



**FAIR &
SUSTAINABLE
TEXTILES**

EUROPEAN CIVIL SOCIETY STRATEGY

European Strategy for Sustainable Textile, Garments, Leather and Footwear

This is a non-official (or “shadow”) proposal for an ambitious and integrated EU strategy in support of fair and sustainable textile, garments, leather and footwear (TGLF) value chains. This document is a collaborative effort of a coalition of a diverse set of civil society organisations.

We urge the European Commission, members of the European Parliament, governments of EU Member States in the Council and other stakeholders to work towards such a strategy.¹

Introduction

1. The Textile, Garment, Leather and Footwear sector (TGLF) is among the largest sectors in the world economy in monetary and employment terms, and it continues to grow. It employs millions of people world-wide, the majority of them women. As such, it sustains many livelihoods and creates major opportunities for economic development. At the same time, social and environmental abuses are rampant.
2. The TGLF sector is typically characterised by poor working conditions and workers' rights violations. Particularly in low-income production countries, workers suffer from low wages, long working hours, and limitations to freedom of association and collective bargaining; while both workers and farmers of associated agricultural fibre crops like cotton are at the end of the long complex value chains, obtain very low incomes, and work under conditions of high dependency and with little power or influence. Furthermore, when violations do occur, workers face numerous barriers to access or receive remediation for such harms.

¹ The proposed TGLF strategy is based on research looking into policy options to promote sustainable textile value chains, and draws heavily from ECDPM Discussion Paper 264 titled 'Sewing the pieces together: Towards an EU strategy for fair and sustainable textiles' <https://www.ecdpm.org/dp264>

3. One of the alleged root causes is the marked power asymmetries between suppliers and global buyers. The TGLF value chain has become increasingly buyer-driven over the years, which has led to low prices, increased time pressure, and poor payment terms.² These conditions fuel and exacerbate the risk of labour rights abuses in TGLF producing factories. The fact that the TGLF value chains are fragmented and multi-layered, lack transparency, and are geographically dispersed, often in countries with fragile institutions and widespread corruption, makes it difficult to tackle these challenges. Lengthy global supply chains and lack of vertical integration (outsourcing of multiple production steps) make transparency and accountability for environmental, social, human rights and governance requirements increasingly complex, facilitate production at the lowest standards globally and increase the impacts of transport

4. In parallel, with more clothing being produced, consumed, and thrown away than ever before,³ there is a growing concern about the current linear (take-make-dispose) textile industry and the resulting immense pressure on our environment, and the climate.

These pressures include:

- Pollution from hazardous chemicals used in production (in particular in wet processes such as dyeing and finishing). The textile industry depends on the use of a large amount of chemicals: around 1,900 chemicals are known to be used in textiles manufacturing, 165 of these are hazardous according to EU regulations.⁴

- Resource depletion and biodiversity loss (due to unsustainable material and water use). All types of fibre are resource intensive. Natural materials such as cotton or wool require a lot of land and water, while synthetic fibres/yarns are mainly fossil-based and lead to microplastic pollution.⁵

² A background analysis on transparency and traceability in the garment value chain. DAI. 2016
https://ec.europa.eu/europeaid/background-analysis-transparency-and-traceability-garment-value-chain_en

³ Between 2000 and 2015, fast fashion has fuelled an unprecedented growth in global clothing production from 50 bn units to 100 bn units (EMF, 2017). Each EU citizen consumes 26 kg of textiles per year on average. More than 50% of 'fast fashion' produced is disposed of in less than a year (EMF, 2017). The sale of new garments is expected to more than double by 2030, given the current trends in the "fast fashion" industry.

⁴ <https://www.kemi.se/global/rapporter/2013/rapport-3-13-textiles.pdf>

⁵ Environmental pollution occurs due to the release of plastic microfibres from synthetic clothes through manufacturing, washing, and wearing. On average, 9 million microfibres are shed in a full 5kg washing load. Source: Evaluation of microplastic release caused by textile washing processes of synthetic fabrics*Francesca De Falco et al., 2017, Environmental pollution.

- Greenhouse gas emissions. The textile value chain is responsible for a significant amount of EU households' primary raw material consumption, and research suggests that apparel and footwear production emits more GHG emissions than international flights and shipping combined.⁶
- About 5.6 million tonnes of textile waste were generated in the EU in 2013,⁷ and current textile collection rates (for re-use or recycling) in the EU are estimated to be as low as 20-25%, though large differences between Member States exist.⁸ On average, textiles collected in Europe have a local re-use potential of 5-15% and a further international re-use potential of at least 30-40%. Another 30-40% is destined for low-quality recycling (downcycling)⁹ and 10-15% must be disposed of (incinerated or landfilled) at the cost of collectors.¹⁰ High-quality textile-to-textile recycling is virtually non-existent. Only 1%¹¹ of materials used in TGLF production are recycled. The global textile and clothing industry is presently responsible for 92 million tons of waste annually.¹²

Therefore, an absolute reduction of global textile production and consumption is needed to significantly reduce the overall environmental footprint of the sector, while ensuring that enhanced sustainability standards for TGLF products will contribute to a just transition that ensures the fair distribution of prosperity value across the value chain.

5. The EU plays a key role as producer,¹³ investor, buyer/importer, retailer and consumer in TGLF value chains and therefore has considerable leverage to address these challenges. At the same time, due to mounting public pressure, companies and governments are forced to acknowledge their responsibility and take action to address the negative social and environmental impacts of the TGLF industry. Economic actors, such as investors, importers, brands and retailers, can and must

⁶ A new Textiles Economy: Redesigning Fashion's Future. Ellen MacArthur Foundation. 2017 <https://www.ellenmacarthurfoundation.org/assets/downloads/A-New-Textiles-Economy.pdf> and <https://quantis-intl.com/report/measuring-fashion-report/>

⁷ EEA, 2019.

⁸ See, among others: <http://www.ecap.eu.com>

⁹ Recycling of textiles is often a matter of downcycling where the recycled material is of lower quality and functionality than the original material. Challenges include the complex combinations of materials in garments and the presence of hazardous 'legacy' substances, such as flame-retardants in carpets that were allowed at the time of production but are (soon to be) subject of restrictions at the time of recycling (SWD, 2019).

¹⁰ See: RREUSE (2019) Vision for a New Fashion Season: Social and Circular.

¹¹ A new Textiles Economy: Redesigning Fashion's Future. Ellen MacArthur Foundation. 2017 <https://www.ellenmacarthurfoundation.org/assets/downloads/A-New-Textiles-Economy.pdf>

¹² Pulse of the Fashion Industry. Global Fashion Agenda and The Boston Consulting Group. 2017 http://globalfashionagenda.com/wp-content/uploads/2017/05/Pulse-of-the-Fashion-Industry_2017.pdf

¹³ The EU is a major producer of textiles. The European textile and clothing industry employs 1.5 million people and generates a turnover of EUR 149 billion. EU exports to the rest of the world represent more than 30% of the world market. The EU is also one of the world's largest carpet producers. Overall, around 65% of EU demand for carpets is fulfilled by EU-based manufacturing, creating jobs in the EU (COM, 2019).

drive sustainable change, while the public sector plays a fundamental role to ensure that the right regulatory framework is in place, along with incentives to promote sustainable practices.

