

HOUSE No.

The Commonwealth of Massachusetts

PRESENTED BY:

David M. Rogers and Tram T. Nguyen

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:

The undersigned legislators and/or citizens respectfully petition for the adoption of the accompanying bill:

An Act to establish environmental accountability in the fashion industry.

PETITION OF:

NAME:	DISTRICT/ADDRESS:	DATE ADDED:
<i>David M. Rogers</i>	<i>24th Middlesex</i>	<i>1/17/2025</i>
<i>Tram T. Nguyen</i>	<i>18th Essex</i>	<i>1/17/2025</i>

HOUSE No.

[Pin Slip]

The Commonwealth of Massachusetts

**In the One Hundred and Ninety-Fourth General Court
(2025-2026)**

An Act to establish environmental accountability in the fashion industry.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 SECTION 1. Chapter 29 of the General Laws is hereby amended by inserting after
2 section 2JJJJJ, added by section 7 of chapter 248 of the acts of 2024, the following section:-

3 Section 2KKKKKK. (a) There shall be established and set up on the books of the
4 commonwealth a separate fund to be known as the Fashion Environmental Accountability Fund
5 for the purpose of requiring fashion sellers, as defined in subsection (a) of section 115 of chapter
6 93, to be accountable for adherence to environmental standards. The attorney general shall
7 administer the fund to assist in verification and enforcement of environmental due diligence by
8 fashion sellers pursuant to section 115 of chapter 93. There shall be credited to the fund: (i)
9 revenue from appropriations and other money authorized by the general court and specifically
10 designated to be credited to the fund; (ii) funds from public and private sources such as gifts,
11 grants and donations to further environmental accountability; and (iii) interest earned on money
12 in the fund. Amounts credited to the fund shall not be subject to further appropriation and any
13 money remaining in the fund at the end of a fiscal year shall not revert to the General Fund.

14 (b) Amounts credited to the fund may be expended, without further appropriation, by the
15 attorney general for purposes related to the instruction of fashion sellers on environmental due
16 diligence, including, but not limited to: (i) development of curricular educational materials to
17 fashion sellers pursuant to subsection (l) of section 115 of chapter 93; and (ii) professional
18 development training, including the provision of trainings, seminars, conferences and materials
19 for fashion sellers to use in the teaching proper environmental due diligence.

20 (c) Amounts received from private sources shall be approved by the attorney general and
21 subject to review before being deposited in the fund to ensure that pledged funds are not
22 accompanied by conditions, explicit or implicit, on the implementation of human rights and
23 environmental due diligence that may be detrimental to the neutral and rigorous teaching of
24 environmental and social standards or unduly influence the direction of environmental and
25 human rights policy. The review shall be made publicly available on the attorney general's
26 website.

27 (d) Annually, not later than October 1, the attorney general shall report to the clerks of
28 the house of representatives and senate, the joint committee on judiciary and the house and
29 senate committees on ways and means on the fund's activities. The report shall include, but not
30 be limited to: (i) the source and amount of funds received; (ii) the expenditures made from the
31 fund and the purposes of such expenditures; (iii) any funds provided to institutions and other
32 stakeholder organizations; (iv) anticipated revenue and expenditure projections for the next fiscal
33 year; and (v) the number of fashion sellers that have used the fund to implement a new program
34 or enhance or maintain current programming. The report shall be publicly available on the
35 attorney general's website.

36 SECTION 2. Chapter 93 of the General Laws is hereby amended by adding the following
37 section:-

38 Section 115. (a) For the purposes of this section the following words shall, unless the
39 context clearly requires otherwise, have the following meanings:

40 “Due diligence report”, a document prepared by the fashion seller to
41 communicate all relevant information concerning the existence, implementation and outcomes of
42 due diligence in order to comply with the requirements of this section and to comply with any
43 rules or regulations established, pursuant to this section.

44 “Environmental due diligence”, the process fashion seller shall carry out to identify,
45 cease, prevent, mitigate, account for and remediate actual and potential adverse impacts to the
46 environment in their own operations and in their supply chain, in compliance with, at a
47 minimum, the standards outlined in the most recent Organization for Economic Cooperation and
48 Development Guidelines for Multinational Enterprises and the Organization for Economic
49 Cooperation and Development Due Diligence Guidance for Responsible Supply Chains in the
50 Garment and Footwear Sector.

