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The platform for compliance to the AGEC Law in France

An overview on the **loi anti-gaspillage pour une économie circulaire (AGEC)** and on retraced's role in supporting fashion and textile companies to efficiently comply to the law.

Agenda

The call for sustainability is getting louder all around the world.

As a result, the pressure on fashion and textile companies and their supply chains constantly increases.

Weak Connectivity

High Complexity

Brands

Fashion and textile supply chains are extremely complex, and oftentimes knowledge stops at the direct supplier.

Therefore, companies need to invest a lot of resources in order to collect and exchange relevant information to evaluate and implement sustainability along their supply chains.

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We are retraced.

We connect fashion and textile companies with all participants in their supply chains on a single digital platform.

✓ Efficient **communication** with supply chain partners.

✓ Holistic **sustainability management** along the supply chain.

✓ Full **transparency** down to the raw material.

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The retraced network – the key for interconnected data sharing & collaboration

More than 6.500 fashion and textile companies contribute to the network and trust in the retraced platform:
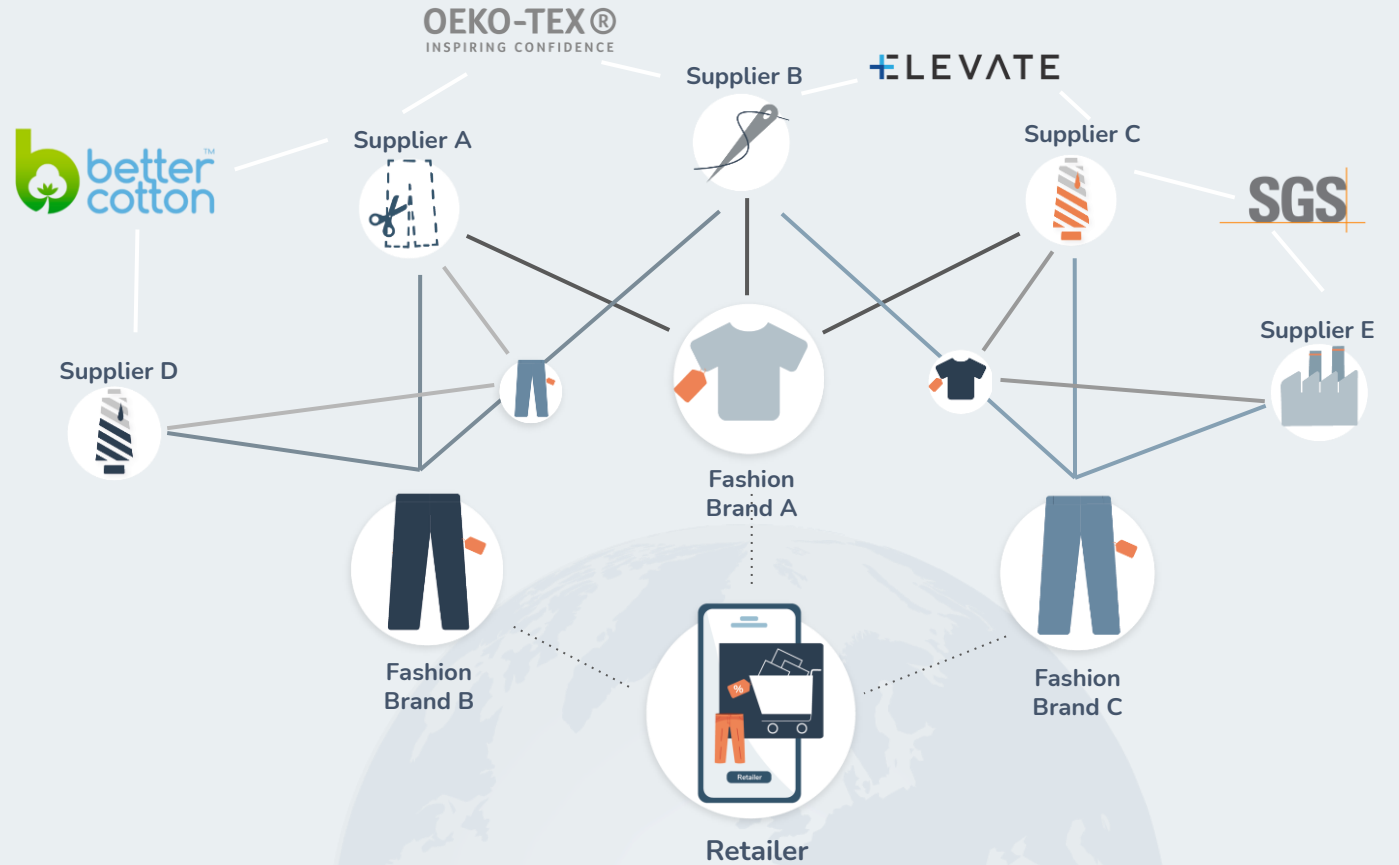
Agenda

The AGEC Law

When?

The Law came into force on **01.01.2020** for all producers, importers, and distributors of **waste-generating consumer products in France**

On **01.01.2023** new measures applying more specifically to **the fashion and textile** industry will come into play, and the threshold to meet the requirements will then lower each year more.