6. In this context, several (trans)national initiatives have emerged over the past years in the EU.¹⁴ This includes national regulatory measures, such as the French law on the Duty of Vigilance, the UK Modern Slavery Act and the most recent Child Labour Due Diligence law in the Netherlands, as well as multi-stakeholder agreements including the Dutch Agreement on Sustainable Garments and Textile, and the German Partnership for Sustainable Textiles. At the EU level, there are various policies in place to promote sustainable practices. These range from non-TGLF specific regulations, such as the Non-Financial Reporting Directive, the EU Waste Framework Directive, or the GSP Regulation, to voluntary tools such as, the EU Ecolabel and Green Public Procurement.¹⁵ Furthermore, the Commission has developed an EU response towards more sustainable garment value chains in the field of development cooperation.
7. Building on these initiatives, there is scope to further exploit synergies between different policy areas, scale up national approaches and explore new policy instruments to create a smart mix of targeted policies in support of sustainable TGLF value chains. This strategy therefore presents a coherent and ambitious EU-wide approach to support sustainable¹⁶ TGLF value chains, as called for by the European Parliament.¹⁷ This TGLF Strategy will contribute to the Sustainable Development Goals by 2030, in particular Goal 12 of ensuring sustainable consumption and production. Moreover, it will be an important contribution to the European Green Deal, while encompassing environmental and social and governance dimensions.¹⁸
8. The TGLF Strategy focuses on a number of priorities, including due diligence regulation, policy measures related to EU market access for sustainable TGLF, product policies, approaches for development cooperation, and EU-level multi-stakeholder initiatives. It proposes a set of measures at the EU level that address different stages of the value chain - from production to consumption, waste

¹⁴ "Environmentally friendly processing technologies aimed at inter alia better recycling of textiles have been developed under the EU funding schemes. The Partnership for Sustainable Textiles, the EU funded SwitchAsia programme and several initiatives by different clothing brands contribute in various ways. The Mistra future fashion program aims to close loops in clothes production. While most initiatives are focused on clothing, EU producers have also invested in more sustainable approaches in the field of carpets." (SWD, 2019).

¹⁵ Although these tools are of voluntary use, the conditions to use them are defined by Regulation (EC) No 66/2010; and Directives 2014/24/EU and 2014/25/EU respectively.

¹⁶ Sustainable in this context means 'a holistic approach to the design, production, sale, consumption and use of garments, textiles and footwear that conserves and restores ecosystems whilst respecting and protecting the human rights of people across the value chain and enabling equitable development of communities.'

¹⁷ European Parliament resolution of 27 April 2017 on the EU flagship initiative on the garment sector. (2016/2140(INI)). http://www.europarl.europa.eu/doceo/document/TA-8-2017-0196_EN.pdf

¹⁸ While the circular economy action plan will guide the transition of all sectors, action will focus in particular on resource-intensive sectors such as textiles, construction, electronics and plastics

prevention, collection, re-use, repair and recycling. Based on a strong commitment towards Policy Coherence for Sustainable Development (PCSD), the strategy promotes integrated and coordinated policy measures and processes. This strategy includes policies that have potential for strong leverage, scalability, and synergies with other instruments. It covers both regulatory and voluntary instruments. The actions proposed will be subject to appropriate consultation and impact assessment.

Due diligence legislation

9. TGLF value chains are characterised by social and environmental risks that affect not just the companies themselves, but also stakeholders along the value chain including farmers, producers and workers. In this light, the United Nations Guiding Principles on Business and Human Rights, adopted in 2011, state that companies have a responsibility to respect human rights, including through 'Human Rights Due Diligence'. This refers to measures that companies take to identify, prevent, mitigate, and account for the negative human rights impacts of their activities or those linked to their business relationships along their value chain. Increasingly, it is understood that human rights due diligence should cover social and environmental risks, as well as corruption.¹⁹
10. In recent years several EU Member States have adopted or are considering legislation that embeds elements of human rights due diligence into law. The United Kingdom adopted the Modern Slavery Act in 2015, which includes a clause for transparency in supply chains that requires companies to issue statements on the risks of modern slavery and human trafficking in their supply chains and their actions to address those risks.²⁰ As such, it is restricted to reporting on due diligence and to a single risk, namely modern slavery. France adopted the Duty of Vigilance Act in 2017, which imposes the publication and implementation of a human rights due diligence plan.²¹ In May 2019, a Child Labour Due Diligence Act²² was adopted in the Netherlands that requires companies to submit a statement on their identification of child labour-related risks throughout their supply chain and - in cases where child labour is presumed to take place - the company has to develop an action plan.
11. Certain mandatory requirements related to due diligence have also been put in place at the EU level. The EU Non-Financial Reporting Directive, adopted in 2014, requires large public interest companies to report on non-financial matters, including

¹⁹ OECD Due Diligence Guidance for Responsible Business Conduct. See: <https://mneguidelines.oecd.org/OECD-Due-Diligence-Guidance-for-Responsible-Business-Conduct.pdf>

²⁰ See <http://www.legislation.gov.uk/ukpga/2015/30/contents/enacted>

²¹ See <https://www.legifrance.gouv.fr/affichTexte.do?cidTexte=JORFTEXT000034290626&categorieLien=id>

²² Frequently Asked Questions about the new Dutch Child Labour Due Diligence Law. Updated: 3 June 2019. Retrieved on 15 November from: <https://www.mvoplatform.nl/en/frequently-asked-questions-about-the-new-dutch-child-labour-due-diligence-law/>

its principal risks and due diligence processes.²³ This is transposed into national legislation which requires companies to report on this annually since 2018. As in the case of the UK Modern Slavery Act, it is restricted to reporting and does not require risk mitigation measures. The EU Timber Regulation (EUTR), that entered into force in 2013, prohibits placing illegal timber on the EU market, and requires timber operators first placing timber products on the EU market to have in place a due diligence mechanism to minimise the risk of handling illegal timber.²⁴ The EU Conflict Minerals Regulation, adopted in 2017, determines that enterprises importing tin, tantalum, tungsten and gold (3TG) into the EU from conflict-affected and high-risk areas will be required as of 2021 to exercise due diligence in their supply chains.²⁵

12. There is a need to further harmonise policies at EU level, to level the playing field across Europe and rationalise requirements for companies operating in two or more EU Member States. This requires due diligence legislation that goes beyond reporting and beyond timber and minerals, to cover other high-risk sectors, including textile, garments, leather and footwear.

13. Therefore, the EU will put in place horizontal due diligence legislation that applies across sectors, with specific requirements for certain high-risk sectors, including TGLF. An EU level legal standard of Human Rights Due Diligence would provide business benefits, a level playing field, legal certainty and a common standard. It would further add significantly to the leverage companies have within the supply chains. The legislation will be aligned with the OECD general and sector-specific due diligence guidance for responsible business conduct, including the guidance for the garment and footwear sector. Lessons from existing due diligence-related legislation, particularly at Member State and EU level, will be taken into account. Existing or proposed national legislation that is shown to meet the requirements of the European regulation will be acknowledged. Initial studies have also demonstrated that such a standard would add costs to business, but that the additional cost overall would still be low.²⁶

14. All companies operating in the EU will be covered by the legislation. This is in line with the UN Guiding Principles on Business and Human Rights that state that the

²³ Directive 2013/34/EU of 20 October 2010 as regards disclosure of non-financial and diversity information by certain large undertakings and groups: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014L0095&from=EN>

²⁴ Regulation (EU) No 995/2010 of 20 October 2010 laying down the obligations of operators who place timber and timber products on the market <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32010R0995&from=EN>

²⁵ Regulation (EU) 2017/821 of 17 May 2017 laying down value chain due diligence obligations for Union importers of tin, tantalum and tungsten, their ores, and gold originating from conflict-affected and high-risk areas <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32017R0821&qid=1573821533325&from=EN>

²⁶ See: Study on due diligence requirements through the supply chain; Part I, Synthesis report. British Institute of International and Comparative Law, Civic Consulting, Directorate-General for Justice and Consumers (European Commission), LSE. <https://op.europa.eu/en/publication-detail/-/publication/291b84d3-4c82-11ea-b8b7-01aa75ed71a1/language-en>

responsibility to respect human rights applies fully and equally to all companies, not large companies only. At the same time, also in line with the Guiding Principles, the legislation will recognise that the means through which a company meets its responsibility can be proportional to its size, as well as the nature and context of its operations and the risk of severe human rights impacts. In a similar vein, the Commission will explore the need for tailored support mechanisms for companies, with particular attention for SMEs covered by the legislation, to develop their capacities to meet the legal due diligence requirements and to ensure that it does not impose a disproportionate burden on SMEs.

