

REMONDIS – Statement on Responsible Solutions for Used-Textiles

Executive Summary

Responsible garment collection and sorting are paramount to enable the reuse and recycling of used textiles.

*Indeed, the key driver when it comes to textile waste is the difference between *sorted* and *unsorted* textiles. Landfilling, pollution, and garment wastelands result from the irresponsible dumping of unsorted waste, a bad practice in which we do not participate and which we advocate to be effectively banned. An important nuance is that in some of the same geographies struggling with unsorted waste, sorted reuse garments are an appreciated and affordable alternative to new clothes.*

That's why we are investing in much needed sorting infrastructure. It enables 1) recycling (including technology investments so we can meet high-specification textile-to-textile requirements), and 2) higher-value reuse, matching sorted second-hand products with demand.

Challenges of Used-Textiles in Europe

Textile waste is a serious problem in many countries all over the world. The root cause of these problems is not the sorting of used-textiles within the EU, but the shipping of unsorted textiles into countries without an existing waste management infrastructure and regulations. The same holds true for all goods, ranging from skis to roller-skates, that are exported into these markets as seen in many pictures showing such waste problems.

The key problem of responsible textile waste management today is that most used or unwanted textiles are not sorted in the EU, where there are high regulatory standards for the handling of waste and a good infrastructure for the disposal of unusable and unrecyclable textiles. Most such textiles are instead sent in unsorted bulks to sorting companies in countries with cheaper labor costs, such as UAE and Tunisia.

The reason is simple: money. The sorting of textiles as of today is done manually, so sorters in low-wage countries have a significant competitive advantage. Also, these countries have lower standards for the handling of recyclable and unrecyclable goods. In the EU, all textiles must be recycled if possible, even if recycling is more expensive than incineration. In less regulated regions, burning and landfilling of unwanted garments is commonplace.

In Germany for example every year over 1 million tons of textiles are collected, but below 200.000 tons are sorted. Even though technically the export of unsorted textiles is prohibited, many companies still do it. Missing regulations and unsatisfactory inspections by customs make this possible.

In addition, the collection market is barely regulated. A variety of industrial companies, municipalities and NGOs collect, but there are no standards or regulations around the processing of the collected textiles. Most tenders by municipalities and retailers feature only one criteria and that is the price per ton—whoever provides the cheapest service wins. No wonder that mostly collection companies without their own EU-based sorting capacities win these tenders.

Any company that sorts within Europe is not only obligated by law to dispose of waste in a responsible way, but also driven by economics. Because of the availability of recycling applications and thermal-heat-recovery incineration for contaminated goods, it would not make sense for a European sorter to incur transport costs shipping “waste” to a landfill on another continent.

Challenges of Used-Textiles Outside of Europe

In many parts of the world, garment collection and sorting infrastructure does not exist at all or in anywhere near the required magnitude to provide responsible solutions for used garments. We see significant opportunities to build such infrastructure, particularly as regulatory environments tighten and loopholes are closed. We at REMONDIS have developed responsible waste management solutions for materials like plastics, paper, metal, and glass. As we apply our decades of operational experience to the textile sector, starting with our facilities in Europe, we hope to be on the vanguard of companies developing expertise that can be drawn upon worldwide.

Our business practice

The reason for the collaboration between our valued partner H&M Group and REMONDIS on the garment collection is, that both companies believe in very strict requirements for the reuse and recycling of all textiles as well as the implementation of good practice both for governance and technical solutions.

We acknowledge that there is a lot of improvement needed in the textile recycling market, but we believe that the urgently needed change can only be achieved by professional companies involving themselves and driving the change instead of distancing them from the problems.

That is why we believe H&M Group did take a great step by implementing garment collection and therefore taking responsibility in the earliest stage of the supply chain, offering the general public convenient collection spots to drop used or pre-loved garments from any brand, thereby reducing the chance that such garments would end up as unsorted waste.

That is also why we currently only operate facilities in Europe, following very strictly the legal regulations, such as the European Waste Hierarchy, and the even stricter principles set together with H&M Group. In addition, all our sorting partners are held to the same standards. We follow a detailed controlling and monitoring process for all our partners, including Due Diligence, physical audits and regular reports.

