

Taking a People-Centered Approach to a Circular Fashion Economy

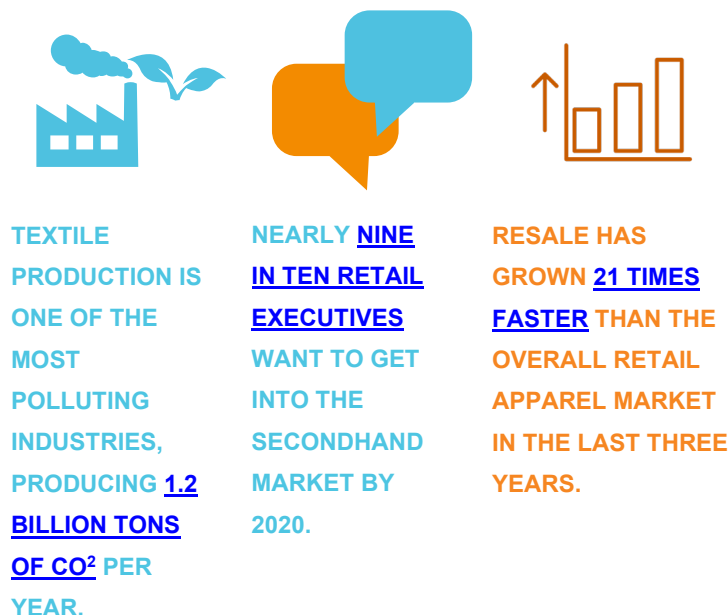
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This brief overviews potential social impacts that may emerge from a shift to circular fashion based on BSR's research and stakeholder engagement on this topic in partnership with [Laudes Foundation](#). It proposes opportunities for businesses, policymakers, and advisors to design circular fashion business models to be inclusive and fair from the outset. In addition, it provides a set of [guiding questions](#) for companies and organizations to think through the social impacts of their shifts to circular economy models.

Circularity has been on trend in the fashion industry as companies, consumers, and policymakers look to circular fashion to tackle the industry's environmental impact and respond to new economic opportunities. Signals of significant industry disruption were evident pre-COVID-19 with both resale and rental models experiencing [double-digit growth](#). The resale sector alone grew [25 times faster](#) than the broader retail sector in 2019 —at this rate, it has the potential to overtake fast fashion in just 10 years. As an industry serving billions of consumers worldwide and employing [over 60 million people](#) in its value chain, shifts to circular business models will have significant impacts on people, from local communities where materials are sourced to retail stores to recycling and repurposing facilities.

From [low wages](#), to [violence and harassment](#), and [unsafe working conditions](#), the social challenges in the fashion industry are already well documented. The COVID-19 crisis has made the vulnerability of certain groups, such as retail and factory workers, even more starkly apparent. In the U.S. alone, [2.1 million retail jobs](#) were lost due to the crisis, and fast fashion giant [Zara](#) has announced it will close 1,200 stores globally to focus on online retail. The [International Labour Organization](#) (ILO) estimates that an equivalent of 305 million full-time jobs may be lost due to the pandemic. [Bangladesh](#) is expected to lose over a million jobs in its garment sector by December 2020, with over 70,000 workers already laid off. Female

factory and home workers, marginalized and underrepresented groups, and those in countries without strong social safety nets are even more vulnerable to economic shock caused by COVID-19.



Despite the major social implications of a shift to circular business models, social issues are largely absent from the circular fashion discourse and design compared to environmental impacts.¹ While the environmental benefits of a shift to circular fashion are [potentially enormous](#), this shift could deliver sub-optimal models and hinder the transition to a sustainable economy without meaningful consideration of the social impacts. The French government, for example, had to backtrack on a tax intended to discourage fossil fuel use after nationwide protests in 2018 by the *gilets jaunes*, who felt that the burden for adapting to a low-carbon economy was being pushed to poor and rural consumers. To earn broad-based support for such initiatives, policy and business model designers must identify, assess, and address social implications

and give specific attention to where policies or models may disproportionately affect particular groups. This echoes calls for [climate justice](#), which calls out the disproportionate impact of the climate crisis on different groups and advocates for taking a human rights-centered approach to efforts to address these impacts, such as those emerging from circular innovation.

