Status quo of circular and socio-ecological procurement in the German textile industry

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Circular Impact
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Titel: Status Quo of Circular and Socio-Ecological Procurement in the German Textile Industry

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CIPI strengthens public-benefit-oriented companies with circular solutions through knowledge building, networking, and training. The goal is to promote sustainable B2B procurement with companies and public authorities in Germany.

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List of abbreviations

CIPI: Circular Impact Procurement Initiative
CSRD: Corporate Sustainability Reporting Directive
DNK: German Sustainability Code
ESG: Environmental, Social, Governance
ESRS: European Sustainability Reporting Standards
EU: European Union
R&D: Research and Development
GRI: Global Reporting Initiative
GOTS: Global Organic Textile Standard
ILO: International Labour Organisation
KPI: Key Performance Indicator
LkSG: Supply Chain Due Diligence Act
NGO: Non-Governmental Organisation
Scope 1: Direct emissions (own sources)
Scope 2: Indirect emissions from purchased energy
Scope 3: Other indirect emissions along the value chain
UN: United Nations
ZDHC: Zero Discharge of Hazardous Chemicals

Introduction: The Ambition and Reality of Circular Procurement

The German textile industry is currently at a pivotal moment. Sustainability has evolved from a niche topic to a central strategic imperative. **Circular and social-ecological procurement** — i.e. the consistent consideration of the circular economy, fair working conditions, and environmental protection throughout the entire supply chain — is now an **integral part** of almost all major fashion companies' **sustainability reports**.

Many companies have established comprehensive sustainability programs and provide detailed reports on their progress. But **how deep does this commitment go in practice?** Are there discrepancies between ambitious goals, reporting and actual implementation?

This report analyses these questions by **benchmarking of around 20 relevant companies in the German textile and fashion industry.** The assessment is primarily based on the 2023/24 sustainability reports and includes five key criteria along the supply chain: (1) circularity; (2) social criteria; (3) ecological criteria; (4) transparency and governance; and (5) innovation relevance.

Each criterion was rated on a scale from 0 (inadequate) to 5 (best practice). This conservative methodology, with its clearly defined scoring grid, distinguishes between mere lip service and genuine commitment. The criteria are based on established sustainability standards.

1. ***Circularity:*** Strategically anchoring circular economy principles, e.g. through durable design, recycled materials, and take-back or reuse programs.
2. ***Social criteria:*** Compliance with labor and human rights in the supply chain, including fair wages, regulated working hours, the prohibition of child and forced labor, and the implementation of audit processes and complaint mechanisms.
3. ***Ecological criteria***: Implementation of climate protection and environmental measures, such as reducing emissions, using sustainable materials, and managing water and waste.
4. ***Transparency & Governance:*** Reporting in accordance with recognized standards; supply chain disclosure; clear responsibilities; external audits; and stakeholder involvement.
5. ***Innovation relevance:*** Promoting sustainable business models and technologies through purchasing, cooperation with start-ups, and research into sustainable solutions.

The **purpose** of this analysis is to **identify key trends, differences, and areas requiring action**. Rather than presenting individual results or score tables, the report offers a qualitative synthesis of findings, emphasizing overarching patterns across the industry, from successful practices to recurring weaknesses. Particular focus is placed on structural deficits in strategy, reporting, and implementation, highlighting gaps between stated goals, actual performance, and measurable progress within supply chains.

The report concludes with **practical recommendations** for corporate and public-sector procurement professionals, as well as for social businesses offering circular textile solutions. Its aim is to provide both groups with clear guidance and actionable insights: purchasers can identify effective levers for advancing sustainable procurement, while solution providers gain insights into market needs and opportunities to scale their offerings through partnerships, pilot projects, and alignment with procurement standards.

Finally, the report outlines key lessons and actionable pathways to strengthen sustainable procurement within the textile sector, from strategic anchoring to measurable implementation along the supply chain.

