Introduction
In line with the EU Green Deal and the Circular Economy Action Plan, the apparel and footwear industry aims to contribute to keeping the environmental impacts of textile products within planetary boundaries. The future for our sector is a circular textile system, where products are made to last, and made from safe, recycled, and sustainably sourced input that can recirculate multiple times. Yet, understanding the complexity of textiles is key to be able to design a policy that guides the transition to a sustainable and circular model of the textile sector. In this regard, the Policy Hub – Circularity for Apparel and Footwear supports the EU’s plans to make sustainable products a norm as part of the Sustainable Product Initiative (SPI). We expect that the SPI will ensure harmonisation across the EU and create a needed level playing field when it comes to design requirements of textiles to make them fit for the circular economy. To fully leverage SPI’s potential and achieve its intended goal of making products sustainable, the Policy Hub recommends the following focus areas, that will be explained in detail below:

- **Provide a harmonised and aligned legislative framework for the design of textile and footwear products** to create an even level playing field while taking into account the diversity in the functional application of products.
- **Expand the Ecodesign Directive to include textiles and footwear and establish product-specific implementing measures** in coordination with the industry while providing a sufficient transition period, preserving creativity and competitiveness of the industry.
- **Set minimum design requirements and targets** to accelerate circularity for apparel and footwear based on a comprehensive assessment of the potential environmental impact improvement per textile product category.
- **Whenever possible, use the EU’s product environmental footprint (PEF) methodology as a basis for the SPI** to build on the significant work that has been done for measuring the product’s environmental impact.
- **Create an efficient EU market for secondary raw materials.** Collecting, sorting, and recycling infrastructure should encourage re-use and ultimately increase the availability of recycled fibres at a commercial scale and competitive price.
- **Develop Digital Product Passport (DPP) with sector-specific information requirements**, whereas interoperability with other databases must be ensured, technology standards need to be clarified and data protection must be guaranteed.¹
- **Stimulate circular business models through incentives**, making new models like renting and re-commerce more profitable. Such incentives should finance innovation and industrial deployment for sorting, collection, and recycling capacities of textiles in Europe.

1. **A NEED FOR A HARMONISED AND ALIGNED SYSTEM WITH CLEAR OBJECTIVES**

The transition to a circular economy in which materials can be used and reused at their highest potential is one of the priorities of the apparel and footwear industry. For a successful implementation of the SPI, the Policy Hub recommends the following:

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¹ For further information please read the Policy Hub’s position paper on the Digital Product Passport.
Set clear objectives of the Sustainable Product Initiative

To create an effective policy framework, it will be critical to define the objectives that the SPI aims to achieve before setting binding design requirements and targets. Depending on the objective, different targets per textile product category will have to be established. We embrace the EU’s ambition to become climate neutral by 2050 and believe that moving to a circular economy and making products more sustainable will be important to achieve this aim. Thus, **we recommend that the objectives of the SPI for the apparel and footwear sector should be to ensure the lowest environmental impact of textiles particularly by accelerating their transition to the circular system.** To determine how best to achieve these objectives, it will be necessary to quantify the environmental impact improvement potential of the measures to be set as part of the SPI. This will require a comprehensive and scientific assessment taking into account the entire life-cycle of textiles (further explained on page 4).

Expand the Ecodesign Directive to textile and footwear products in coordination with industry stakeholders

The Policy Hub supports the expansion of the Ecodesign Directive to include textile and footwear products (hereinafter “textiles” are used to include both garment and footwear products). We further ask for the European Commission to **consider the nature and specificities of textiles and develop tailored measures for our sector at the product and material level.** The development of further implementing measures under Article 15 of the current Ecodesign Directive must be done in coordination with the stakeholders of the apparel and footwear industry. As part of this position paper, we propose to focus on durability and recyclability requirements, and targets for carbon reduction and recycled content, which should be set as part of the expanded Ecodesign Directive. Yet, we acknowledge that other measures have the potential to reduce the impact of textiles, e.g., stimulating the use of low-impact materials. Thus, dedicated working groups consisting of companies and experts (see below) should assess, following a robust hotspot analysis, which precise ecodesign measures are best suited to ensure the lowest environmental impact of textiles to be able to meet the objectives set in the SPI.

