

MARKET OVERVIEW

# Global Fashion Sustainability and Compliance Mandates

The practical realities of the responsible supply chain

### The global compliance challenge

The fashion industry is entering a new era where sustainability and transparency are no longer optional, they are legally mandated and commercially essential.

Government regulators across the globe are demanding proof of ethical sourcing, environmental responsibility, and social accountability. What was once considered “good practice” is now a binding requirement backed by fines, penalties, and even blocked shipments. Consumer and investor expectations are accelerating this shift: shoppers demand traceability and accountability in what they buy, while investors insist on measurable ESG performance.

Despite these dual pressures, most brands still rely on manual spreadsheets and siloed systems which makes it nearly impossible to comply with expectations and mandates in the EU, U.S., Canada, Latin America, and Asia-Pacific. Without modernization, companies face steep fines, audit failures, reputational harm, and lost access to global markets.



# The global regulatory landscape: key dates and requirements

## European Union (EU)

- Ecodesign for Sustainable Products Regulation (ESPR) & Digital Product Passport (DPP) entered into force on July 18, 2024.
- DPP is a digital “twin” of a product. It contains data that is recorded from the initial stages of design and sourcing through to manufacturing, use, and eventual recycling or disposal, all of which must be tracked and enforced across every vendor.
- EU Corporate Sustainability Due Diligence Directive (CS3D) begins phased implementation starting 2027 and targets environmental and human rights abuses throughout corporate supply chains.
- Ban on destruction of unsold goods effective July 19, 2026.
- Phased rollout across textiles 2026–2030.

## Key requirements:

- Mandatory DPP with lifecycle data for textiles.
- Standards for durability, reparability, recyclability, and traceability.

## Penalties:

- Market bans, fines, and product recalls for non-compliance.
- Member-state enforcement actions vary but can include withdrawal of non-compliant goods from EU markets.
- Largest fine to-date of €40 million.



## United States (US)

- The Uyghur Forced Labor Prevention Act (UFLPA) was enacted December 23, 2021, bans textile or fashion goods made wholly or in part from China's Xinjiang region, unless importers can prove goods are not made with forced labor. The law forces companies to take on a new level of supply chain due diligence with full traceability of raw materials required.
- California Fashion Environmental Accountability Act of 2025 (AB 405): This bill includes penalties of up to 2% of global revenue for failing to meet environmental due diligence standards.
- California Responsible Textile Recovery Act of 2024 (SB 707): Starting in 2026, producers failing to participate in a mandated textile waste program face potential fines of up to \$50,000 per day by 2030.
- New York Fashion Sustainability and Social Accountability Act (Fashion Act): Similar to California's proposed laws, this bill could fine large fashion companies up to 2% of annual revenue for non-compliance.

### Penalties:

- Goods can be detained, seized, or destroyed at port.
- Fines, risk of losing access to U.S. markets and reputational fallout.



## Canada (CA)

- Fighting Against Forced Labor and Child Labor in Supply Chains Act (known as the Modern Slavery Act) went into effect on May 31, 2024.
- Textile Labelling Act – this law requires accurate and meaningful labeling of consumer textile articles sold, imported, or advertised in Canada. The purpose is to ensure consumers receive truthful information about the fiber content and the origins of textile products, helping them make informed product selection choices.

### Penalties:

- Non-compliance fines up to CA \$250,000.
- Directors, officers, and agents who authorize or participate in a violation may also be held personally liable.
- Public disclosure increases reputational risk.



## Latin America & APAC

- Latin America: Brazil, Chile, and Colombia are moving toward Extended Producer Responsibility (EPR) for textiles, expected 2025–2027.
- APAC: Australia's Modern Slavery Act is already in effect; Japan and South Korea are also adopting stricter environmental product laws.

### Key requirements:

- Labor disclosure, recycling and waste management reporting, and proof of sustainability in textiles.

### Penalties:

- Fines, restricted exports, and blocked access to domestic and international markets.
- Stricter import requirements for traceability and proof of circularity.



## Action plan for ESG compliance readiness

1. **Assess** – Map compliance gaps across ESG, sourcing, and reporting.
2. **Digitize** – Replace manual spreadsheets with BlueCherry's ERP, PLM, ESG.
3. **Integrate** – Connect supplier portals, DPP, and compliance databases.
4. **Automate** – Use AI-powered reporting and predictive alerts.
5. **Validate** – Run mock audits against EU, U.S., and Canadian standards.
6. **Optimize** – Expand visibility with SFC, WMS, and BI.

## How BlueCherry helps you solve ESG challenges

BlueCherry® delivers always-on supply-chain visibility modernization with compliance built directly into the digital thread.

- **ESG & DPP ready** – Automate reporting for EU, U.S., and Canadian mandates.
- **Real-time supplier visibility** – Track sourcing, labor, and materials across tiers.
- **Audit confidence** – Data capture and validation ensure inspection readiness.
- **AI-assisted compliance** – Predict risks, flag anomalies, and simplify documentation.
- **Scalable & modular** – Start with ERP, PLM, or ESG and expand end-to-end.

## What's the ROI of ESG compliance with BlueCherry?

Be ready for today's mandates and tomorrow's expectations.

BlueCherry turns compliance into a source of efficiency, resilience, growth, achieving:



**20–30%**  
faster reporting cycles



**15–20%**  
lower compliance risk



**10–15%**  
cost savings  
from reduced  
waste and  
supplier  
efficiencies



**Improved  
reputation  
and loyalty**  
from verifiable  
sustainability



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The right fit