

Factsheet 10

EU Product Environment Footprint Guide

An Apparel Supplier's Guide

**Key Sustainability Legislation
in the EU, US, and UK**

EU Corporate Sustainability Due Diligence Directive
EU Corporate Sustainability Reporting Directive
New York Fashion Act
EU Forced Labour Regulation & Guide
US Uyghur Forced Labor Prevention Act
EU Ecodesign for Sustainable Products Regulation
EU Packaging & Packaging Waste Directive & Proposal
EU Microplastics Regulation
UK Plastic Packaging Tax
EU Product Environment Footprint Guide
EU Textile Regulation
EU Taxonomy

Acknowledgements

This resource was commissioned and led by:

Epic Group
Norlanka Manufacturing Colombo Ltd.
Shahi Exports Pvt. Ltd.
Simple Approach
Transformers Foundation



In addition, this research was also supported by:

Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, GIZ FABRIC Asia
Transformers Foundation



FABRIC Asia

Author:

The Remedy Project is a social enterprise that works to improve access to justice and remedy for migrant workers in global supply chains. They work constructively with governments, civil society, law enforcement, and the private sector to translate the UN Guiding Principles on Business and Human Rights into practice. For more information please see www.remedyproject.co.

Graphic Design:

Fiona Fung

This document should not be construed as legal advice or a legal opinion on any specific facts or circumstances. This document is not intended to create, and receipt of it does not constitute, a lawyer-client relationship. The contents are intended for general informational purposes only, and you are urged to consult your legal counsel concerning any particular situation and any specific legal question you may have.

In addition, many of the legislations covered in this document remain at the early stages of the relevant legislative procedure. The information provided herein has been developed based on the latest draft of the proposed legislation at the time of writing. It is intended that the guidance and recommendations provided in this document will be updated as the legislation develops.

Introduction

a. Objective

This document is intended to enable suppliers in the apparel value chain that are established or headquartered outside of the Global North¹, or whose operations are based outside these jurisdictions or whose supply chains extend to the Global South, to better understand how sustainability-related legislation in the Global North could potentially impact them. While suppliers may not, in all cases, be directly subject to the obligations created by these Global North laws, they may still experience knock-on effects as they form an integral part of the global apparel value chain and produce goods for multinational brands and retailers who have increasing compliance obligations as they adopt new practices in order to respond to the increased legislation. As such, this document aims to:

- Offer a public resource and roadmap for suppliers to proactively respond to and prepare for the requirements of these Global North laws.
- Provide a platform for dialogue and information exchange where suppliers and manufacturers can explore engagement (where possible) with policy makers in Global North jurisdictions.
- Support suppliers in delivering the fashion industry's social and environmental performance goals, and drive meaningful change for rights holders – whether workers, local communities, cotton farmers– globally.

b. Who commissioned this resource and why

This resource was initiated and led by suppliers across production tiers and locations facing many of the same challenges. Despite these shared challenges, rarely do suppliers come together to address these challenges collectively.

Specifically, this resource was commissioned by: Epic Group, Norlanka, Shahi Exports & Simple Approach. In addition, this research was also supported by Transformers Foundation and GIZ FABRIC.

It is important to note the symbolic significance of this piece of work: this is a project initiated and led by fierce – and in some cases direct – commercial competitors. The entities commissioning this resource hope this inspires more apparel suppliers to join forces.

c. Which legislation is covered & why

The entities commissioning this work began by crowdsourcing a longlist of legislation which industry representatives feel are pertinent to the apparel and textile sector (thank to everyone who generously shared their time helping to develop this long list). The entities commissioning this work, in consultation with the Remedy Project, based on significance and impact, narrowed the longlist down to twelve pieces of legislation. The twelve pieces were selected based on the potential scale of cascading impacts and the business risk they pose to suppliers. It is therefore important to emphasize that this resource is not exhaustive.

