

**2024  
Edition**

**Factsheet 0:  
EU Strategy for Sustainable  
and Circular Textiles**

# **An Apparel Supplier's Guide 2.0**

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

**EU Strategy for Sustainable and Circular Textiles**

EU Corporate Sustainability Due Diligence Directive

EU Corporate Sustainability Reporting Directive

New York Fashion Act

EU Forced Labour Regulation & Guidance

US Uyghur Forced Labor Prevention Act

EU Ecodesign for Sustainable Products Regulation

EU Packaging & Packaging Waste Directive & Provisional Regulation

EU Microplastics Regulation

UK Plastic Packaging Tax

EU Product Environment Footprint Guide

EU Textiles Regulation

EU Taxonomy

The German Due Diligence in the Supply Chain Act

Lessons for Fashion: How the agricultural sector is tackling commercial compliance through the EU Directive on unfair trading practices

# Acknowledgements

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**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](http://www.remedyproject.co).

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# Introduction

UPDATE

## a. Objective

In July 2023 the first iteration of this guide covering, 12 pieces of legislation, was published. This document is an update to that guide and includes updates to the 12 factsheets issued last year as well as three additional factsheets covering new legislation not previously included.

This document is intended to enable suppliers in the apparel value chain that are established or headquartered outside of the Global North<sup>1</sup>, 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. 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 industry<sup>2</sup>. There are also sector-specific initiatives such as the EU Strategy for Sustainable and Circular Textiles, which aim to implement the commitments made

<sup>1</sup> For the purposes of this document, "Global North" encompasses the European Union, United Kingdom, and the United States.

<sup>2</sup> European Commission, [A European Green Deal](#)

under the European Green Deal (see infographic on the next page “**Snapshot of the Legislative Landscape in the Global North**”), 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 objectives<sup>3</sup>.

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.

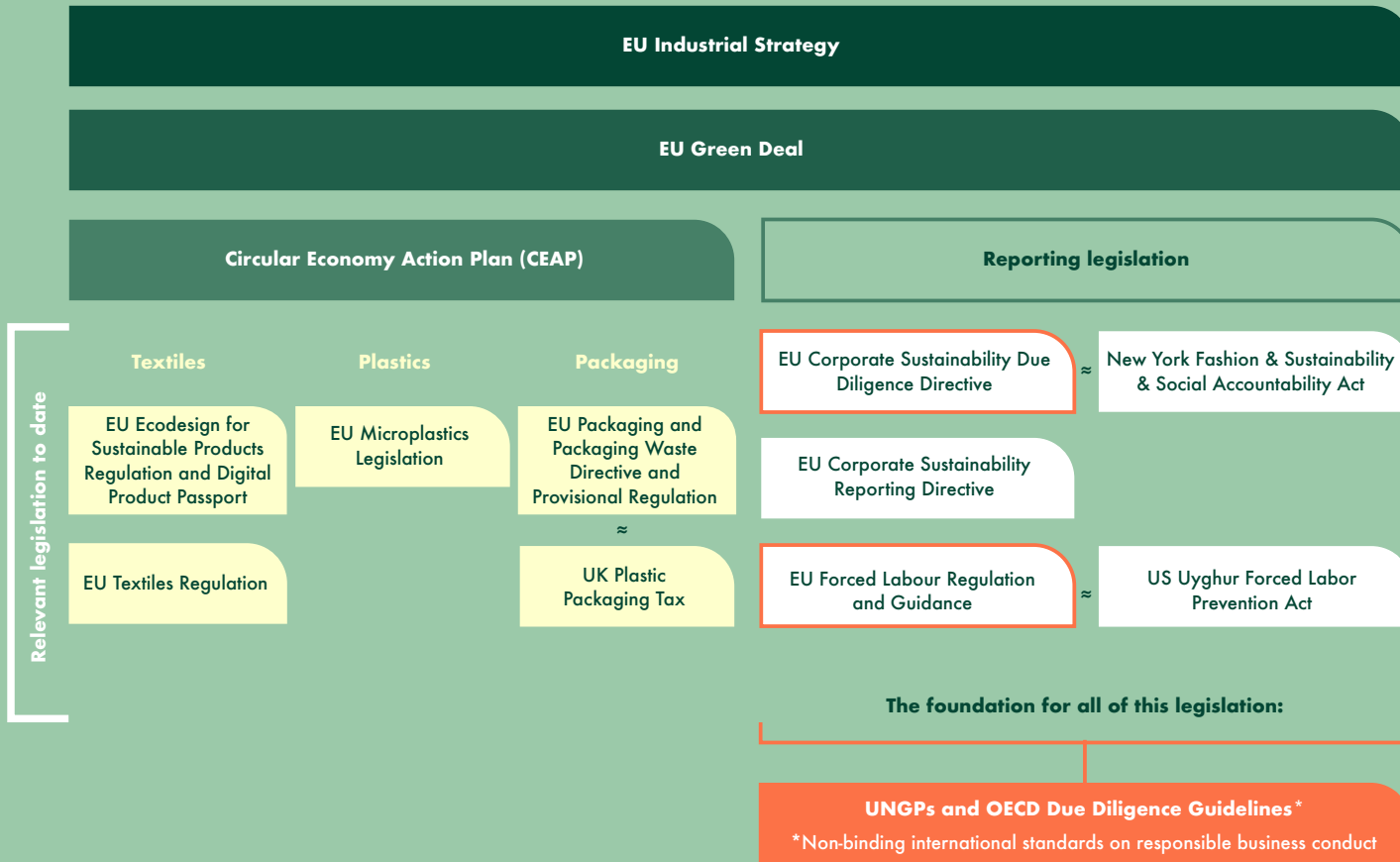
At a high level, these laws (especially those relating to mandatory human rights due diligence) can be collectively understood as a legal framework that translates elements of the United Nations Guiding Principles on Business and Human Rights (UNGPs) into binding legal obligations. The UNGPs represent 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.

