

From *Galli* to Paris Fashion Week: law, sustainability, and the hidden faces of *Karegari*

Shuma Talukdar*

A. Introduction	23
B. Environmental and social Issues in the Indian embroidery sector	26
I. Environmental issues	26
II. Social issues	28
C. Extraterritorial impact of CSRD and CSDDD	30
D. Lessons from France’s Duty of Vigilance Act and India’s Utthan Pact	33
E. Legal reforms for worker protection and compliance	37
F. Conclusion	40

A. Introduction

Sustainability has become a defining issue of our time. The United Nations’ Brundtland Commission defined sustainability in 1987 as ‘meeting the needs of the present without compromising the ability of future generations to meet their own needs.’ It is primarily divided into three core concepts: environmental (conserving natural resources and preserving ecosystems), social (promoting equity and human rights for all people and communities), and economic (managing resources and economic growth responsibly). Embracing sustainability as a principle of corporate governance has become legally binding for companies in many countries, primarily in developed nations. However, its impact can also be seen in the industries of developing nations. One such industry is the embroidery industry, a sub-sector of the textile industry.

* Shuma Talukdar is a Doctoral Researcher at the School of Law, Mahindra University, Hyderabad (India). She is also a registered Advocate with the Bar Council of India. She holds dual Master’s degrees in Business Law and Public Administration. She strongly identifies as both an environmentalist and a feminist. Her research interests include sustainability law, transnational law, and governance. E-mail: ShumaTalukdar13@gmail.com

The word embroidery comes from the French word ‘*broderie*’, meaning embellishment, and dates back as far as 30,000 BC. India is the most hand-skilled country in the world, employing approximately 34.5 million *karegar* (craftsmen) across the nation. However, the communities involved in this work are predominantly rural and remain largely un-corporatised.¹ Since the 1980s, luxury brands have outsourced embroidery to India, for its exceptional craftsmanship, diverse traditional embroidery techniques, and cost-effective yet high-quality production,² with the market valued at \$150–\$250 billion.

India is the largest exporter of hand embroidery in the world, mainly to France and Italy.³ By 2019, India’s embroidery exports had surpassed \$230 million, a nearly fivefold increase since 1999⁴ and are currently flourishing, with exports reaching \$3.6 billion (EUR 3.3 billion) in FY23 (including both luxury and non-luxury segments).⁵

Iconic fashion items such as Alessandro Michele’s Gucci collection, Dior’s embellished saddle bags, and Jennifer Lopez’s famous Versace jungle dress were handcrafted by skilled Indian craftsmen. However, despite the high prices these brands command, the craftsmen often face poor working conditions, inadequate wages, and little recognition.⁶

Skilled craftsmen create intricate, couture-level work, often behind the scenes of these iconic global fashion events. With crafts like *Phulkari*, *Kantha*, and *Chikankari*, India offers a rich variety that helps luxury brands stand out. Additionally, favourable currency exchange rates make India a cost-efficient choice. The glamour of Paris Fashion Week stands in sharp

-
- 1 Bandana Tiwari, ‘Luxury Brands Must Credit Craftspeople’ (2015), <https://www.businessoiffashion.com/opinions/news-analysis/op-ed-luxury-brands-must-credit-craftspeople/> (last accessed: 30 June 2025).
 - 2 Bloomberg Originals, ‘Inside Luxury’s Secret India Supply Chain’ (2023), <https://www.youtube.com/watch?v=Qy2JWUOWTWQ> (last accessed: 30 June 2025).
 - 3 Sheetal Jain, ‘Recognising Indian Artisans’ Contribution to Luxury’ (2023), <https://www.luxurydaily.com/recognize-indian-artisans-contributions-to-luxury/> (last accessed: 30 June 2025).
 - 4 Kai Schultz/Elizabeth Pathon/Phyllida Jay, ‘Luxury’s Hidden Indian Supply Chain’ (2020), <https://www.nytimes.com/2020/03/11/style/dior-saint-laurent-indian-labor-exploitation.html> (last accessed: 30 June 2025).
 - 5 Shilpa Dhamija, ‘Is India’s Savoir-Faire Getting Its Due Credits?’ (2024), <https://www.luxurytribune.com/en/is-indias-savoir-faire-getting-its-due-credits> (last accessed: 30 June 2025).
 - 6 Luxe Analytics, ‘Time for Indian Artisans to Shine on the Global Map’ (n.d.), https://luxeanalytics.in/blog/blog_detail/44 (last accessed: 30 June 2025).

contrast to the reality of dimly lit workshops in Delhi, Mumbai, or Kolkata, where artisans work long hours for meagre pay. While some brands, such as Dior, highlight their Indian supply chains, the world is increasingly recognising India's deep-rooted contribution to global luxury fashion.⁷

Although scholarship on global supply chain and sustainability law is expanding,⁸ no academic work has examined the embroidery industry, a niche yet economically significant sector in India. Existing studies on EU sustainability laws focus on formal industries or Western contexts, neglecting informal⁹ fragmented sectors¹⁰ such as Indian hand embroidery. This paper marks the starting point of a larger project examining how the EU Corporate Sustainability Reporting Directive (CSRD) and Corporate Sustainability Due-Diligence Directive (CSDDD) could reshape the luxury supply chain and improve conditions for Indian craftsmen.

Initial findings suggest that these directives hold significant potential to improve transparency and accountability in EU supply chains. However, their extraterritorial reach raises important justice concerns, particularly the risk of imposing disproportionate compliance burdens on suppliers in developing countries. Large, well-resourced exporters may adapt, but small and medium suppliers, who often employ the most vulnerable workers, risk exclusion from the EU market.