d. Important legislative context to understand

As governments in the Global North embark on ambitious plans to transition towards climate neutrality, inclusive and sustainable growth, the body of sustainability legislation is expanding rapidly. The European Union (EU) is at the forefront of these changes, introducing a plethora

of legislative and non-legislative measures to implement priority policies such as the [European Green Deal](#). The European Green Deal is a cornerstone of the EU's industrial strategy, comprising a series of proposals to make the EU's climate, energy, transport, and taxation policies fit for reducing net greenhouse gas emissions by at least 55% by 2030, and to secure the global competitiveness and resilience of European industry². There are also sector-specific initiatives such as the EU Strategy for Sustainable and Circular Textiles, which aim to implement the commitments made under the European Green Deal, by setting out measures to address the design and consumption of textile products, and promote a greener and fairer value chain in the textiles industry. The legislations covered in this document such as the EU Ecodesign for Sustainable Products Regulation and Digital Product Passport, EU Corporate Sustainability Due Diligence Directive, EU Regulation on Prohibiting Products Made With Forced Labour on the Union Market (**Forced Labour Regulation**), are only some of the initiatives taken by the EU to execute on the European sustainability policy objectives³.

These legislations create legally binding obligations on companies to consider how they are managing their social and environmental impact. Many of these laws and regulations have global application and/or will impact apparel manufacturing and sourcing hubs outside of the Global North. As such, while these laws originate from the Global North such as the EU, United Kingdom, and United States, they will impact companies operating outside of these jurisdictions. It is therefore a prescient time for companies directly subject to these legislations, and for those who have business relationships with them, to align their sustainability policies and practices with these laws.

At a high level, these laws (especially those relating to mandatory human rights due diligence) can be collectively understood as a legal framework that translates elements of the [United Nations Guiding Principles on Business and Human Rights \(UNGPs\)](#) into binding legal obligations. The UNGPs represent the authoritative framework on how businesses should operationalize their commitments to human rights. As businesses are increasingly required to comply with different (and sometimes overlapping) laws in this area, it is The Remedy

Project's view that businesses that are able to operate in accordance with the UNGPs and other international frameworks such as the [OECD Due Diligence Guidance for Responsible Business Conduct](#) will be more successful in making this transition. Complying with the highest international standards could help future-proof business against future legislative changes and may also be more efficient from a process perspective. Furthermore, the Remedy Project sees a trend of many brands upgrading their internal compliance and value chain requirements based on the UNGPs and international frameworks. Thus, complying with these international standards could help businesses position themselves to align with brands' expectations and easily and effectively adapt to future legislative requirements, as well as satisfy the requirement of other business partners and customers. Instead of having to operate in accordance with different standards of compliance for each jurisdiction and each counterparty, the business can adopt a less fragmented, and thus less burdensome, approach to compliance. Of course, even if suppliers align with established international frameworks, different brands will continue to set varying detailed procedural requirements on their supply chain partners, particularly in the near future. We therefore continue to recommend that suppliers proactively work with brands and retailers on implementation to reduce the risk of multiple interpretations.

e. General implications for companies supplying apparel & beyond

These legislative developments make clear that businesses will need to re-think the way they approach sustainability. This new era of legislation moves sustainability from "nice to have" to "must-have" and requires companies to implement human rights and environmental risk management practices. With this transition, we expect to see more cross-functional efforts to embed considerations of human rights and environmental impacts into business' day-to-day operations and overall strategy. In this new landscape, in-house legal teams must work closely with procurement and sourcing, operations, product teams, and in-house sustainability experts to achieve compliance. There must also be executive and management level buy-in, and attention given to sustainability issues.

f. Likely implications for suppliers

Some of the key and recurring operational implications for suppliers are likely to include:

- Increased demands from brands for visibility into upstream supply chain partners' practices and full supply chain traceability
- More stringent codes of conduct and contract clauses from brands who work to protect themselves in case of legal investigation and penalties.
- Increased reporting requirements and data requests. This will require stronger static supply chains and data storage.
- Until legislative frameworks fully mature, different EU states may interpret requirements differently and brands are likely to set different requirements. However, given the common trend of adopting rules and requirements on the basis of international principles and standards, such as the UNGPs and OECD Due Diligence Guidelines, aligning internal systems and procedures with those principles and standards can be a good start towards satisfying varying requirements.
- Increased emphasis for suppliers to implement due diligence processes to identify, prevent, remediate and report on social and environmental impacts.
- Increased focus on grievance mechanisms. Here too there is a risk that different brands will interpret new requirements differently and that this could lead to varying standards within a single facility.

It is hoped that this document will provide companies — especially those engaged in the apparel value chain — a roadmap to navigate this fast-evolving regulatory landscape.

How to Use This Document

This document comprises a series of factsheets. For each legislation, the factsheet will cover the following topics:

1. Overview

A summary of the key aspects of the legislation.

2. Context

A description of the political context and policy objectives that the legislation seeks to address or achieve.

3. Status

Whether the legislation is in effect and if not, the current stage of the legislative procedure. If known, the expected timeline for implementation is also provided. For proposed EU legislation, users may find it helpful to refer to the [European Parliament's infographic](#) for information on the different stages of the EU legislative procedure.

4. Scope

This section sets out the types of companies or products that fall within the scope of the legislation. This may include, for example, an explanation of the thresholds that a certain company must meet for the legislation to apply. Our suggestion to suppliers is to start by identifying whether they are directly in-scope and, if so, review the obligations and compliance recommendations for companies in-scope (Sections 5 & 6). If a supplier has established that they are not directly in-scope, it is our suggestion that those suppliers review whether the brands for which they produce are in scope. If a supplier's customer is within scope, our suggestion is to review the potential implications for suppliers to companies in-scope (see Section 7).

5. Obligations for companies in-scope

A description of the duties and responsibilities that must be undertaken by the companies that are directly subject to the legislation.

6. Compliance recommendations for companies in-scope

Suggested recommendations for companies to prepare for compliance with the legislation (where the legislation is not yet in effect), or considerations for companies seeking to improve their compliance (where the legislation is already in effect). For the avoidance of doubt, these compliance recommendations do not constitute legal advice or opinion; companies should seek legal advice from attorneys concerning any specific situation or legal question they may have. Moreover, as the text of the laws in many cases remains subject to change, companies should refer to the most updated version of the legislation in developing their compliance strategy. The enforcement actions undertaken by the relevant regulator (once the law is in effect) will also determine the scope of compliance obligations.

7. Potential implications for suppliers to companies in-scope

In some instances, suppliers in the apparel value chain who are not directly subject to the concerned legislation, may still be impacted by the legislation as they supply to companies in-scope (i.e., a fashion brand or fashion retailer in-scope). These may include requirements around transparency and traceability, or obligations to undergo audits or obtain certifications. This section sets out the potential implications of the legislation for suppliers. For the avoidance of doubt, companies in-scope will approach compliance differently and many of the legislations covered in this document are in nascent stages of development. Moreover, the enforcement actions undertaken by the relevant regulator will also affect how companies in-scope respond to the legislation. As such, the guidance provided herein is only intended to represent our best estimates of the knock-on effects of the concerned legislation and is for informational purposes only.

8. Penalties for non-compliance

Where applicable or known, the penalties for companies in-scope that fail to comply with the legislation are set out.

9. Form of Enforcement

A description of the key forms of enforcement action that may be taken by the relevant authorities.

10. Reporting/ disclosure for companies in-scope

An overview of the key information disclosure obligations (if any) for companies in-scope.

11. Access to remedy mechanisms and litigation risk

This section notes where the relevant legislation provides a right for legal action to be taken against a company for alleged non-compliance.

12. Opportunity to participate and engage in legislative developments

Where applicable, opportunities to participate in public consultation.