The Social Considerations of Circular Fashion Models

This section introduces some potential issues that may arise during the shift to a circular fashion model for consumers and workers as well as wider societal concerns. While certain circular fashion models, such as resale and repair, are relatively well-established concepts and seeing substantial growth, the penetration of circular models across the mainstream industry is low, making it difficult to measure and track impacts at scale. Thus, little evidence of the direct and indirect impacts of circular innovation on people exists—either as workers and/or consumers. Studying the current context however, we can anticipate differentiated impacts to be a cross-cutting theme in how the transition plays out—first, in the dynamics between production and consumption communities,² and second, with differentiated impacts on women and marginalized groups.

¹ For this brief, the term “social” encompasses any element of the outcomes on people, e.g. social inclusion, gender and intersectional equality and equity, good working conditions, etc.

² Production communities refer to areas where materials are produced, transformed, and packaged. The majority are in developing countries, including China, India, Pakistan, Bangladesh, and Vietnam. Consumption communities refer to where the final product is bought and used.

- For production communities, particularly in lower- and middle-income countries, mainstream shifts to circular models could mean reduced economic opportunities should “original”/“new” production decline and/or businesses transition to repurposing of apparel. As garment production is a major employment source, this could result in significant job losses, which would also impact the livelihoods and communities of affected workers—potentially leading to increases in poverty, inequality, and exclusion of those communities. Conversely, in consumption communities, current shifts to circular fashion will increase economic opportunities in some instances—for example, growth in jobs and new businesses in resale and rental and so on.
- We expect a shift to circular fashion models to have additional and differentiated impacts for women and marginalized groups, including migrants and ethnic and racial minorities. These groups face existing inequalities and barriers that hamper their ability to respond to changes in job opportunities and production and consumption models and exclude them from participating in the design process or in decision-making roles. The fashion industry has [repeatedly been criticized](#) for its lack of women in leadership, while more recently, in light of the Black Lives Matter movement, brands are being called out for their [discriminatory practices](#).

BOX 1 - Learning from Fashion’s COVID-19 Crisis: Impacts on Workers in India and Bangladesh

The COVID-19 crisis is generating significant disruptions along global fashion supply chains. BSR’s HERproject, a collaborative initiative to empower low-income women working in global supply chains, has observed dramatic impacts on the livelihoods of garment workers worldwide—most of them women—due to thousands of factory closures.

In Bangladesh, where 80 percent of the economy depends on the garment sector, an estimated US\$3 billion garment orders were canceled or postponed due to COVID-19. Ninety percent of factories closed, resulting in the lay-off of 1 million out of the 4 million people working in the industry. Local sources report that food security is a major challenge for garment workers affected by the COVID-19 crisis: 75 percent of workers do not have access to food, 90 percent do not have enough money to buy it, and 70 percent of women are worried that they will not be able to provide diverse diets for their children.

Similarly, in India, the Clothing Manufacturers Association estimates 5 million jobs in the sector are at risk. The situation is particularly precarious for the significant number of internal migrants working in the sector who were forced to return to their home villages when factories closed, some of them walking up to 100 kilometers.

The COVID-19 crisis has exposed the fragility of global supply chains. The major transformation required to transition to a circular fashion industry provides a unique opportunity to build resilient supply chains and guarantee decent work for people in the industry, including the most vulnerable. New business models and policies can learn from the consequences of the COVID-19 crisis and work to integrate social considerations for the outset to deliver a fair and inclusive transition. [The Annex](#) of this brief provides a set of guiding questions to think through the potential social impacts of circular models on different stakeholders including workers and local communities and how they can more equitably benefit from a shift to circular fashion.

To find out more about the impact of COVID-19 on women garment workers, visit the HERproject COVID-19 [webpage](#).

Sources: [USAID COVID-19 Multi-sector Impact Report](#), HERproject Country Representative reports, [CARE Rapid Situational Analysis](#)

IMPACTS ON WORKERS

Impacts on workers' incomes and job opportunities will depend on their location, current situation, and how the transition to circular models is managed.

Certain types of jobs, such as in-store retail and apparel factories in traditional supply chains, where most workers are women, will likely decline. At the same time, jobs in logistics and IT, currently male-dominated sectors, will [likely increase to enable circular models](#). New working opportunities related to transportation of goods for rental, resale, and repair could also lead to more gig employment, which offers workers more flexibility but most often without benefits or job security.

