

# Green is the New It Colour

What's on the horizon for textiles and fashion

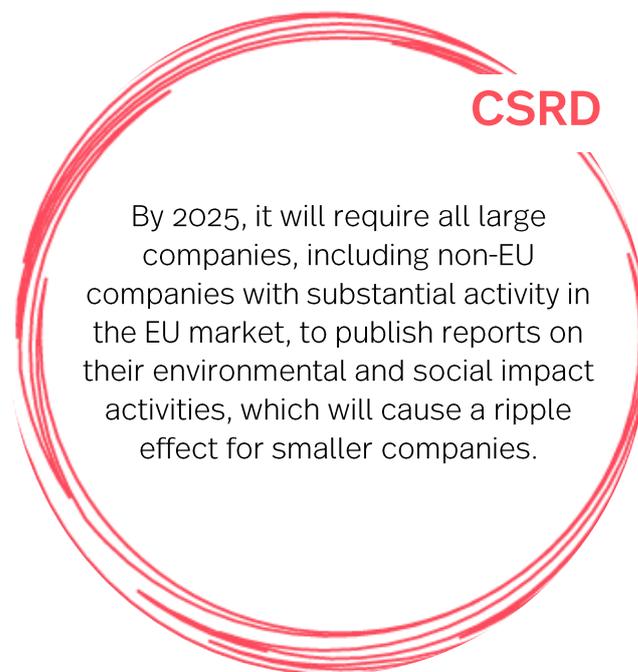


13 March 2022

ESG issues are increasingly becoming interwoven with the textiles and fashion industry due to growing policy, regulation and public scrutiny. The EU in particular, aims to reform the industry to be better aligned with its sustainability ambitions.

## Regulatory environment

An example of a noteworthy piece of EU regulation relevant to the fashion industry is the [Corporate Sustainability Reporting Directive](#) (“CSRD”), which came into force recently.



Beyond CSRD, there are other applicable ESG related regulations, both in force and proposed, that impact this sector. Against this backdrop, fashion and textiles companies' supply chains are increasingly being drawn into the spotlight as they become subject to scrutiny by customers, partners, the media, regulators and pressure groups.

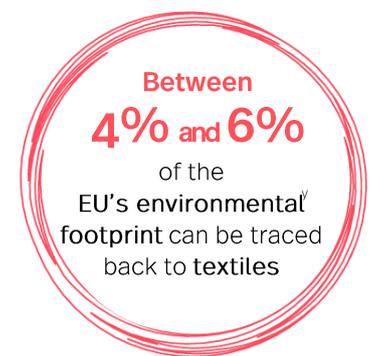


## Circular economy

Much of the EU's impetus for change derives from a desire to accelerate the transition away from 'take, make and waste', i.e. from a linear consumption model to a circular economy. The circular economy model aims to benefit society and the environment by keeping materials in use for longer. The proposed goal is that by reusing, repairing, recycling and refurbishing existing materials, economic growth can still be achieved but with far less resource consumption.

Following on from the European Commission's 2021 report "[Circular Economy Perspectives in the EU Textile sector](#)", the European Commission presented an "EU strategy for sustainable and circular textiles" in [March 2022](#), which forms part of its overall [Strategy for Textiles](#). The European Commission's ultimate goal is to create a new sustainable product framework that includes:

- 🌀 ensuring that textile products are fit for circularity;
- 🌀 ensuring the uptake of secondary raw materials (i.e. recycled materials);
- 🌀 tackling the presence of hazardous chemicals;
- 🌀 and empowering business and private consumers to choose sustainable textiles and get easy access to reuse and repair services



Source: JRC report: *Circular economy perspectives in the EU Textile sector*, June 2021

The EU's strategy requires companies to report on their textile waste and recycling but as with many EU regulations, there is no standardised disclosure across the region as individual countries may adopt varying standards for their local market. For example, one country's requirements may not need a report on the recycling of a handbag or shoes (or lack thereof) if their reporting framework used the definition of textiles from the [EU Textile Regulation](#) (being all products containing at least 80% by weight of textile fibres), whereas other jurisdictions may take a more inclusive approach and include such items.

