

Soil to Shelf:

**How EU Sustainability
Policies Are Shaping the
Cotton Value Chain**



By: The U.S. Cotton Trust Protocol

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About the report

This white paper is a contribution towards a better understanding of the evolving EU policy and regulatory landscape impacting the textile and cotton supply chain. It also explores how the U.S. Cotton Trust Protocol can help members navigate this evolving regulatory environment and support compliance efforts while advancing sustainable initiatives at both the EU and global levels.

About U.S. Cotton Trust Protocol

The U.S. Cotton Trust Protocol is the voluntary sustainability program for U.S. cotton growers and a traceability platform for all U.S. Cotton. It sets quantifiable, verifiable goals and metrics for responsible cotton production and drives continuous improvement across six key sustainability areas: land use, soil carbon, water management, greenhouse gas emissions (GHG), energy use, and soil conservation. The Trust Protocol underpins and verifies U.S. cotton’s sustainability progress through sophisticated data collection and independent third-party verification.

For more information, contact us at info@trustuscotton.org or visit TrustUSCotton.org.

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Executive Summary

Over the past year, the European Union's sustainability agenda has undergone a notable shift. EU policymakers have aimed to balance environmental ambition with the need to keep European industries competitive. This shift is reflected in a dual approach: maintaining the strategic direction of the Green Deal while simplifying regulatory frameworks to reduce red tape and ensure European companies remain competitive with countries scaling back sustainability requirements.

This change is particularly evident in reporting and due diligence obligations. The revised Corporate Sustainability Reporting Directive (CSRD) now primarily targets larger companies, simplifying requirements and protecting smaller ones. The updated Corporate Sustainability Due Diligence Directive (CSDDD) narrows its scope and adopts a flexible, risk-based approach. While these changes ease compliance, the core expectation for companies to identify, prevent, and address human rights and environmental risks across their operations and value chains remains. At the same time, the EU is advancing an ambitious framework for product circularity and design, with textiles as a priority.

Initiatives like the Circular Economy Act (CEA) and the EU Bioeconomy Strategy embed circularity and resource efficiency into product requirements. In parallel, the Ecodesign for Sustainable Products Regulation (ESPR) will establish product-specific frameworks to enhance their environmental impact and circularity. Mandatory Digital Product Passports (DPP) will require standardized, verifiable product-level data on composition, environmental performance, and lifecycle impacts.

For the cotton sector, the current policy landscape presents both challenges and opportunities. Increasing requirements around traceability, verified sustainability data, and substantiated claims are reshaping expectations across the value chain. At the same time, these developments create opportunities for credible, data-driven systems to demonstrate value and support compliance in a complex regulatory environment.

The Trust Protocol has been actively engaging with EU policymakers and stakeholders to ensure alignment with these developments. Its robust data collection, third-party verification, and product-level traceability, enabled by the Protocol Consumption Management Solution (PCMS), provide practical tools that help members comply with the latest EU regulations and directives that impact and shape the industry.

I. Product Circularity and Design

The European Union's ambition to drive product circularity and design is at the forefront of its sustainability agenda. The implementation of the Ecodesign for Sustainable Product Regulation ([ESPR](#)), the upcoming publication of the Circular Economy Act ([CEA](#)), and the recently announced EU [Bioeconomy Strategy](#) represent a coordinated effort to redefine product lifecycles and optimize material flows. With the textile product-specific requirement coming soon, EU circularity ambitions are swiftly moving from conceptualization to practical application.

Ecodesign for Sustainable Product Regulation

The [Ecodesign for Sustainable Products Regulation \(ESPR\)](#), effective 18 July 2024, establishes a framework for product-specific requirements designed to improve circularity, energy performance, durability, reparability, and recyclability. Its objective is to support a strong, efficient EU market for sustainable products. Under delegated acts, secondary legal acts that allow the European Commission to define or update detailed rules within the framework of the Regulation, the Commission can introduce performance and information requirements.

Textiles are a priority under the first [ESPR and Energy Labelling Working Plan](#), adopted in April 2025. Preparatory work is underway, with the European Commission's [Joint Research Centre \(JRC\)](#) assessing potential sustainability requirements to reduce the environmental impact of textile products.

Why it is Relevant

Every single garment or textile product sold in the EU will need to meet mandatory ecodesign standards and carry a Digital Product Passport (DPP). This DPP must be filled with verified, product-specific sustainability data, fundamentally changing how products are designed, produced, and tracked.

The EU is actively assessing the environmental impact of textile products to set these minimum standards and inform the DPP requirements. Brands that haven't already set up strong data collection and verification systems for their upstream supply chains will be at a significant disadvantage when these requirements become mandatory by 2027.

DPP data will be standardized, machine-readable, and accessible to consumers, regulators, and market surveillance authorities through a central EU registry. This means the quality, accuracy, and verifiability of all data entered will face unprecedented scrutiny. Claims about fiber composition, environmental performance, durability, and recyclability will need to be substantiated with primary, independently verified data traceable back to the point of origin.