Against this backdrop, this study explores the central question: Can the CSRD and CSDDD make EU luxury supply chains more transparent and accountable, while meaningfully improving the working conditions of Indian embroidery craftsmen?

7 Mankiran, 'The Supply Chain of Luxury Global Ateliers in India' (2024), <https://mba-esg.in/luxury-hidden-indian-supply-chain/> (last accessed: 30 June 2025).

8 See, for example, Antje Wahl/Gary Q. Bull, 'Mapping Research Topics and Theories in Private Regulation for Sustainability in Global Value Chains' (2014), 124(4) *Journal of Business Ethics*, p. 585.

Also see, Emma Ross, 'Overdressed and Underregulated: How the Fashion Industry's Extreme Plastic Pollution Can Be Linked to a Lack of Supply Chain Regulation' (2023), 25(1) *Vermont Journal of Environmental Law*.

9 Workers, primarily women engaged in home-based work alongside their household responsibilities. They are inadequately represented in official statistics and remain outside the scope of protective legislation or trade union organization. Resultantly, they lack basic safeguards such as contracts, health benefits, or social security, leaving them structurally invisible and vulnerable to exploitation.

10 Groups of different size involved with this industry. Some of them are big players and others SMEs or even individual people working from home.

B. Environmental and social Issues in the Indian embroidery sector

I. Environmental issues

Although this paper focuses on the social dimension, it is important to briefly situate embroidery within the broader environmental impact of textiles. The embroidery industry is one of the most polluting industries globally.¹¹ In Europe, textiles are the fourth largest source of environmental pollution, responsible for about 20 per cent of global water pollution¹² and around 10 per cent of total greenhouse gas emissions more than those from international shipping and aviation combined.¹³ These emissions occur across the entire supply chain, including raw material extraction, production, dyeing, processing, transportation, and distribution.¹⁴ If current practices continue, emissions from the textile industry are expected to increase by over 50 per cent by 2030.¹⁵ This may derail the EU's objective of achieving its own Sustainable Development Goals (SDGs), by 2030, as achieving sustainability in the supply chain is essential for meeting the SDGs.¹⁶

11 Air Collection, 'Sustainability in Embroidery: Eco-Friendly Materials and Techniques' (n.d.), <https://www.aircollection.it/en/news/sustainability-in-embroidery-eco-friendly-materials-and-techniques>.38 (last accessed: 30 June 2025).

12 European Parliament, 'The Impact of Textile Production and Waste on the Environment' (2020), <https://www.europarl.europa.eu/topics/en/article/20201208STO93327/the-impact-of-textile-production-and-waste-on-the-environment-infographics> (last accessed: 30 June 2025).

13 Max, 'The Environmental Impact of the Textile Sector' (2024), <https://www.hhc.earth/knowledge-base/articles/the-environmental-impact-of-the-textile-sector> (last accessed: 30 June 2025).

14 Nikita Shukla, 'Fast Fashion Pollution and Climate Change' (2022), <https://earth.org/fast-fashion-pollution-and-climate-change/#:~:text=Fast%20Fashion%20and%20Climate%20Change,processing%20to%20transport%20and%20shipping> (last accessed: 30 June 2025).

15 Ibid.

16 Walter Leal Filho/Laís Trevisan/Thais Dibbern/Julen Castillo Apraiz/Izabela Rampasso/Rosley Anholon/Beatrice Gornati /Manfredi Morello/Wim Lambrechts, 'Sustainable Supply Chain Management and the UN Sustainable Development Goals: Exploring Synergies Towards Sustainable Development' (2025), 37(1) *TMQJ*, <https://doi.org/10.1108/TQM-04-2023-0114> (last accessed: 8 September 2025), *also see*, Rohit Agrawal/Abhijit Majumdar/Kirty Majumdar/Rakesh D. Raut/Balkrishna E. Narkhede, 'Attaining Sustainable Development Goals (SDGs) through Supply Chain Practices and Business Strategies: A Systematic Review with Bibliometric and Net-

In embroidery specifically, significant environmental waste is generated during production. Fabric scraps, embroidery threads, trims, and buttons often go unused, with 10–25 per cent of fabric wasted during the cutting stage. These losses can result from technical errors, such as misprints, poor embroidery techniques, and inaccurate sampling.¹⁷ Furthermore, many embroidery threads are made from synthetic, petroleum-based materials that are non-biodegradable and persist in the environment for decades. The dyeing process often uses harmful chemicals, which pollute water sources and damage ecosystems.¹⁸

Due to its complex and fragmented supply chain, which involves multiple production sites, international transport, and diverse raw material sources, embroidery has a significant environmental footprint. Each stage, from fabric sourcing to dyeing and finishing, contributes to pollution and resource consumption.¹⁹

To address the environmental impact of the textile industry, including embroidery, regulatory efforts are emerging at both the union and national levels in Europe. For example, France's Anti-Waste for a Circular Economy Law (AGEC), in effect since 2022, prohibits the destruction of unsold goods and encourages reuse or recycling. It also mandates transparency about environmental impacts.²⁰ The European Union's Strategy for Sustainable and Circular Textiles (2022) promote the use of recycled fabrics, digital product passports, and stricter rules against misleading environmental claims. France's Climate and Resilience Law (2021) introduced a labelling

work Analyses' (2022), 31(7) *Business Strategy and the Environment*, <https://doi.org/10.1002/bse.3057> (last accessed: 8 September 2025).

