

Accelerating Transparency for Apparel & Footwear

Position Paper

Amsterdam, June 2021

Introduction

In light of the climate crisis and the Paris Agreement, bold action from the industry, policymakers, and citizens are more needed than ever. Over the past decades, the industry has proven its strong willingness to drive a positive impact. Companies have already significantly reduced carbon emissions in their own operations. To focus on combating climate change companies accelerated their efforts in reducing the environmental footprint in their supply chains (among others: SBTi, Detox Commitments). Yet, governments and consumers need to be part of this sustainability journey to truly drive such impact. Consumers need to have access to, and to comprehend the impacts of a product, material, or technology through accurate, comparable, reliable and trusted information.

The industry already has gained experience that serves as a useful foundation to jointly drive consumer-facing transparency as well as to foster resilient supply chains and help to mitigate the climate impact. On the one hand, the industry has invested heavily in developing methods and tools to measure the impact of their products on the environment and reduce the impact on people. On the other hand, the industry has also carried out extensive consumer research and education campaigns.

The Policy Hub – Circularity for Apparel and Footwear believes that engaging, comparable, and trustworthy sustainability communication at the product level is key to driving more sustainable customer behaviour and operational change within businesses. The Policy Hub has identified two key ingredients for a legislative framework that will provide better information for consumers:

1. A common method - the PEFCR for Apparel & Footwear - and a shared database are needed to calculate the sustainability performance of a product. To ensure that a product's sustainability information is accurate, trustworthy, comparable, and reliable.
2. Clear legislation with a minimum set of common standards on consumer-facing communications are needed to empower consumers to make better purchasing decisions and to play their role in a circular economy.

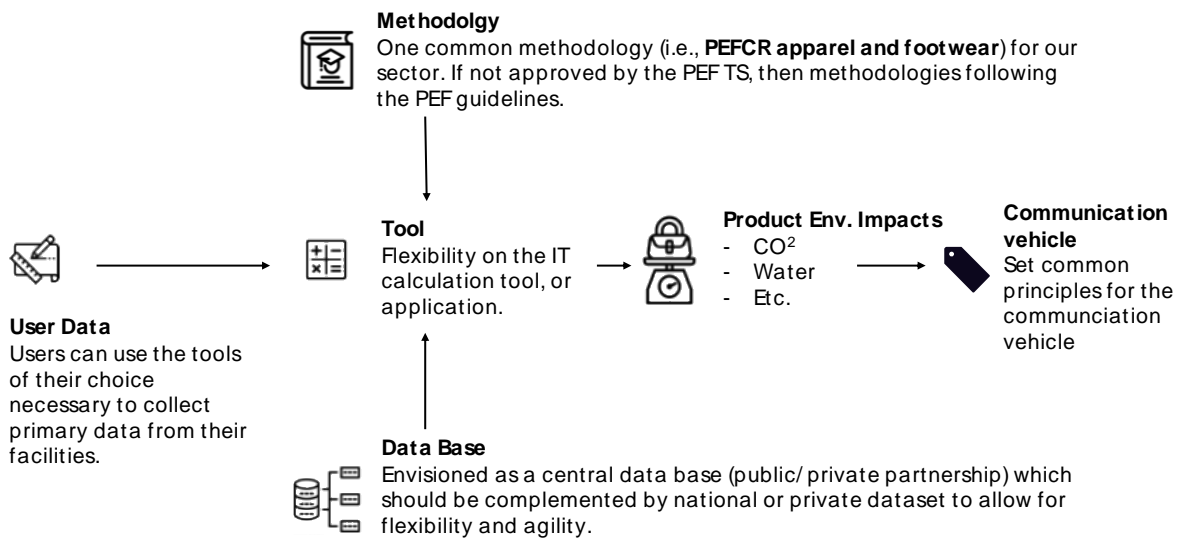
We believe that using the same methodology and assessment system across EU Member States is crucial. Having a legal patchwork of approaches and requirements at Member State level impacts the consistency and comparability of the information communicated. It poses the risk of turning on-product communication into a roadblock for the free movement of sustainable products instead of a driver for change. Hence, we strongly support an EU-wide system when it comes to consumer communications.