Industry Status: Sustainability Between Strategy and Practice

2.1 Overview

Nearly all of the textile companies analyzed have firmly embedded sustainability within their corporate strategies. The 2023/24 reports reflect a consistent commitment to climate-conscious and socially responsible business practices, supported by dedicated programs, codes of conduct, and measurable targets.

Several companies have also established ESG governance structures at the board level or appointed sustainability officers who report directly to senior management. This development is being further propelled by external forces such as industry-wide initiatives and evolving legal frameworks, including the Supply Chain Act, the EU Taxonomy, and the CSRD.

Conclusion: Sustainability is increasingly embedded in the core strategies of all companies analyzed.

2.2 Differentiation by Company Profile

While all companies demonstrate a commitment to sustainable procurement, the criteria assessment reveals distinct patterns depending on company size and type. These can be categorized into four representative clusters.

Specialized Eco-Fashion Labels

... comprehensively meet the sustainability criteria and achieve **top scores across nearly all areas**. These companies were established with a clear socio-ecological mission and serve as best-practice examples. One label uses exclusively organic and recycled materials, publishes complete supplier lists, and consistently ranks at the top in independent assessments. Another brings decades of experience in organic production, working with two-thirds GOTS-certified fabrics and undergoing annual Fair Wear Foundation audits across its entire supply chain. These pioneers perform well above the industry average.

Major Brands and Retail Chains

... position themselves in the upper mid-range, delivering **solid to strong results** (3–5 points per criterion). Notable strengths appear in social standards, climate protection, and circular strategies. One international fashion retailer stands out for transparency and open supplier lists (5 points); a global sporting goods manufacturer leads with deposit systems and an 86% emission reduction (Scope 1+2 since 2017). Another global sports brand group meets 99% of its polyester demand with recycled material, while a premium fashion house focuses on circular fibers and “zero emissions” targets. Despite established structures, selective gaps remain.

Value and Discount Providers

... show **surprising progress**.They are Fair Wear Foundation members, publish transparent reports following recognized standards, and have implemented ESG governance structures. One company achieves top social scores through 585 annual audits and a Worker Education Program, while another strengthens supply chain management through preliminary audits and a publicly available Tier 1 list. Overall ratings range between 3–4 points, with top marks in transparency and governance, though **weaknesses persist in circularity initiatives**.

Small and Medium-Sized Manufacturers

... present a **varied picture**. A mid-sized outdoor brand performs well through long-standing Fair Wear membership (since 2011) and NGO partnerships (5 points in social criteria) but lags in innovation (2 points). An industrial clothing producer achieves top marks for fair working conditions (5 points) and circular innovation (compostable T-shirt since 2006) but has room for improvement in reporting (4 points). Suppliers generally score 2–3 points through basic measures such as regional procurement and OEKO-TEX certification yet **lack comprehensive strategies**. The study indicates that company size and degree of value creation are key factors influencing progress.

2.3 Criteria-Specific Trends

When averaging the five evaluation areas across all companies, the following trends become apparent:

Social Criteria (Working Conditions):

Social criteria receive the highest ratings among all companies. Almost all have anchored core labor standards in line with ILO conventions, including codes of conduct prohibiting child and forced labor, regular audits, and collaborations with initiatives such as the Fair Wear Foundation.

Examples include an international fashion chain with its Human Rights Council and comprehensive grievance mechanisms, as well as a global sporting goods manufacturer conducting Living Wage pilot projects. Even discount retailers have implemented professional programs, such as CSR veto rights in cases of supplier misconduct and occupational health and safety training.

Conclusion: Minimum social standards are established across the industry in 2025. Gaps are being actively addressed at the Tier 1 level.

Ecological Criteria (Climate Protection, Resources):

Almost all companies are pursuing ambitious climate goals, mostly science-based targets, aiming for significant emission reductions by 2030 or net zero by 2050. Large companies already report double-digit reductions along their supply chains and high recycling rates for materials. One international fashion brand in the mid-price segment stands out as a frontrunner, targeting a supply chain CO_2 reduction of more than 50% by 2034.

