

"The European requirements are indeed difficult to implement" / Kirsten Reinhold – TextilWirtschaft 21/06/23

From slow fashion to eco-design: If EU politicians have their way, the fashion industry will have to change completely in the next five years. The Europe-wide supply chain law just passed by the parliament in Brussels is only the tip of the iceberg. There are 16 initiatives in the pipeline that directly affect all textile manufacturers. Heike Lethmathe, Head of Corporate Responsibility at Marc Cain, explains how her company is preparing for this.

TextilWirtschaft: Many of your industry colleagues and associations do not consider the Corporate Sustainability Due Diligence Directive (CSDDD), which has just been approved by the EU Parliament, to be feasible in practice. What's your take on that?

Heike Lethmathe: The European requirements for the full-depth supply chain are indeed difficult to implement. With a manageable supplier portfolio and long-standing partnership relationships, it is perhaps easier for us than for other companies.

To what extent are you still preparing for this?

Our CR team has been expanded, also in order to be able to keep track of the many legal requirements. Furthermore, our in-house IT department is working on a tailor-made tool in order to be able to map the supply chains transparently and systemically internally. For several years now, we have been a member of the amfori BSCI in order to verify compliance with social standards at our suppliers' production sites, but also to provide suppliers with assistance in improving their work. At the moment, this is mainly rolled out to our direct suppliers in a risk-based approach. In some cases, however, we are already examining the deeper supply chain.

Many complain about the increase in bureaucracy. How did you manage that?

We also see this as a difficult task. In addition to our CR team, other departments are gradually being involved in processes to create transparency, etc. Involved. The colleagues are a great support, but also notice the great challenges. But as already mentioned, work is already in full swing on digital support.

Who in your company is responsible for the new CSR issues that are now pending?

In addition to the CR team, which was increased by half, there were hires in purchasing and IT in order to be able to meet all the challenges of the future quickly and reliably. We have hired an additional person for social issues who is an expert in relation to the LkSG. I also joined the team as Head of CR, my professional background is environmental and chemical management. At the moment we are also looking for an intern to support us.

What has been the biggest challenge so far and how did you overcome it?

One of the biggest challenges was to get accurate information about the planned laws. We consulted a lawyer and took part in the training courses of well-known organizations in the textile-clothing sector. In the meantime, we are very familiar with EU legislation.

Marc Cain has not yet been affected by the German LkGS due to its size. The CSDDD, which is now being discussed in the trilogue negotiations, will be much more comprehensive. What does this mean for you?

Although we have only been indirectly affected by the German LkSG so far, we are in the process of working towards the European LkSG from the very beginning with all our planning and preparations. This is an ongoing process, but we still have some time.

What have you done so far?

Our existing activities related to social risks must be rolled out to other suppliers, especially in the deeper supply chain. However, we see the special challenges more in the establishment of environmental standards.

What costs do you expect due to the greater bureaucracy?

The number of suppliers from whom we will collect data and interact will increase as we dive deeper into our supply chain. The costs can be seen more clearly as soon as there is even more transparency.

Will you avoid certain sourcing countries in the future because the risk is higher there?

It is already the case that, based on the results of our risk analysis, we have not included certain countries in our sourcing portfolio.

To what extent do you get legal advice and use CSR software?

We are advised by a lawyer who specializes in German and European LkSG.

Another major change will be the Ecodesign Regulation ESPR, which was adopted as part of the Green Deal. To what extent have you already prepared for this?

The requirements for the Ecodesign Directive are already known – the details are not yet known. It will be necessary to agree on uniform requirements throughout Europe. But especially with regard to the longevity of our products, we see ourselves well positioned as a premium manufacturer with a very high quality standard. Our sustainability strategy also includes the use of recycled, but also resource-saving materials. In cooperation with universities and start-ups, we are already testing the various ways of circular solutions for our products. Such initial approaches are very important in order to get to know the issues and find suitable solutions.

In which areas will this be particularly challenging?

One of the biggest challenges is to make the supply chain fit for the requirements. Tapping into various data from the supply chain in order to achieve a realistic data situation, for example in energy management, is also not entirely trivial. However, with an intensive exchange and step-by-step implementation, we think we can overcome these challenges.

A challenge for a supplier who sells on as many channels as Marc Cain will certainly be the ban on the destruction of new goods. Do you already know exactly what happens to your company's unsold new goods and can you rule out destruction?

In general, we produce according to customer needs. In this way, large overhangs are avoided from the outset. Through various rounds in our outlets and also through sales to employees, there are hardly any unsold new goods.

To what extent have you nevertheless further optimized your pre-production and introduced on-demand production and the like?

Thanks to our virtual 3D product development, we have been able to reduce prototype production for several seasons now. One season was even sold entirely via virtual samples.

A central task will be the required recyclability for all products. For which of your products and article groups is this particularly challenging?

It will be particularly difficult to fully achieve a circular design for outdoor jackets. They consist of many components with different material compositions, which will make complete destruction and recyclability at the end of the product life cycle very difficult. The good thing is that the jackets can be worn for several seasons. This is where the good quality and a durable design help.

How do you intend to achieve the repairability and recyclability of all products, which is also prescribed in the ESPR?

We already repair products if a customer has found a defect in a purchased item. This is done at our location in Bodelshausen. In addition, we have created videos that show our customer in a service-oriented manner how stains and pilling can be removed or how small holes or running stitches on knitted parts can be repaired.

In addition, a digital product passport is to become mandatory. Do you already have some experience here?

The Digital Product Passport seems to be the right solution to enable the recovery of raw materials from finished parts after the customer has disposed of a garment via appropriate systems. It remains to be seen whether this will soon succeed throughout Europe and even worldwide. Personally, I'm still a bit skeptical here.

One of the few initiatives from Brussels that is already very concrete is the Green Claims Directive.

Have you already adapted your sustainability communication accordingly?

We have been dealing with green claims for a long time. It has always been important to us that our statements are true and understandable for the customer. Our sustainability communication managers are familiar with the requirements and are constantly educating themselves on the subject.

What other legislative proposals of the 16 directives directly affecting the industry are you particularly concerned with at the moment?

The "Extended Producer Responsibility" should be mentioned here, the objectives of which are quite correct and sensible. Some countries within the EU have already rushed ahead with their own requirements and Germany also wants to do so. Not only from the point of view of the industry, but also from the point of view of the end user, uniform requirements and product labeling are more than just desirable. In order to avoid putting domestic industry at a disadvantage compared to imports from third countries, it is important that the same requirements are also applied to imports from third countries.

The associations and EU politicians repeatedly call on companies to participate in the debates. To what extent do you use this?

Marc Cain, in cooperation with other textile and clothing companies in the region, has formulated demands on "Extended Producer Responsibility" and handed them over to the Minister of Economic Affairs of the State of Baden-Württemberg. The willingness to work on an effective and uniform regulation that does not penalise European industry and strengthens the future viability of European industry was also very clearly expressed.