IDENTIFYING THE POTENTIAL SOCIAL IMPACTS OF CIRCULAR MODELS

[The Annex](#) provides a set of practical questions to help you think through the potential social impacts of various circular models and/or innovations and how proposed projects could influence such impacts.

In many countries, current [working conditions for apparel workers are often appalling](#), with poor health and safety standards, informal and vulnerable contracts, low wages, rampant violence and harassment, and monotonous and repetitive tasks. Women are estimated to make up [60-90 percent of apparel workers](#), with an estimated [80 percent being women of color](#). In some production communities, such as those in Myanmar, the majority of workers are migrants, making their legal and economic situation even more precarious. [Child labor has also been documented](#) in factories and farms in apparel supply chains. Despite commitments from governments and brands, progress to improve these conditions has been slow at best. The shift to circular fashion will require expanding on and beyond traditional industry roles. Some emerging roles in the repair and reuse models are likely to enable greater worker creativity and less monotonous work. The clothing resale platform [Trove](#), for example, draws on traditional weaving and cloth production methods in its no-waste factories using recycled materials.

A shift to circular fashion could promote improved working conditions for garment workers by giving greater value to the clothes produced, requiring more skilled labor for repair and repurpose and reducing the use of harmful inputs such as dyes and toxins. This shift, however, will require different skill sets, production methods, and potentially more time tailored to each article of clothing. The majority of garment workers lack access to upskilling opportunities and trainings, limiting their ability to respond to change and take advantage of new opportunities. At the same time, some opportunities arising from circular models, such as recycling, are often informal and of poor quality. Currently, the [ILO](#) estimates 80 percent of workers in the waste management and recycling industry are informally employed, facing hazardous working conditions, social stigma, and discrimination and lacking access to social benefits. Thus, it's important that both business and policymakers seek to understand the job impacts of mainstreaming circular fashion and proactively plan to equip, support, and protect workers through the transition.

IMPACTS ON CONSUMERS

Fast fashion democratized fashion for the masses, allowing consumers to access the latest trends and styles at extremely low prices. However, growing consumer awareness is also pushing brands to consider the social impacts of their business decisions: while Millennials were mainly concerned with environmental impacts, [nine in 10 Generation Z consumers](#) believe companies should address both environmental and social issues. Considering affordability, the move towards more sustainable and repairable products with an increase in quality and durability may price some lower socio-economic

groups out of the market for such goods. On the other hand, resale and rental options could provide consumers with more affordable access to higher-quality, more sustainable, and/or more durable pieces.

Another consumer consideration is to what extent new models will meet diverse consumer needs. For new business models to be truly inclusive from the outset, they must recognize and reflect how consumer behavior differs across and within groups. For example, new models may require behavior change, such as using a technology platform to access the service or sending in/returning articles for resale and rental models. Women may feel these new responsibilities more acutely given that they are [more likely than men](#) to be responsible for household spending globally and manage the clothing of their families. The inclusion of diverse and representative perspectives and feedback in the design process is key for companies to avoid the exclusion of different groups from their products/services and anticipate and address any negative aspects for consumers (e.g. additional time and financial burdens).

64%

**OF WOMEN BOUGHT OR ARE
NOW WILLING TO BUY RESOLD
PRODUCTS.**

70-80%

**OF CONSUMER PURCHASING
GLOBALLY IS DONE BY WOMEN FOR
THEIR OWN USE AND THEIR FAMILY.**

What about circularity's impact on consumerism? Many brands see rental and resale options not as a replacement to existing models but as an opportunity to increase their market share. As [Jenny Hyman, CEO of Rent the Runway](#), explains, "What designers have really seen is that the customer base that [we bring] them is new and different than their other partners; that we are bringing a new customer who's trying the brand for the very first time." On-demand distribution and retail sales, while cutting down over-production, may also feed into the consumer drive for immediate gratification to have the clothing they want when and where they want it. The result may not be a slower but more sustainable fashion model if industry marketing continues to push new trends every few weeks.

WIDER SOCIETAL CONSIDERATIONS

Shifting to circular business models presents an opportunity for the fashion industry to reduce its significant environmental footprint, improving local environments in the process. Water pollution is currently a serious concern—around [20 percent of global industrial water pollution](#) can be directly traced back to the textiles industry. In [Bangladesh](#), for example, the Buriganga River is so polluted with toxic chemicals and heavy metals prevalent in the leather tanning industry that it can no longer sustain aquatic life. Shifts to circular and sustainable production can reduce the use of water, harmful chemicals, plastic microfibers, fossil fuels, and other inputs that negatively impact the health, safety, and environment of production communities and workers.

