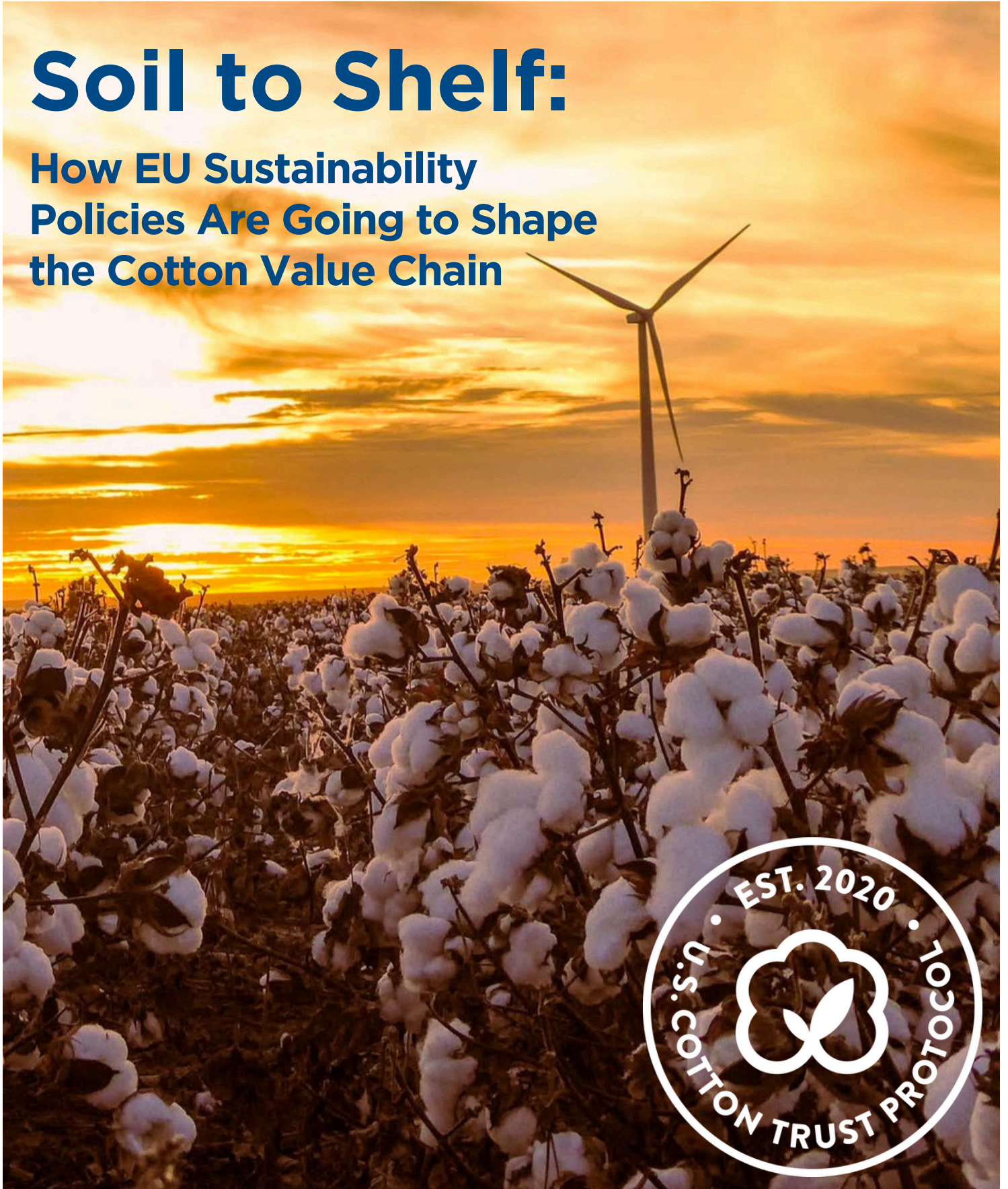


Soil to Shelf:

**How EU Sustainability
Policies Are Going to Shape
the Cotton Value Chain**



By: The U.S. Cotton Trust Protocol

July 2025

Contact: info@TrustUSCotton.org

Executive Summary.....3

Key EU Policy Files.....4

- Design & Production.....4
- Responsible Supply Chains.....5
- Informed Consumer Choices.....10

Conclusion.....13

Disclaimer:
This document overviews the EU policy landscape at the time of writing, based on public sources, expert analysis, and EU official interviews. Due to the potential for policy changes, especially in the current dynamic macroeconomic and geopolitical environment, ongoing monitoring is recommended.