Responsible companies like REMONDIS and our partners are differentiated in that we only sell sorted textiles, specifically ordered by our long-term customers. In a diverse range of countries all over the world, sorted reuse garments are an appreciated and affordable alternative to new clothes.

One of the fundamental principles of our business is to make sure that as many of the old textiles as possible are re-used. If they can't be used as second-hand clothing, then they are recycled with the best available applications, ranging from cleaning clothes to insulation, and increasingly in the mid-term as technologies continue to develop, new textiles made from post-consumer “waste”.

To the findings of the recent media report

We believe that the tracking of the garments collected by H&M mentioned in the recent media coverage show that our processes are fundamentally successful.

All garments have arrived in our own or certified partner sorting facilities in Germany.

All garments were sorted into different reuse and recycling categories, as required by the 5-stage waste hierarchy of the European Waste Framework Directive.

All garments were then distributed for further use according to their respective sorting quality.

Of the 10 garments:

- 2 were reused in Europe.
- 2 were recycled in Europe.
- 2 were reused in Africa.
- 1 was recycled in Asia.
- 3 without signal.
- **0 ended up in landfill, incineration plants or were sent in bulks for dumping.**

The market for high-quality reused and recycled textiles and garments is as globalized as the textile market itself. Provided that the reused or recycled textiles are put to good use, there is no reason not to market them worldwide.

As for the situation in Ghana, RE Textil has about 60 customers, only 2 of which are in Ghana.

Both have been long-term partners for several years that are regularly visiting our sorting facility.

While visiting they look at all our textiles, create their detailed loading list and also train our sorters which garments can be used and which not.

Some may ask, "Why sell second-hand at all in a country that is overflooded with garments?" and this is a valid question. According to a recent article, around 800 million garments are shipped to Ghana every year. In the case of our second-hand business, if 1 million garments are shipped to Ghana after being specifically selected and ordered by our long-standing partners, we believe that these garments are actually wanted and used by people looking for affordable second-hand garments (which have been sorted, unlike the hundreds of million garments believed to be "dumped" as waste). Of course, the market dynamics anywhere can change rapidly, and this is why we see the importance of maintaining close dialogue with those who purchase from us.

Globally, most used textiles from all retailers are collected via public containers. Because public collection is poorly regulated, export of unsorted textiles occurs. We are working on several levels and in multiple political and industrial working groups on pushing for stricter EU regulations, when it comes to waste shipment and textile exports. We are going to re-double these efforts in collaboration between H&M Group, REMONDIS and our key partners.

How we plan to improve and contribute

As already described the biggest challenge we see is the unregulated export of unsorted textiles.

We therefore will:

- re-double our efforts in Brussels and Berlin to get stricter regulations and control over exports of waste from Europe. Even though we do not export unsorted textile waste, we are aware that some less serious companies obviously do. This practice must be stopped.
- advocate for textile recycling in important associations (so far textiles are not an acknowledged waste stream).
- seek collaboration with customs, NGOs and other partners to track and monitor shipments (often textile waste is falsely labeled as products)

Another issue is the lack of waste management infrastructure in many countries.

We will encourage possibilities to develop textile collection and recycling infrastructure in key markets. We will explore possibilities to contribute, for example instances whereby we can potentially lend our know-how based on the operations we have in Europe, as well as related business opportunities, which we view as positive for all parties involved.

Finally, we see ways to improve our existing ways-of-working. To build on our existing due diligence, we will put more focus on risk assessment, for example seeking greater insight into the context in which our partners operate. It feels incorrect to police who should and who should not have the right to purchase needed second-hand garments based on, for example, what country they are from. On the other hand, we see ourselves as a positive participant in the circularity ecosystem, and that requires that we and our partners operate in a good way, no matter where each of us is based.

In closing,

Textile collection and sorting for reuse and recycling is a difficult sphere in which to operate. But collection and sorting are absolutely needed as the starting point for extending the highest use of used garments. We strive to be among the responsible companies collaborating with partners to do as well as can be done — and to make what is possible better and better with each day that passes.