- 17 Osama Abd Elhameed Kawashty Hamzawy, 'Waste Management Implementation in Textile Industry & Waste Impacts on the Environment' (2023), https://mjaf.journals.ekb.eg/article_310211_eb311c8c859920f6ea71c8e5521b3e97.pdf (last accessed: 30 June 2025).
- 18 Central Embroidery, 'Eco-Friendly Embroidery: Embrace Sustainable Threads Today' (2025), <https://www.centralembroidery.co.uk/eco-friendly-embroidery-sustainable-threads-and-processes/> (last accessed: 30 June 2025).
- 19 News and Views, 'Embroidery and the Environment: Small Changes for Big Impact' (2019), <https://www.marathonthreads.co.uk/en/blog/industry/embroidery-and-the-environment-small-changes-for-big-impact/> (last accessed: 30 June 2025).
- 20 Carl Dalhammar/Flavie Vonderscher/Sandar Leonet/Jessika Luth Richter 'National Leadership for Legislating Longer Product Lifetimes: French Policies and their Interaction with European Union Policies' [Proceedings of the 6th Product Lifetimes and the Environment Conference (PLATE2025), 2025].

system to help consumers make environmentally informed choices.²¹ These legal measures reflect a growing recognition of the need to address environmental harms in the textile and embroidery sectors through stricter regulation and more sustainable practices to achieve the SDGs.

However, as this paper focuses on the social dimension of the embroidery industry in India, the study will henceforth limit itself to social aspects and will not discuss the environmental aspect further.

II. Social issues

The embroidery sector, though culturally rich, artistically significant, and globally admired, faces several social challenges that primarily affect the craftsmen involved in the production process.

One key concern is the lack of fair labour standards in this largely ‘unorganised sector’²². Wages in the embroidery sector are significantly low. ‘Home-based workers’²³ earn far below the legal minimum and living wage standards. For example, average monthly earnings are ₹2,860 (\$ 32.76),²⁴ while the national minimum wage in India is ₹178 (\$ 2.04) per day, which amounts to approximately ₹5,340 (\$ 61.51) per month. However, each state sets its own minimum wage, making some locations more preferred by workers than others with higher wage levels.

For instance, the minimum wage for an unskilled worker in Delhi is ₹17,494 (\$ 200.38) per month, and for a skilled worker, it is ₹21,215 (\$

21 ClimateSeed, ‘Textile Industry: Environmental Impact and Regulations’ (2022), <https://climateseed.com/blog/secteur-du-textile-impact-environnemental-etreglementation#:~:text=The%20textile%20industry%20is%20a,million%20tons%20in%2020302> (last accessed: 30 June 2025).

22 Code on Social Security 2020, s 2(85), “Unorganised sector” means an enterprise owned by individuals or self-employed workers and engaged in the production or sale of goods or providing service of any kind whatsoever, and where the enterprise employs workers, the number of such workers is less than ten.

23 Code on Social Security 2020, s 2(36), “Home-based worker” means a person engaged in, the production of goods or services for an employer in his home or other premises of his choice other than the workplace of the employer, for remuneration, irrespective of whether or not the employer provides the equipment, materials or other inputs.

24 Sushil Kumar Bishnoi/Shikha Kapoor, ‘A Case Study on Fair Compensation to Hand Embroidery Workers in India’ (2020), *Research Journal of Textile and Apparel*, pp. 97–110.

243).²⁵ In contrast, the minimum wage for an unskilled worker in West Bengal is ₹10,214 (\$ 116.99), and for a skilled worker, it is ₹12,688 (\$ 145.33).²⁶ As a result, many craftsmen from states such as West Bengal migrate to cities like Delhi in search of higher wages, despite often facing poor working conditions due to the high cost of real estate and living in larger cities.²⁷ These low wages not only affect the workers' quality of life but also threaten the continuity of the craft, as younger generations are discouraged from pursuing it as a profession.²⁸

Beyond wages, poor working conditions persist. Craftsmen often work long hours in uncomfortable postures and sometimes in poorly lit rooms. This often leads to serious health issues,²⁹ such as poor eyesight and neurological disorders. These long working hours and strict deadlines are mostly set before the hosting of events and shows by brands. The demand for low-cost embroidery puts additional pressure on craftsmen without ensuring fair compensation or working conditions.³⁰

While some social enterprises are working to improve the wages and working conditions of the workers and to preserve this traditional skill,³¹ such efforts remain isolated. Without systemic change, to promote trans-

25 India-Briefing, 'Minimum Wages and Salary Structures in India' (2024), <https://www.india-briefing.com/doing-business-guide/india/human-resources-and-payroll/minimum-wage#:~:text=Effective%20October%201%2C%202024%2C%20the,%2Dmatriculate%2C%20and%20graduate%20employees> (last accessed: 30 June 2025).

26 Workforce Consulting, 'The West Bengal Minimum Wages Notification' (2024), https://www.workforce.org.in/Blog_Details.aspx?oId=416 (last accessed: 30 June 2025).

27 Kia Schultz/Elizabeth Paton/Phyllida Jay, 'Luxury's Hidden Indian Supply Chain' (2020) <https://www.nytimes.com/2020/03/11/style/dior-saint-laurent-indian-labor-exploitation.html> (last accessed: 23 August 2025).

28 Disha Poray, 'The Fading Art of Indian Embroidery and Its Impact on Luxury Fashion' (2019), https://www.researchgate.net/profile/Disha-Poray/publication/338817265_The_Fading_Art_of_Indian_Embroidery_and_its_Impact_on_Luxury_Fashion/links/5e2bc98e4585150ee780a147/The-Fading-Art-of-Indian-Embroidery-and-its-Impact-on-Luxury-Fashion.pdf?__cf_chl=tk (last accessed: 30 June 2025).