Executive Summary

The European Union is actively pursuing a more sustainable textile industry, driven by the urgent need to curb rapidly rising textile consumption and waste, as highlighted in a recent report by the [European Environment Agency \(EEA\)](#). This effort is spearheaded by the [EU Textile Strategy](#), which prioritizes circular business models and resource efficiency.

The continuing rise in demand for environmentally sustainable fibers, coupled with upcoming EU legislation focused on sustainability, transparency, and traceability in the textile sector, presents a significant opportunity for the cotton industry to lead in sustainable practices.

As the European Commission, under President Ursula von der Leyen, continues its mandate, sustainability remains a key pillar of EU policymaking. However, global events and industry pressures have introduced new priorities, signaling a shift towards greater competitiveness, resilience, and regulatory simplification through a pragmatic and technology-neutral approach. This includes a comprehensive smart regulation agenda and a commitment to reducing reporting obligations. This evolution is reflected in initiatives such as the [Omnibus Simplification Package](#), which aims to streamline the application of major directives like the [Corporate Sustainability Reporting Directive \(CSRD\)](#) and the [Corporate Sustainability Due Diligence Directive \(CSDDD\)](#). Political discussions and negotiations will shape the final form of this simplification attempt, but, while these adjustments seek to ease compliance burdens, they do not diminish the EU's overarching commitment to sustainability, transparency, and accountability across supply chains.

For the cotton sector, this evolving policy landscape presents both challenges and opportunities. Key regulations such as the CSRD, Ecodesign for Sustainable Products Regulation (ESPR), and Green Claims Directive are reshaping expectations for sustainable practices, traceability, and credible environmental claims. This dynamic policy environment demands innovation and proactive engagement from brands, retailers, and growers to meet increasingly stringent requirements while maintaining competitiveness in the global market.

This dynamic policy environment demands innovation and proactive engagement from brands, retailers, and growers to meet increasingly stringent requirements while maintaining competitiveness in the global market.

The Trust Protocol has been actively engaging with EU policymakers and stakeholders to ensure alignment with these developments. Our robust data collection, verification tools, and article-level supply chain transparency empower members to navigate this complex regulatory environment with confidence. From supporting compliance with CSRD disclosure requirements to contributing to public consultations on ESPR and Digital Product Passports, we are committed to fostering progress and helping our members demonstrate leadership in sustainability.

To navigate this changing policy landscape, the following sections will detail specific policy initiatives at the EU level focused on transforming textile supply chains and dynamics. Understanding these policies is crucial for ensuring the continued success of sustainable cotton initiatives at the EU and global level.

This white paper provides an overview of the most relevant EU policies impacting the textile and cotton supply chain and outlines how the Trust Protocol's solutions can support compliance, enhance transparency, and foster trust through verifiable claims. As sustainability continues to be a cornerstone of EU policymaking, we invite you to explore how the Trust Protocol can help your organization thrive in this evolving landscape.

Design & Production

A key priority of the European Commission is to establish new standards and requirements for the sustainable design of products placed on the EU market, and the primary means of implementing these standards is the Ecodesign for Sustainable Products Regulation (ESPR), which introduces a Digital Product Passport (DPP).

Ecodesign for Sustainable Products Regulation and Digital Product Passport

The Ecodesign for Sustainable Products Regulation (ESPR) aims at creating product conception criteria that improve their circularity, energy performance, durability and recyclability. These changes are introduced with a view to establishing, in the European Commission's words, a "strong, well-functioning single market for sustainable products in the EU".

Concretely, this means that new "ecodesign requirements" for several physical goods, among which textiles are a priority, will be developed within a year by the European Commission. These requirements include durability, reusability, reparability as well as rules on carbon and environmental footprints and on waste generation.

The ESPR was officially approved in May 2024, and the European Commission is currently developing product-specific requirements, starting with textiles. In this context, the Commission has launched a preparatory study on textiles, following which an impact assessment will be published, ahead of releasing the final product requirements.