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<sup>3</sup> See for example the summaries of EU legislation on environment and climate change.

# Snapshot of the Legislative Landscape in the Global North



**Note \*** The legislations, regulations and directives in this diagram are not the complete set laid out under the umbrella strategies. Head to the [European Commission](https://ec.europa.eu/commission/presscorner/detail/en/ip_22_1111) website to learn more.

## c. General implications for companies supplying apparel & beyond

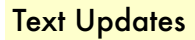
These legislative developments make clear that businesses will need to re-think the way they approach sustainability. This new era of legislation moves sustainability from “nice to have” to “must-have” and requires companies to implement human rights and environmental risk management practices. With 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.

# How to Use ● This Document

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

Updates to Factsheets will be identified by these indicators:

UPDATE 

 Text Updates

## 1. Key Changes

A summary of key changes to the legislation since August 2023.

## 2. Overview

A summary of the key aspects of the legislation.

## 3. Context

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

## 4. 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.

## 5. 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).

## **6. 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.

## **7. 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.

## **8. 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.

### **9. Penalties for non-compliance**

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

### **10. Form of Enforcement**

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

### **11. Reporting/disclosure for companies in-scope**

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

### **12. 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.

### **13. Opportunity to participate and engage in legislative development**

Where applicable, opportunities to participate in public consultation.

### **14. 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 applicable.<sup>4</sup>

**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 goals<sup>5</sup>.

**EU Regulation:** A regulation is a binding legislative act. It must be applied in its entirety across the EU<sup>6</sup>.

**EU negotiation position:** A particular stance taken by a European Institution in a negotiation where it outlines the preferred result.

**EU provisional agreement:** When after negotiations, an informal agreement is reached on the text of a legislative proposal that then needs to be formally approved by the European Parliament and the Council of the European Union during the legislative procedure.

**Adopted:** When a law is officially approved at the end of the legislative procedure.

**Approved:** Used as a synonym for adopted or used in cases of approval of draft versions of the law.

**Derogated:** Not included or not applied.

**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 sought<sup>7</sup>.

<sup>4,5,6</sup> European Union, Types of legislation

<sup>7</sup> UNGPs Principle 25 and commentary

## Types of EU legislation

- **Directive:**  
A legislative act that sets out a goal for EU countries who then have to devise their own laws on how to reach these goals.
- **Regulation:**  
A binding legislative act which must be applied in its entirety across the EU.
- **Decision:**  
A binding law only on those to whom it is addressed (e.g. an EU country or an individual company) and is directly applicable (it does not have to be implemented by the recipient).
- **Delegated and Implementing Acts:**  
Non-legislative acts adopted by the European Commission aimed at supplementing elements of a legislative act for uniform implementation.