In light of the current EU discussions on transparency, this paper addresses the Policy Hub's position on (1) how to substantiate green claims for the apparel and footwear industry; and (2) how to empower the consumer in the green transition.

Substantiating Green Claims

Ensuring accuracy, comparability, reliability, and trustworthiness of green claims.

Green claims¹ at the product level must be substantiated. This will create trust among the consumers and other relevant stakeholders and lead to the creation of a level playing field for the apparel and footwear industry. While the decision to make green claims about a product should remain voluntary, the completeness, comparability, and reliability of information should be standardised as it is key to successful consumer communication.



Graph 1. Summary of the Policy Hub’s position on consumer-facing transparency.

A common methodology that measures the environmental performance of a product.

To ensure the comparability of claims on the environmental performance of products the Policy Hub – Circularity for Apparel and Footwear is convinced that a common and harmonised methodology is needed. Currently, the Product Environmental Footprint Category Rules (PEFCRs) for Apparel and Footwear are under development and will be delivered by the end of 2022. This common methodology shall serve as a solid and accurate baseline for a green claim. The below outlines why we support the EU Commission in their efforts to develop the PEFCRs for our sector:

- We recognise that many iterations will be needed to properly reflect the immense complexity of our value chains and the specificities of every product and materials used. However, the PEFCR for Apparel and Footwear, developed collaboratively, provides the necessary completeness and provides a solid starting point.
- Innovation is key to our sector: The challenges that we are facing to become circular require among other considerations, new systems, materials, processes, and business models (e.g., recommerce, extended durability of the product,

¹ We define these as environmental impact reduction claims that are part of the 16 impact categories identified by the PEFCR Guidelines covering for example carbon emissions, water scarcity or eutrophication.

subscription models, etc.) Hence, it is paramount that the PEFCR for Apparel & Footwear reflects the dynamic nature of the apparel and footwear industry.

- To this end, the PEFCR and associated databases/tools need to be periodically updated (e.g., every two to four years), following a governance structure that is in continuity with the current one: Assembling the industry and relevant stakeholders under the supervision of the EU Commission. The governance will again allow new stakeholders to join.
- If a company chooses to make an environmental impact claim² about a full product, the respective company should have calculated the product's environmental footprint with the PEFCRs for apparel and footwear. For products that are out of scope of the PEFCR for Apparel and Footwear, the methodology used shall meet the principles outlined in the [PEFCR Guidance document of 2018](#). This shall equally apply to claims on main materials.
- We believe that accessibility of such a harmonised methodology as well its user-friendly and efficient application is key to ensure an industrywide uptake of such a common method. Companies of all sizes should have easy access to this common methodology– specifically SMEs. PEFCRs for Apparel and Footwear will be IP-free and hence provide easy access for all organisations that would like to make green claims.

Considering that the methodology will be finalised in 2022, the industry could start implementing the PEFCRs in 2025. In the interim, the industry will continue using and testing the current tools and methods which would serve as a transition phase.

A public-private partnership for a qualitative network of databases.

The accuracy of the final information as disclosed to consumers depends on the quality of the data. Ultimately, only PEF compliant data used to make green claims at product level shall be used. This can be achieved by combining an EU central database, for instance hosting life cycle inventory secondary databases, and most commonly used datasets with different national and private databases to allow for flexibility and agility. To ensure the accuracy of the data, investments in LCA studies are needed on an ongoing basis. In this regard, public-private investments on that topic are required as well as investments in research over LCA data. Those national and private databases would still be required to meet minimum PEF data requirements around the data development and disclosure. The EU central database shall have open access and be managed as a public-private partnership.

Flexibility on the tool used to assess the environmental performance of a garment.

The Policy Hub believes that companies should be allowed to use IT calculation tools or applications of their choice to prevent prescriptive rules from hindering innovation. However, it should be ensured that the tool conforms with the PEFCR methodology. Therefore, we recommend that the Commission establishes a scheme to allow tool owners to apply to have their tool recognised by the Commission. The EU Commission should provide support for SMEs to access these tools and verification support. For instance, after successful delivery of the PEFCR Apparel & Footwear, expected for December 2022, the Sustainable Apparel Coalition is planning to update the Higg

² See Footnote 1.