Use the stakeholder consultation forum to develop product-specific measures

The current Ecodesign Directive has established a stakeholder consultation forum to ensure a balanced participation of Member States’ representatives, and all interested parties concerned with the product or product group in question. The Policy Hub recommends using this platform to consult the relevant textile stakeholders including civil society when developing product-specific measures for textile products. **We propose to create working groups consisting of companies and experts to be set similarly to the PEF Technical Secretariat.** These working groups should define appropriate design and data measures for textiles per product category\(^2\). The developed outputs of the working groups should be peer-reviewed and vetted by the European Commission.

Ensure coordination between the SPI and other legislative initiatives

The Policy Hub urges the European Commission’s services to coordinate the initiatives touching elements of circular design to ensure consistency:

\(^2\) As part of the currently developed PEFCRs for apparel and footwear, 13 product categories were identified: (1) T-Shirts, (2) shirts and blouses, (3) sweaters and midlayers, (4) jackets and coats, (5) pants and shorts, (6) dresses, skirts and jumpsuits, (7) Leggings, stockings, tights and socks, (8) underwear, (9) swimwear, (10) apparel accessories, (11) open-toed shoes, (12) closed-toed shoes, (13) boots.
For successful development of SPI, Policy Hub recommends the following actions at a minimum:

- **Align definitions**: Definitions related to the topic of circularity for the apparel and footwear sector (e.g., durability, recyclability) need to be aligned across all legislative initiatives listed above to ensure coherency, legal certainty, and foster common understanding for the textile stakeholders. The Policy Hub proposes a list of key definitions building on relevant stakeholders’ positions (see Annex) and will generally seek to leverage existing work on definitions already collaboratively developed by the apparel and footwear industry.

- **Coordinate timelines**: Design requirements and targets set for the apparel and footwear sector will be dependent on the supporting infrastructure (e.g., sorting & recycling technologies). Hence, when setting timelines to achieve these requirements/ targets, it is paramount to coordinate them with other existing and upcoming EU initiatives related to circularity, e.g., targets on recycled content should be coordinated with the policies on EPR and Waste Shipment regulation which are expected to leverage the secondary raw material market.

- **Harmonise**: Wherever possible, the above-mentioned legislative initiatives for the industry should feed into each other to decrease coordination efforts for companies and reduce administrative burden, e.g., the digital product passport could be also used as a tool to improve recycling and could be leveraged in the discussions on waste. Requirements at the Member State level hampering the free movement of goods should be avoided.

- **Sequence and test the implementation**: We recommend focusing on products that present significant potential for improvement of environmental and circularity impact when setting the design requirements and regulating the digital product passport. For the latter, pilot projects are needed to determine which data and requirements are necessary to achieve the desired impact. This should be done in close collaboration with the industry, and it should include learnings from current projects for the circularity of textiles and the sorting of textile waste.\(^3\)

- **Provide predictability through a stepwise implementation**: Design requirements or any other measures set as part of the SPI should be adopted using a step-by-step approach focusing on a few products at a time.

### 2. MEASURES NEEDED TO ACCELERATE SUSTAINABLE DESIGN OF TEXTILES

To reduce the overall climate and environmental footprint of textiles, achieve a longer product life, and increase circular material uptake and availability, the SPI should set binding requirements for the textile industry. At the same time, it should also introduce the right economic and policy

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\(^3\) See an example of the Fashion For Good project on the advanced scanners (NIR) and EMF Designing for circularity: [https://www.ellenmacarthurfoundation.org/assets/downloads/The-Jeans-Redesign-The-Report.pdf](https://www.ellenmacarthurfoundation.org/assets/downloads/The-Jeans-Redesign-The-Report.pdf). The **Fashion Positive Circular Materials Guidelines** defines circular materials and were developed through a multi-stakeholder process.
incentives to promote good circular practices avoiding excessive bureaucratic requirements, e.g., through developing the end-of-waste criteria for textiles. To create a comprehensive and effective policy instrument for measures needed to accelerate the sustainable design of textiles, the Policy Hub recommends the European Commission to consider the following:

I. Set minimum mandatory design requirements per PEF product category

Setting minimum mandatory design requirements as part of the SPI will be key to reduce the overall life-cycle climate and environmental footprint of textiles, achieve a longer product life, and increase circular material uptake and availability. To ensure that such requirements are holistic and tackle a wide range of issues across the entire lifespan of textiles (from production/extraction to the end of life), the Policy Hub recommends introducing ecodesign requirements on physical durability and recyclability, and to further define targets for recycled content and carbon reduction (see section II.). It will be important that any requirements and targets set under the SPI are realistic, reasonable, and measurable. The SPI should also clarify how they will be verified with an appropriate enforcement mechanism to be set in place to ensure accountability.