**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.

**Intentionally added:** Deliberately utilized in the formulation of a material or component where its continued presence is desired in the final product to provide a specific characteristic, appearance or quality.

# EU Strategy for Sustainable and Circular Textiles

## 1. Overview

On March 30, 2022, the European Commission (the EC) published the “EU Strategy for Sustainable and Circular Textiles” (the ESSCT) as a part of the broader European Green Deal. This strategy is integral to Europe’s ambitious goal to become the first climate-neutral continent by 2050. This strategy aims to reshape the textiles sector, making it greener, more resilient, and competitive while reducing its environmental and climate footprint. The ESSCT addresses the entire lifecycle of textile products and proposes a suite of coordinated actions to overhaul how textiles are produced, used, and managed at their end of life. The strategy is employed as a foundational framework to develop binding legislation. Please find the key changes in Section 1, 2, 3, 4, 5, and 12.

## Overview (Continued)

### Nature of a Strategy and Its Legislative Impact

- ▶ **Strategic Framework:** The ESSCT outlines the ambitions and directives for future actions but itself does not enact laws. Instead, it serves as a blueprint guiding the creation of regulations that will operationalize its goals.
- ▶ **Legislative Development:** By identifying priority areas for action, the strategy informs the development of regulations and policies that will implement its objectives. This relationship ensures that strategic goals are translated into enforceable laws and standards.
- ▶ **Impact on Companies:** The ESSCT is designed to set out a pathway to a more sustainable textiles industry, referring to multiple pieces of legislation which result in varied obligations depending on the size of the company and the specific sector involved. As such, it's crucial for companies to understand that while the strategy provides the overarching framework, each accompanying piece of legislation will define specific compliance requirements. Companies should review the obligations specific to each piece of legislation under which they fall within scope to ensure appropriate adaptation and compliance.

### Strategic Objectives:

The ESSCT is driven by three key plans, each designed to foster distinct yet interconnected aspects of the textile industry's transformation:

**“A New Pattern for Europe”:** Focusing on sustainable and circular textiles, this plan includes setting Ecodesign requirements to extend the lifecycle of products and improving the overall sustainability of textiles.

**“Weaving the Industry of Tomorrow”:** Aimed at creating the enabling conditions for a sustainable industry, this plan promotes multi-stakeholder collaboration and supports the transition towards circular business models.

**“Tying Together a Sustainable Textiles Value Chain Globally”:** This plan emphasizes the need for environmental and social due diligence along global value chains and regulates the export of textile waste to ensure it is managed sustainably.

## 2. Context

The ESSCT was developed as a response to the growing environmental and social challenges posed by the textiles sector within the EU. This strategy is aligned with the European Green Deal's ambition to transition to a more sustainable and resource-efficient European economy, recognizing the textiles sector as a priority for achieving these objectives.

### Policy Foundations and Evolution

- European Green Deal:** The ESSCT is a critical component of the Green Deal, which aims to make Europe the first climate-neutral continent by 2050. The textiles sector, with its significant environmental footprint, is pivotal in this transformation.
- EU Circular Economy Action Plan:** The textiles industry is identified in this plan as a key area for action due to its substantial impact on resource use, waste production, and greenhouse gas emissions.
- EU Industrial Strategy:** This strategy supports the modernization and competitiveness of Europe's industrial sectors, including textiles, by promoting innovation in sustainable practices and technologies.

### Challenges Addressed by the ESSCT

The ESSCT strives to address the most relevant environmental-related issues within the textile industry. These issues are characterized by:

**Resource Intensity:** High consumption of water, energy, and raw materials.

**Waste Production:** Significant waste generation, with low rates of recycling and high volumes of landfill and incineration.