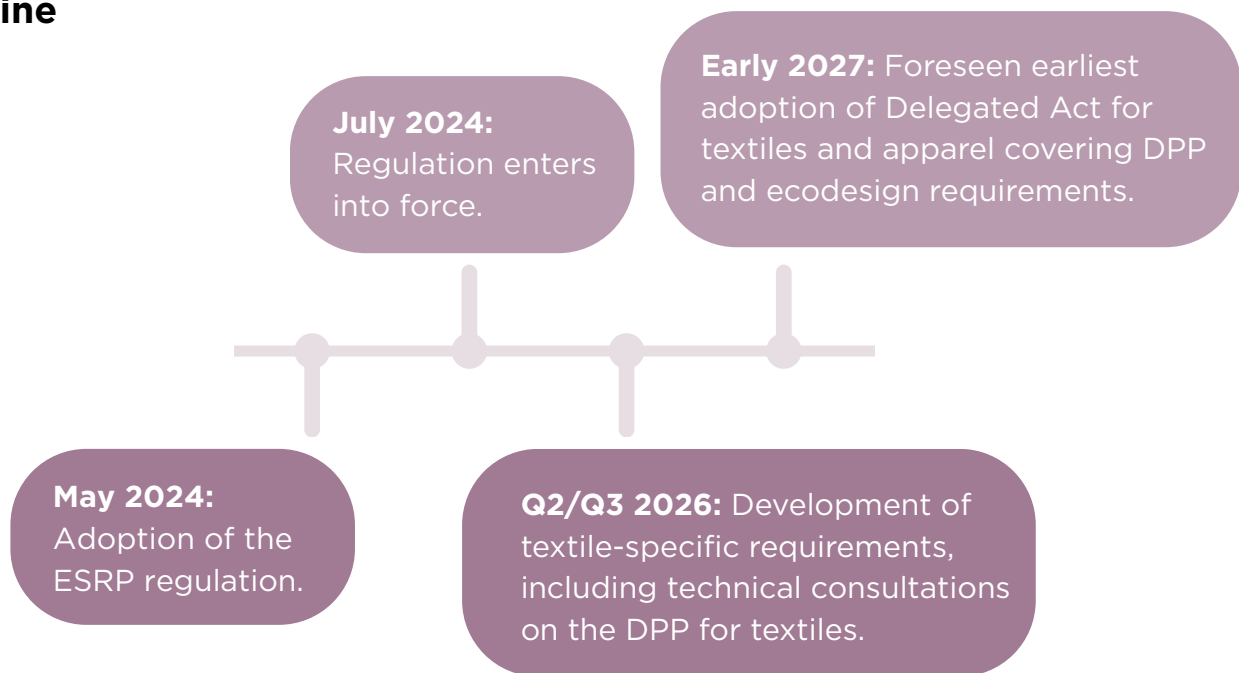
Starting in February 2027, there will be disclosure obligations regarding the destruction of unsold goods. This requires brands to begin developing sophisticated inventory and lifecycle tracking systems to account for what happens to their unsold products, demanding a robust level of article-level traceability.

How the U.S. Cotton Trust Protocol Can Help

The Trust Protocol is equipped to help member brands align with the data infrastructure demands of the Digital Product Passport. Its independently verified sustainability metrics — covering greenhouse gas emissions, water use, energy consumption, soil carbon, land use efficiency, and soil conservation — provide the quantitative, primary environmental performance data that DPP data fields are expected to capture. Critically, this data is generated at field level, independently assured, and science-based, meeting the standard of rigor that distinguishes credible disclosures from unverifiable assertions and that market surveillance authorities will increasingly scrutinize.

The PCMS provides article-level traceability to the finished product, enabling brands to establish the verified chain-of-custody records essential for populating DPPs with accurate fiber origin and composition data. This traceability infrastructure provides brands with the documentary foundation needed to demonstrate that the sustainability credentials attributed to a product at the point of sale are anchored in verified upstream data rather than extrapolated estimates. As the Commission's delegated act for textiles approach in 2027, and as performance thresholds for environmental impact are established, brands sourcing Trust Protocol cotton will be positioned to demonstrate compliance with a level of evidence depth and supply chain transparency that commodity cotton sourcing cannot match.

Timeline





Circular Economy Act

On 1 August 2025, the European Commission launched a public consultation on the Circular Economy Act (CEA). This legislative initiative, expected to be adopted by the end of 2026, is intended to significantly accelerate Europe's transition to a consolidated circular economy, increasing the EU's economic security, resilience, competitiveness, and decarbonization. The Act is expected to contribute to the ambition set out in the Competitiveness Compass and the Clean Industrial Deal to make the EU the world leader on the circular economy by 2030 and to double the EU circularity rate.

Why it is Relevant

Textiles are a major contributor to waste and resource depletion. The CEA introduces new rules like Extended Producer Responsibility (EPR). This means brands selling textile products in the EU will likely face financial contributions that are directly linked to how circular their products are. Brands that demonstrate durability, recyclability, and use recycled content will pay less, while those that don't will pay more.

This creates a powerful incentive for brands to move beyond traditional linear production. They will need to design products with end-of-life in mind (e.g., easy to recycle), use responsibly sourced materials, and ensure traceability. The environmental and circularity credentials of the raw materials themselves (like fibers) will directly impact a brand's producer responsibility costs.