29 Somnath Gangopadhyay/Sabarni Chakrabarty/Krishnendu Sarkar/Samrat Dev/Tamal Das/Sunetra Banerjee, 'An Ergonomics Study on the Evaluation of Carpal Tunnel Syndrome Among Chikan Embroidery Workers of West Bengal, India' (2015), <https://pmc.ncbi.nlm.nih.gov/articles/PMC4597008/pdf/oeh-21-199.pdf> (last accessed: 30 June 2025).

30 Tiwari, 'Luxury Brands Must Credit Craftspeople' (2015).

31 Sangeetha Swaroop, 'Embroidery: A Dying Craft Revived, One Stitch at a Time' (2018), <https://gulfnnews.com/lifestyle/embroidery-a-dying-craft-revived-one-stitch-at-a-time-1.1459082> (last accessed: 30 June 2025).

parency and enforce fair wages and ethical labour practices throughout the supply chain, the exploitation of craftsmen will persist continue beneath the surface of luxury fashion.³²

C. Extraterritorial impact of CSRD and CSDDD

To strengthen sustainability, the EU has introduced landmark instruments: the CSRD and CSDDD. Together, they aim to increase corporate accountability, prevent greenwashing, and embed social and environmental responsibility into the global supply chain.

The CSRD requires large EU companies and listed SMEs to ensure transparency by reporting on their sustainability practices using the European Sustainability Reporting Standards (ESRS), aiming to prevent greenwashing and social washing, and to promote accountability through double materiality and mandatory third-party assurance of reports.³³ Companies must integrate Environmental, Social, and Governance (ESG) policies into their strategies and disclose relevant environmental and social impacts.³⁴ The directive mandates disclosure not only about a company's own activities but also about its upstream and downstream value chain, including products, services, and business relationships. Thus, the directive also requires disclosure on Indian suppliers.³⁵

CSDDD, on the other hand, goes a step further. It emphasises proactive risk management through mandatory due diligence, obliging companies to prevent and address social and environmental harms in their supply chains.³⁶ Aligned with Organisation for Economic Co-operation and Devel-

32 Jappis PI, 'Sustainable Practices in Embroidery Production' (2024), <https://jappispi.chinagoods.com/news/sustainable-practices-in-embroidery-production.html> (last accessed: 30 June 2025).

33 Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU, as regards corporate sustainability reporting [2022] OJ L 322, p. 36.

34 *Ibid.*, p. 16.

35 *Ibid.*, p. 25.

36 Nadia Perrone, 'Perspectives of Extraterritorial Jurisdiction for Environmental Damage in the Proposal of the European Directive on Corporate Sustainability Due Diligence' (2023), 3(2), *Italian Review of International and Comparative Law*, <https://doi.org/10.1163/27725650-03020012> (last accessed: 7 September 2025), pp. 389–408.

opment (OECD) guidelines,³⁷ it legally compels firms not only to report, but also to act on issues such as fair labour, climate goals, and resource responsibility.³⁸

However, political negotiations have narrowed the directive's scope. The Omnibus compromise text, which limits the CSDDD to Tier 1 suppliers,³⁹ raises concerns about its ability to reach the most vulnerable workers upstream. For Indian industries, such as embroidery, which largely rely on subcontracting and home-based production, this creates a significant blind spot. It risks excluding the most vulnerable home-based workers (often women from minority communities) working in the supply chain.

Despite these limitations, the directives together offer a powerful framework to transform embroidery supply chains from opaque and exploitative to transparent and accountable.⁴⁰ The CSRD enforces detailed sustainability reporting, making it mandatory for companies to disclose environmental and social risks throughout their value chains, thereby shedding light on previously hidden subcontracting practices, where, manufacturer exporters and merchant exporters were the profit makers in the supply chain.⁴¹ Meanwhile, the CSDDD mandates concrete action, requiring brands to

37 The OECD Guidelines established comprehensive standards for the responsible business conduct of multinational companies. It covers an array of issues, such as, human rights, employment, environment, consumer protection, and many others. It extends to company's entire business relationship and also to supply chain, not just its direct employment.

38 Rebekah Mays/Tian Daphne, 'CSRD and CSDDD: What are the key differences?' (2024), <https://www.circularise.com/blogs/csrd-and-csddd-what-are-the-key-differences#:~:text=The%20CSRD%20mandates%20reporting%20and,company's%20activities%20and%20preventing%20greenwashing> (last accessed: 30 June 2025).

39 Directive of the European Parliament and of the Council amending Directives 2006/43/EC, 2013/34/EU, (EU) 2022/2464 and (EU) 2024/1760 as regards certain corporate sustainability reporting and due diligence requirements [2025] https://commission.europa.eu/document/download/1d14a487-f042-476f-997f-adf7c3e14950_en?filename=CSDDD%20Omnibus%20proposal.pdf (last accessed: 7 September 2025) p. 26, para 21.

40 ESG Voices, 'What is Supply Chain Transparency in ESG?' (2024), <https://www.esgvoices.com/post/the-crucial-role-of-supply-chain-transparency-in-esg> (last accessed: 30 June 2025).

41 Sujata Madhok, 'Report on Bonded Labour in Delhi Analysing the Effectiveness of the Programmes for the Eradication of the Bonded Labour System' (2007), New Delhi: Centre for Education and Communication.

actively identify and mitigate risks, such as labour exploitation.⁴² These directives, if implemented as proposed, could mark a new phase in corporate responsibility, where companies must track and disclose not only their profits but also the environmental and social impacts of their activities. These new directives are changing how businesses work, making transparency and thorough checks on their supply chains, obligatory.⁴³

However, if not implemented with adequate support and flexibility, the CSDDD could potentially violate international trade principles and norms of fairness by placing disproportionate burdens on exporters in developing countries, such as India.⁴⁴ The imposition of strict compliance requirements without technical or financial assistance amounts to indirect discrimination, as it favours well-resourced companies while excluding small firms from global markets.⁴⁵ This undermines the principle of substantive justice, as it fails to account for the unequal capacities of stakeholders across the Global South.⁴⁶ In effect, such one-size-fits-all regulations risk breaching the spirit of international law, which calls for equitable treatment and inclusive participation in global trade systems.

