

WHITE PAPER

Together, let's commit to an efficient and operational system for a 100% circular Textile sector

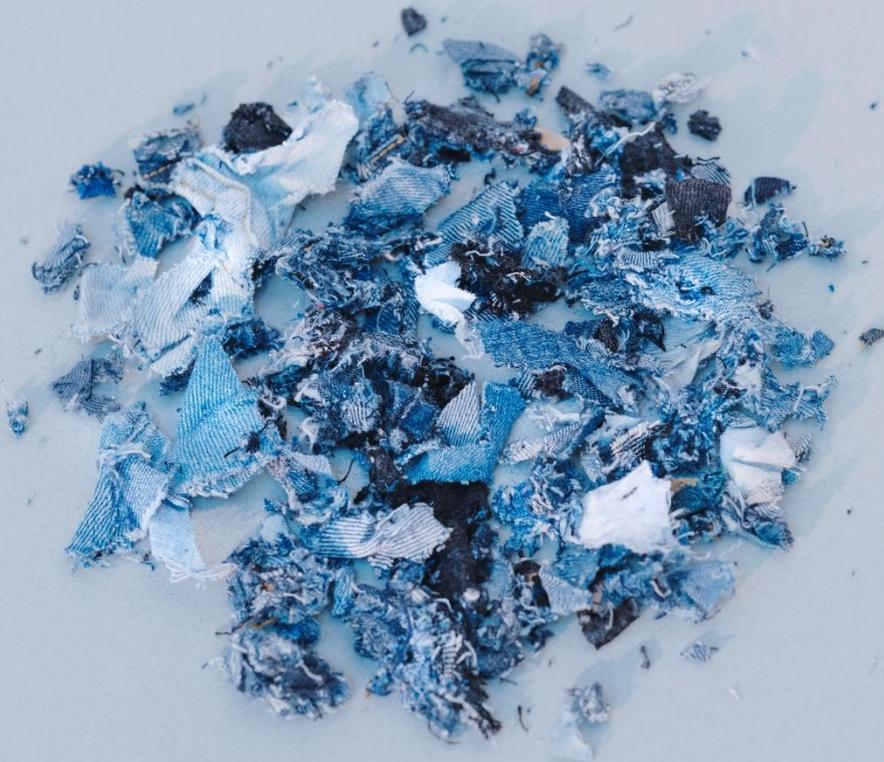


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EDITORIAL



The climate emergency and the need to reduce the textile industry's environmental impact must guide all of our actions and public policies.



2022 marks a pivotal year for our eco-organization, and for the entire textile and footwear industry. In a context of profound upheaval, the circular economy, which was a global priority, has now become a vital emergency.

The industry's figures are clear: out of 648,000 tons of textiles and shoes put on the market each year in France, only 38% are collected for recycling (source: Refashion).

Still too often singled out for its environmental impact, our industry must continue its actions and build its future according to a responsible and exemplary model. More than ever, this transformation towards a fully circular economy requires everyone's commitment.

In this respect, this electoral year is a unique opportunity to mobilize political leaders around concrete measures, in line with the ambitions set by France and Europe for ecological transition.

It is essential that these measures respond to the challenges, expectations and specific needs of our industry, to reposition it at the heart of public debates from which it is all too often missing.

The proposals detailed in this White Paper constitute a response to 3 different objectives.

The first objective consists in repositioning environmental benefits to ensure they are central to the Extended Producer Responsibility approach.

The second objective concerns supporting the development of a sustainable textile and footwear recycling industry.

The third objective consists in responding to the legitimate expectations of transparency and traceability from all the branch's actors.

Reaching these objectives requires focusing on three key steps in a product's lifecycle: (1) production, (2) consumption, and (3) regeneration.

More than ever, we need to set an example and give ourselves the means to achieve our ambitions by imposing France as a true model for Europe and the world to follow.

Textiles and footwear's second life is no longer just an option to guarantee the future of our planet. It is an obligation.

Maud HARDY
General Manager at Refashion

INTRODUCTION

Whilst the period of crisis over the last two years has truly revolutionized the market in general, the textiles and footwear branch has been particularly affected. Pressured by consumers and by economic upheavals following the Covid-19 pandemic, the industry has set out to redefine its economic pathway and strategy, and to commit itself in a fully circular ecosystem by improving both its social and environmental impacts.

