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EC-63-25 Carpets and Rugs

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Introduction

This document summarises the changes to the **Carpet and Rugs** (EC-63) standard. EC-63 underwent a review and the following criteria were updated to align with current ECA product standards:

- Legal Requirements
- Environmental Management Systems
- Modern Slavery and Social Accountability
- Hazardous Substances
- Energy Management and Greenhouse Gas Emissions
- Waste Management.

What does this mean for current ecolabel partners?

Current ecolabel partners under the standard will have 12 months from the release of the most recent update to comply with the changes outlined in this document.

How to read this document

Each update and new requirement is identified by the section name, section number, and the page number where the change appears in the standard. For new or fully updated criteria, the full text is included in the summary document. For in-text citations, changes to previously existing requirements in the standard are indicated in **green**.

1. Legal Requirements

(Section 5.1; Page 11-12)

What's Changed

The criteria under the Legal Requirements section have been updated to clarify Eco Choice's expectations for applicants and ecolabel partners. These expectations include ensuring that all environmental laws and regulations are followed, including those that protect high ecological value areas from sourcing or manufacturing processes, as well as engaging with communities (indigenous, especially) that are at risk of being directly impacted by sourcing or manufacturing processes. If manufacturing and sourcing of the product occurs outside New Zealand or are beyond the control of the licence holder, the licence holder is responsible for ensuring that their supplier and the manufacturing entity comply with environmental regulations.

Updated Criteria

- a. The product must comply with the provisions of all relevant environmental laws and regulations that are applicable during the product's life cycle. The laws are expected to include the following:
 - Ensuring that areas of high ecological value are not impacted and are protected from sourcing or manufacturing processes.
 - Engagement with indigenous communities/ communities at risk directly impacted by sourcing or manufacturing processes, and that free, prior and informed consent is achieved.

Note: In the event there are no laws or regulations that cover the above requirements, the licence applicant/holder will be expected to implement processes to fulfil these requirements.

- b. Materials or processes involved in the production of carpets and rugs may not be under the direct control of a licence applicant/holder. Where this is the case, the licence applicant/holder must implement a formal supplier regulatory compliance management/assurance programme that:
 - includes documented requirements to comply with the items outlined in criterion a.
 - includes documented requirements for suppliers to provide raw materials or services compliant with applicable environmental regulatory requirements (for example in supply contract conditions).
 - identifies suppliers, materials or processes that involve, or would be expected to be subject to a high level of regulatory control and/or which present a high potential risk of regulatory non-compliance.
 - includes appropriate requirements (based on the risk assessment) for suppliers to provide assurance to the licence applicant/holder on the supplier's environmental regulatory compliance.

What does it mean for licence applicants and holders?

Licence applicants and ecolabel partners will need to demonstrate compliance with these criteria by providing documentation and reports outlined in explanatory notes.

2. Modern Slavery and Social Accountability

(Section 5.3; page 13-14)

What's Changed

The Modern Slavery and Social Accountability criteria have been updated to align with new versions of Eco Choice standards and the requirements under the Green Building Council of Australia and the New Zealand Green Building Council. Along with aligning with the national/international transition, it focuses on social issues within the workplace. The criteria require that applicants and ecolabel partners have a publicly available policy/policies which address human rights, diversity and inclusion and anti-bullying - aligning with national and international policies.

Updated Criteria

- a. The applicant / licence holder and manufacturer must have a publicly available policy / policies on human rights, diversity & inclusion, and anti-bullying. At a minimum, it should comprise:
 - An explicit commitment to respect all internationally recognised human rights standards – understood, at a minimum, as the International Bill of Rights and the International Labour Organization (ILO) Declaration on the Fundamental Principles (see below) and Rights at Work;
 - Stipulations concerning the company's expectations of personnel, business partners and other relevant parties e.g. a code of conduct; and
 - Information on how the company will implement its commitment and monitor compliance with it.

Note: The Trust expects the applicant / licence holder and manufacturer to show that it is undertaking activities to create more equitable conditions for those affected by, or involved in, the sourcing and manufacturing of products and materials, supported by a publicly available document.

- b. Where an applicant / licence holder and manufacturer has found instances of modern slavery in their business operations and or supply chains* in the past two years, there shall be evidence of corrective action.
- c. In addition to the above, the applicant / licence holder and manufacturer shall consider:
 - Providing information to confirm whether the requirements of Social Accountability International Standard, SA8000 have been considered;
 - Being a Living Wage employer (or equivalent); and
 - Having a senior member (example: manager, director, or C-suite level roles) of its organisation responsible for social and environmental sustainability.

Note: From ILO Declaration on the Fundamental Principles and Rights at Work, there are the following core labour standards:

- Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87);
- Right to Organise and Collective Bargaining Convention, 1949 (No. 98);
- Forced Labour Convention, 1930 (No. 29);
- Abolition of Forced Labour Convention, 1957 (No. 105);

- Minimum Age Convention, 1973 (No. 138);
- Worst Forms of Child Labour Convention, 1999 (No. 182);
- Equal Remuneration Convention, 1951 (No. 100); and
- Discrimination (Employment and Occupation) Convention, 1958 (No. 111).