Product Module to enable the calculation of environmental footprints that conform with the PEFCR methodology.

Empowering Consumers in the Green Transition

Introduction

In a circular economy, consumers play a crucial role not only through their purchasing decisions but also because of their role in repairing, recycling, or reusing a product. However, the proliferation of various standards and environmental or sustainability labeling schemes makes it difficult for the consumer to compare, differentiate and understand the sustainability performance of textile products. The multiplication of national product labels for apparel and footwear, next to the EU Ecolabel and other (private) labels, creates a highly diverse playing field of consumer-facing sustainability claims. Harmonisation of this regulatory landscape would tackle misleading information and in this way help consumers to make informed sustainable and circular purchasing decisions. Additionally, this would reinforce the single market.

In light of this, the Policy Hub – Circularity for Apparel and Footwear supports the EU Commission's efforts to protect consumers against the misleading claims and to ensure reliable information through the development of Empowering the Consumers Initiative. We recommend the EU Commission to develop clear legislation for the textiles industry on how to empower the consumer. The legislation should provide the necessary baseline to ensure clear, trustworthy, reliable, and comparable consumer-facing information. Hence, we propose that the legislation to include two key elements:

- I. Clear rules on the **types of sustainability claims³ and how to substantiate them.**
- II. Minimum **standards on the communication** of these claims indicating ways to display such information to consumers.

There is a wide range of claims that companies make to inform their consumers about their circularity efforts (e.g., from disclosing factory lists to company-wide carbon footprint improvement). While the EU's Substantiating Green Claims Initiative covers a significant portion of product-related claims, the Policy Hub – Circularity for Apparel & Footwear proposes to create clear and EU-wide legislation, to cover the claims that fall outside the scope of the Substantiating Green Claims Initiative (including company/brand claims).

We welcome the aligned timelines of the Empowering Consumers and the Substantiating Green Claims initiatives. Yet, we call the EU Commission to ensure adequate coordination between the different initiatives addressing product-related transparency that are currently under development: Empowering Consumers Initiative, Substantiating Green Claims Initiative, EU Green Consumption Pledges, and the Sustainable Product Initiative.

The Policy Hub believes that the Empowering Consumers Initiative needs to be developed jointly with the industry, building upon its experience and lessons learned on communicating with consumers (e.g., [Communication test for the PEF footwear pilot](#)).

³ that fall outside the scope of the Substantiating Green Claims Initiative

I. **The Policy Hub’s – Circularity for Apparel & Footwear - proposal on how to differentiate types of sustainability claims.**

We believe that companies should be accountable when communicating sustainability information of a product to their consumers. Therefore, claims about sustainability need to be clear, precise, accurate, complete, and comprehensible. We differentiate between different types of claims.

1. **Vague and ambiguous claims are misleading.** Hence, we propose that the following claims should not be permitted:
 - Ambiguous and generic sustainability claims (e.g., “sustainable”, “ethical”, or “eco-friendly”).
 - Claims which solely address the compliance with legal requirements⁴, (e.g., “child labour free”, “our products comply with REACH”), unless an administrative/conformity marking is required⁵.

2. **We recommend that the sustainability claims outlined in the following section are permitted when they meet certain requirements.**
 - **Attribute claims** shall be allowed when they include the disclosure of the process or chain of custody. Attribute claims are linked to a certificate for a component or process of a product (e.g., organic cotton, recycled content, RWS®). The process or chain of custody must be part of the substantiation documents: and must be kept and made available: E.g., disclosing process, verification, etc.⁶
 - **Comparative claims** (e.g., “more sustainable”) – both at product or component level - should be avoided unless they are followed with a more detailed information about the sustainability benefit of the product/component and are substantiated (e.g., “organic cotton is more sustainable than conventional cotton because...”) which is verified and has proof of content:
 - a. **Comparative claims at product level** (e.g., “more sustainable than”) need to be backed up with a full Life Cycle Analysis (LCA) of the product, done following the suggestion made in the previous section on “Substantiating Green Claims”. At minimum, one of the 16 impact categories must be improved without significantly harming the other categories in order to make the claim.
 - b. **Comparative claims at component level** (e.g., “better material”) shall only be allowed if based on an independent or verified assessment involving all the relevant impact categories (e.g., water scarcity, CO² emissions, etc.) following the data quality requirement in our “Substantiating Green Claims” proposition.

