



Why Chanel Is Getting Into the Recycling Business

The French luxury giant is launching a new circularity focused venture with investments in waste management and recycling companies, much as it has bought up top-end ateliers in a decades-long push to future-proof its supply chain.

By Sarah Kent



High-end fashion house Chanel is branching into an unconventional new line of business: waste management and recycling.

On Monday, the company announced the launch of Nevold (the name is a contraction of “never old”), a new, independent venture focused on developing end-of-life solutions for textile offcuts, unused fabrics and unsold or old products.

The move comes amid growing concerns about the volume of waste created by the fashion industry. Though often portrayed as a fast-fashion problem, luxury goods mass-produced in the millions of units also have an impact. Over the last decade, the value of unsold inventory held on the books at luxury giants like Kering and LVMH has reached into the billions of dollars.

Regulators are paying attention. New rules, led by Europe, are set to make brands more responsible for waste generated by their businesses and crack down on luxury’s historically favoured solution: simply destroying unsold goods.

Chanel said its bigger concern is resource scarcity. Many of luxury’s most prized fibres, like top quality cashmere, silk and leather are under threat from climate change, making the raw materials tied up in last season’s ready-to-wear a valuable future commodity.

“It’s becoming more and more important and more and more strategic for us,” said Chanel’s president of fashion Bruno Pavlovsky. “If we want to continue to exist and to do what we are doing, we have to anticipate and to see how we can rethink this idea of materials and raw materials.”

Selling Circularity

Chanel has been building up to Nevold’s creation for several years, starting to invest in the space in 2019. But now it’s ready for a hard launch, with ambitions to scale the vertical into a B2B service provider and R&D hub focused on developing circular solutions for the fashion industry.

It’s a familiar strategy for Chanel. The luxury giant has already built up a manufacturing division of more than 50 specialised factories and ateliers in a decades-long push to future proof its supply chain. Investments include embroiderer Lesage, feather-and-flower specialist Lemarié and hat maker Maison Michel. These make products for the brand, but also provide services to other fashion businesses. The





company has brought on engineer and former LVMH executive Sophie Brocart to oversee operation and expansion of the new division.

Long-term, the ambition is for Nevold to be part of a “profound transformation process that is rethinking the entire product lifecycle, developing new savoir-faire and professions... and contributing to a more circular economy,” the company said in a press release.

It’s a leviathan of a problem and at present Nevold is little more than a minnow.

At its core are three companies Chanel has set up or acquired over the last few years: recycling agent L’Atelier des Matières, which connects brands to an ecosystem of optimised solutions for their textile waste, unused fabric and unsold inventory; 50-year-old spinning mill Filatures du Parc, which specialises in yarns made from recycled materials; and leather recycling specialist Authentic Material.

The idea is the companies will Hoover up the waste generated by Chanel and other clients and turn them into “new materials for tomorrow” that can be used by the maison, but also sold to other brands and industries.

“It’s not about Chanel recovering her waste to do Chanel,” said Pavlovsky. “It’s Chanel recovering waste from Chanel and from whoever on the market who [is] ready to sell us the waste to recreate a new kind of materials.”

Nevold is eyeing acquisitions to accelerate its current capabilities and exploring partnerships with other sectors, like sports and hospitality, to guarantee a second life for materials that no longer meet the standards of the luxury market, Pavlovsky added. For instance, so far the company has found recycling leather back into a material suitable for making a high-end handbag is a nonstarter, but the end product could be used to replace common plastic, like high heels and reinforcements for footwear and handbags.

Chanel is not the only luxury giant dabbling in the space. Last year, LVMH said it spent an estimated €200,000 (\$225,000) to support the development of closed-loop recycling systems capable of turning old materials and unused stock back into new fabrics and yarns for its fashion and leather goods houses. It expects to increase its level of investment to €300,000 this year. Gucci-owner Kering has put money into French recycling business Revalorem and resale site Vestiaire Collective.

Whether these efforts amount to more than some green window-dressing for businesses that generate many multiples of these investments through the sale of new products that contribute to the very problem they’re trying to solve will depend on how they scale.

Critics argue that the fashion’s interest in recycling will do little to curb the industry’s impact if companies also continue to pursue growth by churning out more and more units. This is especially true if brands turn to recycling as a tool to manage overproduction and dispose of excess inventory. Mass market brands like Nike have already come under fire for shredding brand new products they couldn’t sell in recycling plants.

The move also comes as luxury sales are suffering from Trump’s trade war and growing consumer skepticism about the value proposition offered by brands that have ratcheted up prices without corresponding innovation. Chanel, which made some of the industry’s punchiest price hikes, saw sales drop last year for the first time since 2020.

Pavlovsky declined to disclose how much Chanel has invested in Nevold so far, or the level of spending the company expects to devote to the business going forward. Until the business is more developed it will be a cost centre, not a profit maker, he said.

“We still need to invest money,” Pavlovsky added. “It’s a new business. It’s not a big business, but it’s something I believe that we’ll talk more and more about.”

