Be Prepared: Experts Dissect EU Sustainability Due Diligence Legislation at Denim PV



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The <u>European Union</u> is cracking down on disposable fashion with mandatory corporate sustainability due diligence <u>legislation</u> that could be finalized by this time next year. At <u>Denim PV</u> in Berlin, experts tried to help manufacturers and fashion brands prepare their supply chain for the new standards and make sense of the laws even when no one knows exactly what the final rules will be.

"We have many contacts with companies or former members of the national association asking us what's happening because they all impact different parts of the value chain," said Mauro Scalia, director of sustainable businesses for Euratex, the official European industry association for textile clothing.

The Brussels-based association represents the 154,000 companies encompassing the European industry and advises policymakers on how <u>legislation</u> impacts the industry.

Though there are 16 pieces of new legislation that target textiles, Scalia said some will change how the global textile value chain operates.

Eco design requirements will set minimum legal criteria for a product to be placed in the market, and textiles are expected to be the first sector which will be regulated. Brands are legally allowed to sell garments that fall apart after one washing, but that will change with durability requirements.

"At Euratex, we specifically advocate to focus this requirement on durability and reusability— or the capacity of a garment to be reused again which [basically] means quality," Scalia said.

There will be information requirements to ensure that consumers have access to product details. This will likely be in the form of a QR code on a garment label that serves as a digital product passport, though Scalia pointed out that it is not yet decided on what information will be required. He said it could include details about the materials, such as where they were made, and the processes used in their production and information about recycled content.

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"This legislation is going to be a groundbreaking rule because it will have [an] impact [on] European [companies] and any part of the [global] supply chain which sells products in Europe, online included," Scalia said.

"Green claim" legislation aims to keep companies honest. Brands will have to justify their sustainability claims with robust lifecycle assessments and demonstrate their sustainability goals. Scalia said this aims to prevent brands from cherry-picking "what is good for you and neglect what is not good for you."

Another piece of legislation will cover mandatory collection of discarded textiles, which Scalia said most European counties aren't ready to handle. Textiles will have to be sorted the same way glass, paper and metals are collected. He said a tax will be placed on product to fund a system to organize this collection.

The issues the proposed legislation addresses are not new to Kristina Seidler-Lynders, external stakeholder engagement for C&A, who said the European fashion retailer has been investing in projects that promote sustainability, circularity, and better worker conditions.

Though the rules will level the playing field, preparing for the unknown is challenging. ""It's hard to communicate to suppliers what we need from them," Seidler-Lynders said.

Seidler-Lynders said C&A is closely monitoring the legislative progress, even while extracting details on what's really needed remains an uphill battle. "The next thing is to translate that information internally because we need to evaluate what is likely to come to prepare. Nothing is fixed yet...so we make educated guesses and align [our departments] internally," she said.

Though it's a positive direction, the company is also grappling with some EU countries creating their own legislation. "We very much welcome harmonization, so that's something we try to feed back to policymakers," she said.

Ivo Mersiowsky, managing director of Quantis Germany, a sustainability consultancy, said 75 percent of companies are unprepared for major legislative changes. The three hurdles he sees for the industry are building the necessary transparency and traceability into the supply chain, establishing design practices that promote durability for garments that are easy to repair and recycle, and creating consumer-facing communication plans backed up by data and science.

"I think the majority of companies will need to review their business model," he said, especially as they begin to receive metrics from their suppliers. "They are simply not happy with the results they get back because they feel they cannot trust the results because so many different standards are being used."

No.404 June, 2023



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Companies may also need the support of human resources.

"Get prepared now because you will need to have the right competences on board," Mersiowsky added. "You may need to hire new people who bring the relevant skills to do all of that and you need to build your processes toward that."

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No.404 June, 2023



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Greenhushing: Why It's on the Rise and How to End it



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As society moves toward a more conscious and sustainable way of life, consumers are increasingly opting for products that are less harmful to the environment. Making informed purchasing decisions, however, can be challenging—especially

with <u>greenwashing</u> and the increasingly prominent trend, greenhushing, on the rise.

When most of what consumers know about a product comes from the hang tag or other product displays, how much do they really know? How much of this information is helpful? And how much of this information can be confusing or even misleading?

