

Regulating Digital Product Passport in the EU

Position Paper

Amsterdam | December 2021

Introduction

The European Commission is considering the Digital Product Passport (DPP) as a tool to provide digital information and data about a product, accessible through a physical identifier. The Policy Hub – Circularity for Apparel & Footwear is a strong supporter of digitalisation and the use of digital technologies to communicate product information. Digital communication vehicles (for instance QR codes, Data Matrix) would provide better ways to share easily accessible, complete, up-to-date, comparable, trustworthy, and easy-to-correct information. Furthermore, from an environmental perspective, electronic labelling would avoid creating extra waste in the form of more or larger labels and hangtags to accommodate the required information and its translations in a given minimum font/format.

I. An effective Digital Product Passport that truly enables circularity

The Policy Hub believes that the objective of the Digital Product Passport is to enable circularity. It is important to ensure that the passport will have a tangible impact in achieving such circularity objective and to avoid any additional requirements that would be a disproportionate burden on economic operators. Furthermore, to ensure the usefulness of the passport, it is important that it does not become an enormous collection of data, which will then render its use difficult for other economic operators who will have to navigate an excessive amount of information. The collected data should be necessary to drive impacts; collecting data for the sake of doing so should be avoided.

The target groups of the mandatory information provided by manufacturers and retailers should **only include economic operators acting in the circular economy** (for instance re-users, sorters, recyclers), **as well as surveillance authorities**. Any information requirement provided for in the Substantiating Green Claims and Empowering Consumers initiatives may be complied with by uploading the information on the Digital Product Passport. Other consumer communications could be enhanced at a later stage by the Digital Product Passport but should not be the prioritised end goal at this stage of the implementation of the passport.

Before scaling the Digital Product Passport, **the European Commission must conduct an economic impact assessment and feasibility study** to evaluate, among others, if it is a cost- and resource-efficient solution. It is possible that in the short to medium term, the passport will only have little impact, because of the textile products already in circulation. For instance, certain apparel and footwear products have a relatively long lifetime and **any digital product passport that would be integrated in the next few years would probably not start showing up for recycling for a long time** - even ten years or more. Thus, the cost and effort of a recycler to implement the systems to read these passports when it may only be a small percentage of the incoming feedstock may need to be considered. At the same time, **it will be crucial to understand how to ensure that the information and the digital product passport will reach the actors at the end of the product lifecycle**: QR codes may fade, approximately half of all labels are missing when textile waste reach the sorters, electronic data storage systems such as RFID chips may have been destroyed by multiple washing and wearing of the product, product IDs may also no longer be legible, etc. Moreover, we recommend sequencing the roll-out by focusing first on product categories with high volume or impact.

Finally, **alternatives to a Digital Product Passport must be assessed to identify the best possible solutions** for providing collectors, sorters, and recyclers with the information needed to enable circularity. Such an alternative can be, for instance, more efficient NIR-scanners, which are currently being tested in a Fashion For Good Project¹. New sorting technologies, such as NIR-scanners, can be a time and cost-efficient tool for recycling more textile waste and thereby a strong supplement to a DPP - especially short and midterm before the DPP is fully implemented.

¹ [Sorting For Circularity; Fashion for Good Launches New Project To Drive Textile Recycling — Fashion for Good](#)

II. General principles and governance of the Digital Product Passport

The Policy Hub – Circularity for Apparel & Footwear would like to share the following recommendations on the Digital Product Passport.

- **The Digital Product Passport should require only the information that is necessary to enable circularity.** Only the data that are critical for an effective follow-up use of the product should go on the passport, together with EU on-product labelling requirements. No other information should be required. Companies should be allowed to share additional information or data through the Digital Product Passport on a voluntary basis.
- **The Commission should evaluate whether the information already shared is enough to enable circularity before adding new information requirements.**
- **Interoperability with existing databases or information already present online will be crucial** to avoid duplicate submissions and therefore creating additional burden for companies. The EU Commission shall consider the information that is already reported through other legal frameworks and standards such as the SCIP database, certifications, declarations of conformity, and others. **Companies should not be required to report twice the same information.** A decentralised system shall define common quality criteria to secure a high level of trust in the data collected in the satellite databases. Concurrently, interoperability should work both ways: operators should be able to upload information provided through the digital product passport on other databases.
- **The required information should be sector specific.** Certain information requirements will be more relevant to enable circularity and to meet circular economy targets for certain sectors rather than others. Hence, we recommend that the relevance of the requested data should be evaluated against the needs of the different sectors. **General or horizontal requirements should be avoided unless duly justified.**
- The EU Commission should learn from past experiences and assess what worked and what did not work. For instance, the Commission should assess whether the **granularity** of reporting requirements of the SCIP database has been successful in enabling greater circularity and achieving its initial objectives. The Policy Hub recommends reporting **relevant material information at a product model level** and advocates against reporting at the unique product or item level,² as it would be extremely difficult and complicated. Furthermore, providing information at the unique product level will prove to be very burdensome for companies and especially for smaller ones. Finally, the amount of energy to store and use that data would be immense.
- The Policy Hub believes that data should be accessible on a need-to-know basis unless otherwise justified. Companies own the core product data from their design work, bills of materials, supply chain management, product tests, etc. It is crucial to know in advance who will have access to which data on the Digital Product Passport, also to avoid fraud and to protect the economic operators' commercial interests. Market surveillance authorities will have different information needs than recycling operators. These differences need to be reflected in terms of access to the data on the passport and how they are structured. **The confidentiality of data must be adequately protected and secured.**
- **The economic operator responsible for providing, uploading, or amending the information that is present on the passport needs to be identified.** This becomes especially crucial in the post-consumer phase. **Ensuring the reliability of the information** – and therefore the origin, quality, and processing of the data included in the passport – will be key.
- **Technology standards should be clarified.** The **textile supply chain is global**; therefore, the Policy Hub urges the European Commission to use global technical standards. Furthermore, **any standard used for data requirements should be open source.** The EU framework should not be prescriptive regarding the type of carriers for the information exchange between economic actors (QR code, watermarks, etc.) to allow upcoming innovations to be integrated as smoothly as possible.