Another consideration is what the consequences of the shift to circular fashion in Western markets may mean for developing countries. We have already discussed the potential for job losses in production communities. Another aspect is the impact of circularity on local textile markets. [Researchers](#) have argued that an oversupply of used textiles from abroad may have played a role in the decline of domestic textile industries in sub-Saharan countries. In order to provide more economic opportunities within developing regions, new models and policies must seek to promote circular opportunities and markets locally, in addition to supporting such activities in clothing destined for the export market.

New technology-enabled circular models may bring convenience, but they also pose data privacy concerns for consumers and may exacerbate existing digital divides. As more businesses move online, the [four billion people without internet](#), the majority of whom are women and in low-income countries, are unlikely to have access. Fashion brands are exploring tracking technologies to identify a product for resale or rental and 3D-body scanning technologies to create tailored pieces for consumers. Retailers are using [artificial intelligence-enabled visual search](#) to tag their content, such as Instagram posts, that way consumers can easily find and buy products. While the intention may be to improve shopper experience, there are potential negatives regarding the enormous amount of data generated. This could be leveraged to drive consumerist behavior and creates data privacy concerns. In addition, shifts to artificial intelligence in other industries have shown how these systems can [replicate or exacerbate discrimination and bias](#) when diversity and inclusion are not prioritized from the design stage.

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“While it’s encouraging to see 12.5 percent of the global fashion market taking concrete action toward circular business models, we must urgently address major roadblocks collaboratively to pave the way for a systemic shift towards circularity.”

Global Fashion Agenda, [Report](#) on Circular Fashion System Commitment (2019)

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Addressing social considerations

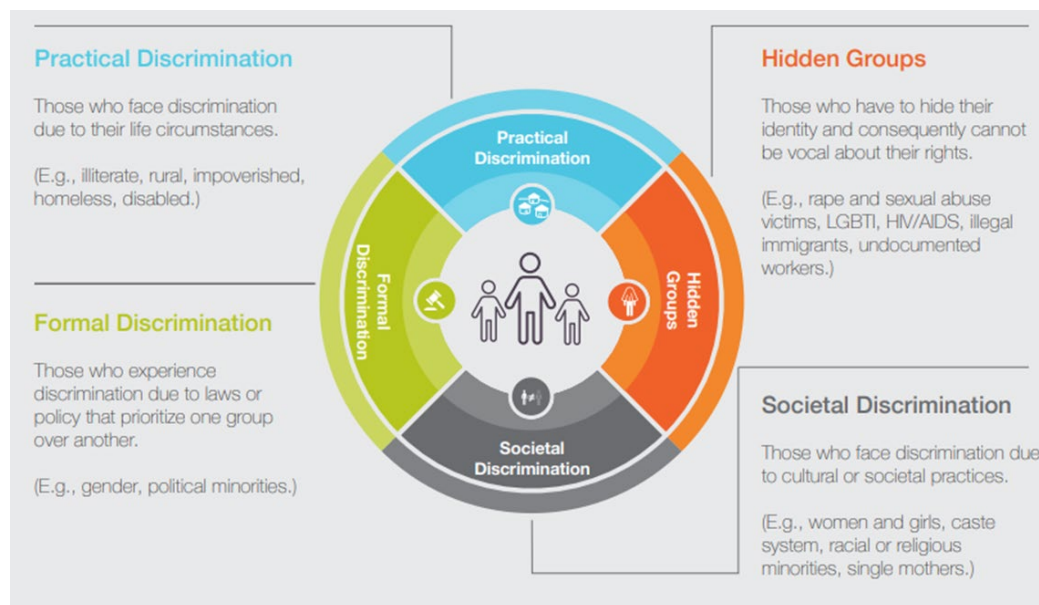
The fashion industry is just one of many sectors facing deep social upheavals as it aims to address its environmental impacts, as BSR’s recent report [The Business Role in Creating a 21st-Century Social Contract](#) points out. This current period of complex disruption presents a unique opportunity to leverage the shift to circularity in addressing many of the global fashion industry’s persistent and pervasive environmental and social issues. It presents an opportunity to build a more resilient industry that responds to the calls from stakeholders—through safer inputs that increase the health and safety of workers and production communities, by enabling creative and dignified employment, and by building inclusive models adapted to the needs of a diverse consumer base.

