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Circular textiles policy review

Considerations for EU trading partner countries

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Introduction

The landmark EU Strategy for Sustainable and Circular Textiles, adopted by the European Parliament in June 2023, sets out a vision for all textiles to be produced in respect of social rights and the environment.

The aim of this paper is to provide an overview of the status of the main EU policies which were put forward in the EU Textile Strategy. It provides considerations to be explored in terms of the potential impact of these policies on trading partner countries.

With the EU policy landscape for textiles evolving at a rapid pace and a new EU political cycle getting underway, new developments can be expected, most notably with a proposal for a new Circular Economy Act planned for 2026.

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1. Ecodesign for Sustainable Products Regulation

The Ecodesign for Sustainable Products Regulation (ESPR)¹ is the centrepiece of the EU's product policy framework. The aim of the legislation is to make sustainable products the norm on the EU market. Ecodesign legislation and an energy labelling framework have been in place since 2009. The ESPR represents both an update of these rules and their expansion to a wider range of products, with the aim of delivering on commitments made in the European Green Deal² and the Circular Economy Action Plan³. A provisional agreement on the ESPR was reached in December 2023. The European Parliament voted on the final text on 23 April 2024, and the Council gave its sign-off on the agreement in May 2024. The ESPR officially entered into force on 18 July 2024.

The ESPR is the general legal framework which sets measures that will apply to all products on the market. Product-specific performance and information requirements will be set for products identified as priority groups – such as textiles – through secondary legislation (delegated and implementing acts).

1.1 The ESPR general framework

1.1.2 Ban on the destruction of unsold consumer products

In the EU, an estimated 4-9%⁴ of unsold textiles are discarded as waste. The ESPR sets a ban on the destruction of unsold consumer products (Article 25), which will be applicable to large enterprises in the first full financial year after the ESPR comes into force. For medium-sized companies (up to 250 employees) the ban will only come into force in 2030, and it will not apply to micro-and small enterprises (below 50 employees). A consumer product is defined as a product which has not been sold, including surplus stock, excess inventory and deadstock, as well as products which have been returned by consumers. Around 20% of clothing and 30% of footwear bought online in the EU is returned by customers.⁵

Article 25 of the ESPR sets out a list of reasons for derogations from the destruction ban, including for hygiene and safety reasons, which will be further clarified in a delegated act planned for adoption by July 2025. The ESPR also sets a disclosure obligation (Article 24) on economic operators to provide the number and weight of unsold consumer products discarded per year and the reasons for discard.

Article 25 refers to a list of consumer products (including apparel and clothing accessories, and

¹ Regulation (EU) 2024/1781. *Ecodesign for Sustainable Products Regulation*. <https://eur-lex.europa.eu/eli/reg/2024/1781/oj>

² COM/2019/640. *European Green Deal*. <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52019DC0640>

³ COM/2020/98. *A new Circular Economy Action Plan For a cleaner and more competitive Europe*. <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=COM:2020:98:FIN>

⁴ European Environment Agency (EEA) (2024) Volumes and destruction of returned and unsold textiles in Europe's circular Economy. Available at: <https://www.eea.europa.eu/publications/the-destruction-of-returned-and>

⁵ Ibid.

footwear) which will fall under the scope of the ban on destruction which is set out by commodity code categories in Annex VII.

The Commission is expected to adopt an implementing act setting out the details and format for the disclosure obligation in July 2025 (it will not apply retroactively). It will set out how to define product types or categories, and how such information is to be verified. The ongoing process to prepare the implementing act includes stakeholder consultation through workshops and surveys.

Key issues include setting out which is the most adequate classification system (CN or PRODCOM) to properly identify products and what level of granularity (how many digits) is appropriate. More granularity (six digits) would give a fuller picture of the types of products being destroyed and the impact on the environment which could also inform the future setting of Ecodesign requirements and eco-modulation criteria. However, some stakeholders favour a lower level of granularity in the disclosure (two digits).

A study is being carried out by consultants at Ramboll to support the Joint Research Centre's work in providing technical assistance to the European Commission in their preparation of the implementing act. As part of this study there will be an assessment of the costs and benefits of the prohibition of unsold textile products on different stakeholder groups.

Considerations for trading partners

- Export rates of unsold textile products could increase in light of the ban on destruction.
- It remains to be seen how information disclosure requirements on the destruction of unsold goods will be harmonised with other ESPR information disclosure requirements, and the reporting requirements in the Corporate Sustainability Reporting Directive.

1.1.2 E-commerce

There is an ever-increasing number of non-compliant products available for sale on the EU market due to both rising numbers of direct imports and products sold online. There is a great risk that products sold online via platforms will be able to sidestep ESPR performance and information requirements.

The provisions for regulating e-commerce in the ESPR are limited⁶, and the law largely defers to other EU legislation, in particular the Digital Services Act (DSA).

But while the DSA was expected to bring clarity, it is largely designed around 'traditional' supply routes.⁷

⁶ Article 35 of the ESPR states that online marketplaces must establish a single contact point for the purposes of direct communication with Member States' market surveillance authorities in relation to compliance with the ESPR.

⁷ Eunomia (2023) Online platforms: Role and responsibility in Ecodesign policy. Available at: <https://eeb.org/wp-content/uploads/2023/03/ESPR-and-e-commerce-report.pdf>

Newer e-commerce models are not included in definitions of economic operators, and it is economic operators who are responsible for ensuring that products are compliant. While the DSA obliges economic operators to check the compliance of products and packaging with EU laws, online marketplaces are not recognised as economic operators, meaning they could continue to facilitate the sale of products from sellers all around the world without being responsible for proactively checking whether these products are compliant with EU rules.

The DSA sets new rules for online intermediary services and platforms — such as marketplaces, social networks, and app stores — to prevent illegal and harmful activities and the spread of disinformation online. It places new requirements on online marketplaces, such as increasing the traceability of traders and fostering cooperation with market surveillance authorities by requiring online platforms to report on the steps they are taking to minimise the risk of illegal content. But as the DSA treats the information available on online marketplaces as content and not as products, it does not meaningfully address liability or compliance. Marketplaces are not considered as selling the products themselves, they are considered as platforms that give the information to consumers about where they can buy things elsewhere.

In her 2024-2029 Political Guidelines⁸, Commission President Ursula von der Leyen set out tackling the challenges relating to e-commerce platforms as a priority.

Other EU legislation relating to e-commerce

- The **Digital Market Act**⁹ is intended to ensure that the markets in the digital sector are fair and more transparent.
- The **General Product Safety Regulation (GPSR)**¹⁰, which was revised in 2023, establishes specific obligations for businesses to ensure that all consumer products on the EU market are safe. It applies to products (such as textiles) that are placed or made available on the EU market whether new, used, repaired or reconditioned. It sets out general safety requirements as well as specific obligations for economic operators (including manufacturers and importers) and providers of online marketplaces.
- A revision of the Product Liability directive, now called the **Directive on Liability for defective products**¹¹, was adopted in October 2024. It sets out rules on the liability of economic operators (including importers) for damage suffered by natural persons caused by defective products. The objective of the revision is to ease the burden of proof for consumers seeking compensation for damages suffered because of defective products.

⁸ European Commission 2024-2029 Political Guidelines. Available at:

https://commission.europa.eu/document/e6cd4328-673c-4e7a-8683-f63ffb2cf648_en

⁹ Regulation (EU) 2022/1925. *Regulation on contestable and fair markets in the digital sector*. <https://eur-lex.europa.eu/eli/reg/2022/1925/oj>

¹⁰ Regulation (EU) 2023/988. *Regulation on General Product Safety*. <https://eur-lex.europa.eu/eli/reg/2023/988/oj>

¹¹ 2022/0302. *Liability for Defective Products Directive*. Procedure File:

[https://oeil.secure.europarl.europa.eu/oeil/popups/ficheprocedure.do?reference=2022/0302\(COD\)&l=en](https://oeil.secure.europarl.europa.eu/oeil/popups/ficheprocedure.do?reference=2022/0302(COD)&l=en)

Considerations for trading partners

- The EU legal framework does not provide robust provisions to effectively address the ever-increasing number of non-compliant products available on the EU market through online marketplaces, meaning e-commerce (a huge driver of overproduction and waste generation) is largely left unchecked.
- Large online retailers could be able to circumvent the new minimum performance and information requirements set through the ESPR if they are classified as an online marketplace which is not recognised as an economic operator.
- Additional measures to tackle online marketplaces through EU legislation could be taken.

1.1.3 Substances of Concern

Thousands of chemical substances are used to process fibre, weave yarn, dye and finish fabric, and assemble clothing and accessories. Each manufacturing step can leave a residue – either intentionally or unintentionally, contributing to the dangerous levels of exposure to harmful substances in many consumer products. Chemical pollution is causing increased rates of pollution-related diseases, with women and vulnerable communities disproportionately impacted due to biological, social, and economic factors. Producing and using chemicals also involves huge amounts of fossil fuels, with the chemical industry being one of the largest industrial consumers of oil and gas, contributing to the sector’s overall climate impact. The oil industry has also been pivoting to increase production of petrochemicals, in anticipation of further falls in demand for gasoline and other fuels as governments enact energy transition policies. And, alarmingly, with so many substances used in the textile sector we still know little about how combinations of chemicals affect our bodies and the environment, and as a result what safe limits for these combinations are.¹²

Substances of Concern in the ESPR

The ESPR aims to address “the presence of hazardous chemicals in products and to identify and promote products that are sustainable”. It includes some provisions to ensure the traceability of substances of concern in products (information requirements) and limited provisions for restrictions of the use of substances of concern (performance requirements), which will be established in future legal acts.