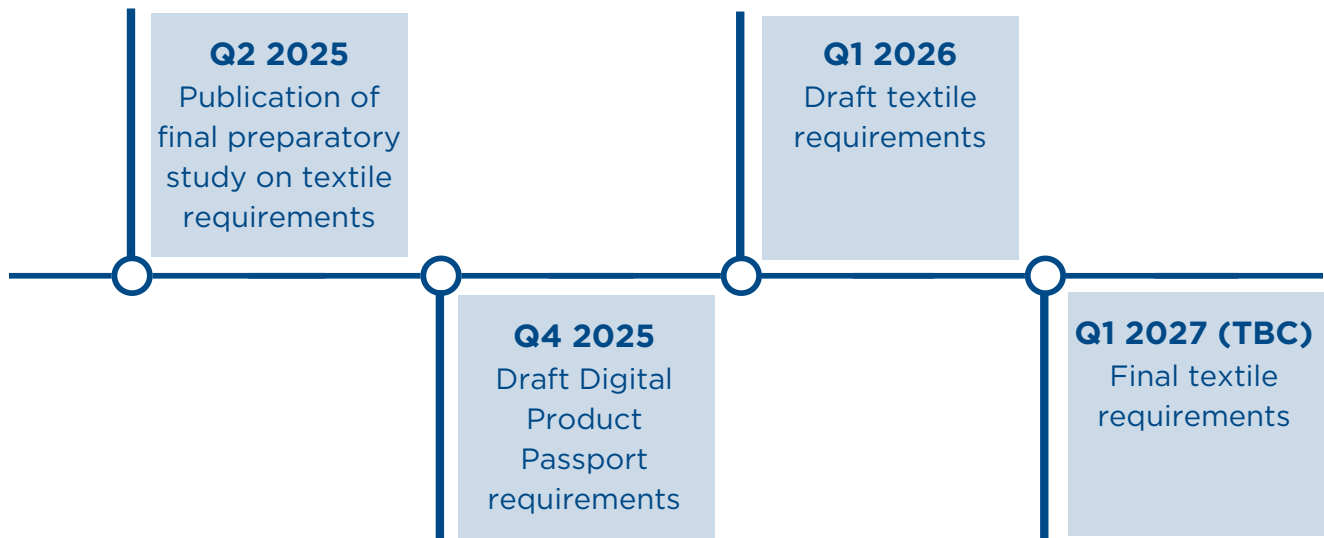
Additionally, this initiative will also require improving the availability of sustainability information. In fact, the ESPR will introduce a Digital Product Passport (DPP), which will carry electronically available relevant information on goods. Similarly to the textile-specific requirements, the characteristics of the DPP are yet to be developed. This process will work in close coordination with the review of the Textile Labelling Regulation (see below), to ensure legislative coherence and easier compliance. We can expect the first draft DPP criteria to be published at the end of 2025, while the first months of 2026 will see the publication of draft textile product design requirements.

How the U.S. Cotton Trust Protocol Can Help

While clear rules are yet to be put in place, the Trust Protocol is closely following and engaging in the developments linked to the implementation of the ESPR, to make sure of becoming a close ally for compliance, in terms of provision of data that could help the sustainable design of a product. The Trust Protocol's six key sustainability metrics—covering water use, soil health, greenhouse gas emissions, soil carbon, energy efficiency, and land use— will help convey information on the sustainability of textile products. Digital Product Passports will give the opportunity to show additional traceability information on the cotton fiber that will be used to produce a garment and field-level data on key sustainability metrics, such as those that the Trust Protocol provides, would be of invaluable help to provide proof points on the sustainability of apparel products. In fact, through its Protocol Consumption Management Solution (PCMS), the Trust Protocol offers article-level traceability, verifying the origins of Protocol Cotton and U.S. Cotton, which could enable brands to successfully populate Digital Product Passports with field level data measuring year-on-year progress.

The Trust Protocol's six key sustainability metrics—covering water use, soil health, greenhouse gas emissions, soil carbon, energy efficiency, and land use— will help convey information on the sustainability of textile products.

Timeline



Responsible Supply Chains

This section analyzes key EU policies shaping sustainability, transparency, and reporting requirements. First of all, it highlights the Corporate Sustainability Reporting Directive (CSRD), which sets disclosure requirements to ensure companies report on their environmental and social impacts. Furthermore, this section examines the EU's evolving regulatory framework aimed at ensuring ethical and sustainable practices across global supply chains. Key initiatives such as the Corporate Sustainability Due Diligence Directive (CSDDD) and Forced Labor Regulation underscore the EU's commitment to mitigating risks related to human rights violations and environmental harm. While adjustments proposed under the recently published Omnibus Simplification Package are poised to streamlining certain reporting obligations, the focus on accountability and transparency remains steadfast.