⁴ European Commission, Regulation (EU) No 655/2013 laying down common criteria for the justification of claims used in relation to cosmetic products.

⁵ To signify that the product has been assessed to meet the applicable safety, health, and environmental protection requirements.

⁶ A sustainability claim backed up by a credible standard has a higher degree of accountability than direct claims made by a brand or supplier. [ISEAL Alliance](#) provides guidance for credibility in sustainability standards and claims.

3. **For brand claims (e.g., company-wide improvement of carbon footprint by 20%) the Policy Hub recommends building on the industry’s learnings and efforts.** We ask the EU Commission to coordinate its efforts with other initiatives such as the sustainable corporate governance initiative and the Corporate Sustainability Reporting Directive (CSRD). In the absence of a scalable and widely accepted Organisational Environmental Footprint (OEF) for the apparel and footwear sector, we recommend to the European Commission to fast-track the recognition of existing industry efforts.
4. **We acknowledge the interest of consumers to have more information on the social performance of a product available.** However, there is no widely accepted methodology to evaluate the social performance of a product today. In the meantime, we would consider social claims as attribute claim as outlined in section 2 of this paper.

II. **The Policy Hub’s – Circularity for Apparel & Footwear – proposal for minimum standards on how to communicate claims to the consumers.**

Over the past decade, the industry has continuously worked on and invested in defining the tools and methodology to effectively communicate sustainability information to consumers. At the same time communication vehicles have been tested with consumers. Our policy recommendations are built on the learnings of the industry (see Annex I).

When describing the claim, an accurate and complete picture of the sustainability benefits should be provided. Hence, clear distinguishable communication is needed to help consumers to understand the general efforts of a company and the specific benefits of a product. Communication towards the consumer should differentiate between general company efforts and product-specific environmental/ social benefits.

1. Knowing about a company’s efforts and ambitions towards improving the environmental and social performance of business (e.g., their supply chain and business models) is important for consumers.
2. Through a layered approach⁷ companies can provide better and more detailed information on the environmental benefits and verified best practices for both product and brand claims e.g., using their corporate websites to explain what the actual benefits⁸ of recycled materials are compared to virgin materials. From this perspective, digital tools can be appropriate and easily accessible means to give consumers access to further information, directly linked to the product.
3. Finally, we strongly urge the EU Commission to consider the digitalisation of these communication vehicles specifically in the context of e-commerce and digital communication. It would provide opportunities and faster options to share easily accessible, complete, comparable, and trustworthy information with consumers, which could be easily corrected in the future if needed.

⁷ E.g., through providing different layers of information on the product itself (through hangtags or online information) in addition to company websites, simplified information can be shared while providing details to interested consumers. This approach avoids that consumers are “overwhelmed” with the information they face.

⁸ Those should be substantiated as per the previous section.

ABOUT THE POLICY HUB – CIRCULARITY FOR APPAREL & FOOTWEAR

The Policy Hub unites the apparel and footwear industry to speak in one voice and propose policies that accelerate circular practices. Launched in 2019, the Policy Hub has five partner organisations: Sustainable Apparel Coalition (SAC), Global Fashion Agenda (GFA), Federation of the European Sporting Goods Industry (FESI), Textiles Exchange (TE), and Zero Discharge of Hazardous Chemicals (ZDHC). In total, these organisations represent more than 500 apparel & footwear stakeholders including brands, retailers, manufacturers, and NGOs.