The ESPR defines a substance of concern as being:

- substances restricted through the criteria set out in Article 57 and Article 59 of the EU regulation on Registration, Evaluation, Authorisation and Restrictions of Chemicals (REACH), which includes substances identified as ‘substances of very high concern’ (SVHC).
- substances identified through the classifications of hazard classes and categories of the Classification, Labelling and Packaging (CLP) Regulation.¹³
- substances regulated through the Persistent Organic Pollutants (POPs) Regulation.
- substances identified (product-specific) as hindering reuse and recycling - to be defined in delegated acts.

ESPR does not seek to restrict chemicals primarily based on their risk to health and environment

While chemical safety – the intrinsic hazard to health or the environment caused by chemical exposure – is clearly referenced in the ESPR¹⁴ as a key element of product sustainability, at the same time it states that the restriction of substances should not be done based “primarily on chemical safety”. The ESPR does state that performance requirements should “reduce significant risks to human health or the

¹² Wicker, Alden (2023) *To Dye For: How Toxic Fashion Is Making Us Sick*. Penguin

¹³ The main aim of the CLP Regulation is to determine whether a substance or mixture displays properties that could lead to a hazardous classification. Classification is the starting point for hazard communication.

¹⁴ Regulation (EU) 2024/1781. *Ecodesign for Sustainable Products Regulation*. https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=OJ:L_202401781

environment”, but only “where appropriate”. Rather, the ESPR focuses on the possibility of restricting chemicals based on the extent to which they “make recycling substantially more complicated, costly, environmentally impactful, or energy- or resource-demanding”.

The justification for not restricting substances based on chemical safety is that this is taken care of by other EU laws, effectively deferring restrictions of harmful chemicals from a public health perspective to REACH.

However, this ‘passing the buck’ is problematic given that the EU’s chemical legislation framework does not sufficiently deal with chemicals in products, and particularly imported products – despite the Chemicals Strategy for Sustainability committing to substitute and minimise the presence of substances of concern in consumer products, such as textiles. And, in addition, the current political climate is less than conducive to increasing the ambition of REACH, with the previous Commission rolling back on its plans to revise the Regulation, and the new Commission announcing its plans to simplify chemical laws.¹⁵

In summary, Article 6 of the ESPR states that restrictions should not be based on chemical safety given that REACH takes precedence and focus should be placed on the substances which impede circularity and recycling. Yet at the same time the ESPR also sets out the need to minimise risk to health and the environment. We could anticipate therefore that the secondary legislation which sets the specific product performance requirements for textiles will restrict substances of concern which meet the following criteria, in order of priority:

1. Not yet covered by REACH
2. Negatively affect recycling
3. Pose a safety risk to health and the environment

Information requirements

Information requirements will be set which will require disclosures relating to substances in products through the Digital Product Passport (See Section 1.1.4). The future revision of the Textile Labelling Regulation (TLR) (See Section 7) is also being considered simultaneously with the ESPR work to develop product-specific information requirements for textiles. As part of the TLR, the Commission is considering including information on allergenic substances.¹⁶

The digital product passport could also be linked, where possible, to existing EU databases such as the database for Substances of Concern in articles as such or in complex objects (products) (SCIP).

¹⁵ A CARACAL Working Group on the interface between REACH and ESPR will be set up which could help facilitate communication between CARACAL and the Ecodesign Forum and overcome the lack of legal certainty over coherence between EU product policy and chemicals policy when it comes to setting restrictions.

¹⁶ A 2014 review of the Textile Labelling Regulation concluded that more research was needed on allergenic substances in textile products and that the “need for further measures to control the presence of substances (in particular sensitizers) which are found in finished textile products and may be released from products should be assessed”. Available at: eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52013DC0656&from=EN

PFAS and skin sensitisers

When it comes to per- and polyfluoroalkyl substances (PFAS), regulatory restriction in Europe has to date been based on individual substances. A proposal¹⁷ from Denmark, Germany, the Netherlands, Norway, and Sweden to restrict all PFAS is currently under evaluation¹⁸ by the relevant committees at the European Chemicals Agency (ECHA). Specific considerations will be given to Textiles, upholstery, leather, apparel, carpets (TULAC).

It is estimated¹⁹ that textiles account for approximately 35% of the total global PFAS demand and that a third of all PFAS in the EU (41,000 – 143,000 tonnes) are used in the textile sector. The European Commission's 2024-2029 Political Guidelines²⁰ included a commitment to continue focusing on PFAS.

France and Sweden have submitted a proposal²¹ for a restriction on skin sensitising substances. While both the ECHA Committee for Risk Assessment (RAC) and the ECHA Committee for Socio-economic Analysis (SEAC) agreed that a restriction was necessary, the European Commission has yet to publish its decision on the proposed restriction.

Essential use concept

The Commission published, on 26 April 2024, a 'Communication on the Guiding criteria and principles for the essential use concept in EU legislation dealing with chemicals'²². The concept, although not legally binding until incorporated into EU legislation, aims to facilitate decision-making and increase regulatory efficiency to achieve a fast phase-out of the most harmful substances in non-essential uses. Two criteria have been identified to assess whether a use of a harmful substance is essential for society:

- 1) that use is necessary for health or safety or is critical for the functioning of society; and
- 2) there are no acceptable alternatives.

If one of the criteria is not met, the substance can then be considered non-essential and indicate the need for phasing out. The application of this concept could encourage companies to proactively take the necessary steps to phase out the most harmful substances and research safe alternatives. As the Communication points out, the "essential use concept can be applied equally to EU manufactured and imported products" and has therefore the potential to impact both manufacturing in the EU as well as in trading partner countries to phase out harmful chemicals which are considered non-essential for society and/or for which safer alternatives exist.

¹⁷ ECHA Registry of restriction intentions until outcome (PFAS). Available at: <https://echa.europa.eu/registry-of-restriction-intentions/-/dislist/details/0b0236e18663449b>

¹⁸ ECHA. Next steps for PFAS restriction proposal. <https://echa.europa.eu/-/next-steps-for-pfas-restriction-proposal>

¹⁹ EEA 2024. Briefing no. 11/2024. PFAS in textiles in Europe's circular economy. Available at: <https://www.eea.europa.eu/en/analysis/publications/pfas-in-textiles-in-europes-circular-economy>

²⁰ European Commission 2024-2029 Political Guidelines. Available at: https://commission.europa.eu/document/e6cd4328-673c-4e7a-8683-f63ffb2cf648_en

²¹ ECHA Registry of restriction intentions until outcome (Skin sensitising, irritative and/or corrosive substances). Available at: <https://echa.europa.eu/registry-of-restriction-intentions/-/dislist/details/0b0236e182446136>

²² C/2024/1995. *Guiding criteria and principles for the essential use concept in EU legislation dealing with chemicals*. <http://data.europa.eu/eli/C/2024/2894/oj>

Considerations for trading partners

- Future restrictions will likely affect the sector as well as continued voluntary restrictions through manufacturing restricted substances lists (MRSLs). More cooperation is therefore needed between the EU and trading partner countries to identify risks, enhance traceability, assess the essentiality aspect of a substance and explore the possibility of safer alternatives.
- The approach taken by the ESPR to separate circularity and chemical safety could slow down the need for vital restrictions. The ESPR also focuses on the chemicals present in the final product, meaning there is a lack of attention on the chemicals used in manufacturing which do not remain on the product.
- Textile products containing synthetic fibres are a major source of microplastic release into the environment and microplastic particles are a carrier for harmful substances. Microplastic release is identified in Annex 1 of the ESPR as a product parameter for which performance requirements for priority products should be set. This could mean requirements on yarn choice, spinning, weaving, and manufacturing; legally binding maximum thresholds for microplastic shedding; mandating industrial pre-washing; favouring manufacturing techniques that ensure best-performing fabrics and methods; and identifying the material blends that release higher quantities of microplastics all along lifecycle and setting restrictions on their use.

1.1.4 Digital Product Passport

The ESPR requires that products placed on the EU market must have an accompanying Digital Product Passport (DPP) which stores specific mandatory information. The information requirements for different product categories will be set through delegated acts. Implementing acts will set out the requirements for the types of permitted data carriers and unique product identifiers, as well as provisions for which actors or authorities will have access to and manage the data, and obligations for customs authorities to ensure that a product passport exists for imported products.

The information requirements for the different product groups (to be set in the delegated acts) must include the requirement to make available a product passport which enhances end-to-end traceability of a product throughout its value chain. An impact assessment will look at which level the information is set at: item, collection/batch, or company, for example.

Whether information requirements would go beyond 'environmental' information provision to also include 'social and due diligence' aspects was a contentious discussion on the file, and ultimately has not been maintained in the final agreement. The ESPR states (Recital 116 and Article 75) that the Commission should consider the relevance of a new legislative proposal to integrate these aspects into the ESPR, four years after its entry into force (2028).

The ESPR also refers to the fact that the DPP could, where appropriate, allow for the tracing of the actors and manufacturing facilities related to that product (through unique operator and facility identifiers). This potentially leaves the door open for the ESPR to support greater traceability of the manufacturing facilities at different tiers across textile value chains, and, as a result, potentially support both greater

oversight of both social and environmental aspects.

At the same time, the European Commission is planning to update the Textile Labelling Regulation (TLR) through a revision. As part of this revision, the TLR will be brought into line with the ESPR's information requirements. The revision of the TLR and the DPP requirements should be coherent so that the legislative framework would require one digital 'entry point' (e.g. a QR code) on a textile product which would give access to the mandatory product information as required by both the ESPR and the TLR (see more in Section 7).