51 “Fashion bag”, any flexible packaging made of textiles, leather or other animal products,
52 woven material or other similar materials intended for repeated use.

53 "Fashion seller", a business entity that sells articles of wearing apparel, footwear or
54 fashion bags that together exceed \$100,000,000 in annual gross receipts but, shall not include the
55 sale of used wearing apparel, footwear or fashion bags, nor shall it include multi-brand retailers,
56 except where the apparel, footwear and fashion bags private labels of those companies together
57 exceed \$100,000,000 in global revenue.

58 “Footwear”, any covering worn or intended to be worn on the foot.

59 “Gross receipts”, the gross amounts realized, otherwise known as the sum of money and
60 the fair market value of other property or services received, on the sale or exchange of property,
61 the performance of services or the use of property or capital, including rents, royalties, interest
62 and dividends, in a transaction that produces business income, in which the income, gain or loss
63 is recognized or would be recognized if the transaction were in the United States, under the
64 Internal Revenue Code, as applicable for purposes of this section. Amounts realized on the sale
65 or exchange of property shall not be reduced by the cost of goods sold or the basis of property
66 sold. Gross receipts, even if business income, shall not include the following items:

67 (i) repayment, maturity or redemption of the principal of a loan, bond, mutual
68 fund, certificate of deposit or similar marketable instrument;

69 (ii) the principal amount received under a repurchase agreement or other transaction
70 properly characterized as a loan;

71 (iii) proceeds from issuance of the taxpayer's own stock or from the sale of any shares of
72 stock issued by a corporation that have thereafter been repurchased by said corporation. ;

73 (iv) damages and other amounts received as the result of litigation;

74 (v) property acquired by an agent on behalf of another;

75 (vi) tax refunds and other tax benefit recoveries;

76 (vii) pension reversions;

77 (viii) contributions to capital, except for sales of securities by securities dealers;

78 (ix) income from discharge of indebtedness;

79 (x) amounts realized from exchanges of inventory that are not recognized under the
80 Internal Revenue Code;

81 (xi) amounts received from transactions in intangible assets held in connection with a
82 treasury function of the taxpayer's unitary business and the gross receipts and overall net gains
83 from the maturity, redemption, sale, exchange or other disposition of those intangible assets; and

84 (xii) amounts received from hedging transactions involving intangible assets.

85 “Hedging transaction”, a transaction related to the taxpayer's trading function involving
86 futures and options transactions for the purpose of hedging price risk of the products or
87 commodities consumed, produced or sold by the taxpayer.

88 “Independently verified”, audited by a verification body approved by the attorney
89 general.

90 “Open data principles”, data that can be freely used, re-used and redistributed by anyone.
91 Such data shall be findable or easily discoverable on a website or within a database, accessible or
92 available in a machine readable, convenient, modifiable form and published as a whole, complete
93 dataset, interoperable or able to be mixed with different data sets and reusable or provided under
94 an open license that permits re-use and redistribution, including the intermixing with other
95 datasets.

96 “Risk-based approach”, commensurate with the likelihood and severity of the harm. The
97 fashion seller shall prioritize the order in which it takes action based on the likelihood and

98 severity of harm. Severity of impacts shall be determined according to their scale or gravity,
99 scope and irremediable character.

100 “Significant suppliers” suppliers representing 75 per cent of fabric by volume.

101 “Supply chain tiers”, a 4 tier system defined as the following:

102 (i) tier 1: suppliers who produce finished goods for fashion sellers, including
103 suppliers’ subcontractors, who provide the following services including, but not limited to
104 sewing and embroidering;

105 (ii) tier 2: suppliers to tier 1, including subcontractors, who provide the following
106 services or goods including, but not limited to knitting, weaving, washing, dyeing, finishing,
107 printing for finished goods and components and materials for finished goods when they are
108 stand-alone operations and not integrated with tier 1. Components shall mean materials used to
109 build a product including, but not limited to buttons, zippers, rubber soles, down and fusibles;

110 (iii) tier 3: suppliers to tier 2 suppliers, including subcontractors, who process raw
111 materials such as spinning; and

112 (iv) tier 4: companies, including subcontractors, that provide raw materials to tier
113 3.

114 “Wearing apparel”, any costume or article of clothing worn or intended to be worn by
115 individuals.

