## 2024 Edition

### Factsheet 11: EU Textiles Regulation

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 Environmental 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

# An Apparel Supplier's Guide 2.0

Key Sustainability Legislation in the EU, US, and UK

## **Acknowledgements**

#### 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.

#### **Additional Author:**

adelphi consult GmbH has authored the section on the 'Directive (EU) 2019/633 on unfair trading practices in the agricultural and food supply chain.

#### **Additional Reviewers:**

**Business & Human Rights Resource Centre** International Apparel Federation **Michele Crymes** German Institute for Global and Area Studies (GIGA) Social & Labor Convergence Program Yee Chain International Co., Ltd.

**Graphic Design:** 

Fiona Fung

#### This resource was commissioned and led by:

**Crystal International Group Limited** Diamond Fabrics Limited (Sapphire Group) Lenzing Aktiengesellschaft Pactics Group Poeticgem Group Shahi Exports Simple Approach Sourcery **Transformers Foundation** 









Innovative by nature



#### In addition, this research was also supported by:

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



## Introduction UPDATE D

#### 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 sustainabilityrelated 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 sectorspecific initiatives such as the EU Strategy for Sustainable and Circular Textiles, which aim to implement the commitments made

<sup>&</sup>lt;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, <u>A European Green Deal</u>

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.

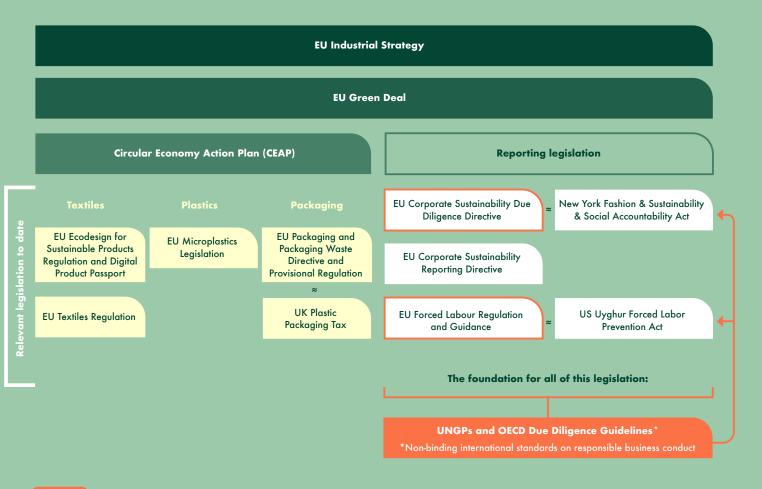
At a high level, these laws (especially those relating to mandatory human rights due diligence) can be collectively understood as a legal framework that translates elements of the United Nations Guiding Principles on Business and Human Rights (UNGPs) into binding legal obligations. The UNGPs represent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

4

<sup>&</sup>lt;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 <u>European Commission</u> website to learn more. c. General implications forcompanies 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, inhouse 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:



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 <u>European Parliament's infographic</u> 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

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

7. Compliance recommendations 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.

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 inscope 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

10. Form of Enforcement

to comply with the legislation are set out.

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

Where applicable or known, the penalties for companies in-scope that fail

11. Reporting/ disclosure for companies in-scope

12. Access to remedy mechanisms and litigation risk An overview of the key information disclosure obligations (if any) for companies in-scope.

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

14. Useful resources to support compliance

Where applicable, opportunities to participate in public consultation.

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.

8

### 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>.

9

<sup>&</sup>lt;sup>4,5,6</sup> European Union, Types of legislation <sup>7</sup> UNGPs Principle 25 and commentary

**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.

#### UPDATE

## **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:**

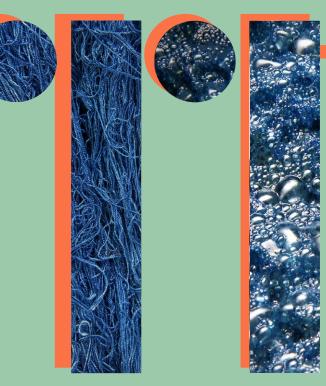
A binding legislative act which must be applied in its entirety across the EU.