Seizing this opportunity requires us to first understand the impacts of innovation. This section outlines our perspective on how to begin to address the social impacts by first identifying what those impacts are and who will be impacted. We provide several actions and questions (see [Annex](#)) for companies and organizations to inform the design and implementation of circular business models, aiming to avoid and mitigate negative social impacts and more consciously target positive social impacts.

- » **Understand Gender and Intersectional Justice Impacts:** To identify the different groups impacted by potential circular business models, companies should conduct a mapping of where marginalized and vulnerable populations are both represented and excluded within circular business models as employees, entrepreneurs, customers, and community members, particularly with respect to decision-making roles. The impacted groups will differ depending on the location and are likely to change and evolve over time. An intersectional context analysis of the local/national population demographics and mapping of relevant vulnerable/marginalized groups should be conducted on a regular basis to understand the social landscape in which the business model is operating.

Intersectionality demonstrates how different identities interact and potentially exacerbate discrimination and exclusion. Taking an intersectional approach requires recognizing people have multiple identities based on different aspects of their lives that may exacerbate their situation (e.g. age, gender, ethnicity, race, religion, disability, sexual orientation, and socio-economic background). These identities do not exist separately from each other but are woven together. Understanding how these forms of discrimination compound one another can help to identify the potential negative impacts of new business models.

The [framework below](#) may be useful to identify marginalized and vulnerable groups. The questions provided in the Annex provide further guidance to help you understand the ways different groups will be impacted and to what extent your design and implementation are inclusive.



- » **Engage with stakeholders through formal and informal channels:** By understanding different stakeholders' desires, fears, and willingness to shift to circular fashion, business models can be designed to respond to their different needs and wants. Conduct consultations early in the design process and recognize that the end model may differ from what was originally expected.

Engagement and proactive information sharing in local languages will help different groups understand potential positive impacts (e.g. reduced pollution, long-term cost savings, better working conditions) and provide input on design elements to enable impacted groups to better respond to the changes.

- Formal engagement channels, such as focus groups, interviews, and surveys, enable stakeholders to provide input at key moments, including project design, piloting, scaling, factory closures or repurposing, or deployment of rental or resale models.
 - Informal engagement channels, such as informal site visits and discussions with local communities and workers, allow for ongoing feedback to be provided throughout the design, development, and implementation of circular fashion models.³
- » **Build in accountability structures to ensure social issues are considered throughout circular fashion models:** Engaging with stakeholders and understanding the local context will be insufficient to address social impact if circular business models are not adapted accordingly and are accountable to the various stakeholders. Accountability structures include baseline assessments with indicators and metrics, are relevant to vulnerable groups and social and gender issues, and are combined with regular monitoring and reporting on social issues and existing and new risks. This includes regular collection of disaggregated data to assess gender issues and other social dimensions (ethnicity, caste, sexual orientation, disability status, etc.) related to input or impacts. For smaller initiatives, both qualitative and quantitative indicators drawn from stakeholder engagement can ensure that diverse input is incorporated into new business models and that existing and emerging risks are addressed.
 - » **Work with partners to build awareness and capacity amongst decision-makers, and create conditions to scale circular business models:** Currently, few industry and regional collaborations consider social issues related to circular fashion, which limits our understanding of effective means to identify and respond to social risks related to the transition. Partnerships across businesses, governments, and civil society can leverage collective wisdom and resources from diverse voices among those impacted. This can increase awareness amongst decision-makers and strengthen the evidence base around social impacts (e.g. who has access to jobs and whose consumption patterns change). Strong partnerships will also support advocacy efforts for short- and long-term government policies on circular fashion that consider social impacts. See [the following section](#) for more information on existing initiatives that take the social impacts of circular fashion business models into consideration.

The [G20 Inclusive Business Framework](#), a multi-stakeholder platform for diverse and impactful business, provides recommendations for how business can support vulnerable communities. While

³ BSR has developed a Five-Step Approach to Stakeholder Engagement to provide guidance for companies and other business partners on meaningful stakeholder engagement, ranging from a one-off roundtable to a comprehensive strategy involving many stakeholders using a variety of engagement tactics. Learn more [here](#).

not specific to circular economy, the Framework and platform include many of the principles covered in this brief. In addition, it showcases learnings from existing initiatives on how to embed stakeholder engagement in strategies and programming in order to address social impacts of a business (see [Box 2](#) for more).