### As it stands, individual countries have implemented their own laws.

Most notably, France has introduced a new law ([Décret n° 2022-748](#)) requiring companies to inform consumers about the environmental characteristics of waste-generating products. It will require apparel and footwear products (with some exceptions) to include a label disclosing:

- 🌀 the recycled material content (i.e. contains X% recycled materials);
- 🌀 the product's recyclability;
- 🌀 whether there are any harmful substances (of which the EU has [currently listed](#) 233);
- 🌀 information on microplastic shedding if the product is more than 50% synthetic fibres by weight; and
- 🌀 traceability information to disclose the location of manufacturing steps for garments (being weaving, dyeing or printing and confectioning) and shoes (being stitching, lasting and finishing).

## Impact on companies

The Décret n° 2022-748 will result in companies having to take increased ownership of their supply chains to understand, for instance, how far their raw materials have travelled and what overseas factories have been used.

It will also likely feed into the EU's own plans to introduce Digital Product Passports through the proposed Ecodesign for Sustainable Products Regulation (ESPR), for which the EU is currently seeking views in a [public consultation](#) which closes on 25 April 2023. Many companies will already be aware of the [EU's 2008 Waste Framework Directive](#), which was amended in 2018 to introduce new targets for EU countries for re-use and recycling of waste. The first of these new targets requires the re-use and recycling of municipal waste to account for 55% of municipal waste by 2025. These targets will increase by 5% every 5 years, to 65% by 2035. It will also require EU countries to establish systems for collection of textile waste by 2025 so that the amount of recycled textile waste can be calculated.

### ESPR



The draft ESPR aims to make products sold in the EU, including end-use products like textiles, furniture, toys, as well as intermediary products like plastics, subject to performance and information-related requirements, to ensure greater sustainability. It includes a framework for setting ecodesign requirements based on multiple criteria including durability, circularity, use of substances of concern, energy efficiency and carbon footprint.

## Case studies

Tracking and displaying a product's characteristics is a requirement that fashion companies should take seriously, given the recent focus on supply chains.

Indeed, ClientEarth, the environmental law charity, filed a case in January 2023 against Danone in France which aims to force the company to disclose more information on its plastics use and to reduce plastic pollution across its supply chain. The claim is brought under a French law requirement ([Corporate Duty of Vigilance Law](#), 2017) for businesses headquartered in France to publish certain annual plans relating to the environmental and social risks and impacts from their operations, suppliers and subcontractors. ClientEarth are one of a number of groups who use the existing legal framework to challenge governments' and businesses' actions on climate change. Danone are unlikely to be the last ClientEarth target and indeed were [one of nine companies put "on notice"](#) by the charity to either improve the impact of plastic across their value chains or face challenge under the Corporate Duty of Vigilance law.

The UK fashion industry has seen similar scrutiny, with a [factory producing Tesco's F&F jeans](#) being investigated in Thailand following an expose by the Guardian for forced labour and the recent (unsuccessful) claim by the [World Uyghur Congress in the High Court](#) relating to cotton products manufactured by forced labour.

In addition, the Competition Markets Authority ("CMA"), the UK's competition regulator, [announced in July 2022](#) that it was investigating ASOS, Boohoo and Asda (and its brand, George) for fashion 'green' claims and whether they had misled consumers. This investigation is part of the CMA's wider [misleading green claims project](#) which was [recently expanded](#) to include Fast Moving Consumer Goods.

Some fashion companies have been proactive in this space. For example, fashion retailer Mango has become the first Spanish fashion company to have disclosed the full list of its international suppliers (including tier 3 suppliers). Mango reported reporting working with 2,440 factories across 33 countries last year.

# Contact us

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