More and more brands now want to adopt an eco-responsible approach. They are implementing actions to measure and reduce the environmental impacts of their products and their business models. These transformations are encouraged by consumers, who are increasingly demanding circular economy products. Today, 82% of French people have a very positive image of the circular economy, along with its positive impact on the environment and its capacity for innovation.¹

At the same time, French and European regulations are evolving. The European directives on the "Circular Economy package" include the obligation to separately collect used textiles and footwear from January 1st, 2025 in all member states. The EU Strategy for Sustainable Textiles is also expected to be launched during the first half of 2022, with the aim of marketing products which are designed to be more sustainable, reusable, repairable, recyclable and energy efficient. In France, the Law Against Waste and for the Circular Economy (AGEC) has increased the obligations of brands and eco-organizations.

These new tendencies come with a profound reconsideration of the system as we know it. On the one hand, second-hand markets are developing and asserting themselves, many of them outside of the scope of actors approved by the eco-organization. According to an OpinionWay study for Refashion, over half of French people (55%) say they have already started to reduce their purchases of new textiles and shoes.² In addition, the exposure of used textile export channels has generated consumer distrust of the current system and increased pressure on public authorities. In the future, the latter will probably demand a significant increase in the volumes of collected textiles, for which it is essential to implement innovative treatment solutions in France and in Europe.

However, in France, the recycling of used textiles and footwear does not currently attract all the necessary investments, whether public, private or the subject of multilateral agreements. Recycling requires a real industrial strategy for economic development and employment, well beyond the mere integration incentives to the benefit of SSE companies.

¹ Cetelem Observatory European Barometer, « Economie Circulaire : place au consommateur-entrepreneur », Janvier 2022.

² OpinionWay for Refashion, « Perception, connaissances et comportements vis-à-vis de la filière textile », Mai 2021

If we are to honor our ambitions and strong commitments for ecological transition, it is essential that public authorities adopt concrete and binding measures for the whole sector. Three distinct phases must be addressed:

- (1) **Rethinking production**, with the marketing of more sustainable products that are easier to recycle;
- (2) **Rethinking consumption**, by supporting transparency and consumer awareness
- (3) **Re-valuing waste**, to transform it into new resources thanks to an efficient and value creating recycling industry.

Our country must pave the way for additional investments, which must now be directed towards removing the obstacles to the industrialization of the downstream industry, in order to reposition environmental benefits back at the heart of the Extended Producer Responsibility (EPR) system. This system must also be extended to allow the eco-organization to play not only a financial, but also a more operational role.

The historic advance of France, the first country in the world to have adopted an EPR dispositive for the textiles and footwear industry 14 years ago, needs to be used to our advantage to impose ourselves as a model to follow at a European level. It is essential that we take advantage of all the lessons learned in recent years in order to push for harmonized textile and footwear EPR in Europe.

Fashion is a topic which concerns all of us on a daily basis. In the face of the climate emergency, we no longer have a choice.

CHAPTER 1 – RETHINKING PRODUCTION

The next presidential term must be one of increased attention with respect to textile and footwear manufacturing processes, in order to market products which are more sustainable, more recyclable and incorporating even more recycled materials.

At Refashion, we see the products put on the market as future resources, which must therefore be designed and developed as such. Our aim is to encourage all brands to embark on an environmental assessment and reduction approach with respect to their activities and production, one of the prerequisites of the circular economy.

PROPOSAL N°1 – Penalize brands which market products with a high environmental impact

FINDINGS

Every year, marketers must pay their textile and footwear eco-contribution to Refashion, to ensure the prevention and end-of-life management of the products they put on the French market. This eco-contribution is calculated on the basis of each marketer's annual declaration stating the quantities of textiles and footwear marketed in the previous year. Each category (t-shirts, trousers, shoes, etc.) corresponds to a scale that sets the amount of the contribution per item.

Yet, today, a white recycled cotton t-shirt, made in France, pays Refashion the same contribution as a fluorescent yellow conventional cotton t-shirt made in China, even though the two are far from having the same environmental impact.

Moreover, while some companies are highly committed to circular economy approaches (eco-design, repair, rental, collection from sales outlets) others neglect their environmental responsibilities, choosing to constantly produce more with no consideration for depleting resources.