ABOUT THE SUSTAINABLE APPAREL COALITION AND ITS TRANSPARENCY EFFORTS (SAC)

The Sustainable Apparel Coalition (SAC) is a global multi-stakeholder nonprofit alliance for the fashion industry. It's made up of more than 250 leading apparel, footwear and textile, brands, retailers, suppliers, service providers, trade associations, nonprofits, NGOs and academic institutions working to reduce environmental impact and promote social justice throughout the global value chain. Leveraging the Higg Index suite of tools for the standardized measurement of value chain sustainability, the SAC is working to transform business for exponential impact.

The SAC was incorporated as a 501(c)6 nonprofit organization and launched the groundbreaking Higg Index suite of tools in 2011. In May 2019, the SAC spun-off the Higg Index technology platform to Higg, which delivers tools and services that help consumer goods businesses accelerate transformation for a more sustainable future. For more information, visit www.apparelcoalition.org. By 2025, the Sustainable Apparel Coalition (SAC) is aiming to have all members participate in public-facing ratings of sustainable performance that are credible and trusted. To meet this goal, the SAC's work in 2021 and beyond will focus on developing a framework and standard for Higg Index performance publication, communication, and marketing use available for all core Higg tools. In 2020, the SAC launched performance communication toolkits and guidelines in beta form for three of the Higg Index tools—Higg FEM, Higg MSI, and the first edition of the Higg PM—to support members as they become more transparent about their Higg Index performance results. These guidelines enable members to publicize their verified data through press materials, social media, web content, and related collateral. With the Higg Index offering full end-to-end value chain assessment, the SAC aims to deliver a standardized approach to product transparency that is universally used and accepted by businesses, consumers, and key stakeholders alike. The SAC's work in making trusted sustainability information publicly available will allow companies to form stronger value chain partnerships, provide insights for civil society, and create new opportunities for regulators. These transparency efforts will also help designers and developers make more sustainable products, while empowering consumers to make more informed purchasing decisions.

ABOUT GLOBAL FASHION AGENDA

[Global Fashion Agenda](#) is the leading forum for industry collaboration and public-private cooperation on fashion sustainability. Our mission is to make sustainability fashion's first priority, and to mobilise and guide the fashion industry to take bold and urgent action on sustainability.

In partnership with our Strategic Partners, ASOS, BESTSELLER, Fung Group, H&M Group, Kering, NIKE, Inc., PVH Corp., Sustainable Apparel Coalition, and Target, our Strategic Knowledge Partner, McKinsey & Company, and our Strategic Communication Partner, Karla Otto, we spearhead the fashion industry's journey towards a more sustainable future. A non-profit organisation, Global Fashion Agenda is behind yearly guidelines, reports, the leading business event on sustainability in fashion, Copenhagen Fashion Summit, the digital event [CFS+](#) and the [Innovation Forum](#) – a curated platform that showcases solution providers.

ABOUT FESI

Founded in 1960 FESI, the Federation of the European Sporting Goods Industry, is the unique precompetitive platform representing the interests of the sporting goods industry in Europe, advancing its members' priorities and promoting initiatives that benefit the sector, EU citizens and the society as a whole. FESI represents the interests of approximately 1.800 sporting goods manufacturers (85% of the European market) through its National Sporting Goods Industry Federations and its directly affiliated member companies. 70-75% of FESI's membership is made up of Small and Medium Sized Enterprises. In total, the European Sporting

Goods Industry employs over 700.000 EU citizens and has an annual turnover of some 81 billion euro. More information about FESI: www.fesi-sport.org

ABOUT TEXTILE EXCHANGE

Textile Exchange develops and manages a suite of standards that provide the industry with a way to verify sustainability claims from the raw material to the final product. The Textile Exchange standards can and are used for on-product labelling to verify specific things like recycled, organically grown, and responsible treatment of animals. Textile Exchange is a full member of ISEAL and follows international best practices in standard-setting to ensure the quality of our standards. For a site to retain its certification, it must be audited on an annual basis, during which sites are checked to establish that systems are in place that ensure that best practices are being implemented and maintained. All Textile Exchange standards are developed through a multi-stakeholder approach to address gaps in available verification tools and works to ensure these standards meet the needs of a growing and changing industry. In 2021, Textile Exchange will launch digitalization developments to better aid brands for the seamless use standards and make transparency raw material more accessible.

