your peer companies sourcing from the same facilities? Are they selling to the same consumers?	Do your peer companies have goals associated with sustainable production or sustainability targets?	Peer companies may be looking to reuse as well to achieve their sustainability goals.	Reuse could be seen as an addition rather than a supplantation of new garments; competition may resist reuse to benefit in the short term of the status quo.	Common procurement practices can be a strong decision-making force.	Often companies are members of the same sustainability coalitions. Engage through these avenues on the benefits of reuse for the industry.

Table 1 | Example of Allies and Blockers Analysis (Continued)

INTERESTED PARTY	PRIMARY CONCERN OF STAKEHOLDER— APPAREL EXPORTER, IMPORTER, OR BOTH	OVERALL CONSIDERED AN ALLY OR A BLOCKER	POSSIBLE BENEFITS OF REUSE FOR INTERESTED PARTY	POSSIBLE NEGATIVES OF REUSE FOR INTERESTED PARTY	OPPORTUNITIES TO ENGAGE ALLIES	POSSIBLE MITIGATING ACTIONS FOR A BLOCKER
NGOS	Where are the NGOs located?	Are the NGOs focused on social equity issues? Do they see reuse as helping or hurting these priorities?	Reuse could provide an avenue for NGOs to engage with communities and workers.	Reuse may not be a priority; reuse could be a threat that deprioritizes their activities.	Bring together varied stakeholders to push for reuse, networking; NGOs are possible allies for sustainable issues and may have expertise in social issues.	May lack power in some contexts, companies to look to creating partnerships when it would strengthen NGO position as a benefit to the community; NGOs may also be skeptical of company actions. Companies can demonstrate their commitment to net positive impact through reuse by being transparent in their activities and listening to the NGO expertise.
Trade associations	To whom do the trade associations cater?	What are the trade associations' goals? Do they have social impact committees?	Reuse could connect association members on a common strategy for achieving sustainability in the industry.	Reuse may be a difficult business model to sell to larger members who are reliant on the status quo.	Align the industry through association actions presenting reuse as a joint industry priority.	May be controlled by the largest company members; smaller companies can form coalitions to balance out power dynamics in the association.
Communities affected by linear model environmental effects	Which countries are currently producing your company's garments? How are those communities currently affected by the production activities there?	Would reuse improve their lives?	Reuse may reduce negative health effects from garment production.	Fear may be that reuse jobs are fewer than new production jobs or located elsewhere.	Can work with creative partnerships to promote circularity and support local businesses as a part of the reuse value chain.	May be threatened or unsure of getting involved in apparel due to lack of knowledge or power to change the actions of powerful companies and governments; companies can work with local leaders to engage communities (i.e., faith leaders, co-op leaders, educational facilities).
Media (fashion magazines, bloggers)	Which geographies do the media cover? What issues do they focus on?	How has media covered your company before? How have they covered business model innovation before?	Interest in reuse is growing and could be a media story.	Reuse may be greenwashing if not done well; media could report on negative bias of reused clothing (question hygiene or quality of clothing).	Collaboration of new designs and business models and getting that message out, focusing on the need for a just transition and making this concept mainstream.	If media is concerned about greenwashing, companies can mitigate this risk by being transparent on the community engagement approach and focus on just transition and social equity.

Source: Authors.

Negotiate or work with other similar companies to ensure that changes are made by the industry and not just by a single actor. Negotiation influence may be a component of the relationship between companies and local government officials, or when discussing

policy with trade associations. This will ensure that any positive changes are longer lasting and reduce risk for first movers.

Work with environmental or sustainable development organizations to understand effects and how to mitigate any risk.

These organizations have networks with local communities, faith, youth, and educational groups and can help companies understand the context in which they are working. This understanding will help ensure robust and positive changes.

Work with other apparel companies and create cooperative actions or with NGO communities to build coalitions to prioritize sustainable activities.

Consider how reduced production of new garments or increased sales of reused garments might alter who is an ally or blocker. For example, if a resale business model includes a new department or supplier for repaired garments, is this work being done in the country where the garment was originally produced, or will the company need to work with a new government? Are there new NGOs or apparel companies to communicate with and

possibly cooperate with? Different geographies introduce challenges regarding policy; for instance, waste could be classified differently making trade of reused apparel difficult.