01.01.2023 -> companies with >50M€ & 25K units
01.01.2024 -> companies with >20M€ & 10K units
01.01.2025 -> companies with >10M€ & 10K units

What?

The Law is anchored around five major areas of action:
1. Elimination of single-use plastics by 2040
2. Achievement of a better flow of information to consumers
3. Fight against waste
4. More responsible production
5. Action against planned obsolescence

The decree **changes the obligations of companies** on several important points (environmental labelling, detail of chemical substances, etc.). This will lead to a **significant number of new constraints for companies**, and failure to meet obligations could be met with various sanctions and administrative fines.

Why?

The objective of the legislation is to **break the model of a linear economy** (extract, manufacture, consume, throw away) and **adopt a "circular" economic model** based on:
✓ eco-design of products
✓ responsible consumption
✓ extension of shelf life
✓ recycling of products and waste.

How?

In order to fulfil these obligations, **companies must collect and analyze data** specific to their products and value chains. **Traceability** is therefore also essential.

✓ **Collect important data** on recycled materials; plastic microfibers, recyclability, traceability
✓ **Display Product Environmental Footprint (PEF)** based on life cycle analyses. ie/ PEF must be measured and displayed, with data based on certain impact categories across the entire product life cycle.

Extended Producer Responsibility

Waste management obligations for
companies selling their products in France

AGEC law lays down several important principles on waste management

- **The law places the burden of managing a product's end-of-life on the producer**, instead of the consumer.

- Disposal of unsold non-food products will be prohibited, companies must donate or recycle their unsold products.

- Companies will be obliged to collect the waste generated by their goods **or** finance the management of that waste by assigning an eco-organization that takes over the extended producer responsibility

- Producers, importers or exporters must prove that the waste generated by their products is capable of being managed under the conditions laid down by the Environmental Code

- Companies register with the governmental agency ADEME to obtain a unique identification number (UID), which will serve as proof of compliance with their obligations

- Not having a UID can **lead to administrative fines up to €30.000**

- By **1 January 2030** at the latest, companies will also have to prove that their waste is likely to enter a recycling scheme.

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AGEC Law & retraced:
Which articles are most relevant for fashion & textile companies?

Article 13
The "Consumer Information Article"

Intended to better inform consumers about the environmental characteristics of products, their recyclability and their traced supply chain.

Article 15
The "Product Environmental Footprint Article"

Intended to ensure that the environmental impact of every product is measurable, understood and acted upon

Important notes about the law

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AGEC Law - Article R54 – 221/13

KPIs that are collected, measured & traced with retraced

✓ **Incorporation of recycled materials**
- Expressed with statement "product containing at least [%] recycled materials"
- Self declaration of material origin, self declaration on % recycled content, GRS/RCS/RCC certificate

✓ **Presence of plastic microfibers**
- Information shall be made available when the proportion of synthetic fibers exceeds 50 %
- Expressed with statement "releases plastic microfibers into the environment during washing"

✓ **Recyclability**
- Understood as the effective recycling capacity of waste from identical or similar products
- If recycling capacity > 50% → "mostly recyclable product"
- If recycling capacity > 95% → "fully recyclable product"

✓ **Traceability**
- Consumer information relating to traceability for the products
- Country of origin of each production steps from weaving/knitting, dyeing & printing to assembly

AGEC Law - Article 15

Environmental Labelling and Packaging

IMPACT ENVIRONNEMENTAL

What?

- Environmental rating system based on the analysis of the life cycle of the product.

- Ratings should be displayed on the shelf or on the internet, calculated over the entire life cycle of the product or service, according to a validated reference.

- Enables companies to identify shortcomings and reduce the environmental impact of their supply chains

- Simplified & standardized rating enables consumers to compare products & take well informed purchase decisions

How?

- retraced has based their approach on the European Commission's PEF methodology and the Draft PEFCR: Apparel & Footwear (Quantis et al., 2022)

- retraced enables companies to collect primary data of supply chain participants (raw data needed for PEF calculation)

- retraced provides an export of this primary data → PEF calculation can be done based on that export with a 3rd party PEF calculation company (we are in conversations with leading players about cooperations)

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AGEC Law - Article 15

## Example of European Commission's PEF methodology

PEF (Product Environmental Footprint) methodology measures the emissions of a product for its entire lifecycle across **13 different impact categories.**

The lifecycle is structured into different stages:
- Raw material extraction
- Production and transportation of product
- Consumer life stage
- End of life / Recycling

To properly calculate a PEF, companies need to understand in great detail how their products have been produced, who produced them and what materials & chemicals have been used

This is where full-scale supply chain transparency with retraced is key.