- » **Align social justice and diversity and inclusion goals with circular strategies:** The [2020 Status Report on Circular Fashion System Commitment](#) shows that brands' efforts toward circular fashion models focus almost exclusively on mitigating environmental impacts, with the most common action being employee training on circular fashion design. At the same time, a growing number of companies have made commitments to diversity and inclusion. In BSR's [2019 State of Sustainable Business Survey](#), 43 percent of companies responded that diversity and inclusion are “very significant” over the next 12 months. Aligning these two areas—circular strategies, goals, and commitments with social issues, including diversity, equity, and inclusion—could be mutually beneficial, speeding up a sustainable transition to circular economies and supporting local communities and workers to respond and benefit from the transition.

BOX 2 - The G20 Inclusive Business Framework: a multi-stakeholder platform for diverse and impactful business

The G20 Inclusive Business Framework is a multi-stakeholder advocacy platform designed to enable and create a diverse business environment that ensures that no one in society is left behind. The Framework provides recommendations for governments, companies, multilateral organizations, academia, and nonprofits, among others, on the different roles each plays in contributing to a diverse and inclusive business environment. For example, governments serve as a key enabler to private sector organizations, providing appropriate and clear regulations, functional financial infrastructure, and in general, a conducive policy and administrative environment.

The Framework identifies continuous and meaningful stakeholder engagement as critical to ensure scalability, which will allow for widespread and long-lasting sustainable development. Inclusive businesses actively involve vulnerable communities throughout their value chain as customers, providers, distributors, or retailers. This engagement results in positive impacts on the livelihoods of these populations and contributes to poverty alleviation. Likewise, companies have the responsibility to actively and continuously look for new markets, innovate to find tailored solutions to different types of customers, and provide financing, training, and information to all actors in their supply chains to ensure that no one is left behind. Lastly, companies are encouraged to embed inclusive business practices in their corporate strategy and enroll in certification programs that allow them to move towards technical, social, and environmental standards.

Additionally, multilateral, regional, and bilateral banks, plus private and nonprofit players such as angel investors, microfinance funds, and cooperatives, have a key function in providing diverse and suitable finance opportunities to inclusive business.

Figure 3: Inclusive Business Ecosystem



Source: [G20 Inclusive Business Framework](https://www.ifc.org/wps/wcm/connect/20ceb34e-d752-4f12-9590-22fa1bc2923b/Attachment+H+-+Annexes+to+G20+Inclusive+Business+Framework+Final.pdf?MOD=AJPERES&CVID=IK6-Qdi). To find specific examples of inclusive models showcase in the G20 framework, visit: <https://www.ifc.org/wps/wcm/connect/20ceb34e-d752-4f12-9590-22fa1bc2923b/Attachment+H+-+Annexes+to+G20+Inclusive+Business+Framework+Final.pdf?MOD=AJPERES&CVID=IK6-Qdi>

Current Initiatives and Resources

Keeping Workers in the Loop: Towards an Inclusive & Regenerative Fashion System

In February 2020, BSR kicked-off an 18-month project supported by Laudes Foundation to explore the impacts of the shift to circular fashion on job opportunities and quality—a topic largely ignored in the circular transition to date. The project aims to explore and develop responses to these impacts in collaboration with fashion companies and broader industry stakeholders and leverage strategic foresight in developing and testing practical recommendations with special focus on the U.S., Europe, and India.

Activities include:

- » **Conducting research** to understand how circular fashion might impact job opportunities and quality
- » **Using scenarios and systems thinking** to engage stakeholders in exploring how the future impacts of circular fashion will be shaped by the complex interplay of actors and trends like automation and climate disruption
- » **Developing and sharing actionable recommendations** with fashion industry leaders, policy makers, and other key stakeholders via a published report
- » **Exploring the potential** for a future collaborative initiative on the social impacts of circular economy

Platform for Accelerating the Circular Economy (PACE)

[PACE](#) was launched during the 2018 World Economic Forum Annual Meeting to drive public-private action and collaboration on the circular economy. Since 2019, the World Resources Institute has hosted the scale-up of PACE and established an Action Hub in The Hague. This includes a global leadership group committed to advancing this transition and working together to overcome specific barriers to progress test. PACE supports projects to scale up circular economy action on plastics, electronics and capital equipment, food and agriculture, and textiles and fashion. Active projects are already underway in China, Africa, Southeast Asia, Latin America, and Europe. PACE will use the learnings from projects to develop replicable frameworks and approaches.