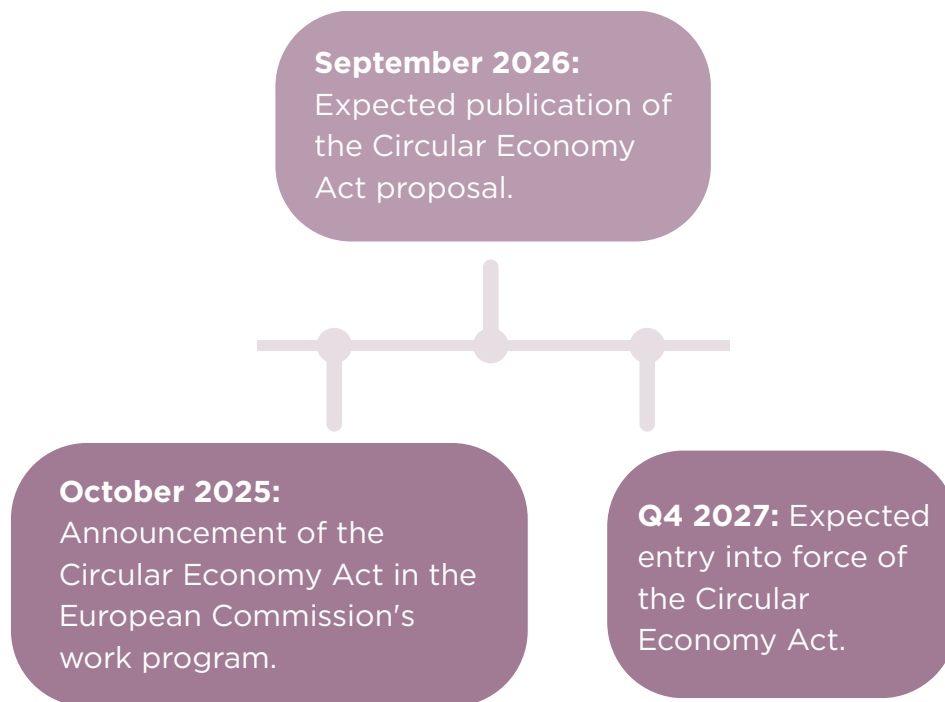
To qualify for lower EPR fee contributions and meet new requirements, brands will need to provide verified evidence that their materials are responsibly sourced, traceable, and that their products are designed for circularity. This means robust data and transparency will be essential to manage costs and comply with the new regulations.

How the U.S. Cotton Trust Protocol Can Help

The Trust Protocol provides member brands with the data infrastructure, traceability capabilities, and verified sustainability credentials needed to navigate the obligations and opportunities created by the Act. Its independently verified, field-level sustainability metrics — covering land use, soil carbon, water management, greenhouse gas emissions, energy use, and soil conservation — deliver the quantitative evidence base that circular economy assessments and producer responsibility schemes will require to differentiate products by environmental performance. This positions Trust Protocol cotton not merely as a responsibly sourced raw material, but as a verifiably lower-impact input whose lifecycle credentials can be communicated credibly.

More broadly, the Trust Protocol's holistic lifecycle approach — encompassing responsible land stewardship, soil carbon management, water efficiency, and a commitment to continuous improvement across all environmental parameters — embodies the design-for-longevity and resource stewardship principles at the heart of the Act's ambitions.

Timeline



EU Bioeconomy Strategy

On 27 November 2025, the European Commission introduced its new EU Bioeconomy Strategy, aimed at scaling up Europe's bio-based economy, reducing dependence on fossil-based inputs, and strengthening economic resilience and rural development. The strategy is structured around four pillars: driving innovation and investment, developing lead markets, ensuring a sustainable and competitive biomass supply, and strengthening the EU's global positioning.

Why it is Relevant

The EU is explicitly designating textiles made from bio-based fibers as a priority sector, signaling strong regulatory support and incentives for these materials. This provides a major advantage for brands focusing on natural fibers, especially as synthetic alternatives face increasing regulatory pressure concerning microplastic pollution, fossil-based inputs, and end-of-life recyclability.

The strategy emphasizes that robust traceability, verifiable sustainability credentials, and compliance will be key to market success. Brands using natural fibers will increasingly need to substantiate the environmental performance and origin of their materials with hard data to achieve premium positioning and meet consumer demands for credible, sustainable products. Simply using natural fibers is not enough; proof is essential.

The focus on a sustainable and competitive supply of biomass means that natural fibers derived from agricultural sources must demonstrate responsible practices. This includes verifiable evidence of good land and water stewardship, responsible chemical management, and positive contributions to soil health and biodiversity. Brands that cannot provide verified, field-level data on these aspects risk being unable to genuinely claim their products are "sustainable bio-based" under the evolving EU assessment frameworks.

The strategy recognizes that natural fibers' traceability and sustainability advantages give them a strategic advantage in a market increasingly shaped by regulatory requirements and consumer preferences, positioning bio-based textiles as a key part of advancing the EU's circular economy objectives.

How the U.S. Cotton Trust Protocol Can Help

The Trust Protocol positions U.S. cotton as a competitive and verified bio-based material aligned with the ambitions of the EU Bioeconomy Strategy. Its independently verified, field-level sustainability metrics — covering greenhouse gas emissions, water use, energy consumption, soil carbon, land use, and soil conservation — provide the quantitative environmental performance data needed to substantiate bio-based textile claims under the Strategy's methodologies.

The Trust Protocol's traceability framework, delivered through its PCMS, directly addresses the Strategy's emphasis on consistent, transparent, and auditable information systems as the foundation of market confidence in bio-based products. By providing article-level chain-of-custody verification to the finished product, it enables brands and manufacturers to substantiate their bio-based material claims with the supply chain transparency that EU regulators will increasingly expect.

Timeline



II. Responsible Supply Chains

This section explores EU policies shaping sustainability and due diligence reporting. The push for EU legislative simplification did not exempt the Corporate Sustainability Reporting Directive (CSRD), which mandates environmental and social impact reporting, or the Corporate Sustainability Due Diligence Directive (CSDDD). Revision of both directives resulted in a reduced scope of application and streamlined reporting obligations. While the EU's commitment to accountability and transparency remains unwavering, this new reporting paradigm requires companies to adapt proactively.

Corporate Sustainability Reporting Directive

The CSRD entered into force on 5 January 2023. It was designed to equip financial investors and other stakeholders with the information needed to assess companies' ESG impacts. Central to CSRD is the concept of "double materiality," which requires companies to report on both their financial risks and their impacts on people and the environment, ensuring that reported information is reliable and comparable.