In short, the directives have the potential to reshape global supply chains, but without careful attention to local contexts, they may unintentionally entrench a two-tier system: formal suppliers integrated into EU markets, while informal workers remain invisible and unprotected.

42 Martina Puigròs, 'CSRD: Transparency and Accountability in Corporate Sustainability Reporting' (2024), <https://www.finboot.com/post/csr-transparency-and-accountability-in-corporate-sustainability-reporting> (last accessed: 30 June 2025).

43 Dayrise, 'Mandatory Due Diligence and Transparency Regulations on the Rise' (2025), <https://dayrise.io/mandatory-due-diligence-and-transparency-regulation-s-on-the-rise/> (last accessed: 30 June 2025).

44 United Nations, 'The Future of Sustainable Trade' (2025), https://unctad.org/system/files/official-document/ditctab2024d5_en.pdf (last accessed: 05 September 2025), p. 29.

45 National Board of Trade Sweden, 'Potential Impacts of EU Due Diligence Obligations on Companies' Suppliers in Developing Countries' (2023), <https://www.kommerskollegium.se/globalassets/publikationer/rapporter/2023/potential-impacts-of-eu-due-diligence-obligations-on-companies-suppliers.pdf> (last accessed: 05 September 2025), p. 24.

46 Maartje Smit, 'A Global South Perspective on the Corporate Sustainability Due Diligence Directive' (2024), <https://blogs.lse.ac.uk/internationaldevelopment/2024/10/10/a-global-south-perspective-on-the-corporate-sustainability-due-diligence-directive/> (last accessed: 05 September 2025).

D. Lessons from France's Duty of Vigilance Act and India's Utthan Pact

Indian embroidery is increasingly gaining global visibility, with luxury brands highlighting Indian craftsmen in response to consumer demand for transparency and sustainability.⁴⁷ This shift is driven by NGO advocacy, social media activism, and purpose-driven marketing, positioning supply chain visibility as both an ethical imperative and a competitive advantage. High-profile campaigns, such as Dior's 2023 India showcase,⁴⁸ have inspired other brands like Hermès and Balmain to credit craftsmen and disclose supply chain practices.⁴⁹

Changes are occurring within the Indian supply chain, though it remains unclear whether these are in anticipation of the EU's directives (yet to be fully implemented) or in response to France's Duty of Vigilance (DV) Law, in effect since 2017. As the first binding due diligence law in the world, DV Law undoubtedly pioneered the model, however, its narrow scope and patchwork application across the EU created momentum for an EU-wide measure. The Act, under Article 1, states that large companies with at least 5,000 employees in France or 10,000 worldwide must adopt a vigilance plan to identify risks and prevent serious human rights, health, and environmental harms across their operations and subsidiaries.⁵⁰ This scope is too narrow and applies to only around 250 companies. Further, studies suggest that the DV Law has led to enhanced due diligence and corporate accountability, although companies retain discretion in compliance.⁵¹ Despite its pioneering role, the law faces challenges regarding scope, enforcement, and the genuine integration of environmental and social stan-

47 DFU Publications, 'Luxury Brands Tap into India's Traditional Craftsmanship' (2023), <https://www.dfupublications.com/categories/article/luxury-brands-tap-into-india-s-traditional-craftsmanship> (last accessed: 30 June 2025).

48 Loïc Prigent, 'Dior Goes To India!' (2023), <https://www.youtube.com/watch?v=aTUDtZWY6MY> (last accessed: 30 June 2025).

49 Mankiran, 'The Supply Chain of Luxury Global Ateliers in India' (2024).

50 Business and Human Rights Resource Centre, 'French Duty of Vigilance Law – English Translation' (2016), <https://www.business-humanrights.org/en/latest-news/french-duty-of-vigilance-law-english-translation/> (last accessed: 23 August 2025).

51 Almut Schilling-Vacaflor/Maria-Therese Gustafsson, 'Towards More Sustainable Global Supply Chains? Company Compliance with New Human Rights and Environmental Due Diligence Laws' (2023), 33(3), *Environmental Politics*, p. 422, 443, <https://doi.org/10.1080/09644016.2023.2221983>.

dards.⁵² This is because companies have filed generic vigilance plans and the law does not mention a dedicated supervisory authority. Additionally, enforcement under the law depends on civil litigation, which is slow and resource-intensive.

Several other obstacles make civil litigation under the DV Law difficult. The first is the identification of companies with scope. The second is determining the competent court, whether civil or commercial. There is also uncertainty about who has standing before the court. The law lacks a precise standard for the vigilance plan. Victims must rely heavily on NGOs for litigation and face a heavy burden of proof. Finally, there is no clarity on how to handle cases where the harm occurred outside France.⁵³

While developed countries, particularly in Europe, are increasingly adopting supply chain regulations to address the environmental and social externalities of global trade, these laws often focus narrowly on a single domain. The French DV Law attempts to integrate both, but early evidence shows that legal inclusion alone is insufficient for effective policy coherence.⁵⁴ To date, sixteen cases (as available in the public domain)⁵⁵ have been brought under the DV Law, with only five decided. The decided cases are discussed below and the pending cases are listed in the footnote.⁵⁶

52 Elsa Savourey/Stéphane Brabant, 'The French Law on the Duty of Vigilance: Theoretical and Practical Challenges Since its Adoption' (2021), 6(1), *Business and Human Rights Journal*, p. 141–152, <https://doi:10.1017/bhj.2020.30>, also see, Maria Lancri, 'Lessons from the French Duty of Care Law on the Way to a European Text' (2021), 22, *ERA Forum*, p. 453–464, <https://doi.org/10.1007/s12027-021-00686-2>.