Medium-sized companies, while implementing basic measures such as the use of sustainable materials and certifications, often lack quantitative targets and systematic supply chain monitoring. Across the industry, chemical management is being taken more seriously: many companies are now members of the ZDHC (Zero Discharge of Hazardous Chemicals) initiative or hold OEKO-TEX certification.

Conclusion: While strategic foundations are in place, implementation depth differs widely. SMEs especially hold untapped potential in reducing carbon footprints and strengthening supplier programs.

Circularity (Circular Economy):

The industry has strategically embedded circular economy principles, but fully closed loops are still absent. Many companies focus on “design for recycling,” durable products, and the use of circular materials. The share of recycled materials is rising significantly: for instance, an international fashion retailer is steadily increasing its use of recycled fibres, while a global sporting goods manufacturer now covers 75% of its polyester requirements with recycled material.

Pilot projects such as second-hand shops and used-textile collection schemes show promising progress. However, broad scaling remains limited: some companies reference design principles but lack nationwide take-back systems, and one textile discounter has yet to establish its own recycling programme. Most measures still focus on downcycling, such as durable basics or recyclable materials, while truly closed loops remain the exception, as seen in examples like compostable T-shirts or fully recyclable denim jeans from an international fashion brand.

Conclusion: The industry acknowledges the need and has initiated relevant programs. However, systemic progress is required to evolve from isolated pilot projects to established standard practice.

Transparency & Governance:

The CSRD reporting obligation serves as a strong catalyst, revealing the most significant gap between large corporations and SMEs. Major companies have been voluntarily publishing externally audited GRI reports even before the CSRD came into force. Two of the companies analysed achieve top scores through full disclosure of their first-tier suppliers (Tier 1), digital traceability, and clearly defined ESG responsibilities.

A textile discounter in the low-price segment has also established a high level of transparency: its sustainability report follows the German Sustainability Code (DNK), the supplier list is publicly accessible, and it participates in the UN Global Compact.

SMEs, by contrast, meet their basic obligations but lag behind in quality. One specialised textile manufacturer publishes only an 11-page narrative report without a GRI index. Another provides detailed information but lacks the depth and external verification typical of larger corporations. A third company did not begin systematic Supply Chain Act (LkSG) reporting until 2024.

Overall, governance structures exist across the industry; however, their degree of formalisation and communication varies considerably.

Conclusion: The CSRD is accelerating transparency, with many large companies taking proactive steps. SMEs still need to catch up, particularly in terms of comparability and independent verification. Transparency has clearly ceased to be a taboo topic.

Innovation Relevance:

Pioneers are driving development, while others follow in an adaptive manner. Innovations in procurement range from technological approaches such as digital supply chain tools and new materials to strategic concepts like circular business models.

Explicit innovators – for example, an international premium fashion company with “innovation and sustainability” at its brand core and R&D for high-tech yarns, a global sporting goods manufacturer using 3D printing, and an SME that received the 2023 Ecodesign Award for circular products – achieve top ratings.

By contrast, the majority rely on established best practices, such as the early adoption of TENCEL™ or recycling processes, rather than on their own breakthrough developments. A textile discounter is piloting blockchain-based product passports but has not introduced rental models. Across the industry, collaborations with suppliers and start-ups dominate, while scaled rental or resale offerings remain largely absent.

Conclusion: There is clear willingness to innovate, but it is largely externally driven. Purchasing teams remain reactive rather than disruptive, and closer links with start-ups and research could upgrade the entire industry.

In summary, the **status quo** can be characterized as follows:

Sustainable procurement is established across the industry – no relevant company can afford to ignore social and environmental requirements. Significant **progress** is evident in **labour standards**, **climate targets and transparency**, in some cases reaching best-practice level. However, **structural gaps between ambition and implementation**, as well as heterogeneity between actors, persist.

The following chapter provides a detailed analysis of deficits in strategic anchoring, depth of implementation and reporting.