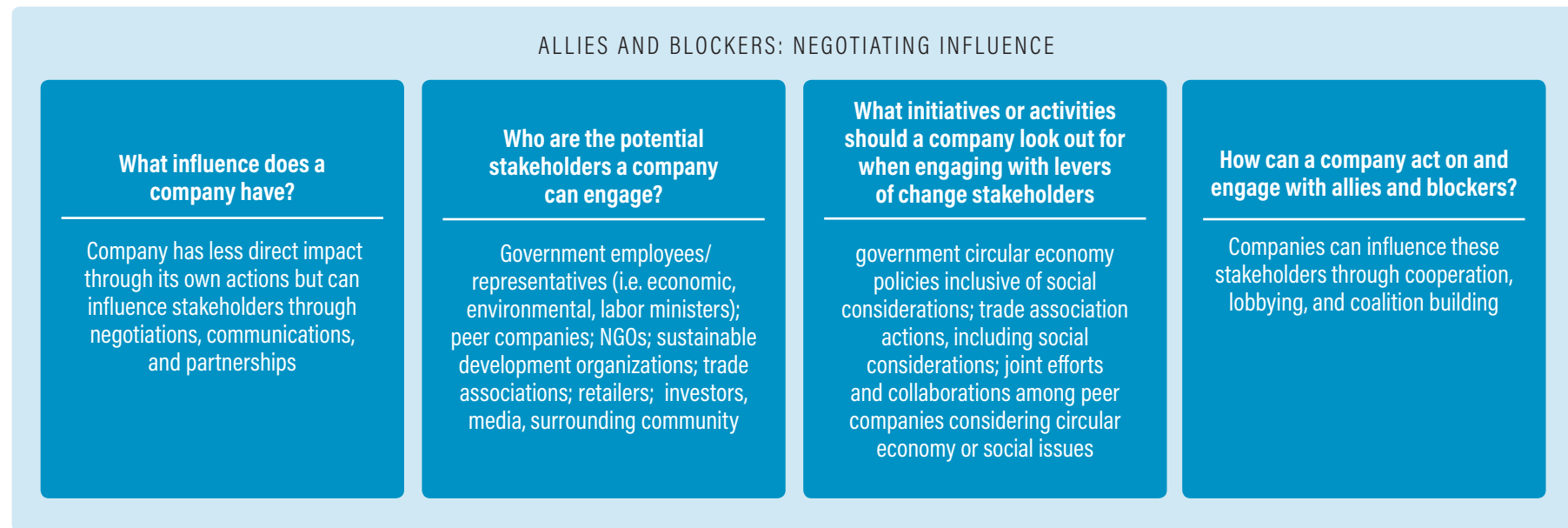
Additional questions to help companies identify levers of change among stakeholders:

- If fewer garments are being ordered from a producing country, would government officials want to understand the reasoning?
- Can your company scale up the consumption of reuse in the same country where production occurs to

keep clothes circulating domestically, rather than exporting the product?

- Are there policies involved in exporting and importing used goods that need government help?
- Are there organizations that focus on human rights for garment workers that would want to work with you to ensure a just transition to reuse?
- What governments and government representatives does the company work with and which ones should the company work with? (Consider countries that both export and import apparel).

Figure 6 | Summary Chart of Engaging with Allies and Blockers



Source: Authors.

- What formal and informal rules do these stakeholders follow?
- What trade associations are involved with your supply chain stages?
- What other companies are working in the same reuse space?
- What NGOs or local organizations are working on issues pertinent to your company and its supply chain (i.e., development agencies working on workers' rights)?
- What allies and blockers are unique to a reuse business model?
- How can your company engage with new companies operating in the reuse space?
- How are NGOs reacting to a change in business model? Is there opportunity for more engagement with them to ensure that gender and social equity are a priority in the reuse model and to track the effect of the new reuse business model over time?

SET GOALS FOR A JUST TRANSITION TO A REUSE BUSINESS MODEL

A company's influence on people can be challenging to quantify. Goals and targets that are focused on social impact likely will involve a mix of qualitative and quantitative metrics. The "Making Women Workers Count" framework from Business for Social Responsibility, for example, can help inform gender equity goals. Review insights from Steps 1 and 2 and translate these insights into objectives. Use Table 2 to help organize your company's goals and objectives.