Ellen MacArthur Foundation Circular Economy Initiative

The [Ellen MacArthur Foundation](#) aims to accelerate the transition to a circular economy by working with business, government, and academia to build a framework for an economy that is restorative and regenerative by design. The Foundation provides an online learning hub, case study library, and events to learn about circular economy models in different sectors of the economy and what individuals can do to accelerate the transition from linear to circular. The Foundation's Make Fashion Circular initiative brings together businesses, governments, innovators, and citizens to radically redesign fashion's operating model and transition to a circular system.

The European Commission Circular Economic Action Plan and European Circular Economy Stakeholder Platform

The European Commission launched its second [Circular Economy Action Plan](#) in 2020, with initiatives along the entire life cycle of products. The plan includes actions related to the design of products, promotes circular economy processes, fosters sustainable consumption, and aims to ensure that the resources used are kept in the EU economy for as long as possible. The plan also presents measures to “make circularity work for people, regions, and cities” and “empower consumers and public buyers,” mainly through investments in skills and job creation linked to the circular economy. It also introduces legislative and non-legislative measures targeting areas where action at the EU level brings real added value.

The European Circular Economy Stakeholder Platform, a joint initiative by the European Commission and the European Economic and Social Committee, allows interested stakeholders to share their initiatives, publications, events, and networks and engage with other stakeholders through a discussion forum.

WRI/WRAP Clothing Reuse Market Makers

WRI/WRAP Clothing Reuse Market Makers project aims to develop a framework to estimate and communicate the environmental and social impact of clothing reuse business models. While frameworks to assess the economics of apparel business models are well-established, no common definitions or approaches exist for companies to evaluate the environmental or social impacts of clothing reuse business models.

WRI/WRAP’s guidance attempts to establish common, credible, practical frameworks for estimating and communicating benefits of clothing reuse business models. It is designed to support and accelerate the implementation, improvement, and scaling of clothing reuse models that maximize environmental and social benefits. The social framework includes indicators such as gender equity, employment, living wages, and community health.

Recently, WRI/WRAP released “[Square Your Circle: How to Ensure a Just Transition to Reuse Business Models in Apparel](#).” The guidance provides key social indicators relevant to the just transition to clothing reuse business models and a three-step process for companies to maximize positive impacts and ensure social benefits claims are consistent and credible: 1) identify who is in your company’s circle of stakeholders, 2) recognize and understand the impacts on those stakeholders, and 3) develop metrics and goals to ensure stakeholders benefit equitably.

The OECD Business for Inclusive Growth initiative

The [OECD Business for Inclusive Growth initiative](#) is a multi-stakeholder forum of 34 companies—with three million employees worldwide and global revenues of US\$1 trillion—coordinated by the OECD to reduce gender, geographic, and opportunities inequalities. It seeks to promote diversity in the workplace and in supply chains. To achieve this, the initiative focuses on three main objectives within a three-year timeframe (2019-2022):

- Promote a business pledge against inequalities to advance human rights, workplace inclusion and diversity, and value chain inclusiveness.

- Build an incubator to design or expand new inclusive business models piloting social innovation and private-public collaboration at the microeconomic level. Fifty initiatives have been mapped to date. A final evaluation of the 50 projects will be published by 2022, along with guidance/framework on how to promote inclusive growth through collaboration between the public and private sectors.
- Create an inclusive growth financing forum to promote innovative financing mechanisms between businesses, governments, and philanthropic actors.

Circle Economy

Circle Economy is a nonprofit organization connecting governments, cities, and businesses to enable the transition to a circular economy from a systemic change point of view. As part of its mission, it launched a report in March 2020 that addresses the job impacts of a circular model: [*Jobs & Skills in the Circular Economy: State of Play and Future Pathways*](#).

This report outlines the extensive opportunity for job creation that mainstreaming circularity might bring while recognizing the potential job losses in global supply chains, a decrease in quality of work, and an increase in the skills gap. As a response to these challenges, the report provides a comprehensive mapping of both challenges and opportunities concerning jobs and skills in the circular economy and includes a categorization of new job types emerging from a circular model.