Considerations for trading partners

- The setting up of a digital product passport will significantly impact trading partners. To continue accessing the EU market, they will be required to provide information as defined in the future delegated act. Moreover, this may imply the adoption of new technologies and systems to be able to trace and/or collect all the required information which would feed the digital product passport.
- Given the global nature of textile supply chains, international or regional cooperation will be key in achieving successful end-to-end traceability of a product. A digital product passport may enhance such cooperation and it may create synergies with other existing initiatives such as the UNECE and UN/CEFACT project on traceable textile value chains²³.

²³ <https://unece.org/trade/traceability-sustainable-garment-and-footwear>

1.2 Specific performance and information requirements for textiles and footwear

While the ESPR general framework will apply to all products on the market, delegated and implementing acts will set specific performance and information requirements for product groups identified as priorities.

Information requirements will be realised through the creation of the digital product passport (see Section 1.1.4), and performance requirements will cover parameters set out in Annex 1 such as the product's durability, reusability, reparability, recyclability, the amount of recycled content used in its manufacture, and the presence of substances of concern.

Textiles identified as a priority product group

The work to identify which product groups to prioritise began with the publication of the JRC report 'Preliminary study on new product priorities'²⁴ in early 2023 in which the product group 'textiles and footwear' was identified as a priority product group²⁵. The JRC has further refined the scope of the 'textiles and footwear' category into four main subgroups: (1) apparel textiles; (2) home/interior textiles (e.g. bed linen, towels, tablecloths, curtains); (3) footwear and (4) technical textiles.²⁶ The JRC's work will first focus on the subgroup 'apparel textiles'.

In April 2025, the Commission is expected to adopt the first ESPR Working Plan which will confirm which product groups will be regulated first. This Working Plan will be put to a consultation in the Ecodesign Forum which is the main arena for consulting a wide range of stakeholders (including traders, retailers, importers, etc.) on the preparation of Ecodesign requirements and Working Plans. A call for applications to join the Ecodesign Forum opened in November 2024.

1.2.1 JRC Preparatory Study on textiles for product policy instruments: apparel textiles

In anticipation of the launch of the Working Plan – and given that textiles has been identified as a clear priority in the Textile Strategy – the JRC has already started its work²⁷ to support the setting of Ecodesign requirements for textiles through a first 'Preparatory Study on textiles for product policy instruments'

²⁴Joint Research Centre (2023) Preliminary Study on New Product Priorities. Available at: https://susproc.jrc.ec.europa.eu/product-bureau/sites/default/files/2023-01/Preliminary%20ESPR%20WP%20Report_MERGED_CLEAN_.pdf

²⁵ Stakeholders who participated in a subsequent public consultation on the priority product categories also largely supported prioritising this product group.

²⁶ Apparel textiles, home/interior textiles, and technical textiles are considered to be 'textiles' when at least 80% of their weight is textile fibres, in line with the definitions set under the Textile Labelling Regulation. Technical textiles covers products which are not included in previous subgroups, usually or also meant for consumers, such as truck covers (tarpaulins) and cleaning products, or specifically meant for industry (automotive, construction, medical, agriculture, etc.).

²⁷ Joint Research Centre Product Bureau (2024) Project Plan - Textiles. <https://susproc.jrc.ec.europa.eu/product-bureau/product-groups/467/project-plan>

which focuses on the subgroup 'apparel textiles'. Home/interior textiles, footwear, and technical textiles will likely be covered in future Preparatory Studies.

The JRC Preparatory Study work will also support the development of new mandatory EU Green Public Procurement criteria, and a revision of the textiles criteria for the EU Ecolabel. In addition, through the targeted revision of the Waste Framework Directive, contributions to Extended Producer Responsibility (EPR) schemes are likely to be adjusted based on eco-modulated criteria which will align with the Ecodesign requirements.

The Preparatory Study is split into different 'milestone' phases. The 'First milestone report'²⁸ was published in February 2024, and a targeted stakeholder consultation took place in April 2024. The 'First milestone report' largely sets the scene and introduces the JRC's intended approach for setting the scope for requirements on apparel textiles. In November 2024, the JRC published an additional chapter²⁹ to the First milestone report which looks at product technologies and how they relate to different environmental aspects which are relevant to apparel products.

The 'Second milestone report' is expected to be published before the end of 2024. This report will focus on product technologies, the best available technologies and best not yet available technologies and the proposed categorisation; and life cycle assessment.

A 'Third milestone report' should be published in 2025. The whole Preparatory Study is set to be concluded by the end of 2025, before further consultation on the draft measures will take place through the Ecodesign Forum. At the earliest, the first delegated act with requirements for apparel textiles can be expected to be adopted before the end of 2025, although delays should be expected. There would likely be an 18-month period between the date of adoption of the delegated act and its date of application, meaning the first Ecodesign requirements for apparel textiles would not enter into force before mid-2027, at the earliest.

First milestone report

The First Milestone report sets out an approach which would mean the setting of requirements based on the function of end products, meaning that requirements will not be set on so-called 'intermediate products' (fibres, yarn, or fabric) but on finished garments. This approach differs from the EU Ecolabel, the Nordic Swan and the Blue Angel which all set minimum horizontal requirements for intermediary textiles. If this approach is upheld, it will mean that requirements will be developed based on definitions of granularity around the functions of different end-use textile products, instead of the specificities of the products' fibre composition or how it was manufactured. Many stakeholders were against this approach, arguing that as intermediate textiles form the basis of all products it would make more sense to set the requirements at this level.

²⁸ Joint Research Centre (2024) Preparatory Study on textiles for product policy instruments - First Milestone Report. Available at: https://susproc.jrc.ec.europa.eu/product-bureau/sites/default/files/2024-02/Textile-Prep-Study_1st-Milestone_20240223.pdf

²⁹ Joint Research Centre (2024) Task 4 of the Preparatory Study on textiles for product policy instruments. Available at: https://susproc.jrc.ec.europa.eu/product-bureau/sites/default/files/2024-11/Task-4_Textile-Prep-Study_20241114.pdf

The product categories replicate the category segmentations of the Product Environmental Footprint (PEF) Category Rules for apparel and footwear, and the report states that sportswear should be included when it is an “apparel textile” and does not belong to the list of excluded products. The types of sportswear products which would be excluded remains to be seen.

Considerations for trading partners

- The ESPR Impact Assessment³⁰ (page 107) states that the “measures of the revised Ecodesign legislation will be developed in a transparent manner and third countries and trading partners will be fully informed in the process”. However, a study³¹ published by the Cotton Research and Development Corporation of Australia (CRDC) outlines how performance requirements set through the ESPR could have unintended consequences on third countries if they are not built on the correct assumptions. The report states that if requirements are designed to reduce GHG emissions, water consumption or the impacts on land there should be a full impact assessment of whether those aims would be furthered by said requirements, as well as an assessment of what the impact on the 2-3% of the world’s population which is greatly dependent on income from natural fibre production would be. The report highlights the need not to consider all carbon emissions equally and for carbon emissions not to be overly allocated to the raw material stage.
- Trading partners could have a reduced or increased capacity to import textile products to the EU depending on their capability to meet the new Ecodesign requirements. Minimum thresholds for recycled fibre content in textile products would mean increased demand from brands for products containing recycled content, and in turn increased demand for recycled yarn from fabric manufacturers etc. Textile products being placed on the EU market would need to meet the recycled content requirements so this would have implications for trading partner countries exporting textile products to the EU. Trading partner countries would need to have the recycling infrastructure necessary to process pre-industrial textile waste that can be processed into fibres and yarns for use in fabric production. Equally, the setting of this requirement could also potentially lead to an increase in the production of recycled fibres and yarns in Europe which could be exported to trading partner countries. However, this would remain subject to a significant increase in the EU’s industrial capacity to produce recycled fibres and yarns.³²
- Durability has been identified as a key product parameter for the setting of performance requirements. A textile product’s durability is generally considered in terms of characteristics such as

³⁰ European Commission Staff Working Document (2022) ESPR Impact Assessment. https://eur-lex.europa.eu/resource.html?uri=cellar:ccd71fda-b1b5-11ec-9d96-01aa75ed71a1.0001.02/DOC_2&format=PDF

³¹ Bates Kassatly, V. & Townsend, T. (2024). *European Union Ecodesign for Sustainable Products Regulation: Summary of inconsistencies and potential deficiencies in the preliminary study on new product priorities — with specific reference to textiles and footwear*. Available at: <https://www.crdc.com.au/sites/default/files/pdf/ESPR%20critique.pdf>

³² Currently, just over 30% of the 2.44 Mt of textiles which are sorted in the EU are sent to recycling operations (0.78 Mt) every year. Even with a projected increase in textile waste recycling capacity by 2035 to 1.3 Mt, if much of the 8 Mt of post-consumer textile waste which is currently sent to landfill or incineration is separately collected and sorted, it is unlikely that the EU would have the capacity to turn this into spinnable fibres. Huygens, D., et al. (2023) *Techno-scientific assessment of the management options for used and waste textiles in the European Union*. DOI:10.2760/6292, JRC134586.