As a response to the wider call for EU simplification, the European Commission adopted the "Omnibus I simplification package" on 26 February 2025. This legislation aimed to streamline the EU's reporting framework, including CSRD. After a year of extensive debate, this new legislative framework entered into force in March 2026. Key changes include:

- **Scope narrowed:** Only companies with over 1,000 employees and exceeding €450 million in annual net turnover during the financial year will be mandated to submit a CSRD-compliant sustainability report.
- **Non-EU companies:** Third-country parent companies are required to publish sustainability reports where they generate more than €450 million in net turnover in the EU for each of the last two consecutive financial years, and where their EU subsidiary or branch exceeds €200 million in net turnover.
- **Application dates:** EU companies within the revised scope will report in 2028 for financial year 2027, while non-EU companies will report in 2029 for financial year 2028. The revised scope is expected to reduce the number of reporting entities by around 90%.
- **Value-chain cap:** Companies with 1,000 employees or fewer are protected from having to provide CSRD-related information beyond what is covered by the voluntary sustainability reporting standards, subject to limited exceptions.

The new framework also introduces changes to the amount of information companies must report. The European Commission is working to simplify the European Sustainability Reporting Standards (ESRS), which define the specific information that companies subject to the CSRD must disclose (see focus box below).

Furthermore, a “value-chain cap” has been implemented to ease administrative strain, particularly for SMEs. Companies with 1,000 employees or fewer are no longer required to provide information to reporting entities beyond what is covered by “voluntary standards,” which the European Commission will define by 19 July 2026. In addition, the European Commission is no longer empowered to adopt binding sector-specific reporting standards. Instead, it will provide non-binding sectoral guidance depending on the demand from undertakings subject to the sustainability reporting requirements.

Why it is Relevant

Despite the significant narrowing of scope, large apparel and textile companies will fall within the revised thresholds by virtue of their global revenues and EU market presence. These companies often deal with key commodities, like cotton, within their value chains that are exposed to both dimensions of double materiality.

Companies are legally required to disclose how climate change (e.g., water scarcity, extreme weather) and sustainability transitions (e.g., stricter regulations, carbon pricing, changing consumer demands) pose financial risks. These risks can significantly increase sourcing costs, disrupt supply chains, and damage brand reputation, making them critical to manage and report.

New rules, like the [European Sustainability Reporting Standards](#) (ESRS), compel companies to provide precise, verifiable data on the direct environmental and social impacts of textile production. This includes greenhouse gas emissions, water and chemical use, biodiversity loss, and labor conditions across their entire supply chain (e.g., Scope 3 emissions). This level of detail is a significant operational challenge due to the complex, global nature of textile sourcing.

While some smaller suppliers might have reduced reporting burdens, the core responsibility to report credibly on upstream impacts remains with the larger brands. This means brands must actively engage with their supply chain partners to secure structured and reliable sustainability data, making data collection and collaboration a top priority.

How the U.S. Cotton Trust Protocol Can Help

The Trust Protocol is well positioned to support member brands in meeting their CSRD reporting obligations. As an independently verified, science-based industry initiative, it provides brands with quantitative, field-level environmental performance data — land use, soil carbon, water management, greenhouse gas emissions, energy use, and soil conservation — that meets the CSRD’s requirements for verifiable, comparable, and faithfully represented information in accordance with the European Sustainability Reporting Standards.

This data infrastructure directly addresses the most demanding aspect of CSRD compliance for textile brands: the need for credible Scope 3 and value chain sustainability data that does not impose disproportionate burdens on individual suppliers. By aggregating verified performance metrics at scale across U.S. cotton farming, the Trust Protocol enables brands to populate their double materiality assessments and sustainability disclosures with primary data of a quality and rigor that generic supplier questionnaires cannot replicate. Its independent assurance framework further strengthens the credibility of disclosures in alignment with the Directive’s limited assurance requirements.

The European Sustainability Reporting Standards (ESRS) are the core framework underpinning the Corporate Sustainability Reporting Directive (CSRD) and apply to both EU and non-EU entities within scope.

On 6 May 2026, the European Commission published a draft delegated regulation proposing amendments to simplify the ESRS, with mandatory application expected from the 2027 financial year.

