THE CLOTHING MANUFACTURERS ASSOCIATION OF INDIA

INTERNATIONAL APPAREL FEDERATION

GHERZI

IAF-CMAI-Gherzi Leadership Session @ Bharat Tex, Legislation Panel

Date: 2026-07-15

Location: New Delhi

Moderator, Giuseppe Gherzi, Gherzi Textil Organisation, Switzerland

Panellists-: Avedis Seferian, CEO Worldwide Responsible Accredited Production (WRAP); Vidhura Ralapanawe (Vice President Epic Group); Stefano Festa Marzotto (President IAF); Dirk Vantyghem, Director General Euratex; Michael Cai, Director of Supply Chain and Operations, Décor; Ana Paula Dinis, Director General ATP; Heidi Benko, Vice President Product Management and Strategy, Infor

Executive Summary

The panel reached a broad consensus that regulatory compliance is rapidly becoming a strategic business capability rather than merely a legal obligation. Future competitiveness will increasingly depend on integrating sustainability, digital traceability, responsible sourcing and transparent data management into core business models. Changing design, development and sourcing processes hold the potential to improve environmental performance and raise profit simultaneously.The legislation itself is still in development and it needs to be practical, enforceable, and designed to reward real sustainability, rather than simply imposing costs and punishments. In implementation, the industry needs to reduce the burden of data collection on manufacturers, who face duplicative requests and a lack of standardized reporting formats.

Global Context

The evolving legislative framework forms part of the European Green Deal and Circular Economy Action Plan, aiming to accelerate circularity, transparency and responsible production. These measures will reshape sourcing practices for all exporters serving the European market

Panel Objectives

The panel examines the major impact of upcoming EU legislation on the textile industry. Key topics include the Digital Product Passport (DPP), Corporate Sustainability Due Diligence Directive (CSDDD), and Extended Producer Responsibility (EPR). While all legislation is viewed as impactful and interconnected, panelists underscore the overwhelming burden of data collection on manufacturers. There is a strong call for legislative harmonization, interoperability, and a framework that rewards sustainability rather than merely punishing non-compliance.

Introduction:

Giuseppe Gherzi, Managing Partner of Gherzi Textil Organisation, opened the session by highlighting how sustainability legislation— including the Digital Product Passport (DPP), CSDDD, Eco-design requirements and EPR—is reshaping the global textile and apparel industry well beyond Europe. These regulations are transforming value chains, sourcing strategies and market access.

The session aimed to move beyond regulatory review and identify how compliance can become an opportunity for innovation, competitiveness and sustainable growth. Key priorities included harmonizing requirements, reducing manufacturers' compliance burden, using digital technologies to strengthen traceability, and fostering collaboration across the value chain.

Gherzi emphasized that governments, brands, manufacturers, technology providers and industry associations must work together to build a more transparent, resilient and globally competitive industry.

Introductions and summary of contributions

1. Avedis Seferian, the CEO of Wrap emphasizes the necessity of legislative interoperability to prevent manufacturers from reporting the same data in multiple formats for different buyers. He advocates a practical approach from legislators and brands, focusing on the substance of compliance (e.g., improving lives, reducing forced labor) rather than rigid, proprietary forms and audits.
2. Vidhura Ralapanawe, Vice President at Epic Group, a large manufacturer with production in several countries including Bangladesh, Ethiopia and Jordan identifies the CSDDD and the DPP/EPR as most critical pieces of legislation affecting the apparel industry. He raises urgent concern about heat stress management in factories as a "decent work" issue under CSDDD. He critiques data integrity for DPP and EPR, noting current data is generalized with massive error margins and does not truly reflect life cycle impacts. He urges the industry to think beyond lagging legislative compliance and proactively build for future climate realities.
3. Dirk Vantyghem is director general of the European apparel and textile federation Euratex. In working with EU legislators, he stresses that laws must be enforceable and he argues that legislation should reward companies investing in sustainability, shifting from "stick" (punishment) to "carrot" (incentive). He advocates for creating a framework that makes compliance a benefit, not just a cost.
4. Stefano Festa Marzotto, President of the IAF notes as IAF representative and garment company owner that legislation brings worries and opportunities. He singles out eco-design as particularly impactful for big brands, forcing them to rethink product construction for recyclability and repair. He observes many luxury brands remain hesitant to make deep, practical changes despite sustainability rhetoric.
5. Michael Cai, Director of operations and Supply Chain of Décor, a large design, development and manufacturing group from Suzhou, China highlights, as a manufacturer sourcing from multiple continents, the DPP and due diligence/forced labor regulations as most impactful because they act as gatekeepers for market access. He advises manufacturers to view these regulations as opportunities to build robust, transparent supply chains for competitive advantage.