116 (b) Every fashion seller shall effectively carry out environmental due diligence for the
117 portions of their business related to wearing apparel, footwear or fashion bags, including wearing
118 apparel, footwear or fashion bags produced as a private label, which shall include:

119 (1) Supply chain mapping consisting of:

120 (i) companies taking a risk-based approach and implementing good faith efforts to map
121 suppliers across tier 1 through tier 4, inclusive, of production;

122 (ii) disclosure of suppliers of the production supply chain shall include: the name,
123 address, parent company, and product type as follows:

124 (iii) (A) tier 1 suppliers shall be disclosed within 12 months of the effective date of this
125 section and shall contain a minimum of 80 per cent of suppliers by volume; (B) tier 2 suppliers
126 shall be disclosed within 2 years of the effective date of this section and shall contain a minimum
127 of 75 per cent of suppliers by volume; (C) tier 3 suppliers shall be disclosed within 4 years of the
128 effective date of this section and shall contain a minimum of 50 per cent of suppliers by volume
129 or dollar value; and (D) tier 4 suppliers shall be disclosed within 6 years of the effective date of
130 this section and shall contain a minimum of 50 per cent of suppliers by volume or dollar value.

131 (2) Environmental due diligence for fashion sellers, shall include:

132 (i) being in compliance with the environmental guidelines of the Organization for
133 Economic Cooperation and Development Guidelines for Multinational Enterprises and the
134 Organization for Economic Cooperation and Development Due Diligence Guidance for
135 Responsible Supply Chains in the Garment and Footwear Sector; and

136 (ii) requiring that a fashion seller, at a minimum: (A) embed responsible business
137 conduct into its policies and management systems; (B) identify areas of significant risks in the
138 context of its own activities and business and supply chain relationships; (C) identify, prioritize

139 and assess the significant potential and actual adverse impacts of those risks; (D) cease, prevent
140 or mitigate those risks;

141 (E) track implementation and results; and

142 (F) provide for or cooperate in remediation in the event of an adverse impact.

143 (c) Fashion sellers shall cease, prevent or mitigate risk pursuant to subclause (D) of
144 clause (ii) of paragraph 2 of subsection (c) by, but not be limited to, the following:

145

146 (1) Fashion sellers shall incentivize improved supplier performance on environmental
147 impact by embedding responsible purchasing practices in its supply chain relationships and
148 contracts, including but not limited to, contract renewals, longer term contracts, price premiums,
149 providing reasonable assistance to suppliers, so that they can meeting applicable environmental
150 standards including but not limited to meeting carbon emission reduction targets set out in this
151 act, and developing pricing models that account for the cost investments.

152 (2) Establish quantitative baseline and reduction targets on greenhouse gas emissions.

153 Greenhouse gas emissions inventory shall be reported annually, starting in 2027 for
154 emissions in prior fiscal year, include absolute figures and conform with the accounting and
155 reporting requirements of the most recent Greenhouse Gas Protocol Corporate Accounting and
156 Reporting Standard, Scope 2 Guidance and, starting in 2028, the most recent Corporate Value
157 Chain Scope 3 Accounting and Reporting Standard promulgated by the World Resources
158 Institute and the World Business Council for Sustainable Development. Greenhouse gas
159 emissions inventory reported in the due diligence report described in subsection (g) shall be

160 independently verified no less than once every 2 years. Fashion sellers shall not be subject to an
161 administrative penalty under this section for any misstatements with regard to scope 3 emissions
162 disclosures made with a reasonable basis and disclosed in good faith.

163 Greenhouse gas emission reduction targets shall be near-term and long-term, covering
164 scopes 1, 2 and 3 emissions and align with, at a minimum, Science Based Target initiative's most
165 recent target validation criteria as promulgated by World Resources Institute, Carbon Disclosure
166 Project, United Nations Global Compact and the World Wildlife Fund. For fashion sellers with
167 global revenue over \$1,000,000,000 dollars, the absolute contraction approach must be used to
168 calculate scope 3 emissions. Fashion sellers shall meet targets and report their compliance on an
169 annual basis in their due diligence report, as described in said subsection (g). If found to be out
170 of compliance, fashion sellers shall have 18 months to remedy their emissions and return to the
171 necessary reduction pathway to deliver on their targets. In non-target years, non-compliance shall
172 mean an increase in absolute emissions in 5 consecutive years, for companies over
173 \$1,000,000,000 in revenue. In target years, non-compliance shall mean not reaching the target.

