



# MABO Group EPR – Analysis of the potential economic value of waste

*December 2017*

The EPR – Analysis of the potential economic value of waste is in fulfillment of the **MABO Group** ([link](#)) commitment to the DETOX solution which was made public on [date](#), [year](#).

MABO Group supports the Detox solution to ban hazardous chemicals from fashion



This report was prepared on behalf of MABO Group by Blumine Srl, an independent consulting company specialized in supporting textile and fashion companies in sustainability projects.



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## **1 Introduction: purpose and scope of the EPR report**

In addition to the main theme of hazardous chemicals management, the Detox commitment also envisages a commitment to “Responsible Design and Consumption or Living - via Extended Producer Responsibility<sup>1</sup>” - (art 6.). The goal is to ensure a non-polluting and circular approach to companies productive activities throughout the entire product life cycle: from procurement to design through the use, reuse, recycling and disposal of products and resources.

The Detox commitment includes the publication of a report analyzing the economic value of production waste, by-products and leftovers, and their management.

This study reports the overall budget of economic costs and environmental impacts, incurred or avoided by MABO Group with its waste management system, in line with best circular practices.

### **Definitions**

In line with industrial uses and Italian and European legislation, this report defines:

**Waste:** according to the European [Directive 2008/98/EC on waste](#) and Italian law, [art.183, paragraph 1, letter a Dlgs 152/2006](#) waste is defined as “*any substance or object which the holder discards or intends or is required to discard*”. The European Waste Catalogue (according to the [Commission Decision 2014/955/EU](#)) assigns different waste codes with a variety of hazard, recyclability, transport, installation permits and other characteristics. Management costs - for paid disposal of waste destined for energy generation or landfill - or market value - for waste sold or ceded for free, diverted to new production processes<sup>2</sup> - vary accordingly. Typically, the textile and accessories manufacturing generates: 1.

1 From the Detox Commitment text:

*(11) Extended and Producer Responsibility is individual and global company responsibility to ensure the whole lifecycle of a product and the delivery of a function (from sourcing and design to use, re-use and recycling or final decontamination and treatment):*

- *protects the well-being of the natural environment, stays within planetary boundary limits and supports the socio-economic well-being of workers and local communities;*
- *ensures the system for end-of-life collection achieves high use of product and material quality through effective collection, disassembly and re-use or recycling;*
- *ensures the system for reuse (or any life-extension of the product), recycling and final treatment incentivises changes in design by the product designer both financially, through internalization of the real own-brand/differentiated end-of-life costs into the company business model, and through information feedback, including to other actors in the extended life-cycle;*
- *includes supporting and implementing fully circular resource use and full resource stewardship (recognizing that natural resources are not ‘owned’ but ‘borrowed’ to meet a need) and the duty to return all resources to their natural uncontaminated state after making use of them.*

*(12) Responsible Design and Consumption or Living business models – are systems of products and services that are designed to deliver functions to meet needs, integrating full circularity and EPR (as defined above). These systems include a comprehensive process for identifying all lifecycle aspects, considering the most responsible design, production, product use and closed-loop reuse and recycling, aiming to maximize the use of closed-loop and slow-loop manufacturing and value creation. Closed loop systems should give preference to local solutions where possible.*

2 This case is defined as “*End-of-waste status: Certain specified waste shall cease to be waste (...) when it has undergone a recovery, including recycling, operation and complies with specific criteria to be developed in accordance with the following conditions: a) the substance or object is commonly used for specific purposes; b) a market or demand exists for such a substance or object; c) the substance or object fulfils the technical requirements for the specific purposes and meets the existing*

hazardous waste: sludge, fluids...; 2. non hazardous waste: yarns, fabrics, metals...; packagings; machineries.

Byproduct: according to the European [Directive 2008/98/EC on waste](#) and Italian law, [art. 184 bis Dlgs 205/2010](#) “A substance or object, resulting from a production process, the primary aim of which is not the production of that item, may be regarded as not being waste (...) but as being a by-product only if the following conditions are met: a) further use of the substance or object is certain; b) the substance or object can be used directly without any further processing other than normal industrial practice; c) the substance or object is produced as an integral part of a production process; and d) further use is lawful, i.e. the substance or object fulfils all relevant product, environmental and health protection requirements for the specific use and will not lead to overall adverse environmental or human health impacts.”

Leftovers: for the purposes of this analysis, it is worth to distinguish those production residues of lesser value than the original ones, not yet waste or byproducts, which are potentially still usable, retaining original use, but only outside the originally destined channels. Eg. inventory, unsold products, old samples, etc.