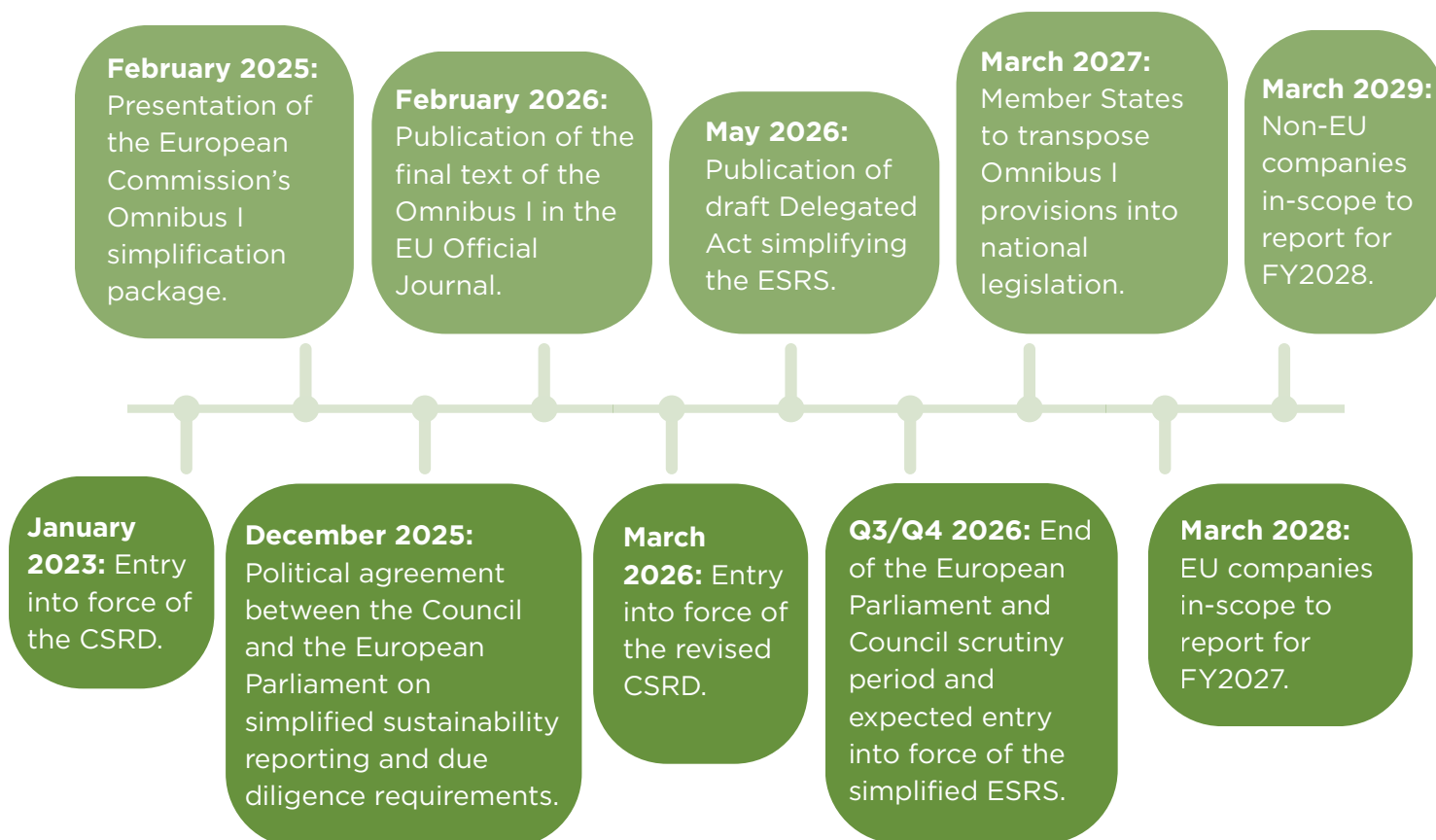
Developed in cooperation with the European Financial Reporting Advisory Group (EFRAG), the revised standards maintain the current ESRS structure, comprising two cross-cutting standards (ESRS 1 and ESRS 2) and ten topical ESG standards, while introducing substantial simplifications to reduce reporting burdens and improve usability.

EFRAG's proposals include a 61% reduction in mandatory data points where material, the removal of voluntary disclosures, a stronger focus on quantitative rather than narrative reporting, and a more proportionate, principles-based materiality assessment.

The Commission's draft broadly follows this direction while further enhancing clarity, interoperability with EU and international sustainability frameworks, and alignment with the Omnibus I simplification package.

Key revisions include streamlined disclosure requirements for water consumption, biodiversity, pollution, greenhouse gas emissions, and climate transition plans. While the revised ESRS are not yet final, with adoption expected by 18 September 2026, companies may voluntarily apply them for the 2026 financial year ahead of mandatory implementation from 1 January 2027.

Timeline



Corporate Sustainability Due Diligence Directive

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, from their own operations to upstream and downstream operations.

Similar to the [CSRD](#), the file was amended under the [Omnibus I simplification package](#). Entered into force in March 2026, key changes include:

- **Extended transposition deadline:** Member States must integrate the Directive into their national legislative systems by 26 July 2028, with in-scope companies required to comply by July 2029.
- **Narrowed scope:** The revised framework now targets both EU and non-EU companies with a net worldwide turnover of over €1.5 billion and, on average, 5,000 employees.
- **Other refinements:** Removal of the climate transition plan requirement, a narrower definition of stakeholders, and a reduction in monitoring frequency from annually to every five years.

Why it is Relevant

Starting in 2029, affected companies must conduct a rigorous two-stage assessment. First, they will need to identify general areas within their supply chains where adverse impacts (human rights or environmental) are most likely. Second, they will perform a more focused assessment on those areas deemed highest risk.