53 *Ibid.*

54 Almut Schilling-Vacaflor, 'Integrating Human Rights and the Environment in Supply Chain Regulations' (2021), 13(17), *Sustainability*, <https://doi.org/10.3390/sul3179666> (last accessed: 30 June 2025), p. 9666.

55 Simmons and Simmons, 'French Duty of Vigilance: Litigation Tracker' (2025), <https://www.simmons-simmons.com/en/publications/clomu1rfn01pmu6x4dz5enms5/french-duty-of-vigilance-litigation-tracker> (last accessed: 30 June 2025).

56 *Bloom and Foodwatch v. Carrefour* (2025); *Jurdi v. BNP Paribas* (2025), both are still pending. *CGT and CFDT v. SNCF* (2024), is decided and discussed in the main body of this paper. *Les Amis de la Terre France and others v. TotalEnergies* (2023); *Comissao Pastoral da Terra and Notre Affaire à Tous v. BNP Paribas* (2023); *Mena Rights Group v. TotalEnergies* (2023); *Zero Waste France and Others v. Danone* (2023); *Oxfam France & Others v. BNP Paribas* (2023), all the cases from 2023 are still pending before the court. *Sherpa and Others v. Yves Rocher* (2022); *Data Rights and Others v. Idemia* (2022), *Data Rights* is decided and discussed above. *Observatorio Ciudadano and Others v. Suez* (2021); *Sud PTT v. LaPoste* (2021); *Sherpa and Others v. Casino* (2021), out of the three cases filed in 2021, two are decided and discussed above in the main body of this paper. *Notre Affaire à Tous and Others v. Total Energies* (2020);

The decided cases show that procedural defects and strict legal formalities discourage public-interest litigants.⁵⁷ The DV Law has prompted corporate engagement and even plan modifications, often without a full trial or ruling.⁵⁸ Civil society groups face further challenges such as heavy evidentiary burdens, judicial conservatism, and rigid procedures.⁵⁹ These factors limit their ability to bring actions before the court. In one instance, however, the court directed a company to adopt proper monitoring and vigilance measures.⁶⁰ Similar obstacles may arise under the CSRD and CSDDD unless addressed with clearer procedural rules and stronger enforcement mechanisms.

In the Indian context, an earlier attempt, although a voluntary industry-led initiative, was made to improve the condition of craftsmen. The Utthan Pact, a legally non-binding pact, was signed in 2016 by major luxury fashion groups, including Kering (owner of Gucci and Saint Laurent), LVMH (owner of Dior and Fendi), Burberry, and Mulberry, along with Indian export houses such as Amal Beading & Embroideries Pvt. Ltd. and Marsil Exports.⁶¹ The pact aimed to improve working conditions and legal compliance in Mumbai's embroidery sector. However, it was not publicly promoted, and some participants were required to sign non-disclosure agreements, reflecting its largely confidential and voluntary nature.

The pact sought to transform the sector by improving working conditions and ensuring transparency across the supply chain. It aimed to benefit workers by enforcing compliance with Indian labour laws, ensuring minimum wages, Provident Fund (PF), Employees' State Insurance (ESI), regulated working hours under the Factories Act, and strict health and safety standards.⁶² It also requires craftsmen to be skill-certified and links their pay to legally recognised wage levels, moving away from the informal

ProDesc and ECCHR v. EDF (2020), both are pending, and *Friends of the Earth and Others v. TotalEnergies* (2019), decided and discussed in this paper.

57 *Observatorio Ciudadano & Others v. Suez* (2021).

58 *Data Rights & Others v. Idemia* (2022).

59 *Friends of the Earth & Others v. TotalEnergies* (2019) and *CGT and CFDT v. SNCF* (2024).

60 *Sud PTT v. La Poste* (2021).

61 DT Next., 'Global Luxury's Hidden Supply Chain in India' (2020), <https://www.dtnext.in/business/2020/03/14/global-luxurys-hidden-supply-chain-in-india#:~:text=In%202016%2C%20a%20group%20of%20luxury%20houses,of%20labels%20including%20Gucci%20and%20Saint%20Laurent> (last accessed: 30 June 2025).

62 Utthan Framework 2016, p. 4.

'*Nafri* (shift)'⁶³ system.⁶⁴ At the same time, the pact aimed at helping luxury brands meet global sustainability obligations by offering a transparent and accountable production network. The exporters were required to disclose all workshop locations and were prohibited from further subcontracting, curbing middle-level exploitation. This dual focus strengthens ethical sourcing, safeguards craftsmen's welfare, and enhances brand reputation through a traceable, dignified, and law-abiding supply chain.⁶⁵

Although some brands, such as Kering, reported limited progress, the Utthan Pact largely failed due to its voluntary and secretive structure, lack of legal enforcement, and ongoing cost pressures from luxury brands. The pact's goals were undermined by widespread non-compliance, with many subcontractors lacking fire safety, underpaying workers, and falsifying audits. Craftsmen who raised concerns, faced retaliation, exposing the absence of protection and accountability, and highlighting a deep gap between brands' ethical claims and actual practices.⁶⁶ Had the pact been properly implemented, it could have enabled luxury brands to meet ESG, human rights, and due diligence obligations under global laws.