6. Ana Paula Dinis, Director General of the Portuguese apparel and textile industry association ATP, represents Portuguese apparel manufacturers and sees the various legislations as interconnected. She chooses the DPP as most significant because it can reward substantial sustainability investments that are often unrecognized. Believes the DPP can give consumers the information needed to make sustainable choices.
7. Heidi Benko, Vice President Product Management and Strategy: Focuses on the immense challenge of collecting upstream supply chain data, a burden falling on manufacturers. Points out the lack of standardized requirements across brands and regulations. Advocates collaboration and technology (e.g., data networks) to create a “store once, share many” model.

Discussion round 1

Moderator: From the viewpoint of a manufacturer, which legislation is impacting you most?

1. The importance of understanding that there is a communality that is the most important. All impose reporting requirements. So to relieve some of the data collection burden on manufacturers, the communality should be used to avoid duplication.
2. CSDDD is critical due to heat stress in factories, constituting a “decent work” violation with potential liability for brands. Secondly, EPR and DPP are problematic because the underlying data is generalized, has large error margins, and is not fit for accurately reporting life cycle impacts. Primary data is needed, but it is often not available, so that it is questionable whether materially, the value of the collected data is worth the considerable effort required to collect it. It looks like brands will be collecting data simply to comply with the law, but with limited positive effects on the environment.
3. Two essentials: legislation must be enforceable, as the European Commission sometimes creates laws it cannot control; and it should reward sustainability investments, not just punish. The EU focuses too much on “sticks” instead of “carrots.” Whoever invests in sustainability should be rewarded by market, by clients, by governments.
4. All new legislation has impact, but eco-design is especially significant. It forces brands to rethink product construction, material choice, and end-of-life. Many brands talk sustainability but worry about making necessary practical changes and are not really going deep enough in their approach. There is an opportunity that can be reaped by changing processes which can help to improve environmental performance and raise profif simultaneously.
5. For a global manufacturer, the DPP is most critical because a product without it in the near future cannot be sold in Europe—it’s a market access requirement. Due diligence and forced labor regulations are also impactful. These challenges are opportunities for manufacturers to build a robust, traceable supply chain and thereby gain a competitive edge.
6. All legislation is part of a puzzle, but the DPP is most important for manufacturers. They have invested heavily in sustainability, and the DPP is a way to be rewarded and to provide consumers transparent information for sustainable choices.
7. It’s not one single regulation, but anything requiring far-upstream data tracing that is crucial and difficult. The burden falls on manufacturers to get multi-tier

data without defined standards. Each brand asks for different information, creating a major challenge. The industry focus should be on creating and harmonizing standards.

Discussion round 2

Moderator: What would be your advice to any type of textile company?