Declaration of waste disposal (*Modello Unico di Dichiarazione ambientale - MUD*): form for official declaration of quantities of waste disposed in one year, in kilograms, per category of waste. According to the [Directive 2008/98/EC on waste](#) and Italian Law [n. 70/1994](#), accounts for waste generated by economic activities, those collected by the Municipality and those disposed of, started to be recovered, or transported, in the year preceding the declaration. It is normally submitted by April 30 of each year.

## **Overview of MABO Group processes**

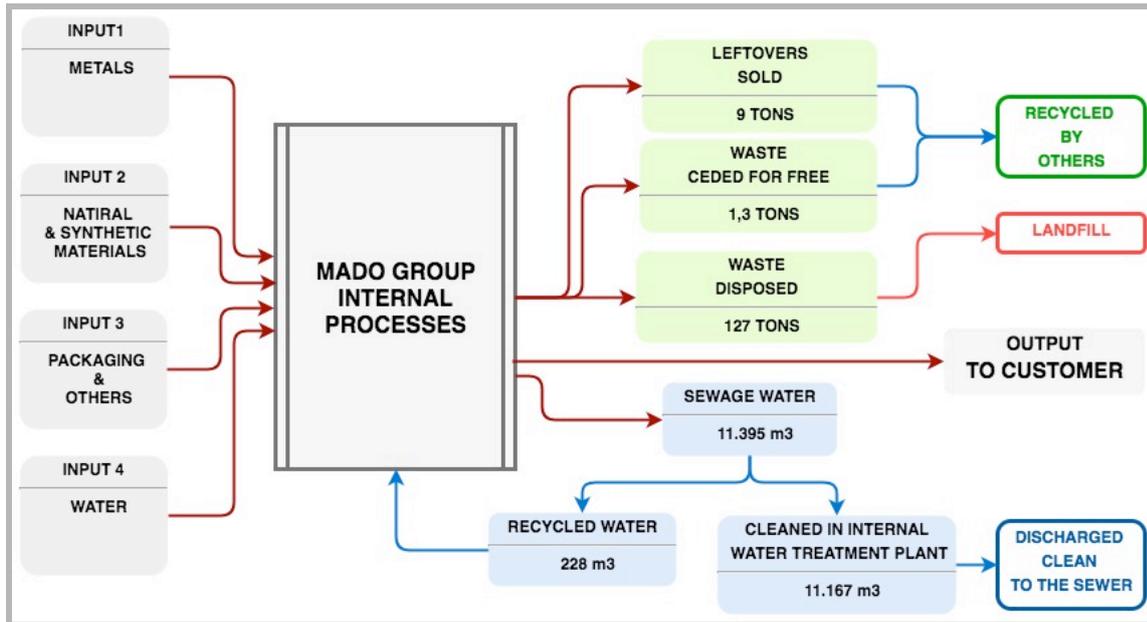
MABO Group is one of the most successful accessories producers for the clothing industry in the European market. MABO Group has more than 150 employees located across Italy, Eastern Europe, China and the United Kingdom. 80% of MABO Group sales derive from domestic production. In Italy the two MABO Group factories total 18,000 square metres in size.

MABO Group develops and creates the majority of its products developing clients ideas and requests and offering them a huge variety of products. All the steps of a project, from the original design idea to the prototype take place inside the company.

*Image 1 - Company's waste, byproducts, leftovers and water management flow*

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legislation and standards applicable to products; and d) the use of the substance or object will not lead to overall adverse environmental or human health impacts” ([Directive 2008/98/EC on waste](#) and Italian law, [art. 184 ter Dlgs 205/2010](#))



## 2 Methodology

MABO Group has conducted an internal investigation aimed to gather, from analytical or industrial accounting or by estimate, the information needed to integrate the MUD: the amount of waste water; the amount of waste, byproducts and leftovers sold or ceded for free<sup>3</sup>; byproducts internally re-used; costs, revenues and savings related to such waste management.

Waste was analyzed in economic terms and volumes and aggregated according to the following categories: Sludge, Packagings, Textiles, Metals, Others.

The results were processed in the form of tables and charts:

### 1. Material volumes:

#### a. Waste material balance 2016:

- Balance sheet: the data related to waste management for the year 2016 have been reassembled in order to highlight not only the waste disposed of, whether for free or not, but also that diverted from landfill through reuse or sale of byproducts and leftovers, to quantify the waste potentially generated by the production activities.

- Diagram: the aggregate figures for the 2016 waste balance were reported graphically to highlight the portion of waste diverted, sold or ceded free of charge and disposed of on the total of the potential waste.

#### b. Waste water balance 2016:

- Balance sheet: the data related to wastewater management for the year 2016 were reassembled in order to highlight not only those discharged, but also those diverted through of recovery systems, to quantify the wastewater potentially originating by the production activities.

- Diagram: the aggregate figures for the 2016 wastewater balance were reported graphically to highlight the portion of wastewater diverted and discharged on the total of the potential wastewater.