Possible scenarios relating to a hypothetical increase in large-scale recycling show that “as mechanically recycled fibres often rely on blending with a substantial share of primary fibres in yarn spinning, the environmental impact of the final yarn will depend on the environmental impact of the primary fibres used for blending.” Swedish Environmental Research Institute. (2023) *Life cycle assessment of mechanical textile recycling in Sweden*. Available at: <https://ivl.diva-portal.org/smash/record.jsf?pid=diva2%3A1833833&dswid=-6669>

abrasion, pilling, colour fastness, dimensional stability, seam slippage, and tear strength. A possible scenario is that the Ecodesign requirements place too much focus on physical durability which cannot reflect that it is the creation of consumer demand through the oversupplying of cheap goods, particularly through e-commerce, which continuously leads consumers to buy new products and use them for shorter time periods. Estimating product lifespan or duration of service based on physical attributes alone cannot determine whether an item of clothing will be kept and used for a long time after purchase. The Preparatory Study (PS) does identify that “significant improvement potential is associated with increasing product lifespan” through increasing both “physical and emotional durability” so it can be anticipated that the requirements may look beyond physical durability.³³

- Most recycled content in textiles currently comes from recycled polyethylene terephthalate (rPET), so a key issue in the setting of mandatory thresholds for recycled content will be how to favour recycled fibres from other sources, particularly from textile-to-textile recycling (e.g. dissolved pulp cellulose from textile waste used to make man-made cellulosic fibres, or innovative bio-materials). If minimum recycled content thresholds only favour rPET then the amount of polyester in all products will increase, stymieing further recycling and increasing microplastic pollution. The EU Textile Strategy described production of clothing from recycled bottles as not consistent with the circular model for PET bottles and that misleading claims should not be made about the recycled content in clothing based on PET.
- There could be potential legal inconsistencies with the first delegated act to set Ecodesign requirements only focusing on apparel textiles while other legislation takes a broader scope in its definition of textile products (i.e. Waste Framework Directive).

³³ 63% of the clothing and footwear collected as part of a study carried out by WRAP in Wales were still in a reusable condition. WRAP (2022) Composition of Textiles in Wales. Available at:

<https://wrapcymru.org.uk/resources/report/composition-textiles-wales>

A third of clothing is disposed of due to wear and tear (i.e. low intrinsic durability. OsloMet (2022) Review of clothing disposal reasons. Available at: <https://clothingresearch.oslomet.no/2022/10/19/review-of-clothing-disposal-reasons/>

2. Mandatory Green Public Procurement and revision of the EU Ecolabel criteria

Green Public Procurement (GPP) is defined as "a process whereby public authorities seek to procure goods, services and works with a reduced environmental impact throughout their life cycle when compared to goods, services and works with the same primary function that would otherwise be procured"³⁴.

The last update of the EU's voluntary Green Public Procurement Criteria for Textiles products and services³⁵ was adopted in 2017. Assessing the uptake of voluntary GPP is complex due to its voluntary nature and the lack of data. However, areas hindering the adoption of current voluntary EU GPP criteria are a lack of legal obligations and a lack of specific knowledge of public sector workers engaged in tendering procedures.³⁶

The Textile Strategy called for broader and more effective application of socially responsible and sustainable public procurement criteria for textiles, in order to avoid market fragmentation and encourage the participation of social enterprises in public tenders.

As part of the 'JRC Preparatory Study on textiles for product policy instruments' (see Section 1.2.1), the Commission will explore the potential of introducing mandatory criteria for green public procurement – with the Preparatory Study providing the scientific and technical basis for the scope of these future GPP requirements. Mandatory GPP requirements would be based on the two highest performance classes.

This comes as part of a wider move towards setting mandatory GPP rules.³⁷ In her 'mission letter'³⁸ to Commissioner-designate for Prosperity and Industrial Strategy, Stéphane Séjourné, Ursula von der Leyen set out a revision of the EU's public procurement directives as a key priority for the legislature.

The EU Ecolabel criteria for Textile products will expire at the end of 2025. The Ecolabel criteria for Textiles³⁹ and the Ecolabel criteria for Footwear⁴⁰ are also set to be updated in line with the JRC work to set the Ecodesign requirements. While deciding to apply for an EU Ecolabel is voluntary, compliance with the EU Ecolabel criteria is ensured through third party verification.

Existing EU Ecolabel criteria could inspire the type of Ecodesign requirements and mandatory GPP

³⁴ COM/2008/0400. Public procurement for a better environment. <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52008DC0400>

³⁵ European Commission Staff Working Document (2017) Green Public Procurement Criteria for Textiles products and services. Available at: <https://circabc.europa.eu/ui/group/44278090-3fae-4515-bcc2-44fd57c1d0d1/library/e9bfd88e-f2f7-4545-aa8a-87e731d132ad/details>

³⁶ COM/2021/245 Implementation and best practices of national procurement policies in the Internal Market. Available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52021DC0245>

³⁷ 15% of EU GDP is spent by public authorities. Limited data shows that a small number of public tenders are tied to sustainability considerations, most of the time awards are made to the cheapest option.

³⁸ https://commission.europa.eu/document/download/6ef52679-19b9-4a8d-b7b2-cb99eb384eca_en?filename=Mission%20letter%20-%20S%C3%89JOURN%C3%89.pdf

³⁹ Ecolabel Criteria for Textiles (2017) Available at: <http://data.europa.eu/eli/dec/2017/1392/oj>

⁴⁰ Ecolabel Criteria for Footwear (2016) Available at: <https://eur-lex.europa.eu/eli/dec/2016/1349/2020-12-01>

criteria to be set in the ESPR delegated acts. Moreover, the EU Ecolabel can be used at different stages of the GPP process.⁴¹

Products covered by a delegated act under the ESPR which have been awarded the EU Ecolabel shall be presumed to comply with Ecodesign requirements in so far as those requirements are covered by the EU Ecolabel criteria.

Considerations for trading partners

- While compliance with new requirements may introduce more costs for trading partners (certification, upgrade of technologies, etc.), it may also bring some opportunities and benefits.
- Making GPP criteria mandatory could drive the demand for markets with less negative impacts on the environment and human health. This could incentivise trading partners to opt for the most sustainable options (e.g. less energy intensive manufacturing processes, minimisation of the use of potentially toxic chemicals, increased durability, etc). The number of Contract Awards procuring apparel in the EU gradually increased from 556 in 2015 to 1261 in 2019⁴². Revised EU Ecolabel criteria might also gradually impact more markets than it did previously, as the revision process may open discussion to extend the scope to silk, bamboo fibres, man-made fibres, as well as the use of additional recycled materials and potential alternatives to the use of fluorinated membranes⁴³.
- Furthermore, revised GPP and EU Ecolabel criteria will require more transparency along the supply chain. As highlighted by the First Milestone report, general suggestions on how to improve the EU Ecolabel include facilitating the retrieval of information from supply chain actors outside of the EU.⁴⁴ The EU Ecolabel criteria also restrict hazardous chemicals and consider ethical and social aspects.⁴⁵
- While the Ecodesign Forum will provide a space for consultation and the inclusion of a wide range of stakeholders, the EU Ecolabel also ensures a balanced participation of all relevant stakeholders in the development of criteria through the EU Ecolabelling Board, ranging from industry and service providers, including SMEs, and their business organisations, to trade unions, traders, retailers, environmental protection groups and consumer organisations⁴⁶.

⁴¹ European Environmental Bureau (2024) GPP Factsheet: Easy, Affordable, Achievable. Available at: https://eeb.org/wp-content/uploads/2024/10/EEB_GPP-Factsheet_2024.pdf

⁴² Joint Research Centre (2024) Preparatory Study on textiles for product policy instruments - First Milestone Report. Available at: https://susproc.jrc.ec.europa.eu/product-bureau/sites/default/files/2024-02/Textile-Prep-Study_1st-Milestone_20240223.pdf (Line: 2347, Page: 80)

⁴³ Ibid (Line: 2228, Page: 76)

⁴⁴ Ibid (Line: 2254, Page: 77)

⁴⁵ Ibid (Line: 2268, Page: 77)

⁴⁶ https://environment.ec.europa.eu/topics/circular-economy/eu-ecolabel/about-eu-ecolabel_en#green-public-procurement

3. Product Environmental Footprint Category Rules for apparel and footwear

The European Commission developed the Product Environmental Footprint (PEF) method in 2011 with the aim of setting harmonised guidelines for carrying out Life-Cycle Assessments (LCA) of products in order to assess their environmental sustainability across 16 impact categories (such as greenhouse gas emissions, energy and water use). PEF Category Rules are developed when the method is applied to specific product categories.

PEF Category Rules for apparel and footwear (A&F PEFCR) have been in development since 2020 and are set to be finalised in 2025, with specific rules for 13 apparel and footwear sub-categories. While the A&F PEFCR will be non-binding guidance documents and have no 'automatic' application into policy, its application in policy, as a method for the substantiation of green claims or to devise product labelling and scoring, has been considered from the outset of the project⁴⁷.

It remains to be seen how much the new PEF-CR for A&F will be integrated into the work on the 'Preparatory Study on textiles for product policy instruments' (See Section 1.2.1), but the work on for the PEF Category rules for apparel and footwear is referenced in the First Milestone Report, meaning it is likely to feed in to elements of the Ecodesign requirements, the setting of mandatory Green Public Procurement criteria, and the revision of criteria for the EU Ecolabel. The French government passed its 'Anti-waste law for a circular economy' in 2020. Article 15 of the law mandates⁴⁸ the rollout of mandatory environmental score labels on textile products sold in France by 2024. The label will use the 'Ecobalyse' methodology (the 'French PEF') which has been developed by the French Agency for Ecological Transition (ADEME). See Section 4 for information on the possible application of the PEF method in the Green Claims Directive.

The A&F PEFCR project is being conducted by a Technical Secretariat (TS)⁴⁹ which is mostly made up of large apparel and footwear brands and industry bodies. Voting members of the TS pay to participate, and non-voting members do not pay. The European Environmental Bureau is an observer to the process. The first public consultation took place in 2021, and the second public consultation took place in April 2024. The PEF method states that to ensure the representativeness of the TS, at least 51% of the EU market must be represented (either by companies themselves or a representative, i.e. industry bodies). Arguably, the views of stakeholders in trading partner countries are not greatly represented in this process.

It is important to highlight that the PEF method is only designed to *measure* the environmental footprint of products and not to directly improve or reduce the impact of those products, nor reduce the amount of products put on the market. Environmental footprinting is typically seen as complementary to other product policy measures.