Set design requirements for textiles per product category

To decide which textile products shall be covered by the implementing measures under the expanded Ecodesign Directive, pilots and an assessment must be carried out which would consider the product’s impact on the environment, consumers, and manufacturers, also taking into account the effects on innovation, creativity, market access, and costs and benefits. Textile products covered by the ecodesign requirements shall also present significant potential for improvement of environmental and circularity impact. We recommend that the process of deciding which textile products to be covered as part of the Ecodesign Directive shall be aligned with the textile product categories currently covered by the EU PEFCRs.4

Use a comprehensive and scientific assessment when setting design requirements and targets

A comprehensive and scientific assessment should be used to determine the potential environmental impact improvement of the textile value chain when setting design requirements and targets. Once the environmental impact improvement potential for a specific product category or value chain has been identified, it is crucial to substantiate the expected environmental benefits linked to the proposed implementing measures. Life Cycle Assessment (LCA) and other methodologies will be important to substantiate the related environmental benefits at the product level and address potential trade-offs. In this regard, the Policy Hub recommends the European Commission to leverage the existing EU Product Environmental Footprint (PEF) methodology and use it as much as possible when assessing the environmental impacts of textile products and the feasibility of their improvement. In the future, the PEF methodology should be updated to reflect the transition to a circular economy by integrating the multiplication of uses of one product and recognise the impact of the end-of-life stage. For the impact categories currently not covered by PEF, e.g., microfibres and biodiversity, we recommend developing a harmonised methodology to measure them in collaboration with the industry and leverage existing standards, e.g., the Cross Industry Agreement5 or the work of the European Committee for Standardization.

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4 See footnote 1.
5 https://euratex.eu/cia/
Consider different trade-offs

When setting the design requirements on physical durability and recyclability, the trade-offs between these parameters must be considered as part of the comprehensive assessment. To properly address these trade-offs, we recommend setting the design requirements based on the function of a product. This means that a “one size fits all” approach cannot be applied, and different minimum design requirements would vary per textile product category and fibre type.

Focus on durability and recyclability

Policy Hub recommends focussing on the two key parameters when regulating the design requirements for textiles:

Set (physical) durability requirements

- Textiles must be designed with longevity in mind and made to be used for long. To ensure this, minimum thresholds for physical durability, e.g., X number of washes at product category and fibre type should be set.

- Any durability requirements such as the example above should be based on and aligned with the durability requirements agreed as part of the EU PEF methodology. This would ensure legislative consistency and reduce the administrative burden both for the EU and the business.

Set recyclability requirements

The SPI requirements should lay conditions for enabling remanufacturing and high-quality recycling of textiles. To do that, the existing challenges surrounding recycling must be addressed: the textile-to-textile recycling process is hampered by the widespread use of chemicals, mixed fibres, dyes, and other finishes that are incompatible with recycling. It is also impeded by technical challenges often posed by the low quality of recycled fibres and the lack of proper recycling infrastructure. We recommend the European Commission:

- Consider the currently available recycling technology when setting the recyclability requirements and timelines as part of the SPI.

- Provide economic and financial incentives for the development of recycling solutions for textiles.

- Develop recycling solutions for textiles and viable material alternatives (with the same or improved functionality) and progressively limit the use of material mix, dyes, trims, sewing threads, prints, permanent fusion of different materials, and finishes not compatible with recycling, whenever meaningful based on environmental impact analysis.

- Consider different trade-offs and the function of a product when setting the recyclability requirements as explained above. The requirements should be defined together with recyclers.

- Any recyclability requirements should be aligned where possible with the recyclability requirements agreed under the EU PEF methodology to provide consistency and reduce administrative burden.