**Chemical Usage:** Extensive use of hazardous chemicals affecting human health and ecosystems.

**Social Concerns:** Issues related to labor rights and working conditions in global supply chains.



## ● Stakeholder Engagement and Legislative Framework

The development of the ESSCT involved extensive consultations with a wide range of stakeholders including industry leaders, policymakers, environmental groups, and consumer advocates. These consultations helped shape a balanced strategy that addresses both regulatory requirements and market-based incentives.

### ●● Consultative Process

Engaging stakeholders ensured that the strategy addresses real-world challenges and harnesses industry expertise and insights.

### ●● Legislative Impact

While the ESSCT guides legislative development, it is supported by specific legislative actions that operationalize its goals (discussed below). These include new regulations on ecodesign, waste management, and producer responsibilities, which are detailed in subsequent sections of this document.

## ● Implications for Future Policy Development

The ESSCT not only sets the direction for immediate regulatory actions but also establishes a framework for ongoing policy development as market conditions and technological capabilities evolve. It anticipates future challenges and opportunities, ensuring that the textiles sector can adapt and thrive in an increasingly circular and sustainable economy.



### 3. Status

Since the publication of the ESSCT, the EC has made significant progress in advancing the legislative and initiative components of the strategy. This section outlines the current status of legislative measures directly derived from the strategy and highlights supporting initiatives that are facilitating its implementation.



#### Legislative Acts based on the Strategy

- ▶ **Ecodesign for Sustainable Products Regulation (ESPR):** The ESPR sets stringent design requirements to ensure that textiles are durable, easier to repair, and recycle, and contain a minimum amount of recycled content. The ESPR will also introduce mandatory criteria for “green public procurement”, in addition to requirements regarding Member States’ incentives concerning textile products.
- ▶ **Digital Product Passport (DPP):** As a critical component of the ESPR, the DPP aims to provide accessible, detailed information on each textile product, covering aspects such as materials used, reparability, and recyclability.
- ▶ **Directive on Green Claims:** This directive is pending approval and is designed to prevent greenwashing by ensuring that all sustainability claims made by companies are reliable, verifiable, and based on standardized methodologies.
- ▶ **Revision of the Waste Framework Directive:** Adopted on July 5, 2023, this proposal introduces mandatory and harmonized Extended Producer Responsibility (EPR) schemes for textiles across all EU Member States. Under these schemes, textile manufacturers and retail brands will be responsible for covering the costs associated with the management of textile waste and will be incentivized to enhance waste minimization and circularity in their operations.
- ▶ **Revision of the Textile Labelling Regulation:** The Commission will revise the textile labelling Regulation (planned for the 4th quarter 2024) to introduce specifications for physical and digital labelling of textiles.



## Relationship with other Global Value Chain Legislative Initiatives

### Corporate Sustainability Due Diligence Directive (CSDDD):

Although not developed as a direct outcome of the ESSCT, the CSDDD plays a crucial role in achieving the strategy's objectives, particularly the "Tying Together a Sustainable Textiles Value Chain Globally" goal. Adopted on 23 February 2023, this directive introduces comprehensive due diligence obligations for large companies, including those with more than 250 employees and over €40 million turnover operating in high-impact sectors such as textiles. It mandates these companies to identify, prevent, mitigate, and account for adverse human rights and environmental impacts within their own operations and across global value chains. The CSDDD applies to both EU-based companies and third-country companies active in the EU, ensuring that significant textile market players engage in responsible business practices irrespective of their geographic location.

### EU Rules on the Shipment of Waste:

Recently adopted regulations aim to control the export of textile waste, ensuring that non-OECD countries willing to accept EU textile waste can manage it sustainably, and prevent illegal shipments of waste to third countries. This measure seeks to increase transparency and sustainability in the global trade of textile waste, aligning with the broader goals of the ESSCT. The new regulations will enter into force on 20 May 2024.