⁴⁷ European Commission (2013) Building the Single Market for Green Products. Available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52013DC0196&from=EN>

⁴⁸ <https://www.assemblee-nationale.fr/dyn/15/amendements/3995/AN/7185>

⁴⁹ <https://pefapparelandfootwear.eu/who-is-involved/#members>

Challenges in applying the PEF method to textile products

The PEF method, and LCA methods in general, are often criticised for not providing a holistic picture of the full lifecycle of a product. Social and health impacts are missing from the method. In addition, the PEF method was designed to compare products made from the same materials. Comparing products made from different fibres using the PEF method means that natural fibres are generally penalised by LCA-based scoring as the impacts of plastic textile waste and microplastic shedding are not included in the impact categories, and renewability and biodegradability are not considered. Enabling comparisons between products within the same apparel and footwear sub-category can also be challenging given the different types of product and materials which are possible within a category.

While some additional methodologies to address these imbalances have and continue to be developed in Working Groups of the Technical Secretariat, they will be restricted to appendices to the Category Rules and will not influence the score calculated using the data regarding the 16 PEF impact categories. For example, microfibres will now appear as 'additional information' to the overall PEF score and the information is limited to data on the quantity of fibre fragments released at the washing stage and the impacts this has on the marine environment (marine biota). A proposal from civil society and others to report the final fibre fragmentation impact scores as well as the other disaggregated impacts and inventory data for each raw material in the Bill of Materials was rejected by the voting members of the Technical Secretariat. Secondary data on average fibre fragment loss rates from The Microfibre Consortium will be used.

All PEF studies must use a common set of secondary data —an 'EF-compliant dataset'—which is a commercial dataset compiled by the European Commission. The current database used is the EF3.1 dataset. In 2026 this dataset will be updated to EF4.0.

The reliance on commercial data means the EF-compliant dataset cannot be open-access under current agreements (although it is free to access for brands completing a PEF study). The accuracy of using the limited secondary data relating to the environmental impacts of different fibres to extrapolate impact calculations has been called into question by various stakeholders.⁵⁰ Comparing LCA data that uses different boundaries and methods of allocation, as well as using global average secondary data that does not capture local variations can give skewed comparisons.

⁵⁰ A Netherlands Authority for Consumers and Markets (ACM) and Norwegian Consumer Authority (NCA) ruling in June 2022 stated that the global average data behind the Higg Materials Sustainability Index (MSI) does not constitute sufficient evidence for product specific claims and that any claims made by companies building on this tool are seen by the NCA as misleading. The Higg Product Module was used as a starting concept for some aspects of the PEFCR design, such as the product sub-categories and physical durability tests. Available at: <https://www.acm.nl/en/publications/guidelines-clothing-sector-regarding-use-higg-msi>

4. Green Claims

The aim of the Green Claims Directive (GCD) is to help clear the EU market of unreliable and confusing green marketing, by establishing what companies must do to prove and communicate their green credentials. Currently, claims made on products sold on the EU market can be contested by consumer authorities. The idea behind the GCD is to put the onus on verification before claims are put on the market in the first place. The GCD will set out rules for how to correctly substantiate green claims by introducing for the first time an obligation to make supporting, independently verified evidence available alongside green claims.

The GCD will work in tandem with its 'sister' Directive on 'Empowering Consumers for the Green Transition' (ECGT) (see Section 5) which sets out what you explicitly cannot claim, and seeks to protect consumers from being misled. While the ECGT Directive will rule what companies cannot do (i.e., which claims are considered unfair commercial practices), the GCD will establish how they can operate (i.e., which methodologies companies should use to substantiate and communicate their green credentials)⁵¹.

The Commission proposal put forward minimum rules for companies to back up and communicate their green claims and labels. The obligations target traders' advertising towards European consumers, so excluding the B2B context.

Substantive evidence that green claims or labels meet the requirements of the directive will have to be submitted to an accredited third-party verifier. This substantiation needs to be based on traders' assessment of their green claim or label. Using methods that are based on widely-recognised scientific evidence, this assessment must:

- demonstrate that the advertised environmental feature is relevant from a life-cycle perspective
- identify whether the advertised product or trader performs significantly better than what is common practice
- demonstrate that the advertised characteristic is not anyways imposed by law

The Parliament adopted its position⁵² on the GCD in March 2024 and the Council position⁵³ was adopted in June 2024. Trilogues are not expected to start before January 2025, meaning the file is not likely to be finalised before mid-2025.

The Council position on the Green Claims Directive states that there are requirements for any method used to substantiate a claim, for example, it needs to rely on widely-recognised scientific evidence and relevant international standards. The text does essentially recommend using the Product Environmental Footprint (PEF) methodology to measure claims by providing a presumption of conformity for operators using PEF once delegated acts are approved. The Council position also states that if PEF Category Rules include a method for the environmental impact assessment of microplastic release that the method is presumed to meet the requirements.

⁵¹ European Environmental Bureau (2023) Position paper on the Green Claims Directive. Available at: https://eeb.org/wp-content/uploads/2023/08/EEB-POSITION-ON-THE-GREEN-CLAIMS-DIRECTIVE_July-2023.pdf

⁵² https://www.europarl.europa.eu/doceo/document/TA-9-2024-0131_EN.html

⁵³ <https://data.consilium.europa.eu/doc/document/ST-11312-2024-INIT/en/pdf>

A key question for the ongoing negotiations is how independent verifiers across the EU will be able to check compliance harmoniously against these relatively general requirements.

Considerations for trading partners

- Robust and harmonised requirements will benefit companies by reinforcing a level playing field across the EU single market and reducing costs associated with the use of diverging assessment methods across different countries, notably considering the rapid emergence of private labels whose methods differ and are not equally robust.⁵⁴
- As the Commission's proposal⁵⁵ puts forward, further EU action in this area is expected to have a positive impact on global value chains involving production processes in third countries, particularly the businesses trading within the EU internal market. It is also expected that multilateral cooperation will be fostered with third countries to ensure a good understanding of the new regulatory framework and its benefits.
- Concerning provisions on environmental labels and labelling schemes, the GCD foresees a validation procedure (Article 8) for new schemes established by private operators from the EU and third countries that should be assessed by national authorities. New public schemes from third countries wishing to operate on the Union market must also meet the requirements of this proposal and shall be subject to prior notification and approval by the Commission with the aim of ensuring that these schemes provide added value in terms of environmental ambition, coverage of environmental impacts, product groups or sectors.

⁵⁴ Ibid.

⁵⁵ COM 2023/008. European Commission proposal for Green Claims Directive. Available at: [https://www.europarl.europa.eu/RegData/docs_autres_institutions/commission_europeenne/com/2023/0166/COM_COM\(2023\)0166_EN.pdf](https://www.europarl.europa.eu/RegData/docs_autres_institutions/commission_europeenne/com/2023/0166/COM_COM(2023)0166_EN.pdf)

5. Empowering the consumer for the green transition

The Directive on Empowering Consumers for the Green Transition (ECGT)⁵⁶ entered into force on 27 March 2024. Once enforced by Member States (from 27 September 2026), the Directive will ban a series of greenwashing tactics and will require traders to provide more information about their products' durability and reparability to consumers. The ECGT Directive amends two existing pieces of legislation: the Consumer Rights Directive, and the Unfair Commercial Practices Directive. The new rules are aimed at traders operating on the EU market.

The ECGT extends the EU's blacklist of unfair commercial practices (Annex I). This leads to several new bans on practices which are considered unfair towards consumers under all circumstances, such as:

- Displaying a sustainability label which is not based on a certification scheme or not established by public authorities.
- Generic claims on products such as "eco" or "green" will be banned, unless the trader can demonstrate environmental excellence of the entire product, for example with an EU Ecolabel certification or equivalent.
- Making an environmental claim about the entire product or the entire trader's business when it concerns only a certain aspect of the product or a specific activity of the trader's business.
- Carbon neutrality claims are severely restricted. It will be prohibited to claim that a product has a neutral, reduced or positive impact on the environment if that claim is based on offsetting (i.e. the trader having purchased offsetting credits to "neutralise" its existing greenhouse gas emissions).
- Falsely claiming that a good has a certain durability in terms of usage time or intensity under normal conditions of use.
- Another ban has been added to tackle early obsolescence. Traders are not allowed to market a good if they have information available that it contains a feature that limits its durability.

On a case-by-case basis, the directive will also consider environmental claims misleading which relate to future environmental performance if these are without clear, objective, publicly available and verifiable commitments set out in a detailed and realistic implementation plan. These plans will also have to be verified by an independent third-party expert, whose findings are made available to consumers.

The new law also requires more information to be made available to consumers at the point of sale. Traders will have to remind consumers of the existence and duration of the legal guarantee. This will need to be shown if a producer voluntarily offers a commercial guarantee which exceeds the duration of the legal guarantee and which they offer free of additional cost. In this case, a label has to display the duration of both the legal and the extra commercial guarantee. The design of both labels is currently being developed by the European Commission and should be adopted in September 2025.

While the new law requires information on product reparability and durability to be made available, there are no further obligations to make products more long-lasting or repairable.