13. Useful resources to support compliance

Links to third-party resources and guidance are provided for further detail on how companies in-scope may approach compliance and how suppliers or business partners to companies in-scope may prepare for cascaded compliance requirements.

Glossary

A glossary of key terms used in this document is set out below.

Brands: For the purposes of this document, this refers to a multinational company that is engaged in the business of offering branded apparel products.

Companies in-scope: Companies that are directly subject to the obligations set out in the relevant legislation.

Due Diligence: A process that businesses should carry out to identify, prevent, mitigate, and account for how they address the actual and potential adverse human rights or environmental impacts in their operations, their value chain and other business relationships.

EU Decision: A “decision” is binding on those to whom it is addressed (e.g., an EU country or an individual company) and is directly applicable⁴.

EU Delegated Act: A delegated act is an EU legislative mechanism to ensure that EU

laws that are passed can be implemented properly or reflect developments in a particular sector.

EU Directive: A directive is a legislative act that sets out a goal that all EU countries must achieve. However, it is up to the individual countries to devise their own laws on how to reach these goals⁵.

EU Regulation: A regulation is a binding legislative act. It must be applied in its entirety across the EU⁶.

European Commission: The European Commission is the EU’s politically independent executive arm. It is responsible for drawing up proposals for new European legislation, and it implements the decisions of the European Parliament and the Council of the EU.

European Council: The European Council is the EU institution that defines the general political direction and priorities of the European Union.

European Parliament: The European Parliament is the EU’s law-making body that is directly elected by EU voters every 5 years.

Grievance Mechanism: Any routinized, State-based, or non-State-based, judicial or non-judicial process through which grievances concerning business-related human rights abuse can be raised and remedy can be sought⁷.

Supplier: For the purposes of this document, unless otherwise specified, this refers to a supplier in the apparel value chain. While the information provided herein is applicable across the entire value chain, it is primarily intended for Tier 1 suppliers and sub-contractors who produced finished goods for fashion brands and retailers, and Tier 2 suppliers and sub-contractors who provide services and goods, such as knitting, weaving, washing, dyeing, finishing, printing for finished goods, and components (e.g., buttons, zippers, soles, down and fusible) and materials for finished goods.

Value Chain: A value chain encompasses all activities related to the production of goods or the provision of services by a company, including the development of the product or the service and the use and disposal of the product as well as the related activities of upstream and downstream business relationships of the company.



EU Product Environmental Footprint Guide

1. Overview

The Product Environmental Footprint (**PEF**) Guide is a multi-criteria measure of the environmental performance of a good or service throughout its life cycle. A product's lifecycle includes supply chain activities such as extraction of raw materials and production processes as well as the product's use and final waste management processes. The PEF Guide provides a method for modelling the environmental impacts of the flows of material/energy and the emissions and waste associated with a product throughout its life cycle.

2. Context

The PEF Guide outlines a common framework for all the steps and specific rules necessary to make an appropriate and comparable life cycle assessment. The objective of the PEF Guide is to make the EU market for green alternatives more attractive. By ensuring transparent assessment of a product's environmental impact, the European Commission hopes that the negative environmental impacts of products can be reduced.

The PEF Guide and Methodology considered the recommendations made by similar, widely recognised product environmental accounting methods and guidance documents, including ISO standards and other methodological guides such as the International Life Cycle Reference Database Handbook, ISO 14040-44, ISO 14064, PAS 2050, WRI/WBCSD, GHG protocol and others.

The PEF Guide is part of a set of interrelated EU initiatives (including the EU ecolabel initiative) to establish a **coherent product policy framework** that will make sustainable products, services, and business models the norm. This framework aims to transform consumption patterns so that emissions and waste levels are reduced. PEF methodologies are already being utilized by EU policymakers in the context of certain EU policies and legislation such as the Taxonomy Regulation, the Sustainable Batteries Initiative, and the Green Consumption Pledge.

