



Sustainability as a Profit Driver

Turning ESG into ROI*

(*Turning Green into Green)

AAPN Annual Meeting
May 13 to 14, 2025
Fort Lauderdale, FL



BUREAU
VERITAS



OUR SPEAKERS

- **Jaime Miguel** – CEO, Intradeco



- **Jorge Dardano** – VP Textile Operations, CASW



- **Debbie Perlman** – SVP Business Development, Recover



Three supply chain perspectives on how sustainable business activities and processes can help expand business/sales and profits.

EXECUTIVE SUMMARY

MACRO TRENDS – COMPLEX & CONFUSING

Geopolitical events (tariffs, trade agreements, conflicts, etc), sourcing risks, ESG/Sustainability regulations and increased demands around transparency and verification are the macro business drivers in 2025. Addressing and managing all of these trends is confusing, complex and challenging.

➤ Geopolitical Risks

- ✓ Ukraine/Russia; Israel/Hamas; other regional conflicts (?)
- ✓ Trade route disruptions (Red Sea, Panama Canal)
- ✓ Political Uncertainty – Tariffs, Trade Agreements, Nationalism/Protectionism
- ✓ Sourcing Risk Management

➤ Sustainability/ESG Regulations & Requirements

- ✓ At least 30 ESG related regulations in place in the US, EU, UK, Canada and others related to impact, climate, circularity/EPR (Extended Producer Responsibility) and transparency:
 - CSRD, EUDR, CSDDD, EPR, DPP, Canada S-211
 - FTC Green Guide (16 CFR § 260); UK Greenwashing
- ✓ Numerous states have or are considering environmental laws
 - CA SB-707 (Responsible Textile Recovery Act - EPR) ;
 - NY SB 4747 / AB 4333 (Fashion Act);
 - WA SB 5965 / HB 2068 (Fashion Sustainability Accountability Act – EPR)
- ✓ Withdrawal from Paris Climate Accord

➤ Demands for Transparency and Claims Verification

- ✓ Sustainable label claims (FSC, RCC, GRS, GOTS, OCS, etc.)
- ✓ Lifecycle of Sustainable materials (Recycled, Circularity, Regenerative etc.)
- ✓ “Green Chemistry”
- ✓ Climate Action (Scope 1, 2, 3 measure and validate), Impact Reports

➤ Economic Value vs Sustainability (competitive or complimentary)

- ✓ Meeting the regulatory and stakeholder (internal and external) demands has an economic price.
- ✓ At the same time leaders are looking to reduce the environmental and social audit fatigue and the overall costs of supply chains while creating economic value.
- ✓ Is there a ROSI – return on sustainable investment – both for retailers/brands and suppliers? ABSOLUTELY – YES!
Addressing waste and inefficiencies = significant cost savings.

GLOSSARY – SUSTAINABILITY ALPHABET SOUP

The following is a partial glossary of the Sustainability acronym’s

Classification	Term/Acronym	Definition	Comments
General	CSR	Corporate Social Responsibility	
	ESG	Environment, Social & Governance	
	DEI	Diversity, Equity, Inclusion	
Organizations/ Membership	Cascale	Formerly Sustainable Apparel Coalition	Global organization focused on apparel, textile and footwear
	ZDHC	Zero Discharge of Hazardous Chemicals	
	Aii	Apparel Impact Institute	SBTi
	TE	Textile Exchange	GRS, RCS, OCS, GOTS
	OIA/CAC	Outdoor Industry Association/Climate Action Corps	Climate Action Corp is part of OIA
	NCTO	National Council of Textile Organizations	
	AAFA	American Apparel & Footwear Association	
	GFA	Global Fashion Agenda	EU based
	EOG	European Outdoor Group	EU based
	FDRA	Footwear Distributors and Retailers Association	
	LWG	Leather Working Group	Members are tanneries, manufacturers, footwear, luxury brands
Higg Assessment	FEM	Facility Environmental Module	
	FSLM/SLCP	Facility Social Labor Module / Social Labor Convergence Project	Higg is associated with the Cascale
Textile Exchange	BRM	Brand/Retailer Module	
	GOTS	Global Organic Textile Standard	
	GRS	Global Recycled Standard	
	OCS	Organic Content Standard	
	RCS	Recycled Claim Standard	
	RDS	Responsible Down Standard	
	RWS	Responsible Wool Standard	
Others	SDG	Sustainable Development Goals	United Nations sustainability goals
	FSC	Forest Stewardship Council	Focus on wood based products - especially paper and packaging
	SBTi	Science Based Targets initiative	
	GhG	Green House Gas	
	CDP	Carbon Disclosure Project	
	C2C	Cradle to Cradle	
	CBD	Clean by Design	
	BCI	Better Cotton Initiative	
	BB	Better Buying	