⁵⁶ Directive (EU) 2024/825. Empowering consumers for the green transition through better protection against unfair practices and through better information. <https://eur-lex.europa.eu/eli/dir/2024/825/oj>

6. Waste policies

According to figures⁵⁷ from the EU's Joint Research Centre, 10.9 million tonnes of post-consumer textile waste is generated annually, making up the greatest share of total textile waste generation (post-industrial and pre-consumer waste make up the rest at 1.67 million tonnes). Over 8 million tonnes of this post-consumer waste ends up being incinerated or landfilled in the EU. Currently, 2.4 million tonnes of textiles are separately collected annually, mostly managed by social enterprises, charities, and commercial operators. Just over 1.7 million tonnes of these collected textiles are sorted, with 0.18 million tonnes being reused in the EU, and 0.78 million tonnes used in recycling processes. Export is the dominant fate of both unsorted collected textiles and sorted collected textiles, with 1.83 million tonnes of used textiles exported from the EU to third countries annually. The export of textiles is highly fragmented with a high prevalence of re-export through transit countries, shifting trade relationships, and endemic poor transparency.

In short, only a small share of used and waste textiles is currently initially diverted from landfill or incineration in the EU through collection and sorting, and a large share of what is collected and sorted is ultimately exported, where it saturates second-hand markets in receiving countries, with huge environmental, social, and economic impacts. Despite a well-established collection and sorting ecosystem in Europe, waste management burdens are overwhelmingly externalised to export countries.

To reduce the amount of textiles which are incinerated or landfilled by diverting them from mixed municipal waste, a revision of the Waste Framework Directive (WFD) in 2018 brought in an obligation for Member States to separately collect textiles at the municipal level by 2025.

But the challenge for the sector is clearly how to manage an increased volume of collected textiles when Europe's collection and sorting infrastructure is already oversaturated, with many second-hand operators struggling to deal with ever-greater quantities of collected textiles for which there is low demand.⁵⁸ Estimates⁵⁹ carried out by Zero Waste Europe show that achieving a 40% separate collection rate for textiles in the EU would increase the volumes collected by approximately 2.5 million tonnes/year (based on stable market/no growth of new items put on the market). Even when multiplying reuse in the EU by a factor of 1.5 and recycling capacities by 2.5 compared to 2019, this could cover only around 1.3 million tonnes, leaving a gap between collected textiles and EU reuse and recycling capacity of around 1.2 million metric tonnes.

⁵⁷ Huygens, D., et al. (2023) Techno-scientific assessment of the management options for used and waste textiles in the European Union. DOI:10.2760/6292, JRC134586.

⁵⁸ A joint statement from EURIC Textiles and Municipal Waste Europe calls for the EU to urge Member States to lower VAT on textile repair, reuse, and recycling activities within the existing VAT Directive framework, and to explore the possibility of a tax on new, petroleum-based materials. They also call for speed on the revision of the Waste Framework Directive and for rapid implementation of EPR. Available at: https://euric.org/images/Press-releases/Statements/EuRIC_MWE_Joint_Statement_-_Textile_crisis_domino_effect_20241021.pdf

⁵⁹ <https://eeb.org/wp-content/uploads/2024/02/NGOs-statement-on-textiles-EPR-in-the-WFD-revision.pdf>

Considerations for trading partners

- Increased rates of separate collection could lead to an increase in exports of discarded textiles to trading partner countries, particularly if demand for new textiles does not go down.
- The ban on the destruction of unsold textiles could lead to increased rates of exports.

6.1 Extended Producer Responsibility for textiles set through the Waste Framework Directive

In July 2023, the European Commission put forward a proposal⁶⁰ for a further revision of the WFD (see Section 6.1) which focuses on setting harmonised rules for Extended Producer Responsibility schemes, with the aim of providing the financing and organisational framework for Member States to manage the separate collection obligation. The European Parliament adopted its First Reading position⁶¹ on the file on 13 March 2024, and EU governments adopted their position through a Council General Approach⁶² on 17 June 2024.

Negotiations between the three institutions started in autumn 2024 and will likely be concluded in early 2025. The obligation to set up EPR schemes could be set at 18 months or 30 months following the entry into force of the WFD (18 months is the current position of the Parliament and 30 months is the current position of the Commission and Council position).

It therefore remains to be seen when EPR rules will come into force and if they will contribute to reducing the high rates of textile discard or support trading partner countries on the frontline of second-hand textile management.

Governance of EPR schemes

Member States will need to designate Producer Responsibility Organisations (PROs) to fulfil the obligation to set up the EPR schemes that will fund and organise separate collection. Separate collections should be free of charge, carried out frequently and cover the whole territory of the Member State, and the final agreement could set an obligation for Member States to increase separate collection rates over time.

The Commission's proposal and the Council's position favour giving Member States a mandate to define the roles and responsibilities of relevant actors involved in textile EPR schemes. The European Parliament tried to improve the text by including safeguards regarding the inclusion of local authorities, social enterprises, re-use operators, and waste operators in the decision-making processes around EPR.

All negotiating positions state that social enterprises should be allowed to maintain their own collection systems and that these should be protected. However, the Council has sought to put stricter reporting obligations on social economy entities when it comes to their separate collection systems.

Producers placing products on the market of a different Member State from the one they are established in could have to appoint an authorised representative to ensure they fulfil their EPR obligations. Member States could also apply this provision to producers from third countries.

⁶⁰ https://environment.ec.europa.eu/publications/proposal-targeted-revision-waste-framework-directive_en

⁶¹ https://www.europarl.europa.eu/doceo/document/TA-9-2024-0145_EN.html

⁶² <https://data.consilium.europa.eu/doc/document/ST-11300-2024-INIT/en/pdf>

Obligated producers

The Directive could apply to all textile, textile-related and footwear products as set out in Annex IVc of the revision proposal. Separate EPR schemes for personal protective equipment (PPE), and mattresses⁶³ and carpets could also be introduced.

The Council has introduced flexibility for Member States to request PROs to require a contribution from commercial re-use operators, with the aim of ensuring appropriate financing of EPR schemes in Member States with an above-EU-average share of used textile products assessed as fit for re-use made available on their market for the first time. While the compromise on this controversial element was to make it voluntary and the contribution would be lower than for producers, it could still undermine the polluter pays principle. The issue is particularly relevant for Member States receiving high rates of imports of second-hand textiles, such as Latvia.

The revision of the Directive could also set out new provisions to ensure online platforms, and potentially also fulfilment service providers, obtain specific information from producers they feature on their platforms, and put an obligation on them to ensure producers are part of producer registers. The law could also potentially place an obligation on PROs to publish information regarding the amount of products placed on the market by producers, and potentially additional information such as the rates of exports of used textile products and waste textile products.

Setting EPR fees

The new Directive seeks to set rules on what obligations PROs must meet when setting financial contribution rates. It introduces the concept of eco-modulation criteria⁶⁴ for textile products, and that the criteria would be set based on the forthcoming Ecodesign requirements set under the ESPR. The Council and the Parliament have called for fees paid into EPR schemes by brands to be based on the quantity of products placed on the market – not just the weight. Setting eco-modulation criteria will involve significant trade-offs and differentiation should be made according to the environmental impacts of different product types. Poorly designed eco-modulation criteria could incentivise more synthetic fibres if physical durability is overly weighted in the criteria, for example.

The Council also called for fees to be eco-modulated in a way which takes into account the business practices that lead to overproduction and overconsumption of textiles and result in the overgeneration of waste.⁶⁵ This addition followed a push⁶⁶ from Austria, Finland, France and the Netherlands. If this approach is maintained in the final text, it would significantly increase the potential for EPR to contribute

⁶³ The Parliament's current negotiating position seeks to place a loophole in the definition of mattresses, stating that only mattresses 'whose main composition is textiles' should be covered.

⁶⁴ Meaning the fee is modulated according to a set of criteria which will determine if a producer pays a higher or lower fee.

⁶⁵ The Council's position also highlights that "industrial and commercial strategies influence the length of use of the product, namely its extrinsic durability, that can be measured in the likelihood of a product to become waste because of issues not linked to its design".

⁶⁶ <https://www.euronews.com/green/2024/06/06/governments-call-for-crackdown-on-fast-fashion-ahead-of-key-vote>

to lowering production volumes and levels of waste generation.

Scenarios for EPR cost coverage

Waste management

Through the fees raised, producers of textile products would need to cover the costs of collection, transport, sorting, preparing for reuse, recycling, and other recovery operations, and disposal of textiles. The conducting of compositional surveys of collected mixed municipal waste, data gathering and reporting to competent authorities, and providing information on waste prevention and sustainable consumption would also need to be covered. The Council position states that Member States may also cover the cost associated with textiles which end up in municipal mixed waste.

Waste prevention

Support for research and development into sorting and recycling processes with a view to scaling up fibre-to-fibre recycling is also a potential cost to be covered. The Parliament has strengthened this provision in its position by adding a reference to the waste hierarchy and the need to finance reuse and repair operations. The Council position includes the need to develop “durable, reusable and recyclable textiles that do not contain substances of concern”. The extent to which cost coverage can be expanded to finance waste prevention activity is a key aspect of the file.

Global EPR – fee transfer to downstream trading partners

While there is a recognition that exports of used textile products assessed as fit for re-use have steadily increased, there are no provisions to allow the transfer of EPR fees to support regions heavily impacted by used textile exports from the EU.

6.2 What is waste? The Waste Framework Directive, End-of-Waste Criteria for textiles and the Waste Shipments Regulation

The WFD revision is likely to set the rule that all collected textiles would be considered waste upon collection⁶⁷ and that the output of sorting and subsequent recovery operations destined for re-use must meet end-of-waste (EOW) criteria.

EOW is a legal status given to a second-hand article which means it is no longer considered waste and is now considered a secondary product after a sorting process. General EOW criteria were introduced in Article 6 of the WFD, and now the Joint Research Centre (JRC) is carrying out a study to develop specific technical proposals for EOW criteria for both the reuse and recycling of textiles, i.e. defining when a used textile article can be considered suitable for reuse, and defining when the raw materials obtained after a textile recycling process are suitable to be considered a secondary raw material. After a stakeholder consultation process, the final proposal is scheduled for publication in 2026.