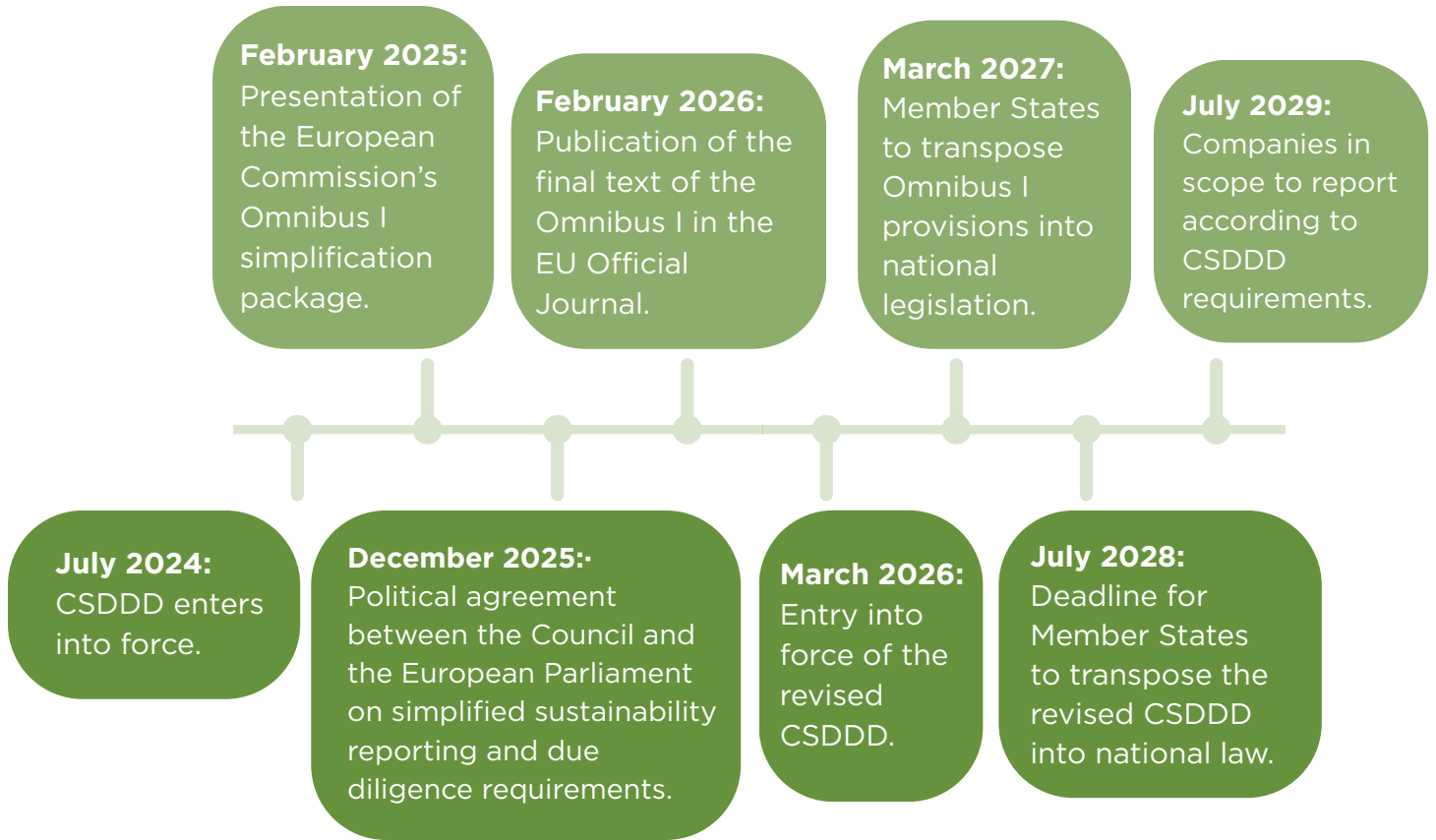
Textile supply chains are notoriously complex, spanning many countries and multiple production stages. They are also widely recognized for their inherent high risks concerning human rights (like labor conditions) and environmental issues (such as water use, chemical pollution, land rights, and biodiversity loss). These specific risk categories are precisely what the new due diligence requirements are designed to address.

To meet these stringent regulatory expectations from both regulators and other stakeholders, brands will face significant challenges. Without robust data and clear traceability from the very earliest stages of their supply chains, it will be extremely difficult for them to demonstrate the required depth of due diligence. This makes investing in supply chain transparency and data collection a critical priority now.

How the U.S. Cotton Trust Protocol Can Help

The Trust Protocol is positioned to support member brands in meeting these obligations. The PCMS verifies the origin of Protocol Cotton and U.S. Cotton at the article level, providing the chain-of-custody evidence essential for demonstrating supply chain transparency under CSDDD. Critically, its sustainability metrics and grower questionnaires generate verified, primary field-level data across environmental, human rights, biodiversity, and chemical-use dimensions — directly corresponding to the risk categories that in-scope companies must assess and monitor. This data infrastructure enables brands to move beyond generic supplier declarations and conduct the substantive, evidence-based due diligence that the Directive requires.

Timeline



Forced Labor Regulation

The EU Forced Labor Regulation (EUFLR), adopted on 13 December 2024 and fully applicable from 14 December 2027, prohibits the placement, sale, and export of products made with forced labor within the EU. Applying across all sectors and to businesses of all sizes, the regulation forms part of the EU's broader efforts to strengthen supply chain transparency and due diligence, complementing existing frameworks such as the Corporate Sustainability Due Diligence Directive.

The regulation defines forced labor in line with the standards of the International Labor Organization. It prohibits the use of forced labor at any stage of a product's lifecycle, including its components, from raw material extraction to final production. The ban applies to all products placed on the EU market, regardless of whether they are produced within the Union or imported.

Why it is Relevant

Specific textile raw materials or origins have already drawn significant regulatory and public attention due to forced labor concerns. This new Regulation, starting in 2027, will formally embed and institutionalize the need for brands to ensure ethical sourcing, making it a legal and reputational necessity.

The Regulation will focus enforcement on areas with the highest likelihood and severity of forced labor risk. Certain high-risk textile materials are likely to be flagged in official EU databases. Brands that cannot provide documented, evidence-based due diligence from the earliest stages of their supply chain face severe consequences, including import bans, product withdrawal from the EU market, and significant reputational and commercial damage.

Crucially, this Regulation applies to businesses of all sizes and extends the obligation to demonstrate substantive due diligence across the entire value chain – from the retail shelf back to the fields where raw materials are produced.