ESG REGULATIONS (PARTIAL)

Country/State	Reg #/abbrev	Reg Name	Classification	Climate	Circularity	Transparency
US/CA	SB 707	Responsible Textile Act	EPR		X	X
US/CA	AB 1305	Green Claims/Net Zero		X		
US/CA	SB 253	Climate Corp Data Accountability		X		
US/CA	SB 54	Plastic Pollution Reduction	EPR		X	
US/CA	SB 261	Climate Related Financial Risk Act		X		
US/CA	SB 260	Climate Corp Accountability Act		X		
US/CA	AB 1201	Biodegradable/degradable/decomposable	EPR		X	X
US/NY	SB 4747 / AB 4333 (P)	Fashion Act (FSSA) (P)	EPR	X	X	X
US/WA	SB 5965 / HB 2068 (P)	Fashion Sustainability Accountability Act	EPR	X	X	X
US/MA	H 420 (P)	Fashion Act	EPR	X	X	X
US	SEC (P)	Climate Disclosure Requirements (SEC)		X		
US	FTC 16 CFR § 260	Green Guides				X
US	UFLPA (CBP)	Uyghur Forced Labor Prevention Act				X
Canada		Extended Producers Responsibility	EPR	X	X	X
EU	CSRD	Corp Sustainability Reporting Directive	EPR		X	
EU	SFDR	Sustainable Finance Disclosure Reg		X	X	X
EU	DPP	Digital Product Passport	EPR	X	X	X
EU	GCI	Green Claim Initiative				X
EU	DR	Deforestation Regulation				X
EU	PPW	Packaging & Packaging Waste	EPR		X	
EU	CSDDD (FR, GR, NW, NT)	Corp Sustainability Due Diligence Directive				X
EU	Taxonomy	Taxonomy for Sustainable Activities		X		
EU	ESPR	Eco-design for Sustainable Products	EPR	X	X	X
EU	FLD	Forced Labor Directive				X
UK		Anti-Greenwashing Act				X
UK	SECR	Streamlined Energy & Carbon Reporting		X		
UK	Financial Conduct Authority (FCA)	Climate Financial Reporting Directive (CFRD)		X		
UK	Bus, Energy & Industrial Strategy (BEIS)	CFRD		X		
UK		Sustainable Disclosure Requirements				X
UK		Extended Producers Responsibility	EPR	X	X	X

CALIFORNIA SB-707

RESPONSIBLE TEXTILE RECOVERY ACT OF 2024

- Requires sellers of “textile articles” in CA to establish and fund a **Producer Responsibility Organization (PRO)**.
- **The PRO is responsible for:**
 - Setting up collection sites for unwanted textiles throughout the state
 - Educating brands and consumers about program
 - Directing collected items to appropriate channels (resale, recycling, disposal, etc.)
 - Setting and collecting producer fees, eco-modulation/malus policies
 - Reporting on program operations to CalRecycle
 - Implementation starts in 2030

CURRENT NY FASHION ACT REQUIREMENTS (AS LAST INTRODUCED)

Scope <ul style="list-style-type: none">• Businesses selling apparel, footwear, and bags with gross receipts over \$100 million.• Retailers covered if they sell private label.	Timeline <ul style="list-style-type: none">• Phased supply chain mapping and environmental compliance starting 1 year after effective date.	Environmental Due Diligence <ul style="list-style-type: none">• Conduct prescriptive supply chain environmental due diligence.• Establish and reduce GHG emissions absolutely and sample, report, and reduce wastewater pollution in Tier 2 as prescribed, utilizing ZDHC
Transparency <ul style="list-style-type: none">• Map and disclose 75% of Tier 1 and Tier 2 by volume• Map and disclose 50% of Tier 3 and Tier 4 by volume or dollar amount	Validation <ul style="list-style-type: none">• Reports must be verified only by verification bodies authorized by the Department of State	Enforcement <ul style="list-style-type: none">• Failure to comply with any provision can result in penalties of \$15,000/violation/day• 3-month cure period

Legislation is also pending in MA, WA, OR, CO

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