Source: Pesnel et al, p. 25, 2019 "Product Environmental Footprint Category Rules (PEFCR)"
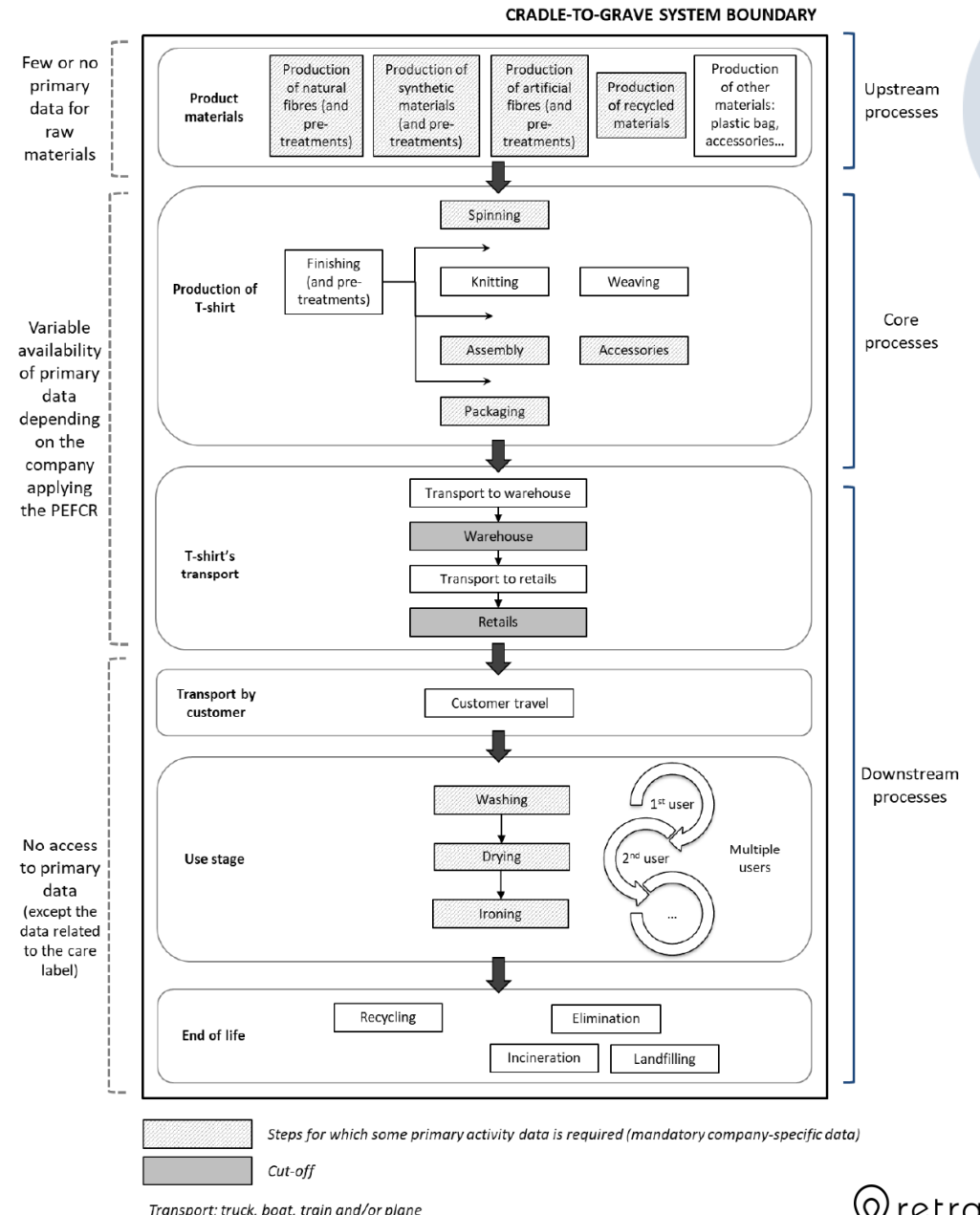
PEF Methodology with retraced

Primary data automatically collected across 3 dimensions to ensure holistic, complete calculation

✓ **Company Dimension:**
   - Key data form company profile, production capacity, waste, environmental data profile, etc

✓ **Supply Chain Dimension:**
   - Real-time data collected thanks to multi-tier mapping & tracing identifying all relevant suppliers.
   - Primary data from each production step, facility process, location of suppliers

✓ **Product Dimension:**
   - Detailed data on product level from material composition, bill of materials, weight of products and all product components

✓ *Next Step:* **Data Export & Footprinting**
   - Export for all primary data of every traced product to enable partner LCA solutions* to calculate footprint

Carbonfact X retraced

Environmental Footprint on Product Level in Collaboration with Carbonfact

✓ In partnership with **LCA calculation specialist Carbonfact,** retraced enables you to easily export the collected primary data from retraced in order to get a holistic PEF calculations.

✓ **The Carbonfact engine is connected to all the major emission factor databases** including Ecoinvent, Kering, EF 2.0, Mistra future fashion report and the latest scientific articles.