But a key limitation in the legal framework and the setting of EOW criteria for the reuse of textiles is that they can only determine that sorted textiles are *potentially* reusable. Even if an item is deemed appropriate for reuse there is no guarantee that it will be reused in practice as this is contextual. Further, if used textiles are considered not to be waste they would not fall under new restrictions on the export of waste set in the Waste Shipments Regulation⁶⁸ (see below).

How new provisions adopted in the Waste Shipments Regulation relate to textiles

Ban on exporting waste to non-OECD countries

Under the new WSR rules, the export of all waste (including non-hazardous waste) to non-OECD countries is banned unless the non-OECD receiving country proactively notifies the European Commission of their intention to receive it (Articles 40 to 43). In addition, when notification is given of intent to receive waste, a consent process will be triggered that requires the receiving country to prove it has the capacity to ensure sound management of the received waste (Annex VIII, IX and X).⁶⁹ If textile articles have been identified as waste after a sorting process then they would fall under this ban on the export of waste to non-OECD countries.

However, given the ongoing work to revise the Waste Framework Directive and the process to set EOW criteria for the reuse of textiles outlined above, if used textiles meet the future EOW criteria for reuse, it will still be possible to export them using the customs code HS6309 for 'worn clothing and other worn articles'.

Trading partner countries should consider that the legal framework that defines what is textile waste

⁶⁷ The Council position seeks to exempt used products handed over directly at a collection point where the re-use operator deems them fit for re-use.

⁶⁸ The Basel Convention - which came into force in 1992 - regulates the transboundary movements of hazardous waste. The EU translates its obligations under the Basel Convention through its own legislation, most recently through the new Waste Shipments Regulation (WSR)⁶⁸ which was adopted on 11 April 2024 and entered into force on 20 May 2024.

⁶⁹ The WSR rules also seek to tackle attempts to bypass the export prohibition to non-OECD countries by transiting waste through an OECD country.

and what is not is likely to continue to evolve in the coming years. The WSR sets out⁷⁰ that the Commission should assess whether to add more specific entries on textile products to the law, and in March 2024, France, Denmark and Sweden put forward a proposal⁷¹ for stricter controls on exports of textiles to developing countries⁷².

Rules on exporting plastic waste exclude synthetic textiles

Amendments to the Basel Convention mean that all plastic waste is now meant to be covered by the following three listings:

- B3011 – Non-Hazardous Plastic Waste (uncontrolled)
- A3210 – Hazardous Plastic Waste (controlled as hazardous waste)
- Y48 – Everything else e.g. mixed, contaminated, halogenated, not Annex IV R3 destination (controlled as waste for special consideration)

The WSR implements these provisions by banning the export of all plastic waste to non-OECD countries (after five years some narrow exemptions are possible) and making the export of plastic waste (including plastic waste which is green listed) to OECD countries only possible with Prior-Informed Consent (PIC notification scheme). Yet, synthetic textiles are not de facto considered to be plastic waste under the Basel Convention or through the WSR. This arguably represents a major loophole in the application and enforcement of the plastic-related provisions.

⁷⁰ Recital 20: “The Commission should in particular assess whether to add entries on mixtures of waste footwear, waste clothing and other textile waste to Annex IIIA, as well as on mineral wool and mattresses to Annex IIIB.”

⁷¹ <https://data.consilium.europa.eu/doc/document/ST-7881-2024-INIT/en/pdf>

⁷² In the context of the 17th meeting of the conference of the parties to the Basel Convention (COP17). The proposal seeks to subject textile waste to the control mechanisms of the Basel Convention by requiring prior informed consent to be obtained for the import and export of textile waste, and banning the export of hazardous textile waste (e.g. stained with chemicals or paint) altogether.

7. Textile Labelling Regulation

The EU Textile Labelling Regulation⁷³ (TLR) was adopted in 2011 and it requires all products made up of at least 80% of textile fibres to carry a label clearly identifying the product's fibre composition (in descending order by percentage of total amount), and for any non-textile parts of animal origin to be indicated. Annex 1⁷⁴ of the TLR sets out the textile fibre names which can be used when listing fibre compositions. The information on the label must be written in the official language or languages of the country where the product is being marketed to consumers.

Including information on product care symbols, sizing information, or the product's country of origin is not mandatory under the TLR, but this information is commonplace on textile labels in the EU.

Revision

The Commission has started a process to consider a revision⁷⁵ of the TLR to bring it into line with the evolving policy landscape on textiles, and to address some of the legislation's shortcomings such as it not being fully adapted to a range of textile fibres, that there are information gaps in what is communicated to consumers, and how the labelling rules support sorting and recycling.

The Commission opened a call for evidence to feed into its work to evaluate the effectiveness of the current TLR and conduct an impact assessment to assess the relevance, effectiveness, consistency, efficiency, and EU added-value of a revision, as well as the potential impact of its implementation. ⁷⁶	Autumn 2023
A public consultation was carried out in the form of a questionnaire. Further stakeholder consultation was carried out in the form of interviews.	April 2024
A stakeholder workshop to discuss the preliminary findings of the evaluation and impact assessment was held.	October 2024
Expected publication of the final evaluation and impact assessment.	Early 2025
Expected publication of a legislative proposal for a regulation. Three main approaches are on the table: no legislative proposal (only a delegated act and guidelines); a targeted revision of the regulation; or, a more extensive revision of the regulation.	Mid-2025

Timeline: from evaluation and impact assessment to legislative proposal

⁷³ Regulation (EU) No 1007/2011. Textile fibre names and related labelling and marking of the fibre composition of textile products. <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:02011R1007-20180215>

⁷⁴ Regulation (EU) No 1007/2011. Annex 1: <https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX:32011R1007#d1e32-12-1>

⁷⁵ <https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/13872-Textile-labelling-rules-revision-en>

⁷⁶ The law's last evaluation was carried out in 2014 which concluded that the current labelling requirements for textile products were adequate and that more research was needed on allergenic substances in textile products. Available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52013DC0656&from=EN>

Depending on the results of the final evaluation and impact assessment, the TLR revision could look to make it mandatory to disclose additional types of information, potentially sustainability and circularity parameters, product sizing, and, where applicable, the country where manufacturing processes take place ('made in'). The rules on fibre classification will likely be clarified and updated.

As outlined in Section 1.1.4, the Commission will also 'consider the possibility of introducing a digital label' to ensure consistency with the new ESPR – through which mandatory information requirements will be set via the introduction of a Digital Product Passport for textiles. A key issue is the fact that while the TLR would apply to all products, the digital label would potentially only apply to products as they are covered by the ESPR – i.e. apparel products would be covered but other textile products would not.

The interplay between the TLR and the ESPR remains in development, but the TLR will largely concern *how* the information is communicated (which information is on the physical label and which information is on the digital label), and the ESPR will define *what* information is to be communicated.

While unlikely to be in scope of the revision, many stakeholders have called for the mandatory inclusion of production data marking, the disclosure of information regarding the number of items in the product run, the precise garment measurements, and a microplastic and synthetic content warning.

Considerations for trading partners

- Textile products placed on the EU market will need to comply with new requirements for physical and/or digital labels on products.
- Labels will need to comply with updated rules on fibre classification.
- Uncertainty around provisions on how to label products could cause challenges for suppliers in terms of long-term planning.

8. Best Available Techniques for EU textile manufacturing

The EU Industrial Emissions Directive (IED) regulates the environmental and health impacts from the EU's largest industrial activities. First adopted in 2011, the framework law has been revised with a new text agreed upon in April 2024.

Under the IED, sector-specific standards are set for the minimisation of environmental impacts of industrial activities at EU production plants. The Best Available Techniques (BAT) Reference Document (BREF) for the Textiles Industry was revised and adopted in 2023⁷⁷. This BREF addresses installations for the pretreatment (operations such as washing, bleaching, mercerisation) or dyeing of fibres or textiles. Particular attention is given to fibre preparation, pretreatment, dyeing, printing, and finishing. Upstream processes which may have a significant influence on the environmental impact of the subsequent wet processing activities are also briefly described. The backing of carpets is also included.

All main textile fibre types, namely natural fibres, man-made fibres derived from natural polymers such as viscose and cellulose acetate as well as man-made fibres derived from synthetic polymers are described, including their blends.

The use of BAT is mandatory for industrial operators covered by the IED. Operators must ensure that their installations comply with BAT conclusions contained in the BREF.

While importers to the EU do not have to comply with BAT, those techniques may influence other EU legislation (such as the ESPR) or standards to which importers to the EU must conform to. Furthermore, companies in the EU may require their suppliers based outside of the EU to comply with BAT to ensure greater sustainability and a higher environmental protection level throughout the whole supply chain.

Considerations for trading partners

- The adoption of EU BAT standards can also have an impact in trading partner countries where these standards are adopted in other regions.
- If non-EU manufacturers decide to voluntarily align with BAT standards, they can get a competitive advantage for accessing markets which value higher environmental standards. While this can introduce higher operational costs due to adaptation of technologies, increased monitoring, update/upgrade of processes etc. in the short term, it can drive innovation and improve operational efficiency, which in turn could lower the production costs in the longer term.
- At the same time, EU BAT standards should not always be considered to be the most ambitious environmental standards.

⁷⁷ Joint Research Centre (2023) Best Available Techniques (BAT) Reference Document (BREF) for the Textiles Industry. Available at: <https://publications.jrc.ec.europa.eu/repository/handle/IRC131874>

9. EU Corporate Sustainability Due Diligence Directive

In December 2023, a provisional agreement for a Directive on Corporate Sustainability Due Diligence (CSDD) was reached. The final agreement⁷⁸ was approved during the first semester of 2024, under the Belgian Presidency. The aim of the European Commission's proposal for a Directive on CSDD – published in 2022 – was to ensure that companies and financial actors operating in the EU meet certain obligations regarding actual and potential human rights and environmental negative adverse impacts, in their own operations, the operations of their subsidiaries, and their global value chain.