### 2. Waste financial balance 2016:

<sup>3</sup> it is assumed that waste sold or ceded for free becomes a raw material in a new production cycle. Therefore, it can be considered as recycled.

- Balance sheet: the data related to waste management for the year 2016 have been reassembled in order to highlight not only the actually recorded values for the water discharge, the wastewater treatment plant management, the disposal, the transportation and the eventual sale of waste, byproducts and leftovers, but also the internal costs for the waste management structure (personnel, warehouse, etc.) and the savings generated by the sale, the non-disposal of waste and the non-purchase of raw materials and the water recovery and the closed cycles beyond the water one.
- Diagram: the aggregate figures for the 2016 waste economic balance were reported graphically to highlight the savings, the sales revenues and the costs to the total potential costs of waste management.

### 3 Outcomes

#### 3.1 Waste material balance 2016

Considering, in addition to waste disposed of, the one diverted through the re-use or sale of byproducts and leftovers, the quantity of waste avoided is the 7,5% of the waste potentially generated by the production activities.

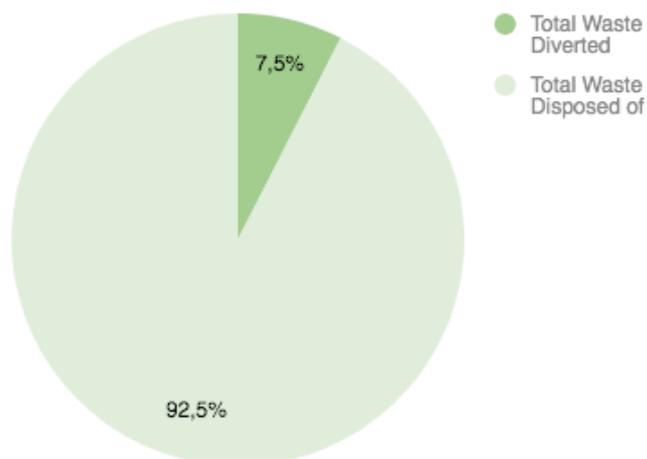
This result was achieved through the following waste management activities:

1. the sale of 9.015 kg of mixed metal as byproduct to a metal supplier equal to 6,6% of the annual potential waste
2. the free cession to a social cooperative of 1315 kg of mixed unsold buttons, that is 1% of the annual potential waste

Image 2 – Waste material balance sheet 2016

YEAR 2016	kg	%
<b>Waste Potentially Generated by the Production Activities</b>	<b>137.572</b>	<b>100,0%</b>
Byproducts sold	9.015	6,6%
Leftovers re-used internally, sold or ceded for free	1.315	1,0%
<i>Total Waste Diverted</i>	<i>10.330</i>	<i>7,5%</i>
<b>Total Waste Managed</b>	<b>127.242</b>	<b>92,5%</b>
Sludge/Waste aqueous solution	31.049	22,6%
Packagings	28.316	20,6%
Textiles	67.877	49,3%
<i>Of which, Leftovers</i>	<i>35.170</i>	<i>25,6%</i>
<b>Total Waste Disposed of</b>	<b>127.242</b>	<b>92,5%</b>
<b>Waste Reduction achieved</b>	<b>10.330</b>	<b>7,5%</b>

Image 3 - Waste material balance 2016 – diagram



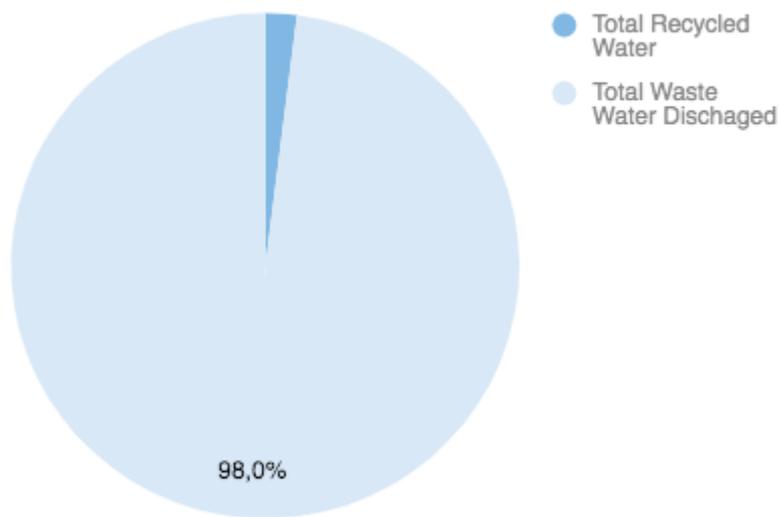
### 3.2 Waste water balance 2016

In the last year, the sewage plant produced 11.167 m<sup>3</sup> of wastewater. After treatment in the internal phytodepuration plant, clean water is discharged into the sewer.