✓ **Effective compliance with no manual work for you.** The real data collected from your supply chain partners with retraced enables precise product footprints that meet European Commission and the European Environmental Bureau standards.
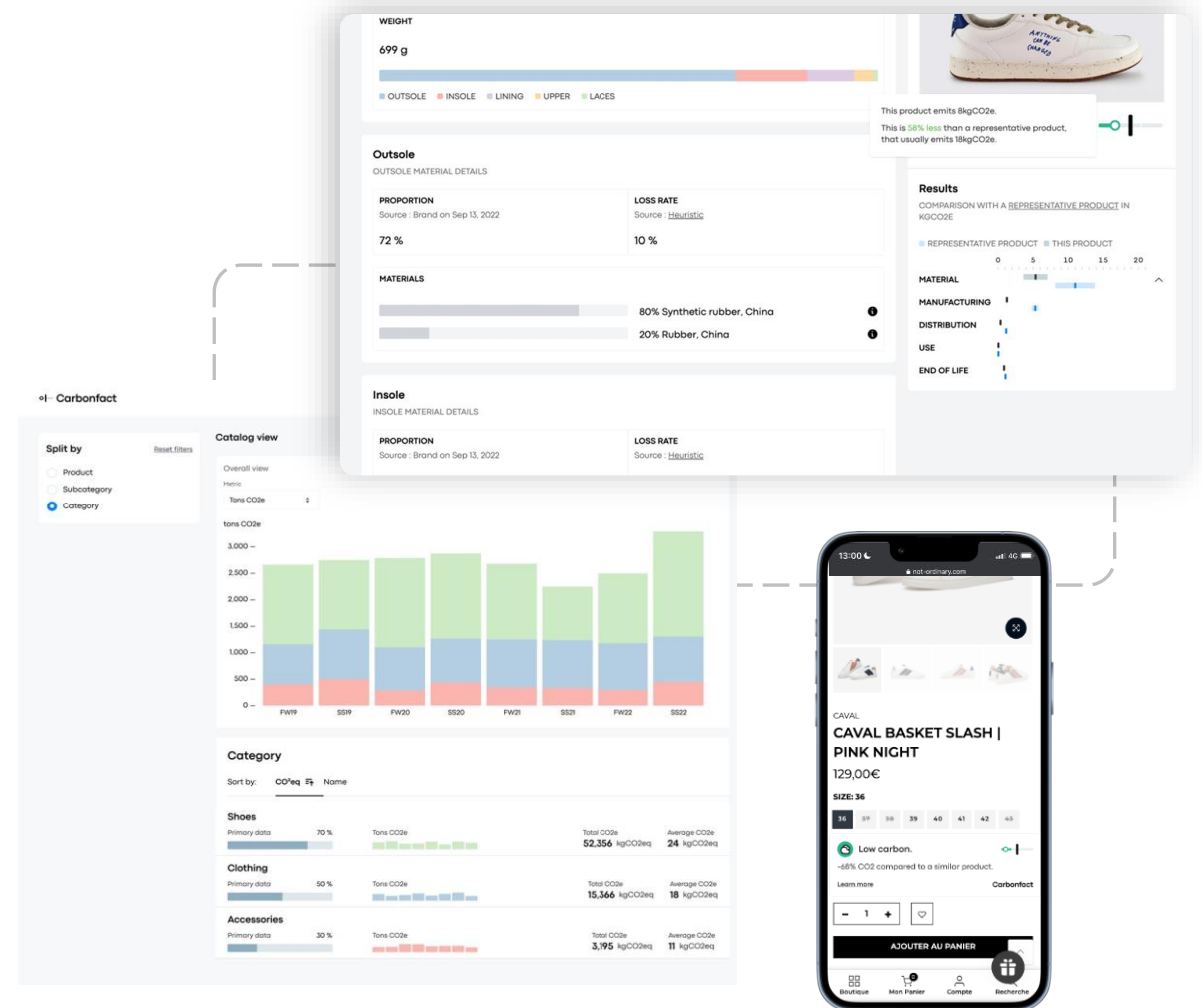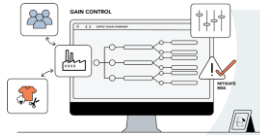
Agenda

Overview of retraced modules
Every compliance, sustainability, and CSR management topic covered by one holistic platform

Vendor Compliance Management

- Explore and connect to your supplier network
- Measure & evaluate sustainbility data along your supply chain
- Streamline communication & data exchange with business partners

Supplier Risk Analysis & Management

- Automated overview of key risk areas in your network
- Prioritize mitigation efforts together with your suppliers
- Be compliant with latest supply chain compliance requirements

Multi-dimensional Traceability

- Map and visualize supply chains potentially down to the raw material origin
- Trace & verify all production steps for every order and every product
- Comply with current EU, FR, US supply chain compliance laws

Communication & Reporting

- Communicate transparent sustainability efforts via QR Codes
- Report your compliance data to relevant stakeholders
- Build trust with industry partners & consumers

Relevant for the AGEC Law

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Vendor Compliance Management

Streamline your vendor management for maximum time & costs-savings

✓ **Explore your supply chains, identify and connect all relevant stakeholders**, and map them down to the source of your raw materials.