15. Companies will be expected to embed due diligence into policies and management systems, to develop and implement a due diligence plan and to publish annual implementation reports.²⁷ A basic set of clear mandatory reporting criteria will be defined. This will include showing that companies have identified and assessed the risk,²⁸ and designed and implemented a prevention and mitigation strategy. Companies will be required to provide information on measures that they have taken, as well as an assessment of their effectiveness, in a similar way to the Duty of Vigilance Act in France. Additionally, disclosure of all production, processing and manufacturing sites will be mandatory for companies. Increasingly, enterprises in the textile sector are choosing to voluntarily disclose a list of their (mostly direct but in some cases also other tier) suppliers,²⁹ which shows that such disclosure of production locations is possible from a competitive perspective. In order to enhance the benefits that the due diligence process delivers for workers upstream, the Commission will ensure participation of workers and their representatives in its design and implementation.

16. The UN Guiding Principles on Business and Human Rights require companies to conduct due diligence on their own activities and on their suppliers across their value chain. The due diligence legislation will reflect that companies' responsibility goes beyond their own activities, similar to the Duty of Vigilance Act, which covers social and environmental risks from own activities of the company or companies under their control, or from the activities of their subcontractors and suppliers with whom they have an established business relationship.³⁰ The Commission, in consultation with EU Member States, the European Parliament, and other stakeholders, will explore how far the legislation can go up the value chain, keeping in mind the severity and salience of risk(s).

²⁷ The UN Guiding Principles Reporting Framework could serve as the common reporting template. <https://www.ungpreporting.org/>

²⁸ Throughout this Strategy, "risk" refers to the risk of harm to individuals, other organisations and communities in relation to human rights, labour rights, the environment and corruption. This Strategy does not focus on risks to the business itself.

²⁹ See more about Transparency Pledge here: <https://transparencypledge.org/>

³⁰ The concept of established business relationship covers all types of relations between professionals, defined as stable, regular relationships, with or without contract, with a certain volume of business, creating a reasonable expectation that such relation will last.

17. The due diligence plan and reports shall be approved by the board of directors, and signed by a director or equivalent, as in the case of the UK Modern Slavery Act, among others. Companies will be required to publish the documents on their company website. Furthermore, a central open access registry of all reports will be created. Companies will be asked to upload their reports to the registry before a single annual reporting deadline. The central registry and the reporting deadline are considered important to facilitate EU Member States, civil society organisations and others to examine compliance and turn these reports into useful sources of information.
18. A key area for TGLF, and other high-risk sectors, is purchasing practices. Unfair purchasing practices are considered by many a root cause of human rights violations. Low purchase prices and short time frames for manufacturing products, for example, may undercut factories' ability to ensure decent working conditions and increase the risk of human rights violations. Notwithstanding the implementation of the specific measures to tackle unfair trading practices foreseen in this strategy, the European Commission will cover the issue of purchasing practices as part of the due diligence legislation, at least in the TGLF-specific component of the legislation. In particular, when planning and exercising human rights due diligence, the companies will be required to consider how their own purchasing practices, including pricing, may obstruct suppliers' capacity to respect human rights.
19. Responsibility to monitor compliance will be delegated to competent authorities at national level, nominated by the Member States. Member States will explore the role that the National Human Rights Institution can play to support this function. They commit to ensure that their competent authority will be well equipped to monitor compliance, while striking a sound balance between meaningful proactive monitoring and manageability of monitoring costs. The legislation will stipulate that competent authorities will charge dissuasive administrative fines in case of non-compliance, notwithstanding the possibility of recourse to other penalties or reparations as well as other enforcement mechanisms, to ensure compliance, as done in the Child Labour Due Diligence Act in the Netherlands. In the legislative process, the feasibility and desirability of defining a set of harmonised fines across EU Member States will be explored, as this can contribute to a level playing field and provide clarity for companies on what they can expect, irrespective of which EU Member State they operate in.
20. The legislation will provide space for non-state actors to flag substantiated concerns of non-compliance. In this spirit, the legislation will include at a minimum, a provision for civil liability, as is the case of the Duty of Vigilance in France, and potentially criminal liability. Access to justice and grievance mechanisms for victims is a core component of the UNGP and will also be crucial in order to build implementation of Pillar 3 of the UNGP on "Access to Remedy". Such mechanisms can be both non-judicial and judicial.

Product Policy: Sustainable Textiles in a Circular Economy

Current Policy Framework

21. The Commission has already put in place cross-sectoral policy instruments that cover the TGLF value chain. REACH Regulation (Registration, Evaluation, and Authorisation of Chemicals) sets requirements for chemicals present in all products, including textiles, and there are best available techniques (BATs) set for the textile industry (currently under review) under the Industrial Emissions Directive (IED). Given that these instruments are not specifically designed for the TGLF value chain, they require some complementary specific measures to adequately address all the transboundary environmental risks associated with this sector. In particular, the Commission will go beyond only testing hazardous chemicals within products - as some hazardous chemicals could be used (and released) in the value chain but not end up in the final product.
22. EU Textile Regulation sets requirements for information about fibre composition in labels on textile products, but currently does not provide information on a product's environmental impact. The 2018 revision of the Waste Framework Directive introduced an obligation for separate collection of textiles by 2025. Additionally, the voluntary EU Ecolabel scheme covers a wide range of product groups, including textile products, by providing certification to producers who meet certain environmental criteria. Public Authorities can also play a role in fostering sustainable and fair consumption patterns, and EU Green Public Procurement criteria help public authorities to include sustainability requirements in their tenders. Furthermore, current VAT rules allow for reduced rate for repair of footwear and clothes.
23. The Commission believes there is a large potential for circular economy action in the textile sector,³¹ and that to foster it there is a need to set up ambitious targets for waste prevention, reduction and re-use. The Commission will specify minimum requirements for circular design/sustainable performance of textiles, as well as requirements for producer responsibility schemes at EU level and value chain requirements for manufacture outside of the EU.

An integrated product policy to reform the textiles sector

24. A sectoral plan for textiles in the Circular Economy Action Plan has been identified as a priority in the European Green Deal, which also sets out the Commission's zero pollution ambition for a toxic-free environment.

³¹ See: https://ec.europa.eu/environment/circular-economy/pdf/sustainable_products_circular_economy.pdf

25. This EU-wide sectoral plan for a circular economy for TGLF, and follow-up actions will take an integrated product policy approach addressing all environmental aspects throughout the product lifecycle and value chain. The Commission's actions to foster a circular economy for textiles will be based on the principles of: sustainable production and consumption (minimal use of virgin non-renewable resources, zero use and discharge of hazardous chemicals throughout the entire value chain, extending the life of TGLF products, and preserving the health of workers, farmers and their communities); ensuring citizens have access to better designed and higher quality TGLF products so that using and reusing textile products for as long as possible is accessible; and circularity (increased high-quality, 'clean'³² textile-to-textile remanufacturing and recycling through an integrated and transparent value chain approach).
26. An integrated product policy means designing a reinforced and more transformative policy framework that not only builds on existing instruments but also incorporates new and stronger regulations, market instruments and standards, information campaigns, and support to innovative sustainable solutions. Ultimately, this will fundamentally overhaul the linear nature of the textiles industry, resulting in fewer resources consumed, no hazardous substances used, less waste and pollution, more decent jobs in repair, recycling and servicing sectors, and economic benefits for society as a whole.
27. To drive this transition to a sustainable textile sector in a circular economy, the Commission will formulate quantitative targets for material footprint reduction and waste prevention,³³ complemented by targets for preparation for re-use and recycling.