## Supporting Initiatives

- ▶ **“ReSet The Trend” Campaign:** In alignment with efforts to mitigate the impact of fast fashion, the “ReSet The Trend” campaign was launched to enhance consumer engagement and awareness about sustainable fashion practices. This campaign aims to shift consumer behavior towards more sustainable choices in textile products.
- ▶ **Transition Pathway for the Textiles Ecosystem:** Published on June 6, 2023, this initiative provides a collaborative platform for stakeholders in the textiles sector to submit commitments to support the ESSCT’s actions. It calls for commitments to support the actions delineated in the pathway, aiming to facilitate the sector’s transition to a more sustainable and circular model. The latest hybrid event for stakeholders is due to take place on 4 June 2024.
- ▶ **Pact for Skills:** Launched on 16 December 2021, the initiative supports the creation of large-scale skills partnership for the textiles ecosystem to prepare the workforce for green jobs through upskilling, reskilling and acquisition and transfer of green and digital skills. Organizations ranging from individual companies to industrial ecosystems are invited to join.
- ▶ **Guidance on Circular Economy Business Models:** Expected in 2024, this guidance will encourage Member States to support the reuse and repair sectors, complementing the legislative focus of the ESSCT with practical, market-based strategies.

### Note \*

**While some of these steps are currently in the proposal stage and have not yet been voted into law, their adoption and implementation are expected to significantly advance the goals of the ESSCT.**



## 4. Scope

The ESSCT is intended to set out a pathway for a circular textiles economy across all Member States. As such, the scope of the ESSCT encompasses all textile-related companies operating within the EU.

It is important to note that, while the ESSCT provides the overarching framework, the applicable scope for compliance will be determined by each individual piece of legislation developed under or in support of this strategy, affecting manufacturers, retailers, importers, and other relevant entities differently depending on their location, scale of operations, and legislation in question.

However, legislation and regulations developed by the EU aim in general for uniformity in scope of application across all Member States to ensure a standardized regulatory environment that supports the Union's goals for a sustainable and circular economy. Any regulation-specific differences are noted below.

### Geographic Scope



**All EU Member States:** The ESSCT applies uniformly across the EU, impacting textile operations in all 27 EU countries. This broad geographic scope ensures that the strategy's initiatives are implemented across a diverse and integrated market, promoting uniform standards and practices throughout the Union.

### Targeted Business Entities

- ✦ **Manufacturers:** Textile manufacturers within the EU must adapt their production processes to meet new sustainability criteria, including the use of recycled materials and the reduction of hazardous substances.
- ✦ **Retailers and Distributors:** Companies that sell or distribute textiles in the EU must ensure their products comply with the ESSCT's requirements for durability, reparability, and recyclability.
- ✦ **Importers:** Importers of textile goods into the EU are required to ensure that their products adhere to the strict environmental standards set out by the ESSCT.
- ✦ **Large Enterprises:** Specifically, companies with significant operations, defined as those having more than 500 employees and a turnover exceeding EUR 150 million, are subject to rigorous due diligence requirements under related legislative measures like the Corporate Sustainability and Due Diligence Directive.
- ✦ **Small and Medium-sized Enterprises (SMEs):** While the focus is often on large corporations, SMEs are also encouraged to align with the ESSCT's objectives, with specific initiatives aimed at supporting these businesses through digital transformation and skills development.

## 5. Obligations for companies in-scope

### Note

As noted above, the ESSCT provides a strategic framework rather than direct legislative mandates. It influences the creation of various legislative measures that will specify differing obligations based on company size, industry sector, and other factors. Companies are advised to consult specific legislation relevant to their operations for detailed compliance requirements.

### ● Regulatory Impact and Business Adaptation

Companies operating within the EU must proactively adjust their business models to incorporate ESSCT-driven legislative changes. This adaptation involves not only meeting specific product standards but also engaging in broader sustainability practices that contribute to the circular economy. Businesses are advised to regularly review legislative updates and participate in industry forums and consultations to stay informed and compliant.