Ambition Meets Reality: Structural Deficits in Implementation

Despite significant progress, the analysis reveals structural weaknesses where many companies fall short of their own expectations. These gaps between ambitious goals and actual implementation can be divided into three central areas: **Strategic Anchoring, Operational Implementation and Reporting & Transparency.**

3.1 Strategic Anchoring: Parallelism Instead of Transformation

Almost all major fashion companies have embedded sustainability at a strategic level. The key question, however, is how deep this anchoring truly goes. In many cases, sustainable procurement remains a secondary objective alongside sales, margin, and cost pressure, rather than a guiding principle that fundamentally reshapes purchasing processes.

Formally, top management commitments are in place, yet day-to-day practice is still dominated by short-term cost priorities. In the highly price-sensitive textile sector, a predominantly efficiency-driven mindset continues to shape many decisions. Sustainability targets often run in parallel to traditional KPIs instead of being fully integrated into them. While companies highlight collaboration with innovative suppliers, rigid procurement guidelines still favor established, low-cost partners. Circular economy principles are frequently declared, but radical business model shifts – such as rental fashion or resale – usually remain confined to pilot projects.

Conclusion: Sustainability is embedded in strategy on paper, but it is not yet transformative. Profit and sustainability objectives are treated separately rather than integrated, and there is still a lack of courage to prioritize sustainability over short-term profits and to align purchasing more closely with core business models.

3.2 Operational Implementation: From Goals to Actions

At the operational level, ambitious sustainability goals often translate only partially into concrete measures. Benchmarking reveals several typical weaknesses:

Circular Initiatives as Pilot Projects

Many companies proudly showcase small circular economy pilots – such as capsule collections made from recycled materials or take-back campaigns. However, these rarely alter the core business model: one major fashion brand, for example, launched recycled mini-collections while over 90% of its production remained linear, and take-back programs usually apply only to individual product lines.

Conclusion: Circular initiatives are not yet scaled across design, production, and sales.

Audits Without Living Wages

Supplier audits and codes of conduct are now standard, but living wages remain the exception. Reports emphasize minimum wages and ILO standards yet largely overlook their inadequacy in many production countries; even leading companies fall short of best practice in this area. Freedom of association is acknowledged in principle, but is rarely actively promoted.

Conclusion: The focus remains on basic compliance rather than actual living wage programs.

Limited Supply Chain Depth

Sustainability measures typically stop at direct suppliers (Tier 1). Risk analyses for upstream stages such as cotton cultivation and dyeing facilities exist, but concrete interventions are largely absent. Although supply chain analyses have been required under the LkSG since 2023, implementation is lagging, often due to capacity constraints or limited transparency.

Conclusion: Global responsibility is articulated, but its effective reach is still limited.

Climate Targets Without Reliable Data

“Net zero by 2050” targets are now common, but Scope 3 data remains incomplete. Reports list individual measures yet rarely provide a full CO_2 footprint, leaving supply chain emissions – which can account for up to 90% of the total – insufficiently quantified.

Conclusion: Without transparent monitoring, the industry faces a high risk of greenwashing.

New Business Models in the Niche

Rental and second-hand offerings remain limited to small-scale pilots targeting niche customer segments. Despite stated circularity ambitions, traditional sales-driven business logic continues to dominate.

Conclusion: Demand uncertainty and conflicting revenue models continue to slow transformation.

3.3 Reporting & Transparency: More Data, Less Comparability

Reporting reveals structural weaknesses. While companies now publish significantly more data than in the past, a lack of transparency and common standards hampers both comparability and credibility.

Inconsistent Reporting Standards

Large corporations often report in line with GRI or ESRS (CSRD), whereas smaller companies use their own formats. One family-owned company, for instance, submitted a report without standardized indicators (such as a GRI index or DNK reference), making its performance difficult to assess.

Conclusion: Without uniform standards, sustainability will remain hard to measure; the CSRD from 2025 may help close this gap.

Little Independent Examination

Many reports lack external verification. Only a few companies have their disclosures confirmed by auditors, usually under limited assurance. Without independent review, the risk of greenwashing increases, as companies can selectively highlight positive examples while omitting shortfalls; a rare exception demonstrates an open error culture by including a dedicated section on missed targets.