174 (3) In accordance with internationally recognized methodologies for chemical
175 management and wastewater testing, fashion sellers, within 2 years of the effective date of this
176 section, for all significant tier 2 dyeing, finishing, printing and garment washing suppliers, shall:

177 (A) sample and report on wastewater chemical concentrations and water usage;

178 (B) report on chemical inventory;

179 (C) provide evidence that the supplier is in compliance with local chemical management
180 laws; (D) for significant suppliers that use indirect wastewater management, fashion sellers shall

181 (i) report the chemical concentrations of the wastewater treatment facilities; (ii) report on the
182 percentage of significant suppliers that have chemical remediation plans in place and

183 (iii) what the fashion seller is doing to remediate. Reporting shall be independently
184 verified as set forth below in subsection (g) of this section.

185 (d) Not later than 3 years after the effective date of this act, fashion sellers shall be
186 considered out of compliance if their significant tier 2 dyeing, finishing, printing and garment
187 suppliers have not made adequate progress in remediation of wastewater pollution concentrations
188 and chemical management.

189 (e) In the event of an adverse impact pursuant to subclause (F) of clause (ii) of paragraph
190 (2) of subsection (b) of this section, remediation shall adhere to the following requirements:

191 (e) Remedies in the event of an adverse impact, pursuant to subclause (F) of clause (ii) of
192 paragraph 2 of subsection (b) of this section:

193 Remedies shall require that a fashion seller: (A) Utilize responsible exit or disengagement
194 strategies; and (B) consult and engage with impacted and potentially impacted stakeholders and
195 rights holders and their representatives; (C) seek to restore the affected locations, places or
196 persons, where practicable, to the state or circumstances the location, place or person would have
197 been in had the adverse impact not occurred; and (D) work to ensure that such remediation, to
198 the extent practicable, is proportionate to the significance and scale of the adverse impact; and

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200 Remedies shall include, depending on the nature and extent of the adverse impact,
201 remediation, restitution and financial or non-financial compensation, including establishing

202 compensation funds for victims or for future outreach and educational programs, punitive
203 sanctions including the dismissals of staff, responsible for wrongdoing and establishing and
204 undertaking measures to prevent future adverse impacts, that include, but are not limited to, the
205 development of internal protocols, practices and procedures to prevent future adverse impacts.

206 (f) The environmental due diligence requirements pursuant to this section shall not be
207 conditional upon the company being effectively involved in the subsidiary's day-to-day
208 operations or exercising a sufficient degree of control on companies within its supply chain.

209 (g). 1. Every fashion seller shall develop and submit to the attorney general annually,
210 beginning within 18 months of the effective date of this section, an environmental due diligence
211 report. Such report shall also be made publicly available on the fashion seller's website in a
212 machine readable and reusable format, published in line with open data principles through a clear
213 and easily discoverable link to the required information. In the event the fashion seller does not
214 have an internet website, the company shall provide a written disclosure to any person who has
215 requested information within 30 days of receiving a request. Such report shall also include the
216 fashion seller's annual volume of material produced, including breakdown by material type. The
217 due diligence report shall also contain annual activities and financial spending to support supply
218 chain environmental due diligence.

219 2. The attorney general or the attorney general's designated administrator shall identify
220 and notify fashion sellers that have failed to file and that they have 30 days to file before being
221 placed on a public non-compliant list and may be referred to the attorney general for
222 investigation.

223 3. The attorney general or the attorney general's designated administrator shall review the
224 environmental due diligence reports for completeness.

225 4. Fashion sellers shall have 12 months from the introduction of any updated guidance
226 documents to integrate into their next annual due diligence report.

227 5. The attorney general shall, in consultation with the department of environmental
228 protection, promulgate all rules and regulations necessary to implement the provisions of this
229 section within 6 months of the effective date of this section.

230 6. The attorney general, in consultation with the department of environmental protection,
231 shall also develop and disseminate educational materials to fashion sellers, including providing
232 alerts on time sensitive issues, emerging issues and high-risk country situations and assisting
233 fashion sellers in improving the quality of their due diligence processes.