By using buzzwords like "green", "eco-friendly" or "sustainable", companies attract consumers that believe the products they purchase are

good for the planet. The problem with these claims lies in the lack of data-based backing.

These vague claims of "eco-friendliness" are made without substantiated data, which can be considered greenwashing.

In fact, in 2020, the European Commission launched an exhaustive study related to <u>sustainability</u> claims, which showed that 53 percent of claims provide vague and misleading information about the products' environmental characteristics. Of these claims, 40 percent could not be substantiated.

Moreover, 230 sustainability labels and 100 green energy labels were identified, and half offer weak or non-existent verification. Findings like these have triggered heightened enforcement among consumer authorities and other institutions, signaling the need for new legislation to curb greenwashing.

Adding insult to injury, various greenwashing lawsuits made headlines in the fashion industry last year. Several major brands were sued and/or publicly scrutinized by consumer authorities or groups for misleading claims.

No.405 June, 2023



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In the past year, we saw the removal of H&M's Conscious label and Zara's Join Life label. Similarly, Asos removed its Responsible Edit range and filter from its website, while the Sustainable Apparel Coalition (SAC) decided to pause its consumer-facing transparency program after the Norwegian consumer authority found it to be 'misleading' consumers.

This is concerning, and we need those making headway on sustainability targets to inspire others to help shift mindsets and behaviors. The industry needs to establish clear rules regarding making ethical sustainability claims so consumers (and industry peers) can be informed, not misled.

Enter: greenhushing

In a popular trend, an increasing number of fashion brands are choosing to disclose less about their sustainability efforts and attributes of their products in a new phenomenon called greenhushing. A 2022 report by the South Pole—a company that develops comprehensive emission reduction projects and strategies—details three potential reasons behind this shift: fear of failure, fear of scrutiny and fear of litigation.

While it makes sense for the industry to tone down and avoid misleading or generic claims, silence is not the answer as it can skew progress toward a collective sustainable fashion culture. In fact, less public-facing communication limits knowledge-sharing to industry peers and consumers—which could result in missed opportunities for collaboration and engagement. It could also give the impression that sustainability leaders are failing to lead.

Harmonized guidance is coming

In Europe, new regulation is being drawn up to protect consumers from greenwashing. One of the pillars of the European Union's (EU) Strategy for Sustainable and Circular Textiles is promoting consumer-facing transparency. Within this context the EU Council on March 22 launched the proposal for a Directive on Substantiating Green Claims to tackle greenwashing by ensuring the accuracy of companies' green claims.

According to the proposal, when companies choose to make a green claim about their products or services, they must respect minimum norms on how they substantiate and communicate these claims. Claims will need to be independently verified and proven with scientific evidence—adopting a life cycle assessment (LCA) approach—and if products are compared with others, these comparisons must be fair.

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Claims or labels that use aggregate scoring of the product's overall environmental impact will not be permitted and—to avoid the proliferation of environmental labeling schemes—new private schemes are only allowed if they can show higher environmental ambition than existing ones. The final legislation is expected to launch in 2024.

In the U.S., the Federal Trade Commission (FTC) will soon launch the last update of its Guides for the Use of Environmental Marketing Claims to help businesses avoid misleading claims. Now, FTC is soliciting public comment on the update, and the American Association for Footwear and Apparel (AAFA) has suggested allowing qualified environmentally sustainable product-level claims if conditions are met. The first is if the claim does not imply the product or product components are wholly environmentally sustainable. The second is if a statement immediately precedes or follows the environmentally sustainable claim that includes specific information about the environmental impact(s) that underlie the sustainable claim.

The challenges of making substantiated green claims

To communicate sustainable improvements, the information provided to consumers must be truthful (clear and relevant), transparent (proven with scientific evidence) and backed by a robust, third-party verified system.

Achieving this, however, is not without its

challenges. The first challenge is deciding how these concepts can be further defined and deciding what the new regulation will consider acceptable. Ideally, we would have primary, third-party verified and comparable data (collected and analyzed according to the same methodology) from every step and process in a product's supply chain, including the use phase and end-of-life. This information could then be compiled and tallied to reflect the product's total impact. Additionally, it could be used to make accurate comparisons between products.