To turn waste into resources, marketers need to be encouraged to develop a more sustainable, eco-designed and easily recyclable product.

REFASHION'S INITIATIVE

In September 2020, Refashion launched **Eco Design**, the first digital platform designed to inform and support textile and footwear brands in order to rise the challenge of eco-design. Eco Design addresses all fashion professionals and is aiming to become a benchmark for responsible design and a tailor-made guide.

PROPOSAL

In order to encourage brands in their transitions towards a more virtuous model, Refashion is proposing to set up a **high incentive eco-modulation system based on awards and penalties**. This system will reward those brands which over-perform from an environmental viewpoint whilst penalize others.

This bonus and penalty system would be set up progressively, namely with the inclusion of a new environmental assessment criterion in 2022.

PROPOSAL N°2 – Make environmental labelling mandatory

FINDINGS

Environmental labelling is a tool which allows consumers to be informed of the environmental impacts of the products and services that they consume. It consists in an A, B, C, D or E grading reference on products which is calculated on the basis of the overall product's life cycle, according to a validated reference system. A simple benchmark for consumers enabling them to make an informed choice when buying. Environmental labelling also encourages manufacturers to initiate and favor eco-design methods through a precise knowledge of their products' environmental impact.

However, environmental labelling is still not mandatory in the textile and footwear industry, even though it has been implemented in other sectors. Promulgated in February 2020, the French Law Against Waste and for the Circular Economy puts in place an 18-month experiment to encourage volunteer companies to try it, but this has remains insufficient to achieve France's ambitious circular economy objectives.

More than ever, it is essential to harmonize environmental evaluating methods at EU level so that citizens have access to comparable data from one brand to another, and so that brands can openly communicate on the environmental impacts of their products based on a method validated by the European Commission. In effect, Europeans are also calling for greater transparency in this area: 70% are prepared to pay more if sustainability ratings are displayed on products.³

REFASHION'S INITIATIVE

Refashion is actively participating in the European Commission's *PEFCR Apparel and Footwear project* (Product Environmental Footprint Category Rules) and in workshops set up by the French Environment and Energy Agency with the aim of rapidly bringing about a common standard.

PROPOSAL

As part of the Climate and Resilience Law, environmental labelling should be made mandatory by decree, whether on shelves or on the Internet, for all textile and footwear products marketed in France.

Refashion's eco-modulations will then be indexed according to the grade of the product: an A or B grade would qualify for a bonus, while a D or E grade would result in a penalty.

³Cetelem Observatory European Barometer, « Economie Circulaire : place au consommateur-entrepreneur », Janvier 2022.

CHAPTER 2 – TRANSFORMING CONSUMPTION

Thanks to local awareness campaigns and national actions, consumers must be clearly informed about the environmental impacts of the products they buy.

Responsible consumption - consuming less but consuming better - must be encouraged, as well as the extension of the useful life of products through re-use, repair and repurposing.

PROPOSAL N°3 – Better inform citizens to enable them to make enlightened consumer choices

FINDINGS

Although EPR for textiles and footwear has been in place for nearly fourteen years, the obligations associated with it are still largely unknown to consumers: brands finance the prevention and management of waste generated by consumers, and yet consumers are often unaware of this.

This lack of awareness is also accompanied by a lack of clarity about what actually happens to the quantities of used products that are financially supported through the EPR scheme. Many people still believe that the clothes collected will be donated to disadvantaged populations in the vicinity, when most of this waste is actually resold and sent to clothing wholesalers in Africa (90% - source: Refashion).

Furthermore, consumers are unaware that all textiles and footwear are potentially recyclable even when they are not reusable.

It is therefore crucial to work on the transparency of the textile and footwear industry at all stages of the product's life cycle. Brands, reuse and repair stakeholders and local authorities need to stand together to get the second lease of life message across.

REFASHION'S INITIATIVE

The **#RRRR movement** launched by Refashion is a digital campaign to raise awareness among citizens on how to Repair-Reuse-Recycle used clothing, footwear and household linen and reduce our environmental impact.

PROPOSAL

Incorporating the amount of the eco-fee in a visible way into the price of products, either by law or by implementing decree of the Environmental Code, would help to make consumers more aware of the environmental cost and impact of their purchases. This is already the case for electrical and electronic equipment and for furniture.

It is also a question of **communicating massively** and openly on the flows of waste collected in France, with the implementation of traceability tools.