The lesson is clear: for CSRD and CSDDD to be effective, they must have a wider scope along with an effective enforcement mechanism. The directives can succeed only if they combine both lessons: robust laws with teeth, but implementation flexible enough to integrate the ground realities of suppliers and workers' voices. It can be a smart mix of regulation, like the DV Act and participatory elements like the Utthan Pact.

63 A *nafri* is an eight-hour work shift. However, if the worker does overtime of another four hours, which means a 12 hour shift, this is treated as two *nafris*. There are three grades of workers. The raw worker from the village earns Rs 80–90 (\$ 0.92 – 1.03) per *nafri*. The worker with some experience and expertise gets Rs 110 (\$ 1.26) per *nafri*. The master artisan gets Rs 250 (\$ 2.86) per *nafri* – for further details please see <http://cec-india.org/libpdf/1437544634Effectiveness-of-the-Eradication-of-Bonded-Labour---Delhi-2007.pdf> (last accessed: 23 August 2025).

64 Utthan Framework 2016, p. 7.

65 New York Times, 'Utthan Framework' (2016), <https://int.nyt.com/data/documenthelp/6802-utthan-pact-framework-2016/9b9f6b91c036b083e792/optimized/full.pdf#page=1> (last accessed: 30 June 2025).

66 Schultz, 'Luxury's Hidden Indian Supply Chain' (2020).

E. Legal reforms for worker protection and compliance

India has long grappled with fragmented labour laws. It had twenty-nine separate laws governing wages, social security and working conditions. These were mostly a tick-box exercise for employers. These laws failed to improve the conditions of the larger labour force (about 90 per cent unorganised workers)⁶⁷ and to make businesses accountable.⁶⁸ To simplify this framework, India consolidated them into four Labour Codes in 2020. These codes are: the Code on Wages 2019, covering payment and minimum wages, payment of bonus, and equal remuneration, which were earlier dealt with by four different laws in India;⁶⁹ the Code on Social Security 2020, which deals with employee's compensation, insurance, provident fund, compulsory notification of vacancies, maternity benefit, payment of gratuity, cine-workers' welfare, building and other construction workers, and unorganised workers;⁷⁰ and the Occupational Safety, Health and Working Conditions Code 2020, which deals with factories, plantation labour, mines, working journalists and other newspaper employees, motor transport, beedi and cigar workers, contract labour, sales promotion employees, inter-state migrant workers, cine and cine theatre workers, dock workers, and construction workers employment conditions.⁷¹ And Industrial Rela-

67 Anonymous, 'New Labour Code for New India' (n.d.), https://labour.gov.in/sites/default/files/labour_code_eng.pdf (last accessed: 02 September 2025), p. 1.

68 Prashant Mara/Devina Deshpande, 'Business and Human Rights under India's New Labour Codes' (2021), <https://www.ibanet.org/Business-and-human-rights-under-India%E2%80%99s-new-labour-codes#:~:text=Linking%20regulations%20to%20corporate%20behaviour,BHR%20strategy%20beyond%20technical%20compliance> (last accessed: 06 September 2025).

69 Payment of Wages Act, 1936; Minimum Wages Act, 1948; Payment of Bonus Act, 1965; and Equal Remuneration Act, 1976.

70 Employees' Compensation Act, 1923; Employees' State Insurance Act, 1948; Employees' Provident Funds and Miscellaneous Provisions Act, 1952; Employment Exchanges (Compulsory) Notification of Vacancies) Act, 1959; Maternity Benefit Act, 1961; Payment of Gratuity Act, 1972; Cine-Workers Welfare Fund Act, 1981; Building and Other Construction Workers' Welfare Cess Act, 1996; Unorganised Workers' Social Security Act, 2008.

71 Factories Act, 1948; Plantations Labour Act, 1951; Mines Act, 1952; Working Journalists and Other Newspaper Employees (Conditions of Service) and Miscellaneous Provisions Act, 1955; Working Journalists (Fixation of Rates of Wages) Act, 1958; Motor Transport Workers Act, 1961; Beedi and Cigar Workers (Conditions of Employment) Act, 1966; Contract Labour (Regulation and Abolition) Act, 1970; Sales Promotion Employees (Conditions of Service) Act, 1976; Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979; Cine-Workers

tions Code 2020 deals with industrial dispute, industrial employment dispute, and trade union.⁷²

While these codes introduced a progressive element and included gig workers, along with previously included unorganised workers, within the definition of labour, the codes are not without defects, and the issues of the old laws persist.⁷³ The positive changes, such as gender-neutral wage provisions,⁷⁴ national floor wage,⁷⁵ penalties for paying lesser wages⁷⁶ increasing penalties for non-compliance,⁷⁷ along with many others, are included in the code. However, the new law remarkably curbed the bargaining power of the workers and unions by restricting the right to strike (recognised by the Supreme Court of India).⁷⁸

Additionally, the definition of Unorganised Worker under the code remained unchanged and vague, as the previous definition under the Unorganised Workers' Social Security Act 2008. It is defined as 'home-based worker, self-employed worker, or a wage-worker in the unorganised sector'.⁷⁹ Unorganised Sector is defined as: 'an enterprise owned by individuals or self-employed workers and engaged in the production or sale of goods or providing services of any kind whatsoever, and where the enterprise employs workers, the number of such workers is less than ten'.⁸⁰

This binary of organised and unorganised acknowledges socio-economic realities that over 90 per cent of India's workforce operates outside formal employment structures. However, the responsibility under the code remains state-centric rather than employer-centric. Moreover the rights under the code are non-justifiable and contingent on workers' registration and the adequacy of schemes. Thus, the codes do not impose any obligations on the employer companies.

and Cinema Theatre Workers (Regulation of Employment) Act, 1981; Dock Workers Safety (Safety, Health, and Welfare) Act, 1986; Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1966.