Minimum requirements for TGLF

28. Product design is of crucial importance as it determines the environmental performance and impacts of a product throughout its entire life cycle. It is estimated that extending the life of clothes by an extra nine months of active use would reduce the carbon, water, and waste footprints by around 20-30% and cut the cost in resources used to supply, launder and dispose of clothing by 20%.³⁴
29. Circular design can make products more durable, easier to repair, remanufacture and recycle. EU legislation can significantly stimulate circular design (and material-efficiency), as is already happening for energy-related products through the

³² i.e. reducing and eventually eliminating the use of and contamination with hazardous chemicals

³³ <https://eeb.org/library/a-circular-economy-within-ecological-limits/>

³⁴ WRAP (2016) Textiles Market Situation Report - See https://www.wrap.org.uk/sites/files/wrap/Textiles_Market_Situation_Report_2016.pdf

Ecodesign Directive.³⁵ The European Parliament and the Council already expressed their wish to apply Ecodesign-style requirements to the textile sector.³⁶

30. Therefore, the Commission will establish an integrated product policy framework for textile products, based on lessons learned under the Ecodesign Directive. Producers will have to meet legally-binding minimum requirements for design in order to have access to the EU market. The requirements will address the prevention and traceability (i.e. disclosure) of the use of hazardous chemicals,³⁷ in particular in the absence of domestic precautionary chemical evaluation and restriction regulations equivalent to REACH in countries of manufacturing origin; as well as material-efficiency aspects: durability, repairability and reusability, recyclability (for example very restricted numbers and types of material mixes) and recycled content. The Commission will seek to ensure that the minimum requirements not only eliminate the worst performing products from the market, but that these requirements are benchmarked against best practice and the requirements set for chemical and environmental risks under the EU's Ecolabel. The requirements will be defined following an open, transparent and science based process.

31. To inform the chemical requirements, the Commission will carry out an assessment of the hazardous substances (on their own or in mixtures) most commonly used in the manufacturing value chain (inside and outside the EU), beyond the REACH SVHC list. The Commission will make use of best practice Manufacturing Restricted Substances Lists available via industry initiatives and certifications,³⁸ with particular attention put on addressing chemicals on a group basis where possible, and inclusion of Persistent Mobile and Toxic Chemicals.³⁹ The Commission acknowledges the role voluntary initiatives and certification can play in informing best practice but emphasises that they cannot, and should not, replace governmental and international regulations.

³⁵ The Ecodesign Directive currently sets legally-binding/mandatory minimum requirements for energy-related products on the EU market. Until recently, these requirements have mainly focused on energy-efficiency, but material-efficiency aspects are gradually taken more into account

³⁶ European Parliament resolution of 31 May 2018 on the implementation of the Ecodesign Directive (2009/125/EC) (2017/2087(INI)) http://www.europarl.europa.eu/doceo/document/TA-8-2018-0241_EN.pdf

³⁷ Until more comprehensive data on chemical ingredients in inputs is available, transparency of the use of hazardous chemicals will depend on testing and disclosure of testing results on finished products and untreated manufacturing discharges of the most chemically intensive processes, usually wet processes such as dyeing and printing. These requirements must therefore include testing and disclosure of commonly used hazardous substances on both finished articles products and untreated discharges of the most chemically intensive processes and must be set according to best practice sectoral initiatives (- see for example the waste water testing guidelines of the ZDHC program <https://www.roadmaptozero.com/output> and the value chain disclosure of these testing results via platforms such as <http://www.en.ipe.org.cn/MapBrand/Brand.html?q=6>. These requirements must be equal to or exceed the requirements set for chemical and environmental risks under the EU's Ecolabel.

³⁸ See for example: OEKO-TEX® DTZ MRSL https://www.oeko-tex.com/fileadmin/user_upload/Marketing_Materialien/DETOX_TO_ZERO/Guideline/DETOX_TO_ZERO_by_OEKO-TEX_Guideline_01.2020_EN.pdf and ZDHC MRSL <https://mrsl.roadmaptozero.com/>

³⁹ Persistent, Mobile and Toxic Chemicals are those described here: https://www.umweltbundesamt.de/sites/default/files/medien/1410/publikationen/2019-11-29_texte_126-2019_reach-pmt.pdf)

32. The Commission will ensure that manufacturing outside of the EU (of products placed on the EU market) is required to meet the same standards as manufacturing within the EU through import restrictions of hazardous chemicals (both SVHC and beyond). The Commission reiterates that products made from recycled materials should fulfil the same minimum, environmental requirements as products made from virgin materials.⁴⁰ Minimum requirements on products and recycled materials should be complemented by minimum requirements on social, human rights and governance
33. To ensure the effectiveness of circular design regulations for textiles, the Commission will support Member States with the market surveillance of the new regulations.⁴¹ The Commission will enhance closer cross-border cooperation among enforcement authorities, for example, through the establishment of a Union Product Compliance Network.⁴² Harmonised standards to test material-efficiency aspects of textiles products as well as improved monitoring and control at national level (e.g. in EU testing facilities) will be established.
34. When production takes place outside of the EU, the Commission may also approve a specific system of product-related pre-export control, carried out by a third country on products immediately prior to their export into the Union, in order to verify that products satisfy the requirements of the Union harmonisation legislation applicable to them.⁴³ A list of pre-agreed manufacturing sites may also be considered

Transparency & traceability

35. Transparency on social, environmental, human rights and governance aspects throughout the entire TGLF value chain is crucial. The Commission will promote practical tools (for use at international level) to improve transparency in the TGLF supply chain, including for producers, consumers, workers and civil society. All can benefit from such disclosure of supply-chain information that can be used to concretely prevent, mitigate or seek redress for human rights and environmental violations.

⁴⁰ Banned chemicals should not be allowed in recycled materials. Restrictions should be the same for new and recycled materials, otherwise consumers might lose trust in circular economy: <http://changingmarkets.org/wp-content/uploads/2018/10/SMALL-changing-markets-layout-EN.pdf>

⁴¹ To improve market surveillance there are already mechanisms under the REGULATION (EU) 2019/1020 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 20 June 2019 on market surveillance and compliance of products and amending Directive 2004/42/EC and Regulations (EC) No 765/2008 and (EU) No 305/2011.

⁴² Hosted by the Commission and aimed at structured coordination and cooperation between enforcement authorities of the Member States and the Commission, and at streamlining the practices of market surveillance within the Union.

⁴³ Commission may cooperate with and exchange market surveillance related information with regulatory authorities of third countries or international organisations within the framework of agreements concluded between the Union and third countries or international organisations.