Corporate Sustainability Reporting Directive (CSRD):

The EU Corporate Sustainability Reporting Directive (CSRD) entered into force on 5 January 2023. The objective of this piece of legislation is to enable financial investors and other stakeholders to have access to all needed information in order to assess the impact that companies have on people and the environment as well as financial risks and opportunities that are stemming from climate change.

The CSRD relies on the concept of double materiality, that requires companies to report on both their financial risks and their impact on climate and environment. The CSRD is intended to enable organizations to identify and manage their own sustainability risks and opportunities, while also providing investors and civil society stakeholders with access to critical information for assessing the performance and impact of EU companies on sustainability issues. To facilitate this, the European Commission partnered with the European Financial Reporting Advisory Group (EFRAG) to establish a set of European Sustainability Reporting Standards (ESRS), which aim at unifying the methods by which companies disclose their ESG performance.



Starting with the financial year 2024, the CSRD mandates that all large and listed companies disclose information regarding risks and opportunities stemming from social and environmental issues, as well as the impact of their activities on people and the environment.

However, the recently presented Omnibus Simplification Package, which is currently being discussed by European Parliament and EU member states, proposes changes pertaining to the number of companies in scope (about 80% of companies originally foreseen to be under the scope could be excluded) and the date of application, which is suggested to be postponed by two years: this way, new “waves” of application will start respectively on 1 January 2028 (large companies) and 1 January 2029 (listed SMEs) and will be relative to the previous financial year (ie. 2027 and 2028).

These proposed changes are in the process of being discussed by the European Parliament and by EU member states. According to the current state of the process, a final agreement on the definitive text is expected before the end of 2025, which would allow for the above application dates to be confirmed.

As part of the Omnibus simplification effort, the European Commission has asked EFRAG to streamline the ESRS to make them easier for companies to use. This simplification may involve reducing the number of mandatory ESRS datapoints and disclosure requirements by eliminating those considered less relevant for general-purpose sustainability reporting, prioritizing quantitative datapoints over narrative disclosures, and further clarifying the distinction between mandatory and voluntary datapoints. EFRAG is using the experience of companies that have already started using the standards to guide this simplification process.

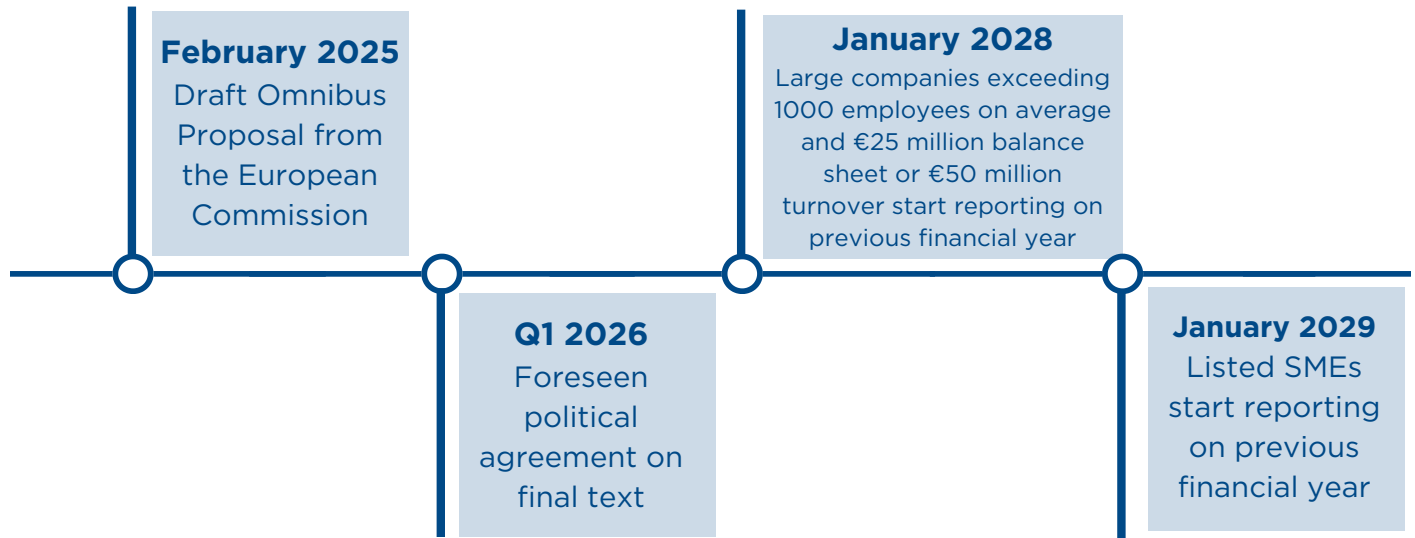
How the U.S. Cotton Trust Protocol Can Help