ABOUT ZDHC

The ZDHC Foundation oversees the implementation of the Roadmap to Zero Programme and is a global multi-stakeholder initiative of more than 160 contributors within the fashion and footwear industry. The vision is widespread implementation of sustainable chemistry, driving innovations and best practices to protect consumers, workers and the environment. ZDHC uses collaborative engagement to drive a holistic, industry-focussed and practical approach to sustainable chemical management. ZDHC guidelines, platforms and solutions drive large-scale industry-wide implementation that advances the industry as a whole towards the zero discharge of hazardous chemicals.

Find more information about ZDHC at www.roadmaptozero.com.

ANNEX I

The Industry's efforts and learnings to better inform consumers

Providing sound justification to an environmental claim is only the first part to solve the problem of misleading green claims (as addressed by the upcoming Substantiating Green Claims legislation). The other part is ensuring that consumers can understand, trust and distinguish between environmental claims at a product level.

The Sustainable Apparel Coalition (SAC) and its members - through working with consumers in the apparel and footwear industry - have gathered the following insights:

1. Consumers need the right information at the right time, in a layered approach.
2. The right information at the right time means that the industry needs to ensure that consumers understand easily and quickly what they are reading based on the information provided. A performance scale including a baseline contributes significantly to this objective.
3. Another crucial insight is that retailers/brands should not overwhelm the consumers with too much information: the best way to achieve this is to give the justification of the claim through layered information (i.e., putting the performance level of the product on the first layer of information, with additional layers or links for those consumers who may want to dig deeper).

These insights can be translated into physical and digital environments.

ANNEX II

Definition of Terms

Traceability

The ability to trace and identify the origin, integrity, distribution, and impact flow of physical products and materials through the value chain, to confirm the integrity of the certification process, and to rely on the reliability and verification of standards, and protocols, and the reassurance to back up sustainability marketing claims, such as those related to organic cotton and other preferred sustainable fibers, used to supply chain actors, brands and retailers and communicated to consumers.

Transparency

Disclosing information to the public in a comprehensible, accessible, and timely manner (based on the EU Commission's definition).

Green Claim

"[...] environmental claims [are] any explicit environmental impact/information on products (including services) or companies, including labels/ logos and text, in whichever form it is provided (e.g., website, brochure, on shelf, television, radio, etc.)".(European Commission).

Social Claim

"[...] social claims [are] any explicit social impact/performance information on products (including services) or companies, including labels/ logos and text, in whichever form it is provided (e.g., website, brochure, on shelf, television, radio, etc.)".

Sustainability Claim

"[...] sustainability claims [are] any explicit claim including both social and environmental impact/performance information on products (including services) or companies, including labels/ logos and text, in whichever form it is provided (e.g., website, brochure, on shelf, television, radio, etc.)".

Method(-ology)

Way to collect, measure and assess quantitative or qualitative data* on the environmental and/or /social impacts of a product (e.g., Life Cycle Assessment (LCA) methodologies). A methodology, therefore, does not provide a judgement or benchmark.

*Which has been measured in a generally accepted manner.

Tool

A tool is a technical solution (e.g., software or hardware) that processes the data of the user leveraging a specific methodology to assess the impact or to create a benchmark. For example, the Higg Product Module is a tool built on an LCA methodology. A tool can include a benchmark/judgement.

Standard

A standard sets a benchmark on (a set of) environmental or social criteria for products, processes, or facilities; a standard may include a pass/fail assessment, performance levels, continuous improvement, and accompanying claims or labels. A standard can include a verification/certification protocol, such as auditing or documentation checks. For example, ISO 14000.

Label

A label is a communication vehicle to communicate information (e.g., sustainability-related or instructions) B2C or B2B. A label can be used physically at the product level or digitally.

Scheme

Includes an agreed set of a methodology, tool, impact assessment, and labeling.