- ▶ **EPR:** The introduction of EPR schemes under the ESSCT will require businesses to take responsibility for the entire lifecycle of their products, from production to post-consumer waste. This includes financial responsibility for collecting and recycling textile waste and EPR fees paid according to mandatory environmental considerations (eco-modulation).
- ▶ **Design and Production Changes:** Businesses will need to adopt practices that ensure textiles are durable, repairable, and recyclable. Compliance with the ESPR will require integrating a minimum percentage of recycled materials in new textiles and meeting design standards that facilitate easier repair and recycling.
- ▶ **Waste Management and Recycling:** With the introduction of harmonized EPR schemes, producers are responsible for the end-of-life impacts of their products. This includes financial responsibility for the collection, treatment, and recycling of textile waste, incentivizing companies to minimize waste generation and enhance the circularity of their textile products.



## ● General Expectations

**Circular Business Models:** Companies are generally expected to integrate circular business practices to minimize waste and environmental impact. This includes enhancing the sustainability of supply chains, reducing the release of microplastics and other pollutants, and improving the overall lifecycle management of textiles.

**Environmental and Human Rights Due Diligence:** Companies should adopt a comprehensive approach to environmental and human rights due diligence throughout their value chains. This includes identifying, preventing, mitigating, and remedying actual and potential adverse impacts. Maintaining accurate reports on efforts in this regard will be required for transparency and reporting purposes.

**Re-use and Repair Obligations:** As part of transitioning towards a circular economy, companies should prepare for potential obligations related to the re-use and repair of textiles. This may involve adapting business models to accommodate these practices more robustly, ensuring that products are designed with longevity and reparability in mind.

**Digital Product Passports:** With the impending implementation of the ESPR, companies will need to adopt Digital Product Passports. These passports will provide critical information on the sustainability attributes and lifecycle of textile products, aiding consumers in making informed choices and enhancing transparency across supply chains.

## Monitoring and Reporting Requirements

**Legislative Compliance:** Companies must stay vigilant and informed about new regulations under the ESCT framework. This includes preparing for new reporting requirements, such as those related to waste transparency and the environmental impact of products.

**Proactive Engagement:** To ensure compliance and leverage strategic advantages, companies should engage with regulatory developments actively. This could involve participating in stakeholder consultations, aligning internal policies with upcoming requirements, and investing in systems and technologies that facilitate compliance and sustainability.



## 6. Compliance recommendations for companies in-scope

Steps in the regulatory process for the implementation of the various proposals under the ESSCT are still underway. Key compliance steps for companies operating in the EU or those with an EU presence in their supply chain firstly involve consideration of the specific legislation and whether the company falls within its scope. From here, companies should consider taking actions such as the following, as applicable:

### Mapping Responsibility and Costs:

Assess and map the potential costs and obligations of compliance with the suite of legislation and initiatives described here.

### Preparing for Reporting Obligations:

Prepare for new reporting obligations and implement appropriate processes, such as those concerning textile waste transparency, green claims, and mandatory sustainability disclosures. Develop appropriate processes and systems to ensure and monitor compliance.

**Reviewing Supply Chains:** Conduct a thorough review of supply chains to evaluate the impacts of various factors such as product durability, repairability, recyclability, environmental considerations

in production and transportation, labor rights, and human rights. Prepare for proposed bans on practices like the destruction of unsold products.

**Implementing Recycling or Repair Programs:** Consider implementing recycling or repair programs to promote circularity. This may involve partnering with specialized service providers or integrating such practices into existing business models.

**Aligning Internal Policies:** Develop and implement internal policies that align with the principles and objectives of the ESSCT. These policies should address environmental sustainability, labor rights, human rights, and other relevant considerations.



## 7. Potential implications for suppliers to companies in-scope

A large focus of the ESSCT is on promoting greener and fairer value chains across borders and continents to make an impact not just on companies based in, or with operations in, the EU, but on their wider global supply chains. These include:



**Environmental Compliance:** Suppliers may face increased pressure to comply with environmental regulations and standards set forth by the ESSCT's various regulations, initiatives, and legislation. This could involve measures aimed at reducing resource consumption, minimizing waste generation, and improving overall environmental performance throughout the supply chain.



**Supply Chain Transparency:** The ESSCT emphasizes the importance of transparency across the textiles supply chain. Suppliers may be required to provide detailed information about the origins of materials, production processes, and environmental and social impacts associated with their products



**Product Innovation and Design:** Suppliers may need to innovate their products and manufacturing processes to meet the sustainability criteria outlined in the ESSCT. This could involve developing eco-friendly materials, incorporating recycled fibers, or designing products with enhanced durability and recyclability.