✓ **Implement, measure, and evaluate compliance & sustainability along your supply chain**. Define individualized supplier requirement catalogues and monitor and benchmark your suppliers' progress

✓ **Standardize and manage your communication and data exchange** with you suppliers to increase process efficiencies

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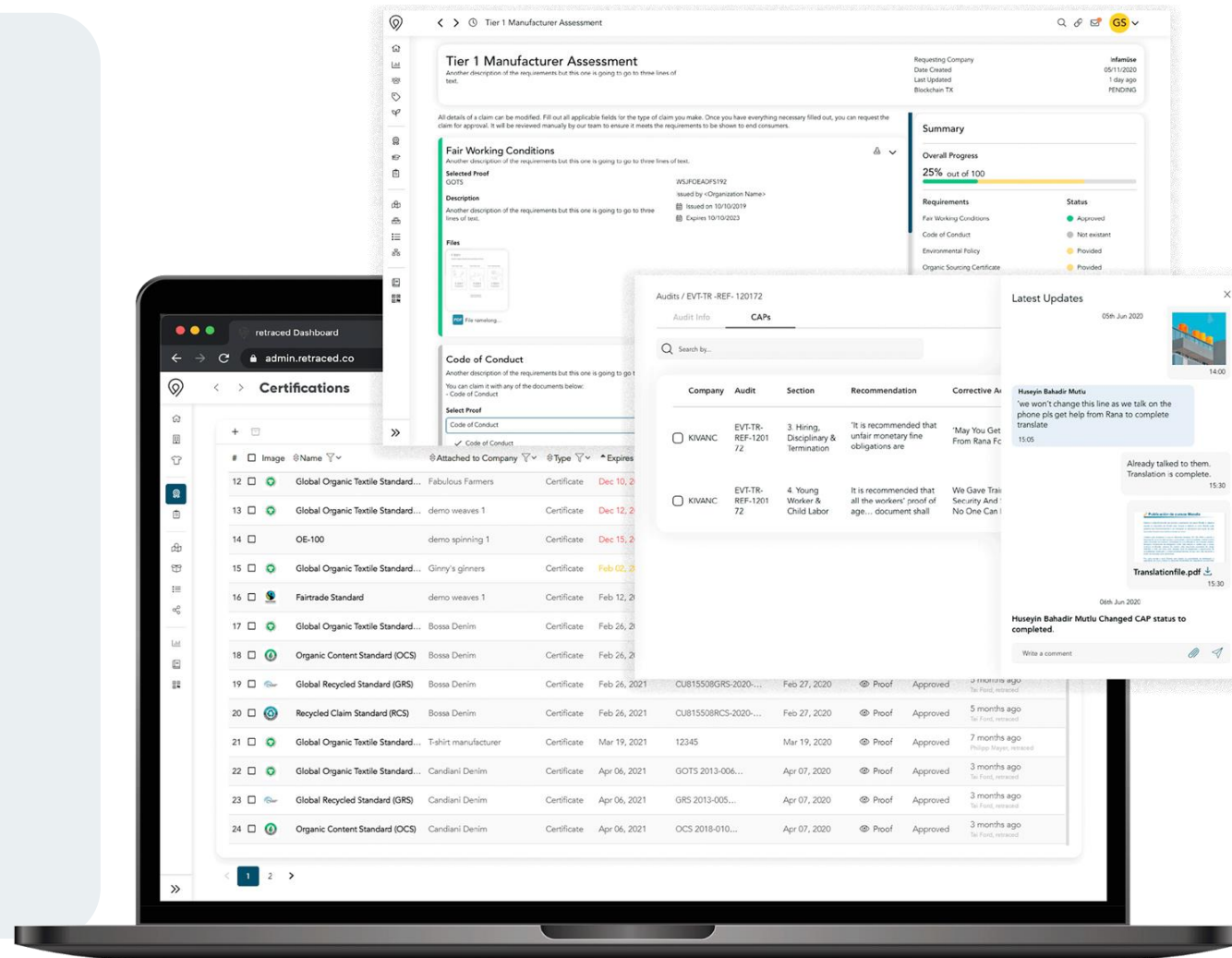
Supplier Risk Analysis & Management

Set priorities and take action on the risk areas in your supplier network

✓ Get an **automated comprehensive overview on global gross risk factors** based on OECD classifications from various indexes and databases (ITUC, GRI, GSI, etc.)

✓ **Prioritize your mitigation efforts** with clear, comprehensive, and fully automated risk profile overviews for each company in your network.