36. Detailed information about upstream or downstream environmental impacts (such as chemical and material-efficiency aspects), and social impacts (such as standardised, meaningful information on all factories in the manufacturing phase of their supply chains)⁴⁴ should be available to all stakeholders in every step of the value chain.
37. While voluntary transparency and traceability initiatives and certification can play a role in driving more sustainable practices, they cannot, and should not, replace mandatory governmental and international regulations. To this end, the Commission will facilitate the development of a (cross-sectoral) mandate as well as an implementation system to support robust, credible and comparable public factory-level and product-level disclosure as a necessary condition to establish under what social, human rights, governance and environmental conditions the products were made, as well as their suitability for circularity. Access to this information system should be free, unlimited and according to established Open Data standards. Increased demand can boost the market for fair and sustainable textiles, but all actors must have access to reliable data and information upon which to base their purchasing decisions.
38. The Commission will select the TGLF sector as one of the sectors for which an electronic product passport is piloted.
39. Such a disclosure system will not only facilitate the tracing of hazardous chemicals used in the manufacturing value chain (inside and outside the EU), but also enable the enforcement of criteria essential to ensure circularity, prevent waste and climate impacts and enable social, human rights, governance oversight. It will notably allow the Commission to strengthen enforcement of the information requirement on Substances of Very High Concern (SVHCs) in articles.⁴⁵
40. The Commission aims to continue developing the Product Environmental Footprint (PEF) methodology for textiles and have a methodology ready in 2021 to help verify green claims by the textiles sector and possibly monitor and report the environmental profile of textiles placed on the EU market in an EU product information system.
41. The EU Textiles Regulation⁴⁶ makes labelling of textile products mandatory but the information is limited to fibre name and composition with washing instructions. The

⁴⁴ See: <https://transparencypledge.org/>

⁴⁵ including those set out in REACH article 33 and those identified in the assessment of the hazardous substances most commonly used in the manufacturing value chain (inside and outside the EU) (see para 35 above)

⁴⁶ Regulation (EU) No 1007/2011 of 27 September 2011 on textile fibre names and related labelling and marking of the fibre composition of textile products <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:02011R1007-20130701&from=EN>

Commission will explore options⁴⁷ that seek to enhance the label by linking it to an information system, allowing additional information to be provided on circularity aspects (durability and recycled content), chemicals, GHG emissions, and microplastics release potential, which would help consumers to make more informed choices and select the best performing products. The Commission will explore the possibility to include sustainability/circularity aspects in the Textiles Regulation, based on insights from the Energy Label (A to G scale) and its database.⁴⁸ The European Commission will extend the scope of the existing Expert Group on Textile Names and Labelling to involve all actors of the value chain to address the issues mentioned above.⁴⁹

42. Textile products can already carry the EU Ecolabel if they fulfil certain criteria.⁵⁰ The label identifies products that have a reduced environmental impact throughout their lifecycle, from design to use to recycling/disposal. The ambitious criteria of the EU Ecolabel help identify products and services that are among the 10-20% of the most environmentally-friendly in their product/service category on the European market.⁵¹ The Ecolabel criteria for textiles are considered to be comprehensive and reliable as they are verified by a national authority.⁵² However, the Ecolabel is voluntary and currently limited to 3,282 textile products.⁵³ The Commission is committed to improve the sustainability criteria (including stronger social criteria) and strengthen the spread of the EU Ecolabel for textiles e.g. by raising awareness around the label and more systematic monitoring of the uptake of the label.⁵⁴ Synergies between the EU Ecolabel and Green Public Procurement (GPP) may also be taken advantage of to generate demand for Ecolabel products.⁵⁵ The Ecolabel should always set the bar by being the top-performing label and a benchmark for other labels.

⁴⁷ A recent study by Eunomia looked into two types of label options for carpets which could also be extended to all types of textiles: mandatory product passport information for PROs and recyclers by 2022 – including the name and contact details for the manufacturer, year of manufacture, place of manufacture, full disclosure on the carpet composition (i.e. face fibres, primary and secondary backing/cushioning materials and construction, including adhesives etc.), and all chemical substances used; and/or mandatory Green Carpet Mark (GCM) labelling for consumers to be shown clearly at the point of sale and for consumers to take away. <https://www.eunomia.co.uk/reports-tools/policy-toolkit-for-carpet-circularity-in-eu-member-states/>

⁴⁸ The EU Energy Labelling Regulation establishes labelling requirements for energy-related products placed on the EU market, ranging from A (most efficient) to G (least efficient). The Energy Label helps consumers choose more energy-efficient products and pushes manufacturers to improve the energy-efficiency of their products.

⁴⁹ RREUSE (2019) Vision for a New Fashion Season: Social and Circular - See: <https://www.rreuse.org/vision-for-a-new-fashion-season-social-and-circular/>, Expert Group on Textile Names and Labelling, Led by DG GROW – See: <https://ec.europa.eu/transparency/regexpert/index.cfm?do=groupDetail.groupDetail&groupID=2773>

⁵⁰ Regulation (EC) No 66/2010 of 25 November 2009 on the EU Ecolabel <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32010R0066&from=EN>

⁵¹ For more information see <https://ec.europa.eu/environment/ecolabel/eu-ecolabel-for-businesses.html>

⁵² Consumer organisations and environmental NGOs response to the European Commission's consultation to support the evaluation of the Implementation of the EU Ecolabel Regulation (EC) 66/2010. EEB/BEUC/ANEC. 2017 <https://eeb.org/work-areas/resource-efficiency/eu-ecolabel/>

⁵³ See: <https://ec.europa.eu/environment/ecolabel/facts-and-figures.html>

⁵⁴ COM(2019) 190 final <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52019SC0090&from=EN>

⁵⁵ The municipality of Copenhagen has invited other public institutions to participate in their initiative to procure ecolabelled textiles and office supplies and so far, the response has been very encouraging:

Extended Producer Responsibility (EPR)

43. Waste prevention and closing the textiles loop are critical to achieving a circular economy and reducing the use of virgin materials and resources for production of new products. This requires that at end-of-life, discarded textiles are properly collected, reused or recycled, rather than sent to landfill or incinerated. Collecting and sorting the 6 million tonnes of clothing waste in Europe will create about 120,000 local jobs in this field.⁵⁶
44. The Waste Framework Directive already stipulates separate collection of textiles by January 2025. This requires significant improvement in the collection of textile waste in all Member States, which shows high variability in organisation and effectiveness. The Commission will develop guidelines to help improve the effectiveness of textile collection as well as local (preparation for) re-use and market opportunities to avoid the risk of piling up (mixed) textiles waste.
45. All producers should fund the end-of-life management of the products that they put on the market. Extended Producer Responsibility schemes (EPR) can be a useful instrument in this regard, provided they reflect the waste hierarchy and are based on a democratic governance also involving civil society actors and social enterprises. Although Member States are not obliged to set up an EPR for textiles, it can help raise resources for the collection, transport, sorting, re-use, treatment/recycling of products at end-of-life as well as for substitution towards safe chemicals. Some of the funds can also be used for awareness-raising campaigns and R&D projects. When combined with eco-modulation - producers pay an EPR fee which depends on the level of circular design⁵⁷ - and active support for (preparation for) re-use (e.g. lower VAT), EPR schemes can accelerate the transition to a circular economy.
46. So far only France has set up an EPR scheme for end-of-life clothing, linen and footwear. This means that companies placing textile products on the French market must ensure the proper collection, treatment and recycling of textile waste. Overall, the EPR system in France has contributed to an increase in used textiles diverted from landfills. Between 2009 and 2017 the collection rate for re-use and recycling

<https://eng.mst.dk/sustainability/sustainable-consumption-and-production/sustainable-procurement/partnership-for-green-public-procurement/>

⁵⁶ RREUSE (2016) Ethical principles for the clothing re-use sector – Available here: <http://www.rreuse.org/wp-content/uploads/2015-06-textiles-position-RREUSE.pdf>

⁵⁷ Higher fees for mixes of material and no information on hazardous chemicals, lower fees for cleaner, fewer or mono materials. Differentiated fees should ensure that reduced fees are awarded to items that are easily recyclable, do not consist of mixed materials and do not include harmful chemicals or are treated with such, because these chemicals can then get recycled in the loop. Re-use and durability (via a product warranty) and percentage of post-consumer recycled content can also be incentivised.

doubled from 18% to 36%.⁵⁸ However, full evaluation of the French EPR scheme is necessary before any recommendations can be drawn.

47. The Commission will support research to determine how EPR and eco-modulation work best in practice, how they can encourage transparency, and what are optimal levels of EPR fees to provide sufficient incentives for companies to improve the quality and durability of products and how to increase local re-use (as promoted in the roadmap on a new Circular Economy Action Plan)⁵⁹ facilitated by social enterprises. In addition to focusing on EPR for garments, textiles and footwear, and the Commission will also explore the possibility of EPR for carpets, mattresses, and other textiles.