PROPOSAL N°4 – Encourage « citizen-collector » behavior

FINDINGS

The collection of textile and footwear waste currently mixes products that cannot be regenerated together, and therefore need to be sorted very finely to respect the hierarchy of waste treatment methods - first reuse if possible, then recycling, then energy recovery and as a last resort, disposal.

Once collected, used textile and footwear sorting is expensive and not fully reliable, as it is mostly done by hand, although automated units are beginning to appear across Europe in order to make this stage more reliable.

It is imperative to involve and engage citizen-consumers, who are fully capable of judging whether a garment is fit for reuse or fit for recycling. Currently, over 65% of Europeans say they practice waste sorting and recycling on a regular basis.⁴ These practices must become more widespread and systematic in order to empower consumers while heading towards a 100% circular industry.

REFASHION'S INITIATIVE

The eco-organization promotes textile and footwear waste sorting initiatives through its Refashion Citoyen ("Refashion Citizen") portal. The objective is to intensify education to make the eco-organization a referral authority in response to the questions and expectations of citizens.

PROPOSAL

To encourage « citizen-collector » behavior, **separate "reuse" and "recycle" collection methods should be developed** for consumers, via a massive and centralized communication campaign.

⁴Cetelem Observatory European Barometer, « Economie Circulaire : place au consommateur-entrepreneur », Janvier 2022.

CHAPTER 3 – REVALUING AND REGENERATING WASTE

By 2030, the objective is to transform 100% of the sector's waste into new resources in France and Europe, through an efficient recycling industry that creates value. The Textile Industry is working on two complementary recovery methods: (1) the reuse or resale of textiles and footwear deemed to be wearable and (2) the recycling or transformation of non-reusable textiles into new materials to be reintegrated into new products.

The industry now needs investment and support from the public authorities to ensure that textile waste deposits can be industrially processed.

PROPOSAL N°5 – Support the development of a sustainable recycling industry in France

FINDINGS

The textile and footwear industry is currently faced with a paradox: while every effort is being made to increase the tonnages collected, namely by massively mobilizing citizens, the industry does not currently have any industrial solutions for non-reusable textile recycling. Today, over 90% of textile and footwear waste to be recycled is therefore sent to Asia, due to a lack of sufficiently developed treatment or recovery possibilities in the country.

At the same time, the depletion of natural resources and the consequent pressure on prices for many raw materials underline the urgent need to find innovative solutions to enable the regeneration of textile waste into new materials.

It is therefore a priority to focus efforts and resources on industrializing non-reusable waste recycling, before seeking to increase the collection rate of textile and footwear waste at all costs. We need the public authorities in order to reorient the EPR mechanism and to ensure that we are no longer forced to subsidize sorting for reuse, in order to finance investments that will develop the recycling industry.

Furthermore, the financing mechanisms for innovative projects in the field of recycling are currently poorly adapted to the realities of our industry. Indeed, the size of the industry's companies and of their projects often places them below the eligibility thresholds for the calls for projects launched by the public authorities.

REFASHION'S INITIATIVE

Refashion financially supports innovative projects working towards a 100% circular textile industry, via the Innovation Challenge. The objective of the Innovation Challenge is twofold: (1) to develop and massify innovative industrial and commercial solutions optimizing textile and footwear recycling and (2) to accelerate the development of a circular industry in synergy with other sectors where recycled materials are in demand.

PROPOSAL

To develop the French recycling industry, Refashion is suggesting **tax concessions on the production of materials regenerated** from textile waste.

Refashion is also **suggesting lowering the eligibility thresholds** for government-led calls for projects, to allow the emergence of material recycling units throughout the country.

PROPOSAL N°6 – Favor industrial and territorial ecology initiatives

FINDINGS

Today, Refashion's second funding vehicle is its support of communication actions put in place by local authorities in order to educate citizens on the industry's circular economy stakes.

However, this communication support system, set up over ten years ago, has proved unsuccessful. Funded communication initiatives are extremely scattered, fall short of their objective to raise public awareness and have no impact on the tonnages collected.

It therefore appears essential that the existing system evolves, in order to allow Refashion to offer support to industrial and territorial ecology initiatives, with the aim of encouraging the emergence of industrial textile waste recycling solutions at a national level. The idea is to help local authorities create a network of initiatives, which Refashion could then finance.