**Circular Economy Practices:** Suppliers may be encouraged or required to adopt circular economy practices, such as product reuse, repair, and recycling. This could involve collaborating with stakeholders to establish take-back programs or investing in technologies that enable closed-loop systems.



**Risk Management:** Suppliers will need to assess and mitigate risks related to compliance with ESSCT-related requirements. This may involve conducting thorough due diligence on suppliers and subcontractors to ensure alignment with sustainability goals.



**Market Access:** Compliance with the ESSCT may become a prerequisite for market access, as consumers and retailers increasingly prioritize sustainable and ethically sourced products. Suppliers that fail to meet these standards may face challenges in accessing certain markets or retaining existing customers.



**Stakeholder Engagement:** Suppliers may need to engage with a diverse range of stakeholders, including rightsholders, workers, customers, regulators, and civil society organizations, to demonstrate their commitment to sustainability and address stakeholder concerns effectively.



**Compliance with CSDDD:** Suppliers will need to adhere to due diligence requirements mandated by the CSDDD, particularly if they fall within its scope. This involves identifying, preventing, mitigating, and remedying adverse impacts on human rights and the environment across their operations and value chains.



**Forced Labor Compliance:** Suppliers must ensure that their operations and supply chains are free from forced labor, including forced child labor. Compliance with upcoming legislative initiatives, such as those aimed at prohibiting products made by forced labor, is essential to avoid non-compliance and associated penalties.



## 8. Penalties for non-compliance

Not applicable as the ESSCT is intended to set out a pathway to a more sustainable textiles industry and as such refers to multiple pieces of legislation. Companies should refer to the penalties specific to each piece of legislation under which they fall within scope.

## 9. Form of enforcement

Not applicable. Companies should refer to the enforcement measures specific to each piece of legislation under which they fall within scope.

## 10. Reporting/disclosure requirements for companies in-scope

Not applicable. Companies should refer to the reporting and disclosure requirements specific to the legislation under which they fall in scope.

## 11. Access to remedy mechanisms and litigation risk

Not applicable. Companies should refer to the reporting and disclosure requirements specific to the legislation under which they fall in scope.





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

Initial workshops were held across September – October 2022 in relation to the Textiles Ecosystem Transition Pathway, at which consultations with EU textiles industry stakeholders were the focus. The final stakeholder consultation report was published on 6 June 2023. The final report can be found under section 13. Useful resources below.

It is possible that the ESSCT could lead to additional regulations beyond those currently on the table. The strategy serves as a blueprint for guiding the development of regulations and policies aimed at achieving its objectives. While some legislative measures have already been proposed and adopted, the implementation of the ESSCT may prompt further regulatory action as market conditions evolve and new challenges emerge.

[European Commission – EU Strategy for Sustainable and Circular Textiles](#)

[Communication from the European Commission – EU Strategy for Sustainable and Circular Textiles \(COM\(2022\) 141\)](#)

[Textiles Ecosystem Transition Pathway – Stakeholder Consultation Report.](#)

## 13. Useful resources to support compliance



# Discover Other Factsheets from An Apparel Supplier's Guide 2.0

0

**EU Strategy for Sustainable and Circular Textiles**

1

**EU Corporate Sustainability Reporting Directive**

2

**EU Corporate Sustainability Due Diligence Directive**

3

**New York Fashion Act**

4

**EU Forced Labour Regulation and Guidance**

5

**US Uyghur Forced Labor Prevention Act**

6

**EU Ecodesign for Sustainable Products Regulation**

7

**EU Packaging and Packaging Waste Directive and Provisional Regulation**

8

**EU Microplastics Regulation**

9

**UK Plastic Packaging Tax**

10

**EU Product Environment Footprint Guide**

11

**EU Textiles Regulation**

12

**EU Taxonomy**

13

**German Supply Chain Due Diligence Act**

14

**Lessons for fashion: How the agricultural sector is tackling commercial compliance through the EU Directive on unfair trading practices**