Public Procurement

48. The public sector in the EU is an important buyer of textile products and has considerable purchasing power in the market. It is estimated that €8.6 billion was spent on public sector textile and workwear procurement across Europe in 2015.⁶⁰ Through public procurement, public institutions can express a demand for sustainable products and have significant leverage over the value chain to improve social and environmental conditions.
49. Green Public Procurement is a voluntary instrument that focuses on clear and verifiable environmental criteria for various products and services, including textiles.⁶¹ The Commission is to assess the effectiveness of the current GPP monitoring system.
50. In the European Green Deal Investment Plan, the Commission has committed to proposing minimum mandatory green criteria or targets for public procurements in sectoral initiatives, EU funding or product-specific legislation. Such minimum criteria will 'de facto' set a common definition of what a 'green purchase' is, allowing collection of comparable data from public buyers, and setting the basis for assessing the impact of green public procurements. Such "green purchases" will be aligned with a Human Rights Due Diligence process as outlined by the UNGPs. The Commission will select the TGLS sector for a pilot scheme for such mandatory green criteria and will consider expanding it to include human rights and decent work aspects.

⁵⁸ UK textiles EPR, Prepared by WRAP. 2018 http://www.wrap.org.uk/sites/files/wrap/UK_Textiles_EPR.pdf

⁵⁹ See <https://ec.europa.eu/info/law/better-regulation/initiatives/ares-2019-7907872>

⁶⁰ ECAP. European Textiles & Workwear Market. The role of Public Procurement in making textiles circular. Rijkswaterstaat. LIFE14 ENV/UK/00257. 2017 <http://www.ecap.eu.com/wp-content/uploads/2016/09/ECAP-Workwear-Report-Pt-1-def-final.pdf>

⁶¹ https://ec.europa.eu/commission/presscorner/detail/en/fs_20_48

51. The current Public Procurement Directive gives the Member States tools to include social criteria and reserve contracts to social organisations e.g. for textile collection service. However, in practice Members States need to be encouraged to implement these criteria into national laws.
52. The Commission will further strengthen the efforts to incorporate social considerations in public procurement in order to support sustainable textile production, use and end-of-life management. The Commission will make sure to include both social and environmental aspects of sustainability, including good governance, e.g. by extending the existing GPP criteria or reforming the 2014 Directives on Public Procurement.⁶² In practice, this means that all contracting authorities will have their own Human Rights Due Diligence processes in place. The Commission will also lead by example by making sure that the GPP criteria are properly embedded in its own textile procurement. It will also consider including public buyers in a future mandatory due diligence legislation.
53. Furthermore, the Commission will continue to guide and support Member States in the implementation of sustainable public procurement of textiles and related services such as used textiles management. The Commission has already published a “Buying Green guide” and a “Buying Social Guide”. In addition, the Commission has recently revised the EU GPP training toolkits,⁶³ which are used for training for public procurement practitioners. Other ways to strengthen the competencies of public procurers on the legal and technical aspects of sustainable procurement will be explored (e.g. on the concept of life-cycle costing).
54. To enhance coordination among Member States, the Commission will set up a textiles specific network of procurement authorities across the EU. Through the network, procurers can share information, develop a common approach to procurement, pool demand and form coalitions for collective tendering.
55. The Commission will promote the establishment of an EU-wide coalition to achieve an ambitious target for sustainable procurement, inspired by the Dutch Green Deal on Circular Procurement. This public private partnership involves over 100 million EUR commitment of circular investments from companies, municipalities and government to pilot circular procurement.⁶⁴

⁶² Directive 2014/25/EU of 26 February 2014 on procurement by entities operating in the water, energy, transport and postal services sectors <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014L0025&from=EN>

⁶³ See: https://ec.europa.eu/environment/gpp/toolkit_en.htm

⁶⁴ For more information, see: <https://www.circle-economy.com/green-deal-circular-procurement/>

Waste policies

56. To deal with the enormous amount of textiles waste generated in the EU, two solutions are crucial, and complementary: the first priority should be waste prevention (lifetime extension, repair and re-use of textile products), followed by recycling. Therefore, the Commission will establish a quantitative target for the total reduction of textile waste in the EU. Simultaneously, the Commission will stimulate high-quality, textile-to-textile recycling, to reduce the resource use for the production of virgin fibres and yarns.
57. In combination with Ecodesign requirements that make clothes easier to re-use/recycle, the Commission will propose a ban on the destruction of textile deadstock and other usable products becoming waste (for example, being destroyed through incineration). To ensure such a ban is workable there should be incentives for wider applications for deadstock.

New business models

58. Requiring the highest possible social and environmental standards and strict enforcement of minimum requirements for products placed on the EU market, is one way to renew the domestic EU TGLF sector, ensuring higher quality production and workers' health and safety, while creating jobs and value for the EU economy. The Commission will investigate tools to consolidate supply chains so that companies have greater leverage over suppliers (moving towards greater control and oversight of their practices), this may involve shorter supply chains.
59. Innovative circular business models (durable, high quality, stable and long term business relationships⁶⁵) play a crucial role in a high quality circular economy. The Commission will support technological innovation and these business models through EU-wide funding programs (LIFE, Horizon), regional funding (e.g. Interreg) and the circular economy programme of the EIB.
60. Social enterprises are an integral part of the circular value chain and are already delivering positive environmental and socio-economic impacts - creating local employment (particularly for individuals at risk of socio-economic exclusion). The Commission recognises the need to expand the re-use of textiles by supporting social enterprises and re-use operators (performing local collection and sorting), textile donations and the second-hand market overall. The Commission will

⁶⁵ i.e. sufficient lead time ordering practices, product service systems, sharing and leasing.

investigate how the re-use of textiles can be strengthened through fiscal measures e.g. through minimum or zero VAT for repair and sale of second-hand clothes.⁶⁶

Tackling Unfair Trading Practices in the Garment Sector

61. Unfair Trading Practices (UTPs) by brands and other buyers in the value chain severely inhibit the ability of suppliers to respect and fulfil the rights of their workers. Extensive research⁶⁷ has demonstrated how purchasing decisions made by brands, retailers and others in the process of placing and paying for orders constrain and undermine the suppliers' ability to respect labour rights and minimise the environmental impacts of their activity.⁶⁸ This undermines other efforts of (sometimes the same) brands and retailers to improve labour rights within their value chain as part of responsible business conduct.
62. The Commission already has extensive experience in tackling UTPs including a green paper⁶⁹ on UTPs together with a public consultation.⁷⁰ These aimed to identify the main problems and to propose next steps in addressing UTPs in both food and non-food value chains. In parallel, several Member States established national enforcement regulators to deter abusive trading practices specifically, but not limited to food value chains. Subsequently, the EC took a legislative initiative in the food and agricultural sector resulting in the adoption of Directive (EU) 2019/633 on unfair trading practices in business-to-business relationships in the agricultural and food value chain on 17 April 2019.⁷¹ The Directive applies to sales where either the supplier or buyer (but not necessarily both) are established in the European Union. It must be implemented by Member States in 2021.
63. As in the food sector, the Textile, Garment, Leather and Footwear (TGLF) sector features brands and retailers selling their products to consumers in many European member states. Also similar is the significant and unbalanced power that a number of players in the TGLF value chain wield over their suppliers. This power imbalance is such that suppliers are afraid to challenge these customers, even in the case of

⁶⁶ RREUSE (2017) Position paper on Reduced taxation to support re-use and repair – See: http://www.rreuse.org/wp-content/uploads/RREUSE-position-on-VAT-2017-Final-website_1.pdf

⁶⁷ See ILO, 2017, "Purchasing practices and working conditions in global value chains: Global Survey results", http://ilo.org/travail/info/fs/WCMS_556336/lang--en/index.htm; Human Rights Watch, 2019, "Paying for a bus ticket and Expecting to Fly", <https://www.hrw.org/report/2019/04/23/paying-bus-ticket-and-expecting-fly/how-apparel-brand-purchasing-practices-drive> and Mark Anner, 2019, "Squeezing workers' rights in global value chains: purchasing practices in the Bangladesh garment export sector in comparative perspective".