Conclusion: Credibility depends on independent verification and openness about setbacks.

Incomplete Supply Chain Visibility

Many reports list only countries rather than specific factory locations. Pioneers publish full Tier 1 data (e.g. via the Open Apparel Registry) or use digital product passports and QR codes. However, deeper tiers – such as material manufacturers and raw material production – remain patchy, even in companies with otherwise ambitious governance structures.

Conclusion: The call for global transparency is still far from being fulfilled.

In summary, **sustainability runs parallel to, rather than through, the core business**. Operationally, **pilot projects** and a Tier 1 focus **dominate instead of scaling** across the full supply chain. **Reporting** provides more data, but **remains** inconsistent and **rarely verified**, making credible comparisons between ambition and performance difficult.

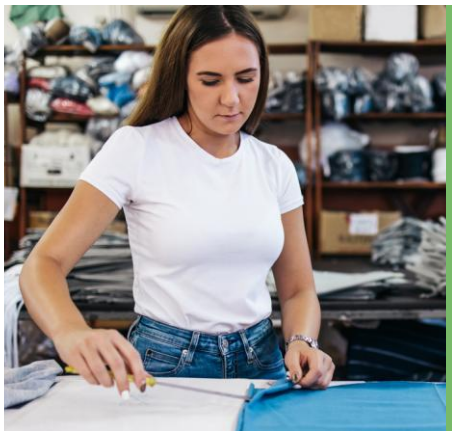
The next section sets out concrete recommendations for procurers and solution providers to help close these structural gaps.

Identified Fields of Action in Sustainable Textile Procurement

Despite progress in strategy, programs, and reporting, sustainable procurement in the textile industry is still not fully embedded in day-to-day operations. The main challenges lie less in awareness and more in systematic anchoring, scaling, and measurable implementation along global supply chains.

The identified gaps translate into five key fields of action that are crucial for an effective transformation of procurement practice:

Field of Action	Status Quo	Objective
Binding integration into purchasing processes	Social, environmental, and circular criteria are not treated as equivalent to cost, speed, and availability.	The objective is to embed sustainability in a binding way, for example through sustainability weightings in tenders, KPI-based purchasing bonuses, or supplier selection criteria that go beyond pure cost advantages.
Scaling circular procurement	Circular criteria are neither standardized nor binding.	The objective is to scale circular principles, for instance via fixed recycled content requirements in tenders, mandatory modular product design features, or long-term partnerships with circular solution providers.
Transparency along the entire supply chain	Tier 1 audits are in place, but Tier 2/3 stages (fiber/spinning) remain largely uncontrolled.	The objective is to improve traceability through clear expectations for Tier 2/3 suppliers, the use of digital tools or shared platforms, and collaborative supplier programs.
Reliable sustainability data	Scope 3 data is incomplete, and key indicators (especially water, CO_2, chemicals) for sustainable purchasing decisions are missing.	The objective is to establish robust control data via standardized product footprints (CO_2, water), supplier scorecards with sustainability KPIs, and digital dashboards for sourcing decisions.
Industry-wide standardization	Company-specific sustainability standards increase complexity for suppliers and reduce comparability.	The objective is to create uniform standards through industry-wide minimum criteria and indicators, structured supplier dialogues, and cooperative implementation instead of isolated, company-specific requirements.



Opportunities Through Social Businesses in the Circular Economy

The industry's identified fields of action open up **strategic opportunities** for social businesses in the circular economy. These opportunities go beyond a traditional "sustainability supplier" role and focus precisely on the points where purchasing practice, scalability, and verification logic do not yet align optimally. The real added value lies not only in offering "greener" products, but in relieving procurement teams, reducing risk, and embedding sustainability into regular operations.

Strategic Levers for Measurable Decarbonisation

Social businesses as suppliers make a **central contribution to reducing greenhouse gas emissions** along the value chain. By developing new materials from residues or agricultural by-products, they enable brands to **capture and reduce their Scope 3 emissions with precision**. Robust datasets and transparent evidence provide the foundation for credible, CSRD-compliant sustainability reporting. At the same time, the role of these social businesses is shifting – from selective innovation partners to strategic actors that advance decarbonisation operationally and measurably.