✓ **Be compliant and tackle the requirements** of fashion standards and related supply chain laws (LkSG, Grüner Knopf, EU due diligence law, Fair Wear Foundation)
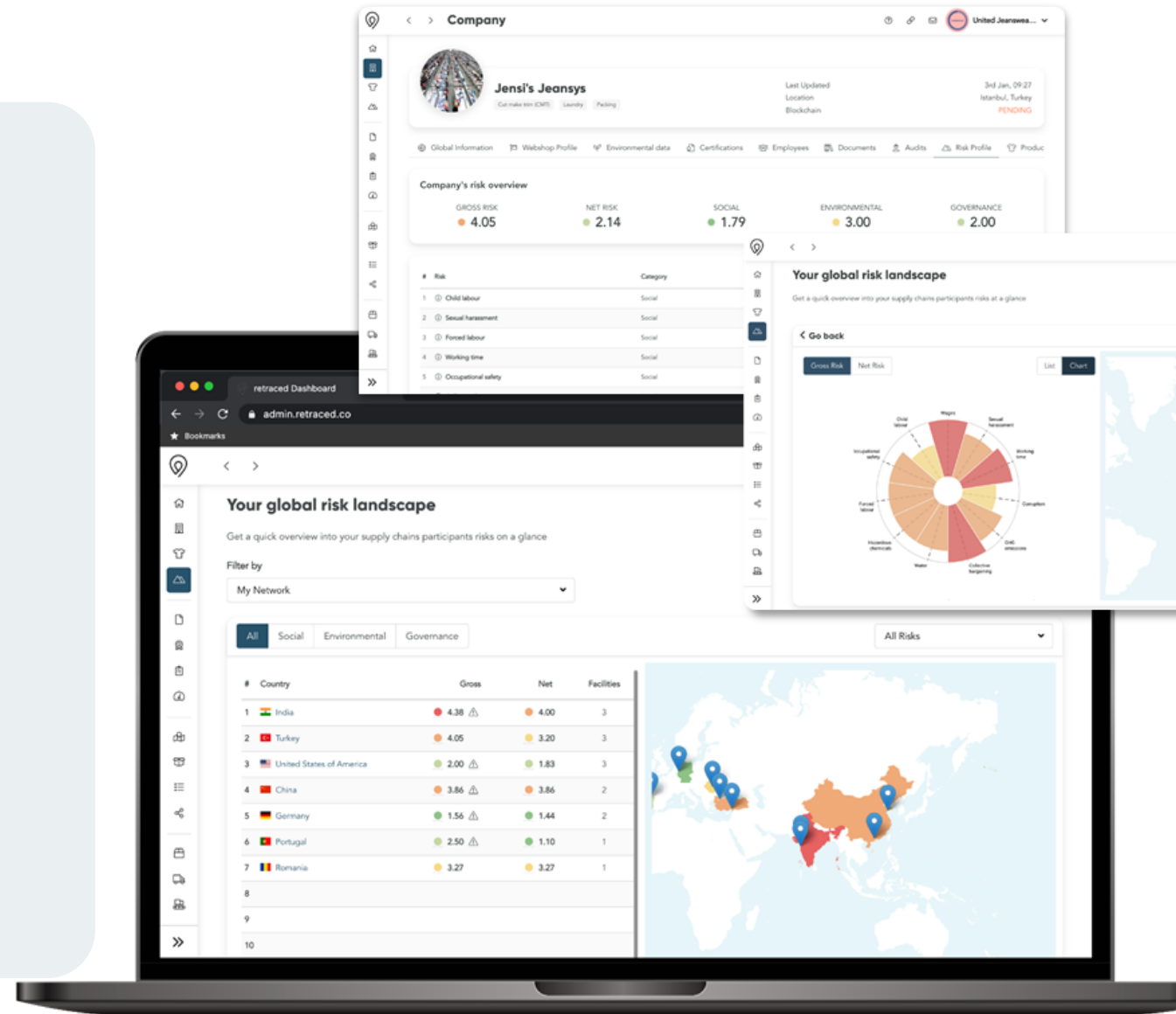
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Enterprise-ready Traceability

Scalable traceability. Any material.
Every supply chain.

✓ **Map your supply chains, identify missing links, and connect all upstream stakeholders.** Trace your products down to the source of your raw materials and expand your operational visibility.

✓ **Trace and verify all your global supply chain steps for your different product orders.** Get the overview you need to make key compliance decisions.

✓ **Comply with current and future US, EU, and local regulations.** Record the chain of custody and fulfill your client's disclosure and compliance requirements.

End-consumer communication

Sustainability information sharing to increase your supply chain value

✓ Provide information and **communicate your transparent supply chain and sustainability efforts** to your clients via QR-Codes

✓ **Report your compliance to relevant stakeholders** (NGOs, government, or clients) and minimize your compliance risks

✓ **Build trust** among clients through your commitment and impact to **increase the value of your supply chain** and final garments
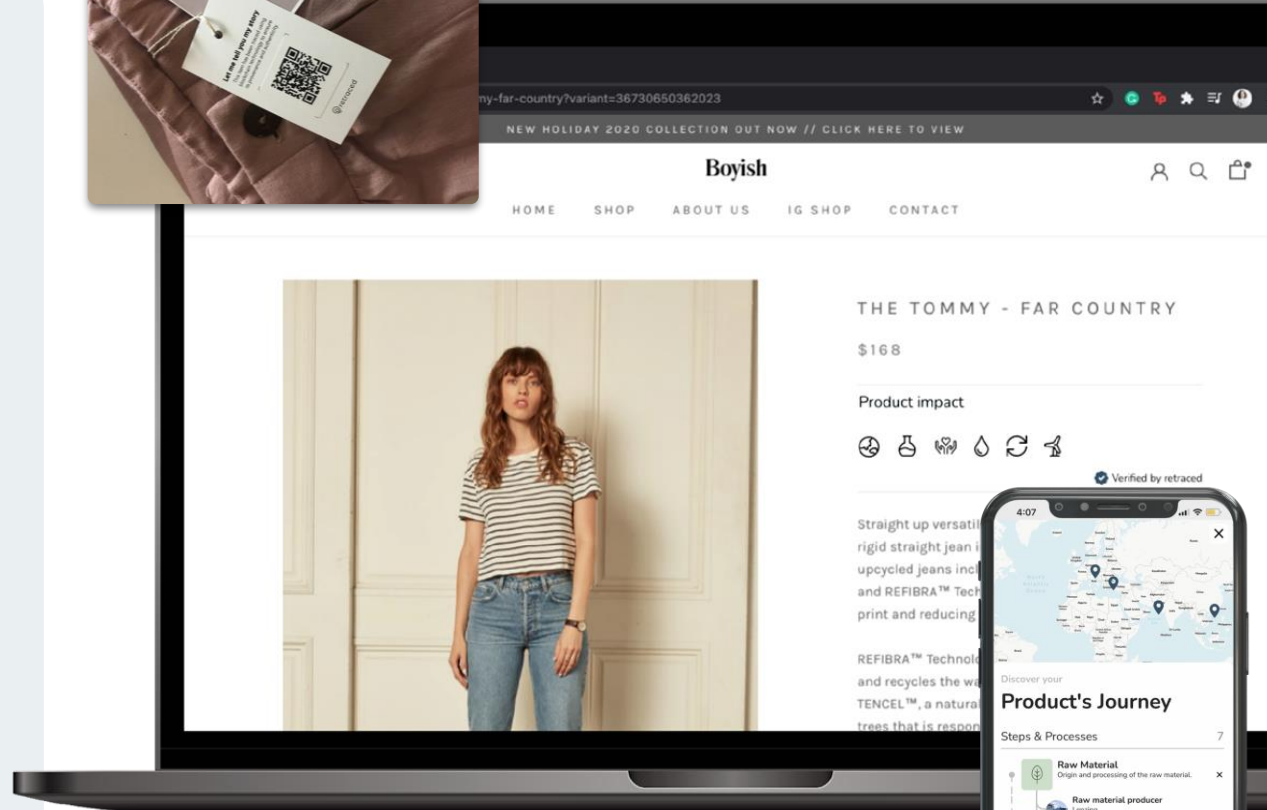
Since June 2022, retraced has collaborated with DEFI and 11 partner brands to build and test an effective solution for AGEC