II. Set relevant targets for textile products

To ensure that the textiles industry reaches the climate neutrality goal set in the Green Deal and to truly accelerate the transformation to the circular economy, it will be key to establish relevant
targets for product design concerning recycled content and carbon emissions. Such targets should be based on a scientific methodology and a comprehensive assessment of the potential environmental impact improvement of the textile value chain. An appropriate verification method will be needed to ensure compliance. The Policy Hub suggests the following to be introduced as part of the expanded Ecodesign Directive:

Set recycled content targets

- We recommend setting minimum recycled content targets in the overall product portfolio of a company by fibre type, e.g., X% recycled polyester per company’s portfolio by 2025. We should prioritise the fibres based on the potential impact and availability of recycling technologies.
- The recycled content targets should be based on the condition that there is a sufficient amount of secondary raw materials, and the right infrastructure exists to access them (see section iii).
- A strong EU policy, including but not limited to incentives, should be developed to stimulate fibre to fibre recycling. For example, the European Commission should organise round tables with fibre producers, material recovery facilities, and other stakeholders to gather insights as to how to accelerate fibre to fibre recycling.

Set carbon thresholds

- We recommend introducing CO2 thresholds at a company/producer level in line with the obligations set in the Paris Agreement.
- Also, companies should progressively disclose the carbon footprint of their products.

III. Stimulate market for secondary raw materials and build the right infrastructure

In addition to setting the eco-design requirements for textiles, the European Commission should also stimulate the creation of a market for secondary raw materials. Currently, recycled materials are more costly than virgin ones, and their accessibility is limited. To effectively transition to the circular economy there must be a functioning secondary raw materials market ensuring post-consumer products’ value is retained. The Policy Hub encourages the European Commission to create the right market conditions for secondary raw materials which must be scaled to become competitive to virgin materials. We believe that increasing recycled content in textiles will be the main driver for the secondary raw material market as it will ensure their sufficient supply. At the same time, a harmonised end-of-waste criteria and waste definition for textiles at the EU level, recognising textile waste as a resource is needed to further stimulate a secondary raw materials market for textiles.

Also, financial measures will be important to shape the right economic conditions for the secondary raw material market. We recommend using short-term EU subsidies for scaling in collecting and sorting and introducing other price incentives, such as VAT reductions to companies using secondary raw materials or other tax or tariff relief on sustainable materials. Also, through the EU-wide and harmonised EPR scheme, the European Commission should introduce the eco-modulation of fees. To see a list of recommendations as to what such an EPR scheme should look like, see our recommendations in the joint position paper with other relevant stakeholders.

Moreover, the relevant infrastructure must be built to ensure a constant flow of high-quality secondary raw materials. Investments in material collection, sorting, disassembly infrastructure, and innovative recycling technologies are a prerequisite and a critical success factor for building a market for large-scale secondary raw materials in the apparel and footwear industry. The EU should contribute to them through research programs, such as Horizon 2020 and Life. In addition, dedicated funding should be allocated for the scaling of pilot/near commercial-scale technologies.
For more recommendations on how to build the right infrastructure for textile waste management in Europe and on how to secure a constant flow of high-quality secondary raw materials see our position paper on “Waste as a Resource”.

3. INCENTIVISING CIRCULAR BUSINESS MODELS

Business models are important in the discussions on product design as they strongly influence how products are produced and consumed. Transitioning to the circular economy will require changing the current business practices into more sustainable models, such as resell, recommerce, product as a service systems, and others. The Policy Hub supports the EU’s ambition to stimulate the use of such models as this will incentivise longer use of products and help to accelerate sustainable consumption.

Transitioning to circular business models will require a huge paradigm shift not only internally in companies but in customers’ purchasing habits - shifting to accessing fashion as a service, e.g., instead of owning clothes, they will have to get used to rather renting, reselling, or swapping garments after use. While at the moment, resell is becoming popular among the customers, leasing or repairing textiles products have yet to gain awareness and popularity. Thus, the SPI should foster sustainable consumer behaviour that will lead to the demand for repair services and used garments and will help to achieve economic viability for those circular business models.

Also, the costs, financial capital, and profitability required to establish circular business models are high, particularly for SMEs. Therefore, the EU must create the right market conditions for the circular business models to flourish using incentives and not through the enactment of binding requirements. The latter would only stall innovation and could lead to market barriers. To incentivise the use of circular business models the Policy Hub recommends the following:

Use financial incentives

- Provide financial support to SMEs, starts-up, and others developing circular business models to achieve industry scalability.
- Urge EU Member States to adopt lower VAT for circular business models and sustainable textile products (as defined per EU Taxonomy) or use other financial incentives to stimulate scalability, e.g., public tenders.
- Urge EU Member States to clarify and harmonise rules on tax-deduction related to write-offs and donations.