The problem? Carrying out an LCA is still a costly and time-consuming process not all supply chain actors can make. For this reason, the industry's access to primary data from its supply chain is limited and mainly relies on secondary data and averages from databases that don't always accurately reflect the impact of that specific product. To top it off, not all sustainability parameters are currently covered under the LCA method, including recyclability, biodiversity and microfiber shedding.

In the end, crafting an accurate, substantiated and comprehensible claim is no easy feat, and is wrought with challenges like limited data availability and data quality. There are potential challenges on the consumer side as well. Businesses and industry leaders must ask themselves: will consumers even understand and process all this complex information when buying products?

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Moves to increase transparency and end greenhushing

Despite the challenges, there is an industry-wide effort to effectively tackle greenwashing. There is ample room for improvement. Textile and fashion industry players like Recover™, a leading mechanical textile recycler, welcome clear and pragmatic regulations to produce more sustainable products and ethically share this progress.

Recover's communications and claims, for example, are created based on third-party verified LCA studies performed according to PEF methodology. Recover™ provides guidelines and support to customers and brand partners on how to accurately craft consumerfacing communications about Recover's recycled cotton.

To make this sustainable data user-friendly, Recover™ highlights impact savings in relatable terms like the number of showers or wash cycles. Given the limited space to communicate these savings (hang tags, for example, can usually only include one or two short claims), Recover™ includes QR codes that redirect consumers to a webpage with more information about the savings and the LCA behind them. These small steps, collectively, can make a huge difference and help increase transparency and combat greenhushing.

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ECHA adds two SVHCs to REACH candidate list

NGOs concerned about low number of additions



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ECHA has added two SVHCs to the REACH candidate list in its second and final update of the year, as NGOs call for swifter and more stringent efforts to identify and regulate more of these chemicals.

Today, the agency added diphenyl(2,4,6-trimethylbenzoyl)phosphine oxide, which is toxic for reproduction. The chemical is used in inks and toners, coating products, photo-chemicals, polymers, adhesives, sealants, fillers, putties, plasters and modelling clay.

ECHA also included bis(4-chlorophenyl) sulphone – a very persistent and very bioaccumulative (vPvB) substance that is used in the manufacture of chemicals, plastic products and rubber products.

With these new entries, the candidate list now contains 235 chemicals, some of which are groups "so the overall number of impacted substances is higher", the agency said.

ECHA updates the candidate list twice a year with the latest change taking place in January when it added nine chemicals to the list. Last year ECHA added a total of five substances.

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'Slow pace'

Helene Loonen, chemicals policy advisor at NGO the European Environmental Bureau (EEB), said the fact that ECHA has <u>added</u> only two substances to the candidate list "underscores the pressing need for an ambitious <u>revision</u> of the REACH regulation and the allocation of adequate resources to enable authorities to intensify this crucial work".

And Anna Lennquist, senior toxicologist at NGO ChemSec, said that member states identify SVHCs at a "painfully slow" pace. "We know from the <u>SIN List</u> that there are hundreds of relevant substances with these properties that escape regulation – update after update.

"With the likely delay of the REACH revision it is even more important that [regulators] step up the existing processes, including SVHC identification, so that the commitments of the chemicals strategy are not completely lost."

Capacity issues

ECHA told Chemical Watch that member states have a "limited capacity" to work on SVHC identification, as it competes with other priorities, such as harmonised classifications and restrictions.

"In general, a lot of data and work are required to substantiate [among other hazards] the persistent, bioaccumulative and toxic (PBT) status of a substance and those of equivalent concern."

The agency said that as it works through the chemicals <u>universe</u>, it is identifying (groups of) potential SVHC substances, including the ones that need data generation to support identification. "We have different lists of substances that we are working on with the member states to clarify hazard concerns and to establish priority to work on these cases."

"In this context, we are making appropriate progress in identifying SVHCs together with member states."

It added that, as each SVHC proposal requires a "substantial" amount of work, the candidate list update numbers differ significantly.

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https://chemicalwatch.com/778001/echa-adds-two-svhcs-to-reach-candidate-list

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