1. Be practical and don't rely solely on AI. Have reasonable, enforceable laws. Buyers and brands should focus on substantive compliance, accepting credible third-party certifications instead of demanding duplicative proprietary audits. And he advices to aim for effectiveness rather than rigid formats.
2. Be cautious with data collection. 'Carrot and stick" approaches can have unintended consequences'. "When you do carrot and stick you get cat and mouse". Legislation demands mostly lagging indicators. Industry should think beyond legislation and to anticipate future needs, such as factory designs for climate extremes that current laws don't address. The problem is that legislation does not sufficiently address root causes and real sustainability is still insufficiently awarded.
3. In difficult business times, prioritize collaboration, trust, and transparency between brands and manufacturers. Be active in associations to bring your issues to national governments and to the European Commission.
4. Three words: accountability, collaboration, harmonization. Accountability must be shared across the value chain. Collaboration is key. Harmonize regulations and data standards across markets to avoid maintaining separate systems.
5. Entrepreneurs can channel concerns through associations more. Philosophically, industry doesn't like legislation, but the only way to solve the conflict between individual desire and a collective necessity/problem is legislation. We can't wait for individual consumers to change their behaviour.
6. We must follow the road to sustainability; it is compulsory. Consumers are reluctant to accept higher prices, but we need to convince them of higher product value. The supply chain should work together to find cost savings so all partners can invest and survive.

Moderator: On data, each retailer and brand asks manufacturers to present the same data in multiple systems and formats. Are there solutions to enter data once, efficiently?

1. A network where a manufacturer enters data once to share with multiple customers is key. Requirements still differ slightly, so collaboration between brand and manufacturer associations is crucial to define standards. It's early, but "enter once, share many" is the goal—unlike portals requiring repeated entry.
2. This should be an advantage of the DPP. Ideally, once Brussels legally defines required data points, all brands align. Though we don't like legislation, it sets a standard framework, creating coherence. The ultimate dream is one worldwide DPP to simplify compliance for everyone.

Key Points

1. The incoming EU legislation (DPP, CSDDD, EPR) is viewed as a mandatory, interconnected system that will fundamentally reshape the textile industry, not a voluntary effort.
2. A major unresolved challenge is the burden of data collection on manufacturers, who face duplicative requests and a lack of standardized reporting formats. The primary operational challenge is the lack of standardized systems for upstream data collection and sharing. A network-based approach—enter once, share many—could be a viable solution.
3. There is strong consensus that legislation must be practical, enforceable, and designed to reward sustainability, rather than simply imposing costs and punishments.
4. The industry must look beyond legislation and address both the root causes of long term environmental deterioration and address current negative effects, such as growing heat stress.
5. Eco-design regulations force brands to rethink products end-to-end, pointing at opportunities that can be reaped by changing processes which can help to improve environmental performance and raise profit simultaneously. The supply chain should work together to find cost savings so all partners can invest and survive.
6. Data integrity for compliance—especially for the DPP—is a significant concern; panelists question whether current secondary data is accurate enough for life-cycle assessments.
7. Collaboration across the value chain—manufacturers, brands, associations, legislators—is essential to create a harmonized, effective regulatory environment.
8. Regulations can be leveraged by manufacturers to build a competitive edge through transparent, resilient supply chains.

Emerging Industry Consensus

- Compliance must evolve into a value creator rather than simply a cost.
- Digital traceability will become a prerequisite for market access.
- Harmonised global standards are urgently needed.
- Manufacturers cannot shoulder compliance responsibilities alone.
- Technology platforms will enable scalable compliance.
- Sustainability investments should be commercially rewarded.

Recommendations:

For Manufacturers

- Invest in digital traceability and primary data systems.
- Embed sustainability into product development.
- Collaborate actively with supply-chain partners and industry initiatives.

For Brands

- Harmonise supplier reporting requirements.
- Recognise credible third-party certifications.
- Share compliance costs and reward sustainability investments.

For Policymakers

- Promote interoperable reporting standards.
- Reduce duplication in compliance obligations.
- Balance enforcement with incentives for sustainability.

Concluding Remarks

The discussion demonstrated that legislation is no longer simply a regulatory issue but a catalyst for business transformation. While implementation challenges remain significant, particularly around data quality, interoperability and harmonization. the panel expressed optimism that collaborative action across governments, brands, manufacturers, technology providers and industry associations can convert compliance into an opportunity for innovation, resilience and sustainable growth.