⁶⁸ UTPs, including last-minute changes to orders, cause, for example, unnecessary waste being created at textile mills or in factories; or to airfreight goods that would otherwise have been sea freighted.

⁶⁹ <https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX:52013DC0037&locale=en>

⁷⁰ https://ec.europa.eu/growth/content/consultation-green-paper-unfair-trading-practices-business-business-food-and-non-food-supply_en

⁷¹ <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:32019L0633&from=EN>

illegal actions (such as breaches of contract) for fear of jeopardising their relationship and future business.

64. Within the TGLF sector, it is common for brands, retailers and others to fail to honour commitments made at an earlier stage in the purchasing process. As with food, the direct consequence of some abusive purchasing practices, such as the very late confirmation of final order numbers, can directly result in workers being forced to work overtime, sometimes in unsafe conditions. Furthermore, purchasing practices are essential to finance increasing expectations in terms of compliance for human and environmental rights. Addressing UTPs would substantially improve the ability of both buyers and suppliers to respect and fulfil a range of key human rights including the payment of living wages,⁷² protection against gender-based violence, and the abolition of forced overtime throughout the value chain.
65. As with the food value chain, UTPs are extensive in the garment value chain and a similar if not bigger regulatory and enforcement gap exists. There is therefore a need for further legislative action at EU level to tackle UTPs in the TGLF value chain within the EU and in other producing countries while keeping a harmonized EU level playing field. Therefore, the EC will initiate a legislative proposal tackling UTPs in the TGLF sector. Such an approach would mirror Directive 2019/633 while adapting to the needs of the TGLF sector, learning from national transposition and regulatory action.
66. Under such legislation, companies active in the TGLF sector would be prohibited from UTPs addressed by Directive 2019/633 such as late payments, pricing that does not allow for payment of living wages, short notice cancellations, refusal to provide written order confirmations, and commercial retaliation. Specific practices in the TGLF sector would also be addressed - such as late confirmation of samples and/or technical orders and the additional costs of premium shipments such as airfreight caused by unreasonable requirements of the buyer.

Support to producing countries

67. Many of the human rights violations and environmental impacts associated with TGLF value chains occur in producing countries. This can often be attributed to weak laws or lack of enforcement of existing laws in these countries. For instance, insufficient compliance with labour law is often cited as one of the reasons for poverty wages in low-income countries.⁷³ Moreover, widespread corruption,

⁷² See The Circle, 2017, "Fashion Focus: The Fundamental Right to a Living Wage", <https://www.thecircle.ngo/wp-content/uploads/2015/11/Fashion-Focus-The-Fundamental-Right-to-a-Living-Wage-1.pdf> and 2019, "Fashion Focus: Towards a Legal Framework for a Living Wage", https://thecircle.ngo/wp-content/uploads/2015/11/Fashion-Focus-Towards-a-Legal-Framework-for-a-Living-Wage_Small.pdf

⁷³ A sewing kit for living wages. Pathways to living wages in global garment value chains. Oxfam Australia 2017

unstable governments and fragile institutions play a key role in undermining social and ecological standards.⁷⁴ This correlation is particularly concerning for the TGLF sector, since the main textile producing countries tend to occupy low positions in the corruption perceptions indexes.⁷⁵

68. Governance reforms and a move towards better enforcement of laws, in particular labour laws, in producing countries can ameliorate some of the sustainability issues in TGLF value chains. These reforms can be linked to market access to the EU to provide added incentive for countries.
69. The FLEGT (Forest Law Enforcement, Governance and Trade) action plan in the timber sector can provide inspiration for an instrument at the EU level that supports such reform processes.⁷⁶ Voluntary Partnership Agreements (VPAs), which are part of the EU's FLEGT Action Plan, are bilateral agreements that the EU signs with countries that export timber and timber products to the EU. The purpose of VPAs is to ensure that timber products exported to the EU originate from legal sources, while also supporting timber exporting countries in their efforts to improve regulation and governance in the forest sector. A country that has signed a VPA can issue FLEGT licenses for legally produced timber,⁷⁷ which automatically comply with the EU Timber regulation. This means that companies first placing FLEGT-licensed products on the EU market do not need to carry out additional due diligence checks.
70. Lessons can be drawn from the VPA and overall FLEGT approach that can be applied to the TGLF sector and linked to farming sectors. In particular, aspects related to inclusive multi-stakeholder participation, increased transparency of policy reforms and business operations, inter-institutional collaboration, systematic and improved government inspections and enforcement activities, and civil society monitoring of production sites. The Commission will look into how such elements can be developed and turned into EU cooperation activities in producing countries
71. The Commission will also look into how the VPA process can be adapted to the TGLF sector including through exploring the feasibility of concluding a single VPA-like agreement with multiple producing countries. It will do so bearing in mind that work on raising the standards of laws and their enforcement also needs to be coupled with incentives and market access advantages to encourage producer countries' uptake.

⁷⁴ Undress Corruption: How to prevent corruption in the readymade garment sector, scenarios from Bangladesh. In: <https://www.ti-bangladesh.org/beta3/index.php/en/publications/5174-undress-corruption-booklet>

⁷⁵ Corruption Perception Index 2019 In: <https://www.transparency.org/cpi2019>

⁷⁶ Council Regulation (EC) No 2173/2005 of 20 December 2005 on the establishment of a FLEGT licensing scheme for imports of timber into the European Community <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32005R2173&from=EN>

⁷⁷ Legality is defined on the basis of relevant laws in the producer country.

72. In parallel, the EU will continue to effectively implement its development cooperation agenda on sustainable garment value chains, to capitalise on the opportunities and address the key structural challenges in the sector for impact. Sustainable TGLF will be a development cooperation priority in the next EU budgetary period covering the years 2021-2027. Additional measures will also be developed on the basis of the ex-ante and ex-post impact assessment produced by the European Commission in the context of trade negotiations with TGLF-producing countries.
73. Staff in EU delegations and at headquarters will be further capacitated through training, guidance and other tools to design and implement effective support for sustainable value chain development, including TGLF. This will include skills and incentives to go beyond technical procedures of project design and implementation, to think and work more politically, including with the private sector, taking into account diverging interests and power relations of stakeholders and the reality of local institutions. Special attention will be given to strengthening the bargaining power of workers in producing countries.
74. More generally, meaningful policy and political dialogue with producer country governments will continue to be an important component of EU development cooperation towards fair, transparent and sustainable TGLF value chains. This will cover, when appropriate, a dialogue on the issue of shrinking space for civil society and trade unions to advocate for decent working conditions in TGLF factories. Relatedly, in the case of budget support to TGLF-producing countries, the budget support framework may include sustainable TGLF-specific targets and indicators.⁷⁸

Trade Policy

75. Trade policies can play a crucial role in contributing to sustainable TGLF value chains. Europe is a major destination for global textile, garments, leather and footwear due to the size of its market and high per capita consumption rates. For example, approximately 60% of all the garments produced in Bangladesh are imported into the EU.⁷⁹ This market power can be leveraged to encourage sustainable production practices in the TGLF industry. The 'Trade for All' strategy sets out the EU's aim to use trade agreements and preference programmes as levers to promote sustainable development, human rights, and fair and ethical trade around the world, and to improve the responsibility of value chains.

⁷⁸ This could for example include targets and indicators related to the ratification and/or implementation of specific international conventions.