Whether an impact of a company's activity is considered a negative adverse impact will depend on whether that impact pertains to a specific right, prohibition or obligation related to the protection of human rights, fundamental freedoms and of the environment as set out in a list of international instruments listed in Annex I of the Directive.⁷⁹ The CSDD essentially incorporates many voluntary international and EU conventions into mandatory and enforceable due diligence rules for companies. However, a human rights or environmental violation alone is not enough to trigger civil liability – it must be proven that the harm has violated a specific right which has been defined by a legal instrument (the concept of 'protected legal interests').

However, following motions from large Member States such as Italy, Germany and Sweden, the final agreement adopted in March 2024 further reduces the types of activities subject to due diligence duties. Product disposal, dismantling and recycling, as well as composting and landfilling were all excluded, meaning that companies will not have to identify and respond to risks and harms relating to these downstream activities.

Overview of obligations on companies

- Companies must develop a due diligence policy.
- Companies must adopt a transition plan for climate change mitigation to bring their activities in line with the Paris Agreement.
- Companies must establish meaningful consultation to involve all stakeholders at the different stages of due diligence processes.
- Companies must establish grievance mechanisms and remediation measures for key stakeholders in the value chain.
- Fault-based civil liability model: companies will be required to remedy harm caused and victims will have more tools to hold companies liable before EU member state courts if they are harmed through companies' operations. However, whether civil society organisations will be able to participate in court proceedings in support of applicants (victims) will be largely left up to the discretion of the Member State legislator upon transposition. A five year statute of limitations is set. The burden of proof for claimants is also high.
- Companies will need to show their implementation of the CSDD through reporting obligations set under the Corporate Sustainability Reporting Directive (See Section 10).

⁷⁸ Directive (EU) 2024/1760. Directive on corporate sustainability due diligence.

<http://data.europa.eu/eli/dir/2024/1760/oj>

⁷⁹ Ibid

Companies in scope

The rules will apply to a very small percentage of non-EU and EU companies as well as their subsidiaries. The rules will only apply to companies above a certain threshold in terms of employees and turnover.

The final political agreement on the CSDD Directive sets the following scope of application:

- EU companies with over 1000 employees and a net worldwide turnover of €450 million.
- Non-EU companies with €450 million net turnover generated in the EU.
- The Commission will be tasked with publishing a list of in-scope non-EU companies.
- While small- and medium-sized enterprises are outside the scope of the Directive, they will nonetheless likely be impacted indirectly by the due diligence that in-scope companies will be required to do on their value chains.
- No lower thresholds for high-risk sectors. (Specific considerations for sectors considered high risk (such as the manufacture and wholesale trade of textiles, clothing and footwear) were considered in previous versions of the agreement, namely to include provisions to ensure due diligence obligations would apply to companies with over 250 employees and over 40 million euro turnover where at least 20 million euro of turnover is generated in a high risk sector, but these were deleted from the final text.)
- Upon entry into force of the CSDD Directive, the due diligence rules will apply to companies in a fragmented way, according to the following groups:
 - 3 years after entry into force: over 5000 employees and 1500 million euros net turnover
 - 4 years after entry into force: over 3000 employees and 900 million euros net turnover
 - 5 years after entry into force: over 1000 employees and 450 million euros net turnover

The result of this reduction in threshold is that the new rules will apply to less than 1% of EU companies⁸⁰ and business activities, an estimated 5,500 companies, which civil society organisations consider a “devastating and deplorable”⁸¹ concession. The CSDD Directive is now far from meeting the expectations of civil society and many business actors of holding accountable all irresponsible companies and financial actors for the harms they cause as a result of their operations, even in sectors that are notoriously tainted by atrocious human rights violations and environmental harms, such as the textile sector.

The financial services sector is also exempt from the rules, and climate obligations have been excluded from the scope of civil liability. The remuneration of company directors is also not linked to whether the company takes steps to abide by Paris Agreement targets or not.

⁸⁰ <https://corporatejustice.org/news/reaction-csddd-endorsement-brings-us-0-05-closer-to-corporate-justice/>

⁸¹ Ibid

Considerations for trading partners

- These new mandatory requirements for due diligence will have an impact on garment-producing countries such as Bangladesh and Pakistan, as well as the sourcing decisions taken by European companies. Companies will be searching for sourcing locations where they can easily meet due diligence requirements and implement mitigation measures to avoid some of the human rights and safety risks. For the textile sector where huge power imbalances exist between buyers and suppliers, there is a risk that due diligence can become a cost of compliance which is borne by suppliers.
- The European Commission will publish general guidance on due diligence which will cover purchasing practices, this is due by 26 January 2027.
- Given recent violent crackdowns by state actors and employers in Bangladesh against workers calling for higher wages, it remains to be seen what, if any, meaningful impact the CSDD Directive can have on living wages in the sector.
- In Section 1 we discuss how opportunities for product policy to better reflect due diligence aspects beyond the company level are in their infancy. The potential for Ecodesign information requirements to require mandatory disclosure of manufacturing facilities can further be explored.

10. EU Corporate Sustainability Reporting Directive

The Corporate Sustainability Reporting Directive (CSRD)⁸² was adopted in 2022 and requires companies to meet new European Sustainability Reporting Standards with the objective of providing clarity and legal certainty, levelling the playing field, and increasing the relevance, reliability and comparability of corporate reporting.

With a mandate from the European Commission, the European Financial Reporting Advisory Group (EFRAG) works to develop the reporting standards and has already released a first set of standards which were adopted through a delegated act in July 2023⁸³.

Sector-agnostic standards

As of 2024, large companies in Europe will start to apply the first set of EU sustainability reporting standards⁸⁴, which cover general disclosures on strategy, governance and business models as well as reporting on environmental, social and human rights topics.

Non-EU companies which generate a net turnover of over EUR 150 million in the EU and which have a subsidiary undertaking or a branch in the EU will have to also comply with sustainability reporting requirements. Specific standards via delegated acts will be developed for this specific group, and it is likely that non-EU companies will need to start reporting on sustainability impacts from 2028⁸⁵.

Recital 33 of the CSRD states that it is expected that the reported sustainability information covers information about the company's whole value chain. This means including "*information related to its value chain within the Union and information that covers third countries if the undertaking's value chain extends outside the Union*". This may result in EU companies requiring or looking for trading partners which apply higher sustainability practices and reporting. It could therefore create new incentives for trading partners to strengthen their sustainability impacts, notably to remain competitive.

Sector-specific standards for 'Textiles, accessories, footwear and jewellery'

EFRAG are working on sector-specific standards to clarify the information companies are to report when it comes to risks and impacts prevalent in each sector. The adoption of the sector-specific standards has been delayed for two years by the European Commission, but the work to develop a proposal is still being carried out by EFRAG, including the holding of stakeholder workshops and a consultation.

While the sector-agnostic standards require companies to identify and report on all their significant (or

⁸² Directive (EU) 2022/2464. Directive on corporate sustainability reporting.

<http://data.europa.eu/eli/dir/2022/2464/oj>

⁸³ Commission Delegated Regulation (EU) 2023/2772. Sustainability reporting standards.

http://data.europa.eu/eli/reg_del/2023/2772/oj

⁸⁴ Draft ESRS SEC 1 Sector classification:

<https://efrag.sharefile.com/share/view/s1a12c193b86d406e90b1bcd7b6bb8f6f/fo37c90b-9d9b-4432-a76b-27760cfcc01b>

⁸⁵ <https://www.efrag.org/en/projects/noneu-groups-standard-setting/research-phase>

'material' in accounting terms) impacts, risks and opportunities, some major sustainability issues are specific to individual sectors in which companies operate. As such sector-specific aspects are not yet provided for in the first set of adopted standards, there are no set criteria to follow when it comes to determining and justifying what is 'material'⁸⁶.

11. Taxonomy Regulation

The Taxonomy Regulation was adopted in July 2020 and there are four delegated acts relating to its implementation. The Sustainable Finance Platform is the expert group which is mandated by the Taxonomy Regulation to define the different criteria for economic activities.

The criteria which have been adopted by the Commission have been published in the EU's Taxonomy Compass⁸⁷. Criteria impacting the textiles sector have been developed but these have not yet been added to the Taxonomy Compass. The textiles criteria are set out in the following sections of the Platform's 'Technical Screening Criteria' document⁸⁸.

- Finishing of textiles
- Wearing apparel, except articles of fur and leather: manufacturing, repairing/refurbishing/remanufacturing and sale of spare parts, sale of second-hand, product-as-a-service and other circular use- and result-oriented service models
- Footwear and leather goods: manufacturing, repairing/refurbishing/remanufacturing, sale of second-hand, product-as-a-service and other circular use- and result-oriented service models
- Tanning of leather

⁸⁶ As per Directive 2013/34/EU (<http://data.europa.eu/eli/dir/2013/34/oj>), "material" means the status of information where its omission or misstatement could reasonably be expected to influence decisions that users make on the basis of the financial statements of the undertaking. The materiality of individual items shall be assessed in the context of other similar items.

⁸⁷ <https://ec.europa.eu/sustainable-finance-taxonomy/taxonomy-compass>

⁸⁸ Platform on Sustainable Finance (2022) Technical Screening Criteria. Available at: https://finance.ec.europa.eu/system/files/2022-03/220330-sustainable-finance-platform-finance-report-remaining-environmental-objectives-taxonomy-annex_en.pdf



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