

# Zalando contribution to the CMA's consultation on its draft guidance on environmental claims on goods and services

16 July 2021

Zalando welcomes the opportunity to respond to the Competition and Markets Authority (CMA)'s consultation and believes it is important for public authorities to better understand the challenges facing the textile industry. Given that our contribution contains information on our internal company processes regarding the substantiation of sustainability claims, we consider this as sensitive and confidential information and would therefore ask you not to publish our answer on your website.

Zalando is a leading European online platform for fashion (clothes, shoes, accessories) and beauty products. We offer 1 million products from 4,000 brands to 42 million customers in 20 European markets, including the UK.

As a customer-centric company we believe in the progress we can collectively achieve by offering products with lower impacts on people and the planet. Based on the materials and processes used, and by enabling customers to live their values when making these purchases. Zalando believes that engaging, comparable, and trustworthy sustainability claims at product level are key to driving more sustainable customer behaviour and operational change within businesses.

As part of our do.MORE sustainability strategy, we have set ourselves the goal to generate 25% of our Gross Merchandise Volume (GMV) by 2023 from more sustainable products. Our criteria for partner brands making claims for products that qualify as "more sustainable" currently cover the use of more sustainable materials and processes, based on industry best practice and data derived from the [Sustainable Apparel Coalition's Higg Materials Sustainability Index](#) and [Textile Exchange's Preferred Fiber and Materials List](#). In addition, we also set minimum material content requirements to ensure credible claims (e.g. a cotton t-shirt needs to contain at least 50% organic cotton). The requirements behind our criteria are based on brand partners being able to fulfill one or more of a range of third-party environmental, social and animal welfare standards. The full list of criteria can be found in our [Fashion Store](#). This product-specific sustainability information is collected from the brand during the order process along with other important data like material, care and size. We conduct weekly verifications of third-party brand certifications and are in regular dialogue with standard-setting bodies to ensure best-in-market practices regarding compliance with labelling guidelines. The use of the sustainability flag itself in the Fashion Store allows us to easily communicate to customers that the flagged products

meet one or more sustainability attributes, given the absence of a global standard to define a more sustainable fashion product.

We would like to give feedback on two points of the guidance:

1. On principle #2: claims should be clear and unambiguous

In particular points 3.50 and 3.51 (Use of General claims)

We agree that the use of general terms should only be used with further substantiation and that companies should strive to be as specific and clear as to the exact environmental claim that is being made. Vague and unsubstantiated terms should not be permitted, and there should be a way for consumers to find better-performing products on environmental aspects, especially in the context of our wide assortment. Without this selection mechanism to identify and select “more sustainable” products on our website, customers would find it very difficult to find such products, and is therefore of huge importance since our “more sustainable” products number only 130,000 out of over a million products in total.

While the UK is outside of the European Union, many brands and retailers operate at European level and thus it would make sense to have an harmonised framework. With this in mind we propose a further clarification with the aim of aligning with future EU legislation on “Empowering Consumers”, in that there should be an allowance to use general terms such as “sustainability” as long as the use is made based on a clear and standardized comparison framework (for instance the Product Environmental Footprint (PEF) method that the European Commission is currently developing with stakeholders).

2. On principle #5: in making the claim you should consider the full cycle of the product

We agree that claims should be made taking into account the most material and impactful stages of production, to ensure the credibility of claims. However, given the complexity of textile industry supply chains and the challenges faced by SMEs to access and manage such detailed data, we believe that more guidance is needed regarding what qualifies as considering the “full life cycle of the product” to ensure a level playing field for all. Compliance with the guidance will therefore depend on what qualifies as an LCA (and therefore the burden of proof for claims).

For example, there could be three different levels of life cycle analysis requirements applicable for the textile industry:

- [Basic] At a minimum, environmental claims should take into account the most impactful stages of production, which in the textile industry is the material production and processing. At an industry level, this data is already available

through public reports (see Quantis, “Measuring Fashion, 2018) or tools such as the Higg Material Sustainability Index, the apparel industry's most trusted tool to measure and score the environmental impacts of materials.

For instance, Zalando currently highlights products as “more sustainable” which are made with organic cotton, which requires up to 90% less water than conventional cotton with additional health benefits regarding pesticide use for farmers. On the other hand, we would not highlight products as “more sustainable” that are shipped in paper instead of plastic bags given the very low impact.

- [Advanced] The next level would be claims based using average industry LCA tools for a certain product type (e.g. for t-shirts, jeans). This makes assumptions based on industry average impacts and could more feasibly be done at scale in future and at Zalando we are working on developing this with the rest of the industry through the Higg Index Product Module, but it will take another few years.

- [Pioneering] At the very extreme end, the burden of proof would be a specific LCA conducted for each individual product, which means much more accurate but difficult to get data, like specific factory processes. This is currently unrealistic for the industry to do at scale, without significant investment into data and technology improvements over the coming years.

We would recommend ensuring alignment with the content and timeline of the upcoming EU legislation and related timelines, e.g. Life Cycle Analysis requirements following the upcoming European Product Environmental Footprint legislation (2025 implementation for Apparel and Footwear). This would mean in the meantime settling for a relatively lower basic threshold for brands and retailers at large.

We hope you find these points helpful, we remain at your disposal for any question you may have.

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