Image 4– Wastewater balance sheet 2016

YEAR 2016		m3
<b>Total Potential Waste Water</b>		<b>11.395</b>
<b>Total Waste Water Discharged</b>		<b>11.167</b>
<b>Total Recycled Water</b>		<b>228</b>

Image 5– Wastewater balance 2016 - diagram



### 3.3 Waste financial balance 2016

The annual negative balance of MABO Group's waste and water management is 33.262€, that is 41,1% of the potential cost, that is 75.424€. The waste reduction achieved is 28,78%, that is the share of costs avoided resulting from the following waste management activities:

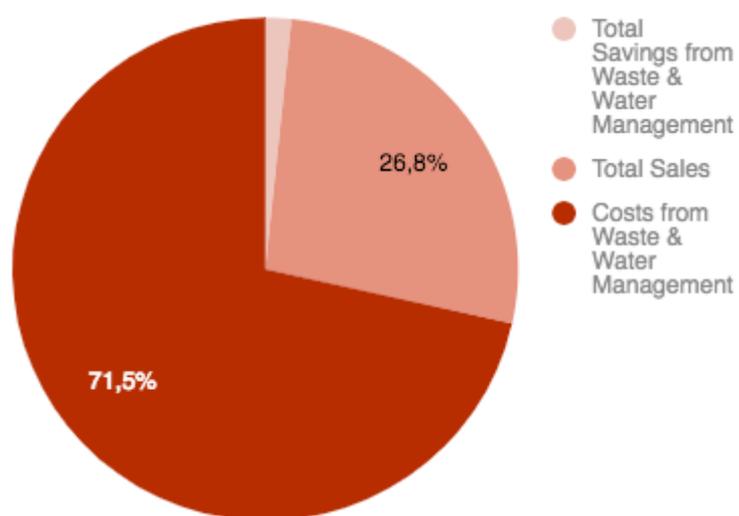
- 20.455€ sales of mixed metals as byproducts to metal supplier
- 1.252€ savings for the avoided costs of disposal of byproducts and unsold buttons ceded for free
- 16€ savings for avoided discharge of water recycled

Image 4 – Waste financial balance sheet 2016

YEAR 2016	€	%
<b>Potential Cost of Waste &amp; Water Management</b>	<b>€76.240</b>	<b>100%</b>
Savings from waste disposal costs (byproducts, leftovers and waste sold or ceded for free)	€1.252	1,6%
Savings from water recycling	€16	0,0%
<b>Total Savings from Waste &amp; Water Management</b>	<b>€1.268</b>	<b>1,7%</b>

Costs of waste disposal (internal operations and third parties' services)	€53.717	70,5%
<i>Of which, leftovers</i>	€6.631	8,7%
<i>Of which, sludge</i>	€4.502	5,9%
Cost of wastewater discharge	€800	1,0%
<b>Costs from Waste &amp; Water Management</b>	<b>€54.517</b>	<b>71,5%</b>
Sales of byproducts and leftovers	€20.455	26,8%
<b>Total Sales</b>	<b>€20.455</b>	<b>26,8%</b>
<b>Waste &amp; Water Management Negative Balance</b>	<b>€ 34.062</b>	<b>44,7%</b>
<b>Waste Reduction achieved</b>	<b>€ 21.723</b>	<b>28,5%</b>

Image 5 – Waste financial balance 2016 - diagram



#### **4**      *Conclusions and next steps*

The waste management system implementation, in line with best circular practices: sales of mixed metals as byproduct, free cession of unsold mixed buttons, savings for the avoided costs of disposal of byproducts, and water recycling discharge, allowed MABO Group to cut the economic and environmental costs in 2016 by:

- 10,3 t or 7,5% in volumes
- 21.723€ or 28,5% in value

These encouraging results give directions on how to continue to apply MABO Group's "Responsible Design and Consumption or Living - through Extended Producer Responsibility", which we will account for in the forthcoming reports.

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**MABO Group**, as part of the Italian DETOXLeader Group together with Canepa Spa, Miroglio Group, Italdenim Spa, Besani Srl, Berbrand Srl, Tessitura Attilio Imperiali Spa, Zip Gfd Spa, Cotonificio Olcese Spa, Ditta Gaetano Lanfranchi Spa, Fellicolor Spa, MABO Group, Itaclab Srl, Taroni Spa, Alesilk Sas, Dienpi Srl, Filmar Spa, Filmar Nile Textile S.A.E., Imbotex Srl, Italtexil Sarata Srl, Maglificio Ripa Spa, Monticolor Spa, Ongetta Srl, Calzificio Eire Srl, Texcene Spa, is fully aware that only with the active participation of the entire fashion industry it is possible to deliver the desired outcomes on a global scale.