Brands without access to verified, field-level data on labor conditions and production practices are at high risk. They may be unable to meet the evidential standard required by authorities to prove genuine due diligence. The Regulation encourages robust, independently verified compliance frameworks, as investigations will not be initiated if due diligence effectively mitigates and prevents forced labor risks.

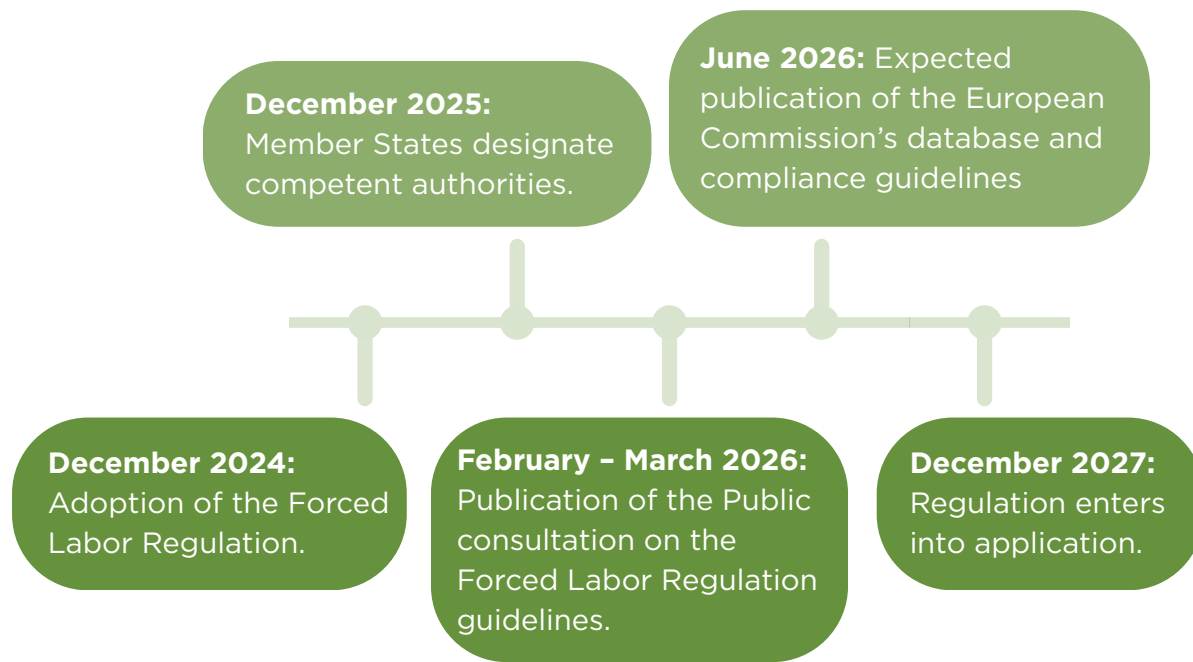
How the U.S. Cotton Trust Protocol Can Help

The Trust Protocol offers members sourcing U.S. Cotton an independently verified framework for responsible supply chain management that is directly aligned with the requirements of the Regulation. U.S. cotton production operates within one of the world's most stringent regulatory environments, encompassing federal and state-level prohibitions on forced and child labor, requirements for fair wages, safe working conditions, freedom of association, and access to clean water – all corresponding directly to the ILO Convention indicators that underpin the Regulation's definition of forced labor.

As a condition of membership, the Trust Protocol requires growers to adhere to twelve independently verified ethical labor principles, including non-discrimination, freedom of association, and a prohibition on all forms of compulsory labor. Growers who do not comply are excluded from participation, ensuring that the integrity of the framework is maintained at the point of origin. This grower-level commitment, combined with programme-level verification and independent second- and third-party assurance, constitutes the kind of credible, documented, and auditable due diligence that the Regulation specifically rewards.

Beyond labor practices, the Trust Protocol's PCMS provides article-level traceability to the finished product, enabling brands to demonstrate not only that their cotton meets ethical sourcing standards but also to identify precisely where in their supply chain it originates. This provenance visibility is critical in an enforcement environment where the geographic origin of raw materials will be a primary factor in risk assessments conducted by competent authorities. For brands seeking to navigate EU market access with confidence, the Trust Protocol provides the evidence base, the traceability infrastructure, and the independent assurance that transforms due diligence from a compliance aspiration into a verifiable and defensible reality.

Timeline



III. Product Claims & Labeling

Further bolstering these efforts, the upcoming revision of the Textile Labelling Regulation will harmonize labeling standards across the EU, integrating digital labels to provide consumers with detailed sustainability and traceability data.

Central to the EU's sustainable product policy is empowering consumers with accurate and transparent information. As discussed, the [Digital Product Passport](#) will establish the digital infrastructure necessary for standardized product data across the EU market. Concurrently, existing EU-level rules governing environmental claims—reinforced by the Empowering Consumers for the Green Transition (ECGT) Directive (see box below)—mandate that robust scientific evidence, credible methods, and verified processes substantiate environmental claims, thereby prohibiting unsubstantiated generic claims and uncertified labels. Further bolstering these efforts, the upcoming revision of the [Textile Labelling Regulation](#) will harmonize labeling standards across the EU, integrating digital labels to provide consumers with detailed sustainability and traceability data.

Textile Labelling Regulation revision

As part of the [EU Strategy for Sustainable and Circular Textiles](#), the European Commission plans to revise the Textile Labelling Regulation to include new provisions for both physical and digital labelling of textile products. These updates will incorporate sustainability and circularity parameters aligned with the requirements within the [Ecodesign for Sustainable Products Regulation \(ESPR\)](#). The revision aims to address the current Regulation's limitations and resolve inconsistencies arising from divergent labelling requirements across Member States.