The result is an operationally proven platform that aims for scalable traceability and data collection for large supplier networks.

LE SLIP FRANÇAIS

CREATION & IMAGE PARIS

DEVRED 1902

Idano

TAPE À L'OEIL ORIGINAL KIDS

Chantelle

MARINE SERRE

Sezane

l'atelier Marey

ÏDKÏDS

KIABI la mode à petits prix

Test and Learn
During the last five months, retraced's current solution was operationally tested for the AGEC law in order to identify potential weaknesses and learn.

Exchange Knowledge
For this pilot project, retraced collaborated with 11 brands, in over 60 supply chains with more than 200 suppliers located all around the world to understand all requirements, limitations and exchange knowledge.

Develop Best Practice for AGEC
Together with DEFI, retraced is designing the best practice solution to efficiently comply to AGEC. Already today, retraced is building all necessary elements to put these learnings into reality.

*Get in touch for more details on the projects and our platforms current status

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Requirements for Efficient Scaling of Compliance Management & Traceability

Well-Trained Suppliers (at least) until Fabric Processing

- Compliance management & traceability is based on efficient data collection together with supply chain partners
- Consequently, brands and retailers need full support from their supply chains
- Suppliers need to understand their task to ensure their willingness to collaborate and fast handling of their tasks

Efficient Data Exchange between Internal IT systems & retraced

- Especially traceability is based on order and product data that already exists in other IT systems
- Seamless integrations into these systems allow for quick and automated data transfer
- This saves time and resources as well as decreases the chance of human errors in the data transfer

Clear Compliance Overview & High Degree of Process Automation

- By scaling traceability and compliance management, a lot of data will flow to brands and retailers
- To ensure efficient handling of this data, IT systems, such as retraced, need to provide the necessary overview and guidance
- Automated assessments will enable the necessary overview and prioritization

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Our Recommended Roadmap
Towards Compliance

Onboarding Phase

Scaling Phase

Onboard the Team & Relevant Suppliers

- Integrating retraced into the compliance processes requires change management within the company and the respective suppliers
- Especially, sourcing departments and merchandizers need to be included in this process, as they have the best touchpoint to the supply chain and will use the system at on a daily basis

Conceptualize & Implement IT Interfaces

- Identify together with retraced's IT specialists, which required data points are already available in other systems to conceptualize interfaces for automated data transfer
- Implement the conceptualized interfaces as preparation for the operational scaling phase for tracing and vendor compliance management

Initiate Supply Chain Exploration & Tracing

- To comply to AGEC, supply chains need to be identified and traced on each stage from weaving/ knitting, over dyeing & printing to assembly
- If companies have not identified all suppliers yet, retraced will support with a standardized exploration phase, as part of tracing and visualizing supply chains

Kickoff Vendor Compliance Management

- AGEC does not only require brands and retailers to identify supply chain partners, but also to assess their ecological impact
- Retraced offers structured and efficient way to collect the necessary data through supplier assessments
- These assessments have an automated notification and reminder system to ensure supplier engagement
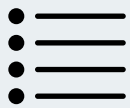
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The AGEC

Are you prepared for the circular economy & anti-waste law

How does the law affect your business?

Where do you stand in relation to the law (status quo analysis)

**How well do you know your supply chain?**

Prioritize according to missing data requirements

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Your Partner for Success

✓ Discuss project framework and set goals with retraced customer excellence team.

✓ Ensure clear expectations, criteria, and timeline for success.

✓ Get expertise and support from kickoff to full transparency.