The Trust Protocol has been actively monitoring, identifying and meticulously evaluating where its data proposition aligns with the ESRS. The Trust Protocol is well-positioned to assist its members in adhering to the crucial disclosure requirements that established in the ESRS and span various areas, including climate, pollution, water, biodiversity, and workers’ wellbeing. Some examples of ESRS disclosure requirements include E2-2 – Actions and resources related to pollution, E3-4 – Water consumption, E4-2 – Policies related to biodiversity and ecosystems.

Being the only sustainable cotton system that provides quantifiable, verifiable goals and measurement and drives continuous improvement in six key sustainability metrics, the Trust Protocol is also the first to offer article-level supply chain transparency to members. These unique characteristics can play a fundamental role in assisting members in complying with the provisions of the EU Corporate Sustainability Reporting Directive. Insights from grower enrollment questionnaires further address human rights, biodiversity, and chemical use provisions outlined in the directive. The quantitative nature of Trust Protocol data makes them a particularly valuable ally for compliance even in case of a scope reduction.

Being the only sustainable cotton system that provides quantifiable, verifiable goals and measurement and drives continuous improvement in six key sustainability metrics, the Trust Protocol is also the first to offer article-level supply chain transparency to members.

Timeline



Corporate Sustainability Due Diligence Directive (CSDDD)

Adopted in July 2024, the Corporate Sustainability Due Diligence Directive (CSDDD) establishes a framework for sustainable corporate behavior and accountability in global supply chains, requiring companies to identify, prevent, address, and account for adverse human rights and environmental impacts within their chains of activities – their own operations, their subsidiaries’ operations and their business partners’ upstream and downstream operations - to align with the EU’s sustainability objectives.

The directive will apply to both EU and non-EU companies meeting specific thresholds. EU companies with more than 1,000 employees and €450 million global turnover will fall under the scope: for non-EU companies, the employee threshold is the same, the €450 million turnover has to be generated in the EU.

Under the Omnibus Simplification Package, the original requirements will mostly remain valid but will be somehow simplified. Proposed changes include reduced value chain due diligence obligations, which could be limited to a company’s own operations, its subsidiaries and direct business partners. Additionally, organizations are proposed to no longer be required to terminate business relationships in case of identified adverse impacts, as long as they will implement and action plan to address these adverse impacts, with a reasonable expectation of success. The proposal also suggests reducing civil liabilities and pecuniary penalties for companies.

Under the Omnibus Simplification Package, the original requirements will mostly remain valid but will be somehow simplified.

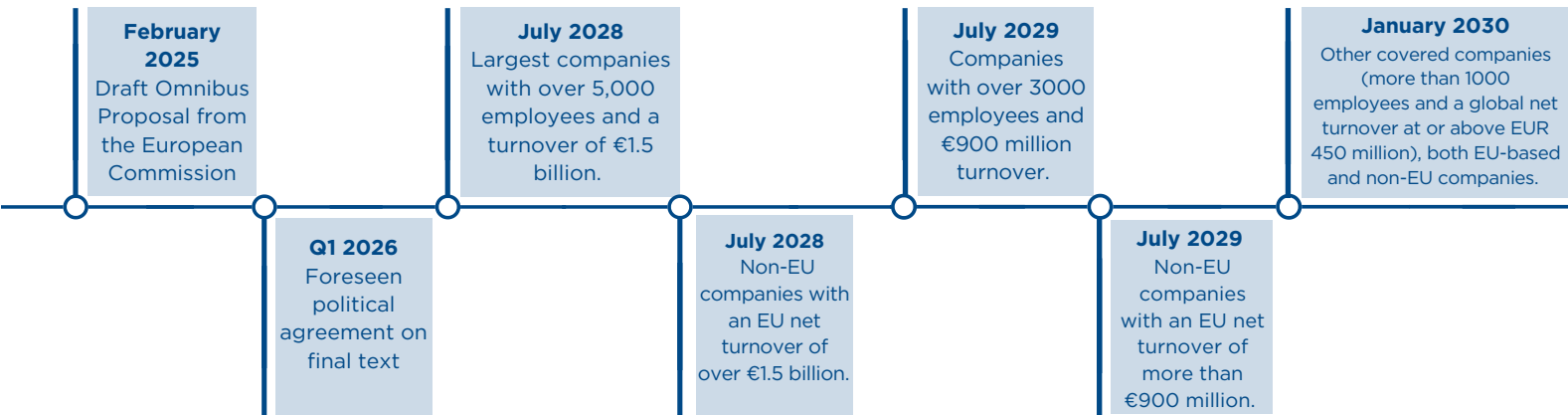
As initially planned, the foreseen application of the directive will be gradual, yet, due to the Omnibus proposal, postponed by a year, starting in July 2028 for the largest EU companies. Remaining companies will be in scope by July 2029. In the meantime, the European Commission will work on developing the necessary guidelines by July 2026, providing companies with guidance on best practices. Similarly to the CSRD, these proposed changes are in the process of being discussed by the European Parliament and by EU member states: a definitive text could be expected before the end of 2025, allowing for the above application dates to be confirmed. However, given the complexity and significance of the issues at stake, discussions, especially in the European Parliament, are expected to be rigorous and thorough, potentially leading to extensions to the foreseen timeline