Define further rules

- Define clear ownership rules of who owns a secondhand product, e.g., in the rental model, the company maintains the ownership while in leasing it would be the customer taking the ownership for the duration of the lease.
- Define collected textiles as a resource through setting end-of-waste criteria, which will allow collected textiles to be easily movable across borders, and thus facilitate rental and recommerce models.
- Establish mandatory green public procurement criteria to increase the demand for circular business models.

Create consumer awareness

- Provide incentives to increase customers’ awareness and information about circular business models, e.g., finance and support consumer awareness campaigns addressing
perception barriers of reuse, re-selling, and purchasing second-hand, or campaigns encouraging a prolonged use of items.

- **Incentivise the EU Member States to impose green vouchers for consumers** to purchase textile items that are second-hand, certified, repaired, rental, e.g., like EcoCheques in Belgium.

**Address other challenges**

- **Assess the most sustainable business models by conducting impact assessments** as new value offerings can entail additional processing and transportation impacts which can dilute the environmental potential of circular business models.⁶
- **Address administrative barriers regarding liability and insurance for users** in the case of the product as service (rent).
- **Ensure that sorting and recycling hubs** for both post-industrial and post-consumer streams exist in all EU regions.
- **Allow companies the flexibility to implement the ‘right to repair’** in their service offer, e.g., through offering repair networks to customers.
- **Ban the destruction of unsold goods with an exception of counterfeit products or products that are harmful to health and safety.** There should be a clear definition of what is meant by “destruction” set at an EU level and SPI should provide incentives for better ‘demand forecasting and inventory planning’ of brands.

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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 non-profit 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.

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 euros. More information about FESI: www.fesi-sport.org

ABOUT TEXTILE EXCHANGE
Textile Exchange is a global nonprofit that creates leaders in the sustainable fiber and materials industry. The organization develops, manages, and promotes a suite of leading industry standards as well as collects and publishes vital industry data and insights that enable brands and retailers to measure, manage, and track their use of preferred fiber and materials. Textile Exchange has over 600 member companies representing leading brands, retailers, and suppliers, and hosts industry round tables that convene a diverse group of stakeholders to pre-competitively solve key issues. Textile Exchange has, for years, been positively impacting climate through accelerating the use of preferred fibers across the global textile industry, and is now making it an imperative goal through its 2030 Strategy: Climate+. Through the Climate+ strategy, Textile Exchange has set out to direct the global textile industry towards achieving a 45% reduction in greenhouse gas emissions within the fiber and raw materials production stage by 2030. To learn more about Textile Exchange, visit TextileExchange.org.

ABOUT THE ZDHC FOUNDATION
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-focused, 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.
ANNEX Definitions

Durability
The ability of a product to remain functional and relevant when faced with the challenges of its intended operation. It often applies to the physical attributes of a product (its ability to resist damage and wear), although for some products durability can be technological (for example the ability of software to be upgraded many times), and in others, it can be emotional (for example, the ability of certain clothes to stay relevant and desirable) - Ellen MacArthur Foundation. For the SPI, we recommend only regulate psychical, and not emotional durability, for which a proper measurement does not yet exist.

Reusability
Reusability depends on the existence of durable textiles on the market. Reuse becomes very unlikely if garments are not made to last longer, and certain weak points exist (such as seams, fasteners, or accessories). In addition, reusing textiles requires a business model which effectively redistributes the products. (ECOS, Durable Repairable and mainstream – How ecodesign can make our textiles circular).

Repairability
The ease with which a product can be repaired. (Ellen MacArthur Foundation)

Recyclability
The ability of a product, on becoming a waste, to be reprocessed by registered or permitted facilities into products, materials, or substances, compliant with product laws including chemical regulations, whether for the original or other purposes, with a carbon footprint lower than equivalent primary material production. (Policy Hub – Circularity for Apparel & Footwear, EPR position paper)

Recycling
The process of reducing a product back to its basic material level, reprocessing those materials and using them in new products, components, or materials’ (Ellen MacArthur Foundation)

In addition to the above, it will be critical to define what “circular” means for our sector, which would allow us to better assess textiles impacts and deploy measures needed to curb them, such, e.g., extending product’s lifecycle, reducing waste, or taking other relevant actions. In its efforts to define circularity for textiles, the European Commission should leverage existing industry initiatives, such as the Ellen MacArthur Foundation’s “Make Fashion Circular”.