234 7. The attorney general, in consultation with the department of environmental protection,
235 shall develop regulations regarding information required to be reported by fashion sellers in the
236 environmental due diligence report described in subsection (a) of this section.

237 8. The attorney general shall develop regulations on reporting requirements that
238 minimizes duplication of effort and allows a fashion seller to submit a due diligence report to the
239 attorney general's office that is prepared to meet other national and international reporting
240 requirements, including any reports required by the federal government, as long as those reports
241 satisfy all of the requirements of this section.

242 9. The attorney general shall, in consultation with the department of environmental
243 protection, develop a process for accrediting verification bodies authorized to provide
244 verification services.

245

246 (i)The verification process shall include: (A) demonstration of qualifications of
247 verification staff, including their education, experience and professional licenses; (B) disclosure
248 of any judicial proceedings, enforcement actions or administrative actions filed against the body
249 within the previous 5 years; and (C) review of policies and mechanisms in place to prevent
250 conflicts of interest and to identify and resolve potential conflict of interest situations if they
251 arise.

252 (ii) Verification bodies must employ and retain at least 5 total full-time staff with
253 expertise in the requirements they seek to verify.

254 (iii) The attorney general shall require applicants to submit, at a minimum, the following
255 information: (A) identification of services provided by the verification body, the industries that
256 the body serves, and the locations where those services are provided; (B) a detailed
257 organizational chart that includes the verification body, its management structure and any related
258 entities; and (C) the verification body’s internal conflict of interest policy that identifies activities
259 and limits to monetary or non-monetary gifts that apply to all employees and procedures to
260 monitor conflicts of interest.

261 (iv) Verification bodies shall not be authorized to provide services to a company where a
262 conflict of interest exists. A conflict of interest shall include: (A) the verification body and
263 reporting entity sharing any management staff or any of the senior management staff of the

264 reporting entity have been employed by the verification body, or vice versa, within the previous
265 2 years; (B) any employee of the verification body, or any employee of a related entity, or a
266 subcontractor who is a member of the verification team that has provided the reporting entity
267 with services related to the areas of verification, or any services designated by the attorney
268 general, within the previous 2 years; (C) any staff member of the verification body providing any
269 type of non-monetary incentive to a reporting entity to secure a verification services contract;
270 and (D) any additional criteria provided by the attorney general.

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272 (v) Verification bodies that have been accredited by the attorney general shall notify the
273 attorney general within 30 days if they no longer meet the verification requirements set forth by
274 this section.

275 (h) Compliance.

276 (1) The requirements imposed on fashion sellers by this section shall be investigated and
277 enforced by the attorney general or an administrator designated by the attorney general to bring
278 civil proceedings for an injunction or fines for monetary damages as described in this section or
279 civil performance of a statutory duty. Fashion sellers shall be deemed non-compliant with this
280 section if they fail to conduct effective due diligence or fail to file a due diligence report pursuant
281 to this section.

282 (2) The attorney general or the attorney general's designated administrator shall identify
283 and notify fashion sellers that have failed to file a complete due diligence report. If they fail to
284 file a complete report, after a period of 3 months, the attorney general shall seek enforcement for
285 failure to file a complete report.

286 (3) The department of environmental protection shall review and certify effective due
287 diligence for environmental matters in the due diligence report and identify fashion sellers for
288 referral to the attorney general for any failures.

289 (4) The attorney general shall compile and maintain a list of non-compliant fashion
290 sellers on the attorney general’s website. The attorney general shall investigate any fashion seller
291 who fails to file a due diligence report or fails to conduct effective due diligence, once any grace
292 period lapses and the fashion seller remains in non-compliance.

293 (5) Fashion sellers found to be out of compliance with this section after the attorney
294 general or the attorney general's designated administrator as applicable, has provided notice of
295 noncompliance and after a 3 month period to meet obligations under this section has lapsed, may
296 be fined up to 2 per cent of annual revenues. Such fines shall be deposited in the Fashion
297 Environmental Accountability Fund established in section 2KKKKKKK of chapter 29.

298 (6) The attorney general or the attorney general’s designated administrator shall use a
299 risk-based approach in enforcement and shall publish enforcement guidelines.

300 (7) Any person may report a violation of this section to the attorney general's office.

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302 SECTION 3. This act shall take effect 6 months after its passage.