3. Status

As a European Commission Recommendation, there are no legal consequences or requirements arising from the PEF Guide. A recommendation simply allows the EU institutions (in this case, the European Commission) to make their views known and to suggest a line of action without imposing any legal obligation on those to whom it is addressed.

The PEF methodology is still under development following its initial pilot phase between 2013-2018 during which the methodologies were tested with more than 300 companies and 2000 contributing stakeholders in different fields of activities, including food and feed, IT equipment, batteries, and detergents.

The European Commission is working to develop the PEF Product Category Rules (PEFCRs) which aim to provide more detailed technical guidance on how to conduct PEF studies for specific product

categories - including for the apparel and footwear sector. The continued development of the PEFCRs is intended to provide a basis for further policy development and implementation.

The European construction sector is currently the only category in which the PEF Guide has resulted in some mandatory changes in product life cycle assessments. The EN15804 standard for construction companies was amended to align with the methodology set out in the PEF Guide. The amended standard is the EN 15804+A2 standard.

4. Scope

Objectives of the PEF Guide

The PEF Guide aims to provide detailed and comprehensive technical guidance on how to conduct a PEF study. PEF studies may be used for a variety of purposes, including internal and external applications (as described below). It is primarily aimed at technical experts who need to develop a PEF study, for example engineers and environmental managers in companies and other institutions. However, no expertise in environmental assessment methods is needed to use the PEF Guide for conducting a PEF study.

Based on a life-cycle approach, the PEF Guide provides a method for modelling the environmental impacts of the flows of material/energy and resulting emissions and waste streams associated with a product from a supply chain perspective (from extraction of raw materials, through use, to final waste management). A life cycle approach takes into consideration the spectrum of resource flows and environmental interventions associated with a product or organization from a supply chain perspective. It includes all stages from raw material acquisition through processing, distribution, use, and end-of-life processes, and all relevant related environmental impacts, health effects, resource-related threats, and burdens to society.

Applications of PEF Studies

Potential applications of PEF studies may be grouped depending on a company's in-house or external objectives:

- In-house applications may include support to environmental management, identification of environmental hotspots, and environmental performance improvement and tracking, and may implicitly include cost-saving opportunities;

- External applications (e.g., Business-to-Business (B2B), Business-to-Consumers (B2C)) cover a wide range of possibilities, from responding to customer and consumer demands, marketing, benchmarking, environmental labelling, supporting eco-design through supply chains, green procurement and responding to the requirements of environmental policies at European or EU country level. Benchmarking could, for example, include defining an average performing product (based on data provided by stakeholders or on generic data or approximations) followed by a grading of other products according to their performance versus the benchmark.

PEFCRs

The PEFCRs will aim to provide detailed technical guidance on how to conduct a PEF study for various specific product categories. PEFCRs shall provide further specification at the process and/or product level. It is envisaged that PEFCRs for specific product categories will typically provide further specification and guidance in addition to the PEF methodology to assist with:

- defining the goal and scope of the study;
- defining relevant/irrelevant impact categories;
- identifying appropriate system boundaries for the analysis;
- identifying key parameters and life-cycle stages;
- providing guidance on possible data sources (including the geographic level at which data should be collected);
- completing the Resource Use and Emissions Profile phase; and
- providing further specification on how to solve multi-functionality problems.

5. Obligations for companies in-scope

As noted above, there are currently no direct obligations arising for companies, save where the relevant PEF methodologies have been adopted into existing legislation, policies, or standards (i.e., in the construction industry where the EN15804+A2 standard has been adopted which aligns the pre-existing EN15804 standard with the methodology set out in the PEF Guide).

6. Compliance recommendations for companies in-scope

Not applicable as explained in Section 5.