*Supply chains refer to the products and services (including labour) that contribute to the Eco Choice-licensed products and services. This includes products and services sourced in NZ or overseas and extends beyond direct suppliers.

What does it mean for licence applicants and holders?

Licence applicants and current licence holders will need to provide copies of policies, procedures, plans and records to demonstrate how effectively the plans and procedures have been implemented.

3. Environmental Management Systems

(Section 5.5.1; page 19-20)

What's Changed

The criteria under the Environmental Management Systems have been included in alignment with new versions of Eco Choice standards and the requirements under the Green Building Council of Australia and the New Zealand Green Building Council. The Environmental Management Systems criteria requires that the applicant/licence holder or manufacturer must have an environmental management system based on ISO14001 or provide details outlining processes that control for hazardous substances, discharges to air, land, water and other environmental impacts. Furthermore, applicant/licence holders are required to identify possible risks of contamination of non-compliant or banned chemicals during the manufacturing process and implement control measures to mitigate the risk.

New Criteria

- a. The applicant/licence holder or manufacturer must have (or establish, if necessary) appropriate environmental management processes or an environmental management system (EMS), to manage the environmental impacts from the manufacturing of the product.
- b. The environmental management system or processes must include a process for identifying environmental risks and opportunities (hotspot analysis) and implementing programs to reduce identified impacts to air, water, and land from manufacturing activities.
- c. The risk assessment process discussed in **criterion b**, must also identify and classify hazards associated with non-compliant or banned materials/chemicals that have the potential to be used in the manufacturing process, and implement control measures to mitigate identified risks appropriate to their risk level.

- d. Should banned chemicals (or restricted chemicals that are beyond the limits outlined in this standard) be found within the licensed product, manufacturers must substitute or replace chemicals to align with the standard.

What does it mean for licence applicants and holders?

In addition to a written statement on compliance by the Chief Executive Officer or otherwise authorised representative, the applicant or licence holder must provide documentation of the EMS based on ISO 14001 or details on risk assessment and mitigation processes for relevant environmental impacts.

4. Hazardous Substances Criteria

(Section 5.6; pages 22-23)

What's Changed

Under the Hazardous Substances Criteria, Eco Choice has added a new criterion requiring licence holders to supply a publicly available document which discloses all hazardous substances and chemicals of concern in accordance with the Globally Harmonised System (GHS).

New Criteria

- j A publicly available document (example: safety data sheet) which discloses all hazardous substances and chemicals of concern in accordance with the Globally Harmonized System (GHS).

What does it mean for licence applicants and holders?

Licence applicants/holders will need to publicly provide a Safety Data Sheet that lists all hazardous substances in the product and other information identified in accordance with the New Zealand Health and Safety at Work Act and the Substances and New Organisms Act, or the local equivalent legislation in the country where the product is manufactured. The substances should be classified in accordance with the Globally Harmonised System (GHS).

5. Waste Management Criteria

(Section 5.9; page 27-28)

What's Changed

The Waste Management criteria have been updated in EC-63 to align with the latest versions of the Eco Choice product standards. The criteria now require the licence holder to demonstrate continuous improvement in reducing waste generation and increasing reuse and recycling rates, averaged over five years.

What does it mean for licence applicants and holders?

No significant changes as the previous requirements implied similar expectations.

6. Energy Management and Greenhouse Gas Emissions

(Sections 5.11; pages 28-29)

What's Changed

There are two updates to the Energy Management and Greenhouse Gas Emissions criteria. The first is the name; previously, the criteria were known as Energy Management and Carbon. The change reflects a commitment to monitoring and reducing greenhouse gas emissions. Additional criteria also include a methodology for calculating and recording material GHG emissions, and a public declaration to decarbonise in alignment with a 1.5 °C trajectory by 2050.

Updated Criteria

- a The carpet and/or rug manufacturer and licence applicant/holder must have effective energy management policies and procedures and/or an energy management programme.
- b **The carpet and/or rug manufacturer and applicant / licence holder must have improvement objectives and targets to reduce energy use related to production (of ECA-licensed products), and associated greenhouse gas emissions on a year-by-year basis. Furthermore, ECA licence holders must publicly disclose a commitment to decarbonise between now and 2050 on a 1.5°C trajectory, with a significant reduction prior to 2030. Any divergence from objectives or targets should be explained in the annual report.**
- c Licence holders must report annually to the Trust on their energy management. The report should include:
 - i total energy use;
 - ii breakdown of total energy use to types of energy used, including energy from renewable sources;
 - iii energy use related to production (i.e. the embodied energy of a product);

- iv energy used during transport of raw materials* (if the licence holder is the manufacturer), or transport of carpets or rugs that are imported from overseas manufacturers (if the licence holder is an importer/supplier);
- v initiatives taken to reduce energy use and greenhouse gas emissions, and to improve energy efficiency; and
- vi initiatives taken to calculate greenhouse gas emissions per product (i.e. the embodied carbon of a product).

What does it mean for licence applicants and holders?

First time applicants and licence holders will need to provide an energy management policy for the initial audit. Subsequent audits will require documentation of an energy management programme in alignment with criteria outlined in c, along with details of year on year performance against targeted reductions for energy and GHG emissions.