REFASHION'S INITIATIVE

Over recent years, Refashion has set up several experiments to help the emergence of industrial and territorial ecology initiatives through support to research and development. An example of this is the support Refashion gave to the company Plaxtil, based in Châtellerault, during its early stage. Today, Plaxtil has developed a used textiles recycling technology to create plastic composites from textile fibers. Refashion's support now needs to be extended beyond simple Research and Development stages in order to encourage the emergence of similar initiatives throughout France.



PROPOSAL

Refashion's specifications need to evolve to allow the eco-organization to financially sustain and encourage **industrial and territorial ecology Initiatives (ETI)** at all stages of textile and footwear waste regeneration.

PROPOSAL N°7 – Support the inclusion of materials from open-loop textile recycling

FINDINGS

Today, textile and footwear waste has very little value if it cannot be exported for reuse, as we cannot regenerate it in a cost-effective way. The use of textile recycled materials in other sectors - in open-loop - could, according to Refashion, contribute towards a significant increase in the value of this textile waste.

As opposed to closed-loop recycling, where recycled textiles are used to make new textile products, open-loop recycling involves incorporating recycled textile material into a product from a different sector (e.g. insulation for the building industry).

Today, open-loop recycling is underdeveloped, even though the outlets are mostly in place. And the demand exists: the building and transports sectors, for example, are major consumers of virgin fibers, which could be replaced with recycled fibers. However, we do not currently have the capacity to supply them with the volumes they need.

Encouraging the integration of recycled materials in open-loop maximizes the opportunities for waste recovery by increasing the scope of their application and use.

REFASHION'S INITIATIVE

In 2021, Refashion launched the **platform Recycle**, which is dedicated to identifying the sources of materials from textile and footwear recycling, promoting recycling solutions and connecting actors. The platform allows companies in possession of textile waste to get in touch and "match" with other companies looking for materials to use in the manufacture of new products (e.g. for insulation).



PROPOSAL

To support open-loop recycling, **recycled material inclusion objectives could be set in other industries** in order to stimulate the demand for recycled textile fibers.

CHAPTER 4 – EUROPEAN LEVEL

More than ever, we must set an example and give ourselves the means to achieve our ambitions by imposing ourselves as a true model to be followed at a European level. But we cannot act alone: fashion is a global market, and to meet its many challenges, the harmonization of Textile EPR at EU level is not just desirable, it is essential.

PROPOSAL N°8 – Stop exporting used textiles outside of the European Union

FINDINGS

The reuse and therefore the resale of rewearable clothing and footwear has a better environmental benefit than recycling or disposal.

However, the crisis linked to the Covid-19 pandemic has highlighted the dependency of collection and sorting stakeholders on exports. Faced with closed borders, many sorting operators were unable to export collected textile waste to Africa for reuse or to Asia for recycling.

Furthermore, the shocking images of clothes in dumps or on African beaches is rightly arousing the indignation of citizens and brands who no longer want to finance outlets whose traceability is not guaranteed.

Today, 90% of textiles and footwear collected in France are exported outside the European Union for recycling or reuse. In the case of recycling, this is due to the lack of industrial solutions in Europe. As for reuse, exports are a response to the very strong demand for second-hand clothes in African countries and to the inability of European markets to absorb these quantities of sorted clothes.

Moreover, the level of wear and tear on collected textiles and shoes is increasing, as consumers prefer to monetize their items (on platforms such as Vinted, Patatam, at jumble sales, etc.) before disposing of them at a collection point.

REFASHION'S INITIATIVE

Refashion is proposing to launch an **audit of outgoing flows** in order to gain a thorough knowledge of them, including the conformity of exports.

PROPOSAL

Refashion is proposing two main measures:

- (1) The EPR system should exclusively finance tonnages regenerated within the European Union
- (2) Exports of waste should be better controlled or even banned : sorted textiles and shoes lose their status as waste and once again become products. Control audits must therefore be intensified to ensure that exported products meet market demands and are not "waste in disguise".

PROPOSAL N°9 – Support the development of harmonized textile EPR at European level

FINDINGS

Within the European Union, France is one step ahead regarding the end-of-life management of textile waste, as it remains the first and only country to have set up an EPR scheme for textiles and shoes.