Plan → *Execute* → *Evaluate*

Goals	Aug	Sep	Oct	Nov	Dec
I					
II					
III					
IV					

Partner
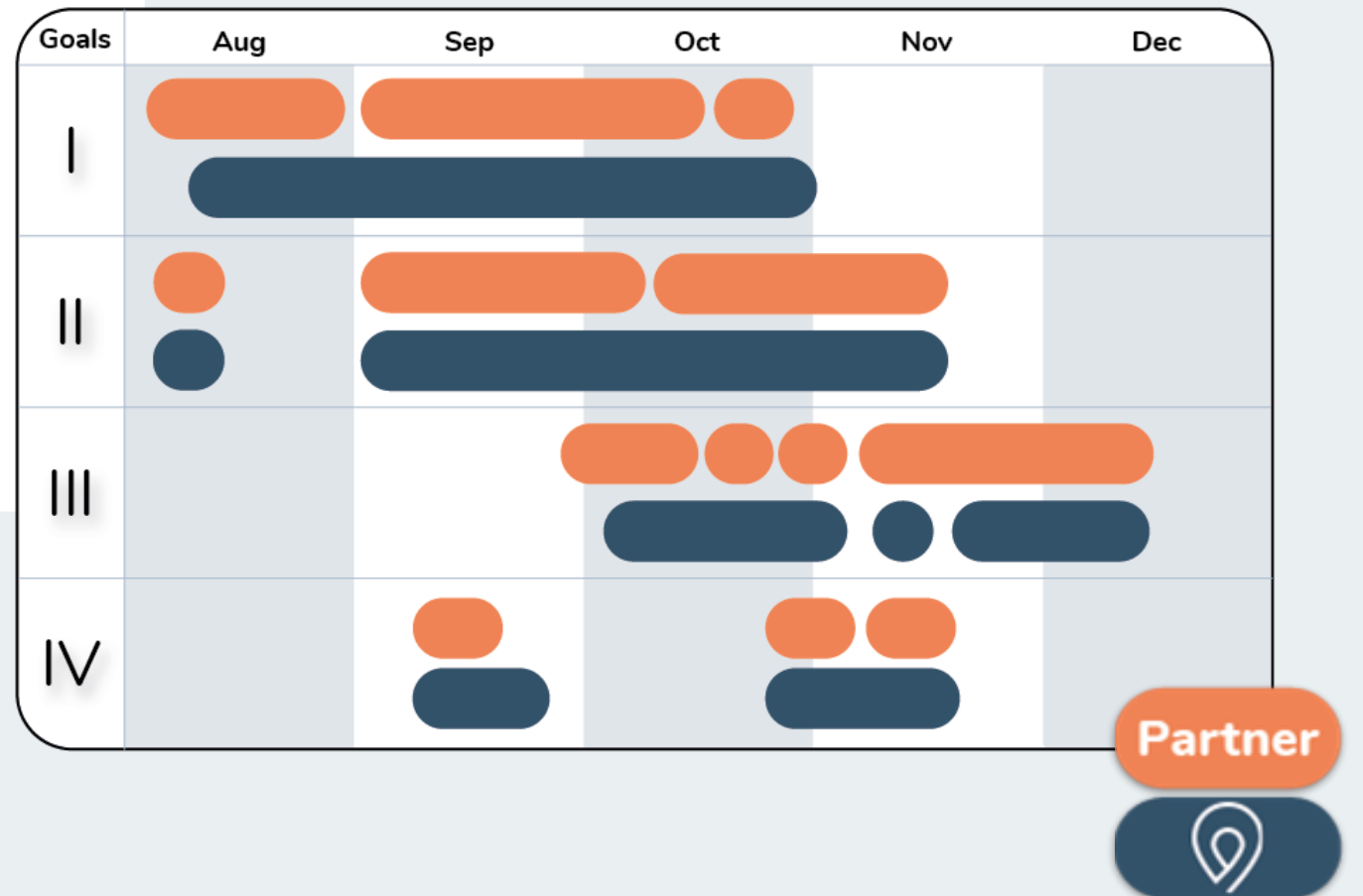
Our Onboarding Support

Co-project Management

We operate as co-project management during the onboarding phase to ensure an efficient onboarding for the client while keeping an eye on all deadlines, so that we achieve the promised objectives in the given period.

Scope of Service
We start with a kick-off workshop to adjust the preliminary timeline and define project phases and workstreams. This is followed by bi-weekly check-ups to maintain an overview of the project and discuss the next steps.

Team Onboarding & Training

We offer training to all relevant members of the team to ensure that everyone knows how the platform works and how to navigate it.

Scope of Service
The training consists of three workshops, in which we show a set of functions each time and start to work on the first tasks together to give direct feedback and support.

Supplier Onboarding & Training

We onboard and train all suppliers in scope to ensure a high understanding of the platform and a high willingness to cooperate.

Scope of Service
1) We cluster all suppliers in groups of 10 to 20 by geography, facility process, and proximity to the brand.
2) We plan and conduct onboarding sessions with these groups and follow up by sharing manuals.
3) We assess the initial usage behaviour to evaluate the success of the onboarding sessions and to define where we need to train suppliers further.

Contact

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Mauro from our platform expert team is happy to assist you!

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