While the Omnibus package tries to simplify and streamline due diligence and reporting requirements, this should not be seen as an attempt to erase existing rules: the textile value chain will still be expected to lead by example in this sustainability and transparency exercise.

How the U.S. Cotton Trust Protocol Can Help

While companies will be responsible for developing their own due diligence policies, the Trust Protocol provides critical data and transparency to support compliance efforts and mitigate supply chain risks. The Trust Protocol provides essential tools to help companies meet the requirements of the CSDDD. Through its Protocol Consumption Management Solution (PCMS), the Trust Protocol offers article-level traceability, verifying the origins of Protocol Cotton and U.S. Cotton, enabling brands to map their supply chains effectively. Additionally, the Trust Protocol’s six key sustainability metrics—covering water use, soil health, greenhouse gas emissions, soil carbon, energy efficiency, and land use—help identify environmental risk areas. Insights from grower enrollment questionnaires further address human rights, biodiversity, and chemical use provisions outlined in the directive.

Timeline





Forced Labor Regulation

The EU Forced Labor Regulation aims to eliminate products made with forced labor from the EU market. This regulation, which entered into force on 13 December 2024, and will become fully applicable on 14 December 2027 prohibits the placement, sale, or export of products made with forced labor within the EU, covering all sectors and applying to businesses of all sizes.

The regulation defines forced labor in alignment with the International Labor Organization's standards, encompassing all work under threat of penalty and without voluntary offer. This definition includes forced child labor and extends to all stages of a product's lifecycle, from raw material extraction to final production.

Implementation of the regulation involves a two-stage investigation process. EU countries are required to designate competent authorities before December 2025, and the European Commission will publish guidelines and create evidence-based databases by June 2026.

Enforcement follows a risk-based approach, with authorities assessing the likelihood of violations based on criteria such as the scale and severity of suspected forced labor, quantity of products in the EU market, and the proportion of the product suspected to be made with forced labor. If a product is determined to be made with forced labor, authorities may prohibit its import or withdraw it from the EU market.

How the U.S. Cotton Trust Protocol Can Help

The U.S. Cotton Trust Protocol provides critical assurances to help companies comply with the EU Forced Labor Regulation. In addition to the adherence to strict federal regulations protecting workers, in order to participate in the program, growers must commit to upholding 12 key principles of ethical labor practices. Any individual who registers for the Trust Protocol but fails to adhere to these principles will be denied membership. Among other things, these principles ensure fair treatment of workers, compliance with wage and working hour laws, prohibition of exploitation and forced labor, promotion of workplace safety and equality, access to essential facilities like potable water and sanitation, protection against discrimination and harassment, and respect for workers' rights to freedom of association.

The Trust Protocol developed its own traceability and transparency solution allowing the tracking of U.S. Cotton and cotton specifically grown on Protocol producers' farms. The Protocol Consumption Management Solution (PCMS) is designed to monitor and authenticate the journey of U.S. Cotton and Protocol Cotton from the farm to the finished product. By generating a transparency map, the PCMS verifies the certified origin of U.S. cotton and identifies Protocol Cotton grown exclusively by Trust Protocol growers, ensuring cotton's country of origin.

Timeline



After being signed by the President of the European Parliament and the President of the Council, the regulation will be published in the Official Journal of the European Union and will enter into force on the day following its publication. It will apply 3 years after the date of entry into force.