#### **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.



## **EU Textiles Regulation**

Regulation (EU) 1007/2011 on Textile Fiber Names and Related Labelling and Marking of the Fiber Composition of Textile Products (Textiles Regulation)

#### UPDATE

### 1. Key Updates

No key updates since previous publication. Please see added information in Section 3, 5 and 12.

### 2. Overview

Regulation (EU) 1007/2011 on Textile Fiber Names and Related Labelling and Marking of the Fiber Composition of Textile Products (the **Textiles Regulation**) regulates fiber names and related labelling requirements for textile products. Textiles products that are made available on the EU market should be labelled, marked or accompanied with commercial documents that meet the requirements set out in the Textiles Regulations.

## 3. Context

The Textiles Regulation was put in place to protect consumer interests and ensure that businesses that sell textile products across the EU were consistent in the way that they labelled or marked the products.

EU-wide legislation around textile labelling and marketing was first introduced in the 1970s. Changes have been made over time to the laws in response to fibre and material technological developments to included more requirements for the labelling and marketing of textile products.

### 4. Status

The Textiles Regulation was adopted by the European Union on October 18, 2011, and was effective from May 8, 2012. It repealed and replaced the previous laws.

It is currently under review and a general public consultation took place until April 2024 to allow for amendments that will allow consumers access to all the relevant information on textiles, resort to compliance costs for companies, and regulatory consistency.

## 5. Scope

Companies planning to sell textiles products in the EU market (including retailers and manufacturers) must ensure that the products are labelled or marked in accordance with the Textiles Regulation. In general, textile products must carry a label clearly identifying the composition of all textile fibers used and indicating any non-textile parts of animal origin. These labels must be firmly attached to the product.

Textile products<sup>1</sup> exclusively composed of textile fibres (e.g., clothing), or products containing at least 80% by weight of textile fibres (such as furniture, umbrella, and sunshade coverings), fall within the scope of the Textiles Regulations.

<sup>&</sup>lt;sup>1</sup> Article 3(1)(a) defines a textile product as "any raw, semi-worked, worked, semi-manufactured, manufactured, semi-made-up or made-up product which is exclusively composed of textile fibres, regardless of the mixing or assembly process employed."

## 6. Obligations for companies in-scope

### Textile labels and fibre names

Textile labels<sup>2</sup> are mandatory in the EU for textiles intended for sale to the end consumer. In the case of business-to-business sales, textile labels may be replaced or supplemented by accompanying commercial documents.

The manufacturer of the product must ensure that the label or marking complies with the Regulation, and that the information provided is accurate. If the manufacturer is not incorporated in the EU, these obligations shall fall upon the importer. Distributors will also need to comply with the Textiles Regulation where they place a product on the market under their name or trademark, attach the label by themselves or modify the content of the label.<sup>3</sup>

National authorities can check textile products for conformity with the information displayed on the label at any stage of the marketing chain, such as:

- when requesting customs clearance
- at distributor's warehouses
- at wholesale or retail outlets.

The Textiles Regulation lays down requirements on the use of textile fibre names and related labelling and marking of fibre composition of textile products when they are made available on the EU market. In a nutshell, textile labels must:

- be durable, easily legible, visible, accessible, and securely attached;
- give an indication of the fibre composition;<sup>4</sup> and
- use only the textile fibre names listed in the Textiles Regulation for the description of fibre compositions.

Where there are any non-textile parts of animal origin in the product (e.g., fur, leather, bone, or down feathers), the label should also state that the product 'contains non-textile parts of animal origin'.

<sup>&</sup>lt;sup>2</sup> According to the definition in the Textiles Regulation, 'labelling' means affixing the required information to the textile product by way of attaching a label.

<sup>&</sup>lt;sup>3</sup> Article 15. For the purposes of the Regulation, a distributor means a manufacturer placing a product on the market under his name or trademark, attaching the label himself or modifying the content of the label.
<sup>4</sup> There are some exceptions for listing the fibre composition, for example, visible, isolable fibres which are purely decorative and do not exceed 7% of the weight of the finished product do not have to be considered in the fibre compositions.

All labels of textiles products sold in one or more EU countries must include translations in all the official national languages where the textile products are made available to the consumer.