Looking Forward

This brief represents an initial exploration of the potential social impacts of a mainstream transition to circular fashion. As we delve deeper into this topic, we are keen to hear feedback and learn from others who are working to ensure a shift to circular fashion that delivers benefits across production and consumption communities, aims to redress existing inequalities in the fashion industry, and contributes to a just transition for all to a low-carbon economy. For questions, comments, or to learn more, please reach out to our team at connect@bsr.org.

Annex: Guiding Questions

Transitioning to circular approaches could have a wide-ranging set of social impacts, from the health and well-being of workers and local communities to the degree to which products and services cater to consumer needs. This section presents a set of questions designed to help you think through the potential social impacts of various circular models and/or innovations and how proposed projects could influence such impacts.

Stakeholder Group	Guiding Questions
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Employees



ALL MODELS

- Are new models translating into more casual jobs that disproportionately affect women and other marginalized groups (fixed term, part-time, etc.)?
- Are companies providing support for women employees and other marginalized groups to adapt to shifting employment requirements, such as adequate training, and considering unpaid care responsibilities?
- Is circular economy (CE) integrated at the core of Design Programs, and do they encourage women and other underrepresented or marginalized groups to apply? Are women encouraged to apply to projects related to STEM and that lead to technical jobs which are needed in the CE model?
- Are companies integrating gender and intersectional considerations into their recruitment practices when hiring? For example, in the way they advertise jobs (language choice) and through gender balance of candidates.
- Is guidance provided to designers, buyers, and others within companies on how to consider the perspectives and needs of women and other marginalized and underrepresented groups in designing circular products (considering beliefs and ethics as well as use)? Is this required?
- Does the innovation design and implementation process allow for meaningful stakeholder engagement with vulnerable and marginalized groups?

RESALE

- How are retail employees impacted by the new tasks of collection and sorting of take back products? What are the implications for skills and working hours?

Workers



ALL MODELS

- What are the organizations (e.g. solution providers) that will grow alongside this project/innovation/model? Will this growth provide more and better job opportunities for women and other underrepresented groups? Will it provide fairer revenue distribution?
- Is circular innovation being combined with capacity building for suppliers to help them adapt to changing market conditions and help them plan for effects on workers?

REPAIR/REMANUFACTURING/RECYCLING

- Are factory workers receiving adequate professional training to adapt to new required skills?
- Are workers better paid as a result of upskilling and any predicted change in production hours worked?
- What provisions are in place to ensure workers in collecting, sorting, and recycling jobs have access to decent working conditions, living wages, and necessary re/upskilling to adapt to new or growing circular models?

DESIGN FOR CIRCULARITY WITH SUSTAINABLE INPUTS

- Are women and other marginalized groups benefiting through formal employment from the rise of regenerative agriculture?

Entrepreneurs ALL MODELS

- Is the model supporting entrepreneurship and providing economic opportunities local to its operations?

Community Members**ALL MODELS**

- Is the model enhancing the health and well-being of local communities?

DESIGNING FOR CIRCULARITY WITH SUSTAINABLE INPUTS

- Have the gendered impacts on food price and security of the extensive use of new biomaterials been considered?
- Are companies involving agricultural communities to understand best ways to preserve the ecosystem and ensure the success of regenerative agriculture?

Consumers**ALL MODELS**

- Is the model designed with the needs and considerations of women and other marginalized groups in mind? How well does the model fit these needs?
- Are the model distribution channels enabling women to accommodate their professional and unpaid care work responsibilities? For instance, domestic tasks and caring for children and elderly.
- Is the model contributing to positive social norms, or is it reinforcing them? For example, pressuring women to keep current and trendy with looks, negative or misappropriate representation of diverse cultures/groups, etc.
- Is this model promoting responsible consumption, or could it be perpetuating “fast-fashion” consumerist behavior?

- Have products and services been tested/approved by women and diverse customer groups themselves?
- Is this model protecting people's data and protecting them from targeted gender or intersectional discrimination?
- Is the model positively impacting female and more marginalized consumers' wallets?

RENTAL

- Are companies investing in marketing strategies to decrease consumer pressure related to ownership?
- Are companies investing in positive and circular gender-sensitive/intersectional marketing to decrease consumer pressure toward consumerist behavior?
- Are women consumers' constraints due to unpaid care work being taken into account when designing a rental model? For instance, time requirements and location of returns are critical.