

UPDATE ON EU SUSTAINABILITY CLAIMS LEGISLATION AND REPORTING STANDARDS FOR THE TEXTILE INDUSTRY AND REEL COTTON READINESS

CottonConnect has compiled an update of new and upcoming legislation and mandatory reporting standards affecting sustainably produced textiles.

Proposed EU legislations and reporting standards

Two EU legislative initiatives are proposed that will introduce restrictions on how companies and other market actors can make consumer-facing environmental or sustainability claims. These restrictions will have direct implications for how sustainability standards and codes approach the claims they allow in the EU marketplace.

- The **'EU Green Claims Directive' (EU GCD)** proposal was published on 22 March 2023 and will focus on mandatory substantiation requirements and methods for environmental claims. The directive prohibits the use of green claims unless companies can provide evidence that the claim applies to the entire lifecycle of the product or service, from manufacture to disposal. It is noted that the forthcoming EU GCD proposal has a focus on Life Cycle Analysis (LCA) and Product Environmental Footprint (PEF) methods in the requirements for sustainability claims.
- The **'EU Empowering consumers for successful green transition directive' (EU ECGT)** is a 'horizontal' legislation which addresses sustainability claims broadly and sets out more general requirements. The proposal aims to contribute to a circular, clean and green EU economy by enabling consumers to take informed decisions and contribute to more sustainable consumption. The EU ECGT was proposed last year and is currently under negotiation by all three of the EU's legislative bodies (Commission, Council, Parliament).
- The **International Sustainability Standards Board (ISSB)** has developed global sustainability reporting standards, which will become mandatory in many countries from 1 January 2024. The standards will measure how companies protect themselves against environmental risks and other sustainability issues. The ISSB's two initial frameworks will be issued by the end of June with an expectation that corporate reports will align with these frameworks in 2025.



Proposed EU Regulation introducing Digital Product Passports

The European Commission (EC) is proposing **Digital Product Passports (DPPs)** as part of the EU Strategy for Sustainable and Circular Textiles. The new Ecodesign for Sustainable Products Regulation will introduce a DPP for textiles based on mandatory information requirements on circularity and other key environmental aspects.

- To ensure consistency with this new piece of legislation, the Commission will also review the Textile Labelling Regulation 31, which requires textiles sold in the EU market to carry a label clearly identifying the fibre composition and indicating any non-textile parts of animal origin.
- DPPs contain product information across the entire value chain, including data on raw materials, production and recycling. Consumers and businesses will be able to scan a QR code to access the DPP and its data.
- The establishment of the data requirements for the DPPs for each specific product category is subject to an industry-wide stakeholder consultation, currently underway until 6 December 2023. The EU expects specific DPP regulation coming into effect for the first three industries (apparel, batteries and electronics) by 2026, with most industries covered by 2030.

Legislations currently under effect

- The new French law **"AGEC" (AGEC French Regulation and Decree (n° 2022-748))** came into



effect from January 2023. The new regulations require brands and retailers to give consumers detailed information about the sustainability features of garments. The products, process, GHG, environmental characteristics through labels detailing their climate impact. Data-driven sustainability is going to be the key to meeting these' regulations data requirements.

- The **German Supply Chain Due Diligence Act (SCDDA)** came into effect from January 2023. The law broadly requires businesses to comply with, uncover and rectify any human rights and environmental obligations, including the suppliers within a business's entire supply chain. Currently it is applicable to any businesses based in Germany or any German-registered branches with more than 3,000 employees; from 2024, any businesses based in Germany or German registered branches with more than 1,000 employees.
-
- The **EU Corporate Sustainability Reporting Directive (CSRD)** entered into force on 5 January 2023. This new directive modernises and strengthens the rules concerning the social and environmental information that companies have to report. A broader set of large companies, as well as listed SMEs, will now be required to report on sustainability – approximately 50,000 companies in total. The first companies will have to apply the new rules for the first time in the 2024 financial year, for reports published in 2025.

CottonConnect's support to customers to meet the necessary requirements

- **REEL Cotton Code revision:** The latest revision of the REEL Cotton Code underway (v.3.1) includes the banned pesticides from the POP and PIC lists applicable to agrochemicals from the REACH (EC 1907/2006) regulations, in addition to banned pesticides as per EU regulations already included.
- **Environmental data:** CottonConnect has reported on an LCA study of REEL Cotton as part of its Impact Report 2022, and proposes continuous use of LCA data to provide substantiation for environmental claims, and/or the Cool Farm Tool to measure GHG emissions.
- **Sustainability claims:** CottonConnect is updating its claims process to ensure that sustainability claims allowed about REEL Cotton are substantiated by verifiable data. The process will only allow verified claims to be made by customers.
- **Human Rights Due Diligence:** As continuous improvement in this area, CottonConnect has conducted a Human Rights Due Diligence assessment for the countries in which it operates and has developed an enhanced framework and policy.



- **TraceBale system:** To ensure traceability, CottonConnect uses its own traceability software tool, TraceBale, to give brands a clear and consistent, near-real-time overview of all stages of their supply chain – from the farmer's field to the finished garment – capturing every transaction flow along the way.
- **MEL system:** To provide accurate, verified impact data for its programmes, CottonConnect has a comprehensive monitoring, evaluation and learning (MEL) system in place, with strengthened second-party verification, and works with FLOCERT for third-party verification of the REEL Cotton Programme.
- **Alliances and recognition:** CottonConnect supports industry development of sustainable cotton claims through the Sustainable Apparel Coalition and is an ISEAL Community Member and member of the 2025 Sustainable Cotton Challenge, Cool Farm Alliance, Cotton 2040, and Textile Exchange. REEL Cotton is recognised by Textile Exchange as Preferred cotton and is approved as a sustainable cotton code by the Partnership for Sustainable Textiles.

GET IN TOUCH:

For more information, or to find out how CottonConnect can support your organisation, contact us today:
+44 (0)203 865 7038
info@cottonconnect.org