The revision of the [EU Textile Labelling Regulation \(TLR\)](#) was initially expected to be published in the fourth quarter of 2025 but has since been delayed and is now anticipated in the second quarter of 2026, following ongoing consultations and impact assessment work.

Status of Green Claims Rules in the EU

While a broader Green Claims Directive (GCD) was withdrawn, the Empowering Consumers for the Green Transition (ECGT) Directive is now in force (since March 2024, with compliance deadlines passing or imminent). This means companies are already prohibited from making unsubstantiated generic environmental claims (like "eco-friendly," "green," or "climate neutral") and unsupported carbon neutrality claims.

The ECGT also introduces tough requirements for sustainability labels. Only labels backed by approved, transparent, independent, and regularly verified certification schemes are permitted. This bans many self-declared or unverified labels, forcing companies to ensure their labels meet high standards of credibility.

Although its mandatory application is suspended, the Product Environmental Footprint (PEF) methodology is still referenced in other EU regulations (like the ESPR) and is encouraged for voluntary use.

Despite the potential withdrawal of the GCD, the core EU framework against greenwashing remains. Businesses must still proactively substantiate all environmental claims, ensure their sustainability labels are credibly certified by third parties, and maintain robust compliance documentation. Companies failing to meet these new standards, especially large businesses, face legal and reputational risks.

Why it is Relevant

The new framework will move beyond just fiber composition. It will establish a harmonized EU-wide standard, requiring mandatory disclosure of a much wider range of information, including product origin, environmental performance, circularity credentials (like recyclability), and social responsibility aspects. This means fragmented national rules will be replaced by consistent EU-wide requirements.

Labels are a product's direct communication with consumers. Previously voluntary or inconsistent claims about sustainability will now face strict regulatory scrutiny and verification. Brands unable to prove the accuracy of what's on their labels (physical or digital) face serious legal and reputational risks. Conversely, brands that can substantiate their claims have a major opportunity to build trust and differentiate themselves.

The integration of digital labeling, tied to the broader Digital Product Passport (DPP), makes all product claims traceable and auditable by consumers, regulators, and market surveillance authorities. This significantly amplifies the need for robust, verified, field-level data on everything from fiber origin and environmental footprint to social practices. Brands without strong upstream data and traceability risk being unable to meet the accuracy and substantiation standards, especially as this aligns with the EU's broader effort to combat greenwashing.

Timeline



How the U.S. Cotton Trust Protocol Can Help

The Trust Protocol is positioned to help member brands meet the expanded labelling requirements introduced by the revised Regulation. Its independently verified sustainability data — land use, soil carbon, water management, greenhouse gas emissions, energy use, and soil conservation — provides the environmental performance metrics needed to substantiate credible and compliant digital and physical label claims. These are not self-declared figures; they are science-based, independently assured, and generated at field level, meeting the standard of rigor that regulators and informed consumers increasingly expect.

On the origin and social responsibility dimensions, the Trust Protocol's 9 Principles and 56 Criterias address worker well-being, crop protection, biodiversity, and responsible farm management — directly corresponding to the social and ethical disclosure categories anticipated under the revised framework. Its objective for Continuous Improvement and PCMS delivers article-level traceability to the finished product, enabling brands to populate both physical labels and digital interfaces with accurate, verifiable, and auditable information. Supported by the Trust Protocol's Claims Framework, brands have access to a structured, credible claims process that aligns with evolving EU regulations, reinforces substantiation and review, and helps ensure claims remain accurate, compliant, and trustworthy across channels.

In doing so, the Trust Protocol transforms the labelling obligation from a compliance burden into a market differentiation tool, enabling brands to communicate the provenance and sustainability credentials of their cotton with confidence, consistency, and credibility across the EU market.

Conclusion

The European Union's sustainability agenda, while increasingly shaped by pragmatism and competitiveness, remains ambitious in its core objectives. Spanning product circularity, responsible supply chains, and transparent labelling, its evolving policy framework is fundamentally reshaping global industry expectations — setting new benchmarks for product lifecycles, resource management, and supply chain accountability. This represents a decisive shift: sustainability is no longer a voluntary commitment or a marketing claim, but a verifiable legal obligation demanding credible, primary data.

The reach of these requirements extends well beyond EU borders. Suppliers and manufacturers worldwide will increasingly face pressure from their EU-based customers to meet these standards, making proactive ESG integration not merely advantageous but essential for long-term competitiveness and market access. In this context, the U.S. Cotton Trust Protocol stands as a key partner for the cotton value chain. Its data-driven system — grounded in field-level data, third-party verification and article-level traceability — equips brands and retailers with the evidence needed to substantiate environmental claims, meet product transparency requirements, and demonstrate supply chain due diligence. Combined with its commitment to known provenance and ethical labor practices, the Trust Protocol delivers the confidence and resilience that the EU regulatory environment demands.

Its credibility is further underpinned by membership of ISEAL, the global membership organization for sustainability standards, signaling adherence to internationally recognized best practices in standard-setting, assurance, and impact measurement. Equally, the Trust Protocol has established itself as a credible and expert stakeholder voice within the European Union, maintaining active dialogue with key decision-makers and institutional stakeholders. This positions it not only to help members navigate the current regulatory landscape, but to anticipate and influence its future direction.

**The Trust Protocol
delivers the confidence
and resilience that the
EU regulatory
environment demands.**

We invite you to explore how the Trust Protocol's comprehensive solutions can empower your organization to lead with confidence, demonstrate meaningful sustainability credentials, and build a more transparent and resilient future for the textile sector.