72 Industrial Disputes Act, 1947; Industrial Employment (Standing Orders) Act, 1946; Trade Unions Act, 1926

73 Rajrishi Ramaswamy/Anuradha Binnuri, 'An analysis of the impact of India's Labour Codes on its organized and unorganized sectors' (2023), <https://doi.org/10.1080/23311886.2023.2238458> (last accessed: 06 September 2025).

74 Code on Wages, 2019, s 2(y).

75 Code of Wages, 2019, s 9.

76 Code of Wages, 2019, s 45 and 54.

77 Social Security Code, 2020, s 133 and 134.

78 *Syndicate Bank and Ors v. K Umesh Nayak* [1994] SCC (5) 572.

79 Social Security Code, 2020 s 2(26).

80 Social Security Code, 2020, s 2(85).

For the EU Directives to achieve meaningful impact in India, complementary domestic reforms are essential. For instance, the Code of Social Security 2020⁸¹ aims to provide security to all the employees and workers (both organised and unorganised), but the duty is imposed on the state and not on employer companies. Security Exchange Board of India (SEBI's) Business Responsibility and Sustainability Reporting (BRSR) imposed a duty on the top 1000 listed Indian companies to report,⁸² but CSRD and CSDDD in combination imposed corporate duty to report and also act. Like the EU, India too should mandate not just to report, but also to act.

Additionally, strengthening labour laws can simplify compliance and extend protections to informal workers, such as craftsmen, ensuring better wage security, access to social benefits, and safer working conditions. An amendment in the Company Law that mandates detailed reporting on environmental and social practices within supply chains can align Indian businesses with CSRD requirements. This should also include embedding due diligence processes that identify and mitigate risks, as emphasized by the CSDDD.

Moreover, integrating provisions for blockchain-enabled smart contracts into India's contract law (through amendment) could enhance digital traceability and contribute to improved working conditions for craftsmen.⁸³ This can be achieved by programming fair labour terms into a smart contract, which is a self-executing agreement on the blockchain. For instance, a smart contract could be programmed to automatically withhold payment if an audit or an IoT (Internet of Things) sensor detects a labour violation in a supplier's workshop. Such automated enforcement provides a stronger, reliable deterrent against abuse. Precedents exist: US law recognises smart contracts under the Uniform Electronic Transactions Act. States like Arizona⁸⁴ and Wyoming⁸⁵ have laws that explicitly state smart contracts are legally valid and enforceable, and brands like Patagonia are using blockchain to

81 Social Security Code, 2020.

82 SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, Regulation 34(2)(f).

83 Rosaire Brice Senou/Jules Dégila/Esther Chabi Adjobo/Abigaïl Priscilla M. Djossou, 'Blockchain for Child Labour Decrease in Cocoa Production in West and Central Africa' (2019), 52(13) IFAC, p. 2710, 2715, <https://doi.org/10.1016/j.ifacol.2019.1.1617> (last accessed: 30 June 2025).

84 The Arizona Electronic Transactions Act, 2017, amended by H.B. 2417.

85 SF0038 – Decentralized autonomous organizations (2021), <https://www.wyoleg.gov/Legislation/2021/SF0038> (last accessed: 7 September 2025).

verify the ethical sourcing of raw materials. Thus, these laws provide legal teeth for such contracts to sustain.

Finally, providing technical and financial assistance to SMEs to meet the EU's stringent compliance standards, along with fostering collaboration between government, industry, and worker representatives, can support the development of comprehensive strategies that protect workers' rights while promoting sustainable practices. By implementing these reforms, India can strengthen protections for craftsmen, ensure alignment with international sustainability standards, and preserve its role in the global embroidery supply chain.

F. Conclusion

The EU sustainability directives are reshaping the global supply chain, but the real test lies in whether they reach the most vulnerable workers. Limiting obligations to Tier 1 suppliers and imposing costly compliance without support will exclude small workshops, the very spaces where traditional crafts survive.

The experience of France's DV Act and India's Utthan Pact illustrates the risk of relying solely on either binding law or voluntary agreement. A hybrid approach is needed: enforceable obligations backed by meaningful participation from suppliers and workers. Without this balance and by ignoring unorganised and home-based workers, sustainability governance risks entrenching a two-tier system-formal workers benefiting from compliance visibility while informal workers remain excluded and unprotected.

For India, while these directives aim to enhance transparency and due diligence, their effective implementation requires addressing local complexities, such as the fragmented nature of the industry, the limited resources of SMEs and unorganised sectors, and the lack of domestic laws that align with the directives. To ensure meaningful compliance and protect craftsmen, India must consider legal and policy reforms that align with these directives, including strengthening labour laws, expanding enforceable protections for informal workers, mandating company-level due diligence by amending company law, and harnessing digital tools like smart contracts by amending contract law. These changes can bridge the gap between global directives and local realities. Equally important is providing financial and technical support to SMEs, ensuring they are not priced out of compliance.

In response to the central question, the CSRD and CSDDD can make EU luxury supply chains more transparent and accountable, but their capacity to improve the working conditions of Indian craftsmen depends on two conditions: effective enforcement within the EU, and complementary reforms within India. Only through such joint efforts can sustainability law achieve both accountability and justice.

This study remains preliminary, based on secondary sources. Fieldwork with craftsmen, exporters, and regulators will be essential to test these findings and capture the lived realities of compliance. Future research should investigate the real-world impact of these directives, examining whether they serve as barriers, opportunities, or pathways towards a more equitable global fashion industry.