7. Implications for suppliers to companies in-scope

While it is not yet clear when and how the PEF methodology will become required practice, it is likely that suppliers will face increasing requests for data regarding the environmental impact of materials used and production processes. Suppliers will likely be requested by brands to disclose information regarding their sourcing practices, and their approaches to water usage, energy usage, waste management and recycling. The credibility and accuracy of this data will be important, and likely result in the need to conduct specific environmental impact assessments covering the lifecycle of a product. Where brands do not source materials directly, they will likely require their suppliers to map the entire upstream value chain (from mills, to ginners, up to farm-level) and conduct environmental due diligence on these business partners. These disclosure and due diligence requirements will likely be reflected in expanded supplier codes of conduct and standards, which brands will require suppliers to demonstrate compliance with.

The development of the PEF methodology for the textile sector will most likely necessitate further updates of existing industry tools such as the Higg PM, which is currently aligned with the Draft EU PEF. The data and methodology used by these industry tools to substantiate product environmental impact claims will naturally need to be reviewed and potentially reassessed once the final PEFCR for apparel products is available.

In connection with the increased volume of data requests, brands will likely also request suppliers to provide indemnities and warranties regarding the quality and accuracy of disclosures. Where suppliers are found to have provided poor disclosures, or fail to disclose the requested information, they shall face liabilities.

8. Penalties for non-compliance

Not applicable.

9. Form of enforcement

Not applicable.

10. Reporting/ disclosure requirements for companies in-scope

Not applicable.

11. Access to remedy mechanisms and litigation risk

Not applicable.

12. Opportunity to participate and engage in legislative developments (if any)

In 2019, the Directorate General for the Environment and the Directorate General for the Internal Market, Industry, Entrepreneurship and SMEs of the European Commission (DG ENV and DG GROW) issued a call for volunteers to assist in the development of new PEFCRs following the end of the 2013-2018 pilot phase.

As a result, working groups were set up for the following product categories to focus on the development of PEFCRs in these areas:

- Apparel (including accessories, dresses, hosiery, underwear, leggings/ tights, baselayer, jacket, jersey, pants, shirts, skirt, socks, sweater and cardigans, swimwear,

t-shirt, boots, cleats, court, dress shoes/ heel, other athletic shoes, sandals and sneakers);

- Cut flowers and potted plants;
- Flexible packaging (low, medium and high functionality flexible packaging);
- Synthetic turf; and
- Marine fish (wild caught marine fish and marine fish from marine open net pen aquaculture).

The deadline to apply to join these working groups was in August 2019, however further applications to join may be made by contacting the working group coordinator. The relevant contact details for the working group coordinators can be found at https://ec.europa.eu/environment/eussd/smgp/ef_transition.htm. Further details regarding the composition of working groups can be found here: <https://ec.europa.eu/transparency/expert-groups-register/screen/expert-groups/consult?lang=en&groupId=470>.

13. Useful resources to support compliance

European Commission, [Environmental Footprint methods](#)

European Environmental Bureau, [The EU Product Environmental Footprint Methodology](#)

References

- 1 For the purposes of this document, “Global North” encompasses the European Union, United Kingdom, and the United States.
- 2 European Commission, [A European Green Deal](#)
- 3 See for example the summaries of EU legislation on environment and climate change.
- 4 European Union, Types of legislation
- 5 European Union, Types of legislation
- 6 European Union, Types of legislation
- 7 UNGPs Principle 25 and commentary

Discover Other Factsheets from An Apparel Supplier's Guide

1

EU Corporate Sustainability Reporting Directive

2

EU Corporate Sustainability Due Diligence Directive

3

New York Fashion Act

4

EU Forced Labour Regulation and Guide

5

US Uyghur Forced Labor Prevention Act

6

EU Ecodesign for Sustainable Products Regulation

7

EU Packaging and Packaging Waste Directive and Proposal

8

EU Microplastics Regulation

9

UK Plastic Packaging Tax

10

EU Product Environment Footprint Guide

11

EU Textile Regulation

12

EU Taxonomy