#### Purity

Textiles products can only be described as "100%", "pure", or "all" if it is composed exclusively of one fibre type. The manufacturer may choose whether to use those terms or to refer, for example, to a 100% cotton shirt simply as "cotton".

For finished textile products made from two or more fibres, the fibre contents should be itemized and followed by their percentage of the total product (i.e., "cotton 80%, polyester 15%, nylon 5%"). For finished textile products with two or more distinct textile components (i.e., a jacket with a separate lining), textile labelling should be made separately for each component.

The types and names of textile fibres that can be used are limited to the list in Annex I of the Textiles Regulation on textile names and related labelling. If the textile product contains a textile fibre that is not among those listed in the Textiles Regulation, it is possible to apply for a new fibre type to be added. Currently, there is debate around how to differentiate recycled fibers from virgin fibers and how to streamline the process for registering new names in light of emerging technologies.

Cotton

Types and

names of fibres

The term "cotton" may be used only to describe the fibre obtained from the bolls of the cotton plant (Gossypium). The term "cotton linen union" may be used only for products having a pure cotton warp and a pure flax weft, in which the percentage of flax accounts for not less than 40% of the total weight of the fabric. This name must be accompanied by the composition specification "pure cotton warp - pure flax weft".

#### Wool

- Has not previously been part of a finished product;
- Has not been subjected to any spinning and/or felting processes (other than those required in the manufacture of the product); and
- Has not been damaged by treatment or use.

The terms "virgin wool" or "fleece wool" may be used to describe wool contained in products that are made from a mixture of texture fibres. In such cases, the wool fibre must:

- Not have been previously incorporated in a finished product;
- Not be damaged by treatment; and
- Account for at least 25% of the total weight of the mixture.

## 7. Compliance recommendations for companies in-scope

Companies in-scope should ensure that textile products that are made available on the EU market are labelled in accordance with the requirements of the Textiles Regulation. The composition of a textile product should be determined through robust testing and inspection, as the information provided on the labels must be accurate.

Note that wash care labels, country of origin, size label, and manufacturer identification are not specifically required by the Textiles Regulation. Having said that, it is strongly recommended to include this information as certain EU countries may require such information, or they might be covered by other legislations or industry standards.

# 8. Potential implications for suppliers

The Textiles Regulation is focused on protecting consumers from misrepresentation in the labelling of textiles products, rather than addressing the environmental and human rights impacts of textile products or production processes. As such, it is not highly relevant to the scope of suppliers' sustainability obligations.

That being said, suppliers to companies in-scope should expect to receive requests for specific labeling and information relating to the purity and types of fibres used. These disclosures will likely be subject to independent verification and brands in-scope may seek assurances from suppliers relating to the accuracy of the information provided.

## 9. Penalties for non-compliance

## 10. Form of enforcement

The ECHA has no enforcement responsibilities; therefore, enforcement of REACH regulations is a national responsibility. Each EU country must put in place an official system of controls and adopt legislation specifying penalties for noncompliance with the provisions of REACH.

Not applicable.

11. Reporting/ disclosure requirements for companies in-scope Importers or downstream users that place products falling within certain excluded uses/sectors shall be subject to reporting requirements. They will be required to send the identity of the polymer(s) used, a description of the use of the microplastic, the quantity of microplastics used in the previous year, and the quantity of microplastics released to the environment (either estimated or measured in the previous year) to the ECHA. The proposed reporting requirement is expected to help ensure that significant emissions are not occurring from the excluded uses/sectors.



## 12. Access to remedy mechanisms and litigation risk

Not applicable.

## 13. Opportunity to participate and engage in legislative developments

New initiatives may be launched by the time of the proposal submission set on for the first quarter of 2025.

## 14. Useful resources to support compliance

YourEurope, <u>Textile Label</u>

EURlex, <u>REGULATION (EU) No 1007/2011 OF THE EUROPEAN PARLIAMENT AND OF</u> <u>THE COUNCIL of 27 September 2011 on textile fibre names and related labelling and</u> <u>marking of the fibre composition of textile products and repealing Council Directive 73/44/</u> <u>EEC and Directives 96/73/EC and 2008/121/EC of the European Parliament and of the</u> <u>Council</u> Discover Other Factsheets from An Apparel Supplier's Guide 2.0