Informed Consumer Choices

Empowering consumers with accurate and transparent information is a central focus of recent EU policy developments. The Green Claims Directive, currently under negotiation, aims to ensure that explicit environmental claims made by companies in B2C commercial practices are substantiated through robust scientific evidence, credible methods and verified processes. Complementing this, the upcoming revision of the Textile Labelling Regulation will harmonize labeling standards across the EU, introducing digital labels to provide consumers with detailed sustainability and traceability data.

Green Claims Directive

The European Commission announced its intention to withdraw the Green Claims Directive proposal in June 2025, thereby deferring its future to Member States and the European Parliament. Negotiations encountered challenges stemming from contentious points among Member States, concerns regarding industry burden, and pressure from political groups and business associations. Consequently, the information presented below, at the time of writing, should not be considered definitive, as the future of this file remains highly uncertain.

Successful verification will result in a certificate of conformity, demonstrating compliance with the directive’s requirements. However, certain less complex claims may qualify for a simplified procedure: provided companies complete a technical document beforehand, verification by a third-party verifier or a full substantiation assessment would not be necessary.

Additionally, the directive complements recent amendments to the already existing Unfair Consumer Practices Directive, introduced by the Empowering Consumers for the Green Transition Directive, which prohibits misleading environmental claims (e.g., generic terms like “eco-friendly”), uncertified sustainability labels, and claims based on greenhouse gas offsets without substantiation.

According to the current legislative timeline, an agreement on the final text of this directive is expected for June 2025: this means that its requirements will not start applying before 2027.

PEF and Green Claims:

The Product Environmental Footprint (PEF), could be recognised as a common methodology to measure and communicate the environmental footprint of products under the Green Claims Directive. Its recognition and implementation will require further clarification through a delegated act. One condition for the apparel and footwear PEF is to make impact categories more comprehensive; a possibility currently being assessed by the PEF Technical Secretariat.

How the U.S. Cotton Trust Protocol Can Help

The Trust Protocol is closely following the developments linked to the Green Claims Directive to make sure that its robust, third party-verified data that could fit within the final requirements. Field-level data on key sustainability metrics such water use, soil health, greenhouse gas emissions, soil carbon, energy efficiency, and land use, would be able to help quantify environmental impacts should offer measurable and credible insights into the environmental characteristics of garments that will show the Trust Protocol’s label, allowing for the introduction of claims such as “This product contains [X %] Protocol Cotton, grown on US Trust Protocol farms where farmers are committed to improving their environmental footprint, including water usage, soil diversity and greenhouse gas emissions.”. In addition to this, the Trust Protocol is an ISEAL community member, as a testament to its robust and rigorous processes and governance models, which aim to align with the final requirements of the Green Claims Directive.

Tentative Timeline



Textile Labelling Regulation

The revision of the EU Textile Labelling Regulation (TLR) is expected to be published in the third quarter of 2025. So far, rules on the labelling of textile products in the European Union are confined to a product's fiber composition. This situation has led to EU member states developing different labelling requirements across their jurisdictions in terms of size, care instructions and origin. In light of this, with a review, the European Commission is aiming at setting harmonized requirements that will hold across the EU.

While the exact details of this piece of legislation are yet to be known, the European Commission has publicly stated that the revised TLR will make sure that consumers have access to all relevant information in a comparable manner and that compliance costs for brands and retailers active on the EU market are reduced.

The revised TLR will aim to regulate format and layout of labels as well as how they will display information on care and size. The revision will also foresee the introduction of digital labels allowing brands and retailers to display additional information about their products: this could entail sustainability data, for example on raw materials, end-of-life disposal, circularity or reparability, as well as traceability information. The aspects pertaining to digital labelling will be developed in close alignment with the works leading to the implementation of the Ecodesign for Sustainable Products Regulation and the introduction of a Digital Product Passport.