² At product model level, differences in colour shall not be considered and sample size shall be used as a reference.

- **Support, especially for SMEs, for managing the complexity of products and value chains and the quantity of data that is required.** The Digital Product Passport should be as simple as possible, not to create a heavy burden on smaller companies, and provide extra support to implement the tool as the cost of implementation will be significant for SMEs.

III. Content of the Digital Product Passport for apparel and footwear products

As stated above, the Policy Hub recommends the EU Commission carefully assess which information is truly necessary to enable circularity. We see the following information, adapted to the specificities of the product, as relevant:

- An economic operator who provided/uploaded the information that is present on the passport;
- Economic operator placing the product on the market;
- Fibre, material and accessories composition;
- Other information relevant for recycling;
- Alterations to the initial product.

Fibre, material and accessories composition

To enable the recycling of a product and to comply with the requirements of the EU Textile Regulation, the Policy Hub agrees with collecting information on fibre and material composition of textile products, including the percentage of the various fibres in the product. Weight per material should only be included on a voluntary basis.

This information should be collected in a standardised way and at a product model, rather than a unique product level. There is only a limited added value in knowing the information at the unique product level. On the other hand, the burden on brands to provide such information would be disproportionate.

Presence of substances in the product and their quantities

While the Policy Hub agrees with collecting information on materials in the product and their quantities, we would like to express doubts on the scalability of testing against the presence of substances in the product and their quantities.

The SCIP database already collects information on the presence of substances of very high concern (SVHC) present in products in a concentration above 0.1% weight by weight (w/w) marketed in the EU. It is crucial to ensure interoperability with existing databases, among which the SCIP database or the Ask REACH app. Companies should not be required to enter information twice: there should be a system to link the digital product passport to information submitted through other portals/databases.

The existing Restricted Substance Lists (RSL) management in the global apparel and footwear supply chains has proven to be effective in managing known substances of concern, including, but by far not limited to regulated substances. Given that limit values in apparel and footwear are uniquely low due to exposure scenarios, legal limits, and market sensitivity. We recommend reporting only on substances covered by the SCIP database and the REACH Regulation.

Finally, considering that any digital product passport that would be integrated in the next few years would probably not start showing up for recycling for a long time, we urge the EU to focus instead on investing and developing recycling solutions for textiles and viable material alternatives (with the same or improved functionality).

Other information relevant for recycling

Other information on how the product should be recycled and/or handled at the end of life is important. Such information should be collected at a product model, not the unique product level. We would like to underline that the responsibility of knowing how a product should be recycled shall be shared by brands/retailers and recyclers.

Alterations to the initial product

Alterations and processes applied to the initial product throughout its multiple uses should be captured, for instance repair or resell business with some changes on the garments (shorten sleeves, etc). We understand that, contrary to material information, this product/event information should be recorded at the unique product level. It will inform brands and retailers' strategy on circular product design, moving currently from the assumption on product longevity and usage to primary data.

Recycled content of the material in the product

We would like to acknowledge some of the challenges related to claims on recycled content. Some countries do not allow recycled content claims for all types of materials at this time (or at least make it very difficult (China) or have different definitions for "recycled" (Mexico)). This is difficult to manage from a global labelling perspective. These restrictions are to be considered as severe trade barriers and we urge the EU to seek solutions through close engagements and mutual agreements with these countries.

Social aspects

Information on social matters should only be collected through the reporting requirements of the upcoming Corporate Sustainability Reporting and Sustainable Corporate Governance (due diligence) initiatives. Including this information at the product level does not contribute to better compliance but rather leads to more complexity.

Origin of the product

Information on the origin of product components and material sources is not a priority to enable circularity. Issues regarding sourcing compliance should be addressed through due diligence at the company level.

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 ZDHC Foundation. In total, these organisations represent more than 700 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](http://GlobalFashionAgenda.org) 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](http://InnovationForum.org) – 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+](http://2030StrategyClimate+.org). 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-focussed, and practical approach to sustainable chemical management. ZDHC guidelines, platforms, and solutions drive large-scale industry-wide implementation that advances the industry as a whole towards the zero discharge of hazardous chemicals.

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