⁷⁹ European Parliament resolution of 27 April 2017 on the EU flagship initiative on the garment sector. (2016/2140(INI)). https://www.europarl.europa.eu/doceo/document/TA-8-2017-0196_EN.pdf

76. EU trade agreements have incorporated human rights clauses since 1995. Since 2008, such agreements have started to include Trade and Sustainable Development (TSD) chapters and since the 2015 "Trade for All" strategy the EU remains committed to negotiate anti-corruption clauses in all FTAs. Those chapters contain commitments to responsible business conduct, in particular respecting multilateral labour and environmental agreements and ensuring that labour and environmental standards are not lowered in order to attract trade. A common framework of reference for implementation is provided by the OECD Due Diligence Guidelines for Responsible Business Conduct and for Responsible Supply Chains in the Garment and Footwear Sector.⁸⁰ In most cases, an advisory group is set up in the EU and in the partner country or countries to advise on the implementation of the TSD chapters in EU trade agreements. The Commission is committed to strengthening human rights, and social and environmental clauses in the negotiation of international and bilateral agreements. Furthermore it will work towards more strongly enforcing the TSD chapters in trade agreements, including with TGLF-producing countries by, amongst others, setting up a complaint mechanism to report non-compliance. It is further committed to more systematic use of ex ante and ex post trade sustainability impact assessments that can inform the negotiation process, and increased participation of stakeholders in the negotiations and monitoring of the trade agreements, including regular sharing of information and transparency of the process. Such assessments and stakeholder engagement can help identify possible accompanying measures, for example through development cooperation, and enable tangible action to be taken in response to possible infringements of these clauses, including the suspension of the agreement.
77. Furthermore, the EU offers Generalised Scheme of Preferences (GSP) to goods originating from vulnerable developing countries, which include TGLF-producing countries.⁸¹ The scheme consists of three arrangements that distinguish between countries on the basis of their development status and needs and have different social and environmental conditions. The GSP + and Everything but Arms (EBA) schemes notably require partner countries to ratify and/or implement several international conventions related to human rights, labour rights, protection of the environment and good governance. The Commission is committed to ensuring that social and environmental conditions linked to these unilateral trade preferences are effectively implemented and monitored in a publicly transparent and participative manner. In this regard, the EU Commission will draw on experiences with regulatory instruments on a bilateral level, such as the Bangladesh Sustainability Compact, and seek to use them to chart required progress on human and labour rights, environmental protection and good governance. Furthermore, there is a need to develop a complaint mechanism for abuses, and further strengthening social and

⁸⁰ <https://mneguidelines.oecd.org/OECD-Due-Diligence-Guidance-for-Responsible-Business-Conduct.pdf> and <https://mneguidelines.oecd.org/OECD-Due-Diligence-Guidance-Garment-Footwear.pdf>

⁸¹ Regulation (EU) No 978/2012 of the European Parliament and of the Council of 25 October 2012 applying a scheme of generalised tariff preferences and repealing Council Regulation (EC) No 732/2008 <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32012R0978&from=EN>

environmental sustainability will be a key consideration in the upcoming review of the GSP.

European multi-stakeholder partnership on sustainable textile, garments, leather and footwear

78. The TGLF Strategy will later be accompanied by an EU-level multi-stakeholder partnership (MSP) on sustainable textile, garments, leather and footwear. Involved actors may include businesses and business associations, trade unions, civil society organisations (CSOs), multi-stakeholder initiatives related to the TGLF sector, EU institutions, and Member States. This is in the spirit of the OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector, which strongly recommends collaboration.
79. The MSP is neither a monitoring tool of the TGLF Strategy nor is participation in it a 'safe harbour' for companies from civil liability or sanctions under the due diligence legislation. In addition, participation will not equal as automatic evidence that a company is carrying out due diligence. Such MSP shall serve as a forum through which the partnership actors may share knowledge and tools on due diligence but should not further encourage the use of corporate social auditing as a way to do so.⁸² The partnership can also facilitate collaborative projects, and the use of collective leverage to address systemic issues, including in producing countries. These may be funded from a diversity of sources, not limited to, but possibly including EU funds. More broadly, the platform can serve a match-making function for actors interested in joining forces to identify, prevent and remedy priority risks in companies' production chains. Furthermore, the platform can be a space for policy dialogue on sustainable TGLF. As such, it will serve as a platform for stakeholder dialogue on the implementation of this strategy.
80. The EU MSP on TGLF will build on and create synergies with multi-stakeholder initiatives at other levels. This will include the German Partnership for Sustainable Textiles and the Dutch Agreement on Sustainable Garments and Textile. This is in line with the ambitions of these two partnerships, which call for EU-wide cooperation.⁸³ Furthermore, the European Partnership for Responsible Minerals (EPRM), which was set up in 2016 and serves as an accompanying measure of the EU Conflict Minerals Regulation, may provide early lessons to inform the set-up and functioning of the TGLF MSP.

⁸² Fig leaf for fashion: how social auditing protects brands and fails workers. Clean Clothes Campaign. September 2019. <https://cleanclothes.org/file-repository/figleaf-for-fashion.pdf/view>

⁸³ Partnership for Sustainable Textiles. Annual Report 2018. We're on the right track. https://www.textilbuendnis.com/wp-content/uploads/2019/01/BNT-AnnualReport_2018-1.pdf

81. More generally, multi-stakeholder initiatives as well as industry-initiatives to promote sustainable value chains can be affected by EU competition law. The Treaty on the Functioning of the European Union prohibits agreements between companies that prevent, restrict or distort competition and abuse of dominant market positions.⁸⁴ The European Commission promotes an interpretation of EU competition law that takes into account social and environmental sustainability, in line with the EU values reflected in the EU treaties. The European Commission will issue guidance to clarify how non-economic interests, such as social and environmental sustainability, should be taken into account when assessing multi-stakeholder and industry agreements, as well as mergers and acquisitions. The EU multi-stakeholder SDG platform has recommended the Commission to do so, as have other actors.⁸⁵ This will be reflected in the ongoing review of the Guidelines on the applicability of Article 101 of the Treaty of the Functioning of the European Union to horizontal co-operation agreements or “Horizontal Guidelines”. The Commission also invites companies with plans to join forces for sustainability purposes to approach the Commission or national competent authorities for tailored guidance. Companies are encouraged to use the space for sustainability initiatives under EU competition law, when collective efforts provide added value. At the same time, the Commission will continue to make sure that sustainability is not misused as a pretext to form a cartel.

Conclusions

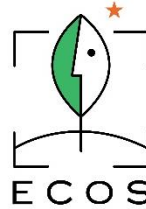
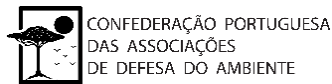
82. The TGLF Strategy sets out an integrated vision and concrete measures to stimulate and support sustainable TGLF value chains. It covers a range of relevant policy areas, working in synergy to address the urgent social, environmental and governance challenges facing the textile, garment, leather and footwear sector, and seize the opportunities the sector presents. It aims to promote a strong circular TGLF industry that respects human rights, creates decent jobs and adheres to high social and environmental standards throughout its value chain. As such, its implementation will depend on strong engagement and collaboration between different directorate-generals of the Commission and the European External Action Service.

83. The Commission invites the European Parliament and the Council to endorse this strategy and to actively engage in its implementation, in close cooperation with all relevant stakeholders.

⁸⁴ Consolidated version of the Treaty of the Functioning of the European Union https://eur-lex.europa.eu/resource.html?uri=cellar:41f89a28-1fc6-4c92-b1c8-03327d1b1ecc.0007.02/DOC_1&format=PDF

⁸⁵ European Union. Europe moving towards a sustainable future Contribution of the SDG Multi-Stakeholder Platform to the Reflection Paper “Towards a sustainable Europe by 2030”. European Union. 2018 https://ec.europa.eu/info/sites/info/files/sdg_multi-stakeholder_platform_input_to_reflection_paper_sustainable_europe2.pdf

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