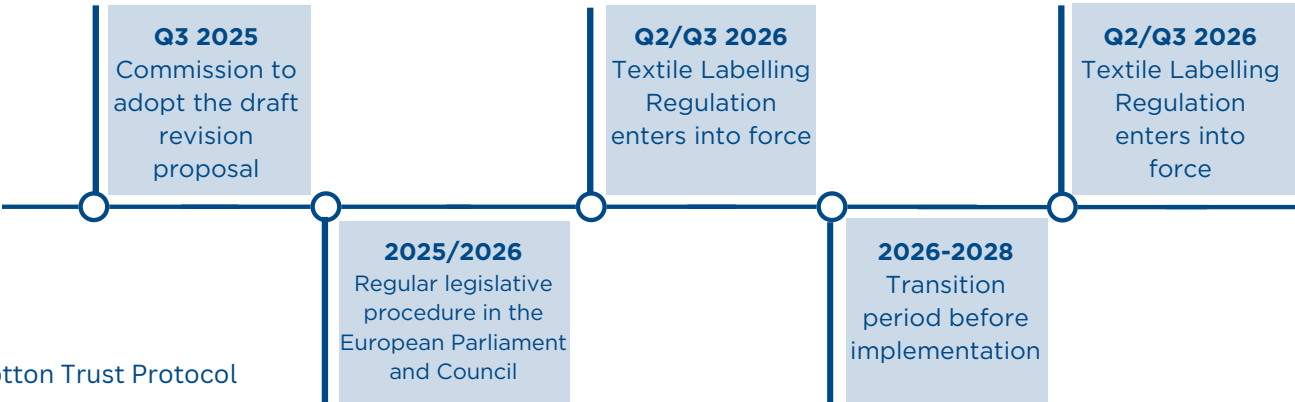
While textile brands and retailers will be able to make sustainability claims on the labels of their products, the content and the methodologies needed to back those claims will be regulated within the context of the Green Claims Directive (currently on hold). Brands and retailers could look at this as an opportunity to display additional information on the labels of their products, showcasing their position as sustainability and innovation leaders.

In terms of next steps, in light of the schedule publication of the draft proposal, we can foresee the definitive requirements to start applying not earlier than 2028.

How the U.S. Cotton Trust Protocol Can Help

The Trust Protocol has closely interacted with the European Commission on the development of this piece of legislation, with the aim of ensuring alignment with compliance requirements. With a view to this, pending the final version of this piece of legislation, the Trust Protocol could be able to help its members by providing easily accessible information that could be displayed in digital labels with a reference to the Trust Protocol's logo, when used in accordance with the Trust Protocol claims framework and with the Green Claims Directive (currently on hold). Additionally, in conjunction with Digital Product Passports, the Trust Protocol will be able to provide brand and retailers with traceability information that they could transmit to consumers.

Timeline



Conclusion

In a shifting geopolitical landscape, the European Commission is adapting its approach, prioritizing competitiveness and strategic autonomy while reaffirming its commitment to sustainability. Key initiatives such as the Corporate Sustainability Reporting Directive (CSRD), Ecodesign for Sustainable Products Regulation (ESPR) and Green Claims Directive (currently on hold) are reshaping expectations for transparency, accountability, and innovation across global textile supply chains. The EU's commitment to a holistic approach to sustainable development is also reflected in forthcoming initiatives in water and farming, including [Vision for Agriculture and Food](#) and the [Water Resilience Strategy](#). These initiatives will guide the implementation of agri-food and water policy for the next five years and beyond, with a focus on enhancing sustainable farming and water management practices across the EU. Additionally, the recently introduced EU [Carbon Removal Certification Framework](#) (CRCF) will establish an EU-only a voluntary, harmonized system to certify carbon removals through practices such as carbon farming, permanent carbon removal technologies, and carbon storage in products: the European Commission remains open to receiving input from stakeholders during the implementation of this initiative.

The U.S. Cotton Trust Protocol is uniquely positioned to help brands, retailers, and growers navigate this evolving regulatory landscape. Through robust data collection, article-level traceability, and verified sustainability metrics, the Trust Protocol empowers members to meet compliance requirements, mitigate risks, and substantiate environmental claims with confidence. Whether supporting CSRD disclosures, enabling supply chain transparency under CSDDD, or aligning with the Green Claims Directive (currently on hold), the Trust Protocol provides critical tools to drive foster progress and build trust through measurable results.

As the EU continues to implement its policies, the U.S. Trust Protocol remains committed to proactive engagement and alignment with these developments. We invite you to explore how our solutions can support your organization in meeting regulatory demands, exceeding consumer expectations, and demonstrating leadership in sustainability. Together, we can shape a more transparent and sustainable future for the textile sector.

The U.S. Cotton Trust Protocol is uniquely positioned to help brands, retailers, and growers navigate this evolving regulatory landscape. Through robust data collection, article-level traceability, and verified sustainability metrics, the Trust Protocol empowers members to meet compliance requirements, mitigate risks, and substantiate environmental claims with confidence.