Table 2 | Goal Setting and Considerations

STAGES OF GOAL SETTING	ISSUES TO CONSIDER
<p>UNDERSTAND WHAT DATA YOUR COMPANY HAS ON STAKEHOLDERS AND THE EFFECTS ON THEM What evidence can be used to assess the problem?</p>	<ul style="list-style-type: none"> ■ What stakeholder groups should your company prioritize based on the stakeholder mapping done in Step 1? Consider gender effects. ■ What information do you still need to determine what an ideal outcome would be for the stakeholder groups? ■ Is the effect global or locally specific? ■ What networks can you engage with that also have access to your stakeholders?
<p>IDENTIFY METRICS How can the company's progress toward limiting its negative effect on society be measured? How can the company's progress in being a net positive for society be measured?</p>	<ul style="list-style-type: none"> ■ Does your company have any goals or targets related to the SDGs? Which ones? ■ Are any of the SDGs your company has relevant to your identified stakeholders? ■ What social goals does your company have that are quantifiable? Which ones are qualitative? ■ Are the selected metrics actionable and meaningful for measuring progress to reuse and just transition, and how frequently should they be measured?
<p>IDENTIFY EXTENT OF RESPONSIBILITY What effects is your company directly causing? What effects is your company contributing to?</p>	<ul style="list-style-type: none"> ■ Are your suppliers also supplying garments to other companies? What are these companies doing to address recognized issues? ■ Are other companies also looking at reuse? ■ What other political, economic, cultural, or rights-based issues should be considered? ■ How will your company communicate a suggested plan of action to address issues in a cooperative way? Are the other stakeholders likely to consider this a reasonable approach? Consider key stakeholders such as other companies, workers, affected communities, NGOs, and customers.
<p>DEVELOP TARGETS What is the social condition that the company will strive to achieve?</p>	<ul style="list-style-type: none"> ■ Are there commonly agreed-on priorities, supported by the international community or civil society, that companies can strive for? What is the ideal reuse scenario? How does the country you are working in influence the effects you are likely to see? ■ Has a full assessment of the company's value chain been completed and all significant effects on society included in the target? ■ Is the target quantitative, and which year can be used as a baseline? ■ What end year should be used for the targets? How will they be re-evaluated when company structural changes occur or there are updates to information? ■ How can the company prioritize gender equity in its reuse targets?

Source: Table adapted from Putt del Pino et al. 2016.



CONCLUSION

Ultimately, companies need to understand their stakeholders and make conscious efforts to ensure that their supply chains are just and equitable. This is true for whichever business model a company pursues. If the global economy is to transition to a circular economy to achieve environmental and economic goals, equity must be included. This guidebook offers a method for apparel companies to begin this transition.

ENDNOTES

1. Traditional worker voices mechanisms, such as unions, worker committees, or grievance mechanisms, are open, two-way communication flows between workers and management. Technology-enabled worker voices solutions are ways to gather workers' feedback enabled by technology such as interactive voice response platforms, texting-based platforms, written surveys, and WeChat tablet surveys (offline) (Barraja 2018).
2. Informal workers are a difficult group to identify as the very nature of being informal means that their contributions are not well documented. However, companies should consider how their business is affecting this group as they could be the most at risk. Usually this group is involved in the supply chain through suppliers who subcontract work out, so companies should be aware of these sorts of activities when procuring from suppliers and ask if and how reuse is playing into the informal economy.
3. If lacking insight into all stages of the supply chain, explore opportunities to increase transparency. The OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector suggests collaborative work among companies to get a clearer picture on the traceability of their garments (OECD 2017).
4. The Social Hotspots Database is a potential resource for mapping indirect stakeholders, and it helps define the issues of interest. As the database notes, "Social themes of interest represent issues that are considered as threatening social well-being or that may contribute to its further development. Social themes of interest include but are not restricted to: 'human rights, work conditions, cultural heritage, poverty, disease, political conflict, indigenous rights'" (Benoît Norris and Norris 2015), and gender equality. The guidance looks at the database in detail in Figure 3.
5. Companies can review the wage laws of where their stakeholders are located and compare minimum wage versus suggested living wages. One source that a company can consult is the Global Living Wage Coalition (2020). Additionally, companies should review if minimum wage laws have requirements for time spent on the job and see if facilities are systematically hiring and firing workers to avoid these requirements.
6. These criteria align with BSR's Making Women Workers Count guidance.

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