In fact, France now serves as an example for many European countries, who are turning to Refashion to identify the lessons to be learned in setting up their own national EPR schemes for textiles. Draft EPR schemes are beginning to emerge in Belgium, The Netherlands, Sweden, Italy and Spain.

Within this context, France has the capacity and the duty to impose itself as a model to follow, a federating and inspiring force for other European countries. To avoid the multiplication of different systems, country by country, France must lead discussions on the European harmonization of EPR systems.

Nevertheless, fashion is a global market, and in order to best respond to the many social and environmental challenges, France cannot and should not act alone. It is imperative to set up European coordination on all of the aspects concerning the three life stages of a textile product: production, consumption and regeneration.

PROPOSAL

The implementation of a **harmonized EPR for textiles at European level** is more essential than ever, with directives and objectives focused not only on the separate collection of used textiles but also, and most importantly, on the conditions governing the quantitative and qualitative transformation of waste into new resources.

In particular, EPR should accompany the development of a recycling industry in Europe.

PROPOSAL N°10 – Campaign for ambitious legislation at European level

FINDINGS

Following the European Green Deal adopted in 2019, European policy makers have focused on the textile industry as one of the priority sectors in working towards a fully circular economy in Europe.

Within this context, in 2021 the European Commission published its draft “EU Sustainable Textile Strategy”, whose text is set to be adopted by European Commissioners by the end of March 2022.

In the words of the European Commission, this strategy *“will facilitate the EU's transition to a climate-neutral circular economy, in which products are designed to be more sustainable, reusable, repairable, recyclable and energy-efficient.”*⁵

Through legislation and economic incentives, the new textile strategy should aim to stimulate EU markets for recycling and sustainable textiles, combat fast-fashion and support business models which promote more circular consumption models.⁶

However, although this strategy represents a major opportunity to make a difference and to support the industry in its transition to a circular economy, there is a real risk that the proposed measures are not ambitious and binding enough to achieve the sustainability targets set by France and the European Union.

PROPOSAL

Within this context, it is imperative that France - through its government and administration, its Permanent Representation in Brussels and its MEPs - endeavors to adopt the most **ambitious measures possible within the framework of the sustainable textiles strategy**, with four priorities: (1) supporting brands in the eco-design of their products, (2) making harmonized environmental labelling at European level mandatory, (3) investing massively in the European recycling industry and (4) promoting transparency to European citizens.

The measures must be binding, and the financial incentives advantageous.

⁵ https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/12822-Strategie-de-l%E2%80%99Union-europeenne-pour-des-textiles-durables_fr

⁶ L'Union Européenne définit une nouvelle stratégie pour l'industrie textile, Paris Good Fashion, Septembre 2021

ABOUT REFASHION

PRESENTATION AND MISSION

Approved for the first time in 2009 by the public authorities, Refashion is the result of a multi-actor project. To carry out its mission of general interest, it relies on all the clothing, household linen and footwear sector (CHF) stakeholders.

As the first and only eco-organization for textiles and shoes in Europe, Refashion federates all of the industry's stakeholders to develop the eco-design, reuse and recycling of textiles and footwear.

Refashion is federating stakeholders around a common project : **to accelerate and accompany the transition towards more circular and more responsible fashion.**

The eco-organization is driven by three priorities:

- (1) Put environmental benefits back at the heart of the Extended Producer Responsibility approach.
- (2) Support the development of a sustainable textiles and footwear recycling industry.
- (3) Meet the legitimate expectations of transparency and traceability shared by all actors in the sector.

KEY FIGURES OF THE INDUSTRY⁷

- **2,4 billion Clothing, Household Linen and Footwear items (CHF)** were marketed in 2020, representing a volume evaluated at **517 200 tons, roughly equating to 7,7 kg per person per year.**
- In 2020, **3,1 kg of CHF** were collected per person, which represents some **204 291 tons, or more than 39% of the potential deposit.**
- 99,6% of sorted CHF are recovered, of which 56.5% is reused as is, 33.3% is recycled or recovered. Only 0.4% is not recovered.
- **44 600 voluntary collection points** are listed by the eco-organization on its website refashion.fr.
- **55 Research and Development projects** have been supported during the past 11 years, for a total amount of €5 million.
- **€2,3 million in communication support** have been awarded to local communities.

⁷ Refashion, Activity Report, 2020