Example: OceanSafe develops **biodegradable and pollutant-free fibers** , which are integrated into industrial applications via licensing models. The goal is to redesign textile value chains according to cradle-to-cradle principles so that materials remain in biological or technical cycles, microplastics and pollutants are avoided, and brands gain reliable solutions for climate, resources, and health impacts.

By combining material innovation with quantifiable environmental effects, OceanSafe is ideally positioned for this approach. The company delivers concrete, product-specific savings in CO_2 emissions and resources that purchasing organizations can seamlessly integrate into their Scope 3 reduction strategies and reporting

Circular Economy as a Scalable Infrastructure

While many companies still limit circular concepts to pilot projects, social businesses in the circular economy are developing **holistic, scalable solutions**. They close material and use cycles through take-back programmes, recycling processes, and digital product passports that strengthen traceability and resource efficiency. In doing so, they create systems that extend beyond individual product lines and enable **systematic circularity at an industrial scale**. The decisive step forward is treating the circular economy as permanent infrastructure rather than as an isolated sustainability project.

Example: manaomea produces an innovative material from mixed textile waste combined with a bio-based resin. This material can replace wood and plastics in applications such as stationery, furniture, or interior elements. The approach upgrades textile waste – particularly from regions in the Global South – into a valuable resource while simultaneously creating fair jobs and local value creation.

In addition, manaomea is establishing a **circular material system with take-back and reuse, converting textile residues into long-lasting products**. The company is an excellent fit for this approach, as it extends circular processes beyond conventional fiber-to-fiber methods and enables systemic material cycles that go beyond individual product lines.

Social and Market-Oriented Value-Added Partnerships

Social businesses as suppliers create fair working conditions, local value creation, and knowledge transfer in production regions. This allows brands to **combine social responsibility with economic performance**. Together with co-innovation and co-branding, new value chains and product categories emerge that integrate ecological, social, and market-based objectives. In this way, such partnerships help diversify supply chains, reduce risk, and at the same time build sustainable competitiveness.

Example: Re-Root-Tex taps previously unused pineapple leaves as agricultural residues and extracts fibers for textiles from them. This approach increases resource efficiency and local value creation by turning **agricultural by-products into income sources for rural communities** – without requiring additional arable land. Brands thus gain a material alternative with a lower resource and emissions footprint.

Re-Root-Tex is particularly well suited to this lever, as it combines ecological innovation with social impact along the supply chain and acts as an impact anchor for diversified, resilient, and responsible procurement struct

Conclusion

The German textile industry has strategically anchored sustainability; however, a gap remains between ambition and actual implementation. **ESG frameworks have become standard, yet often lack real transformation, scaling, or comparability**. Now, it is crucial to embed social, ecological, and circular criteria into procurement and management in a binding way. The **greatest opportunity lies in forging strategic partnership with circular pioneers** who make sustainable value creation measurable.

CIPI - Your Partner for Circular Transformation

This is where the *Circular Impact Procurement Initiative (CIPI)* by Yunus Environment Hub comes in. Our mission is to make supply chains more resilient in the long term and to measurably advance the achievement of sustainability goals.

CIPI turns sustainable procurement into something tangible and achievable. We support companies across Germany in systematically embedding circular approaches into their purchasing strategies and processes. Through practical training, hands-on workshops, and tailored consulting, we build internal capacities, provide direction, and accompany companies through concrete implementation. Through our network of purpose-driven enterprises, procurement professionals gain access to circular solutions that combine profitability, resilience, and sustainability.

No matter whether you are just beginning or looking to deepen existing practices — CIPI is your partner on the journey toward future-proof procurement.

Your Contact Person

If you have questions or need support implementing circular procurement, please contact Claudia directly. She will guide you with practical advice and active support to help you realize your procurement goals.

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