

GOVERNMENT

## Fashion Act amendments center workers' rights, environmental justice

November 22, 2022



*A first for fashion, the industry is bracing for The Fashion Act's potential impact and heightened ESG requirements. Image credit: The Fashion Act*

By AMIRAH KEATON

An updated version of New York's Fashion Sustainability and Social Accountability Act is making the rounds with new amendments.

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In response to pressure from varying activist groups, updates to the legislative proposal aim to further prioritize the people, increasing the level of legal liability placed on brands for garment workers' rights violations, environmental justice infractions and more. Following last week's legislative announcement, experts are diving deeper into potential implications for the luxury industry at large.

"NY is a progressive state that already includes several pro-employee legislation," said Rania V. Sedhom, managing partner of [Sedhom Law Group](#), New York.

"For NY-based companies, many of the rules in the Fashion Act will be of no surprise, as they relate to employees, whether in relation to compensation or safety," she said. "However, being jointly and severally liable for wage and other employment-related issues within the brand's supply chain is new.

"It is going to be difficult for some brands to comply with the rules because many heritage brands are not transparent about their supply chains and likely don't want to reveal too much."

### Local legislation could influence luxury operations

An emphasis on engagement marks the Fashion Act's evolution, as stronger provisions are presented across the groundbreaking legislative work.

Known in full as the Fashion Sustainability and Social Accountability Act, The amended version of the bill quickly reveals greater clarity and specificity through its contents these elements are almost immediately apparent therein.

"An act to amend the general business law, in relation to requiring fashion sellers to be accountable to environmental and social standards; and to amend the state finance law, in relation to establishing a fashion remediation fund," said New York State Sen. Alessandra Biaggi, for the amended bill's sponsor memo.

"An act to amend the general business law, in relation to requiring fashion retail sellers and manufacturers to disclose environmental and social due diligence policies; and to amend the state finance law, in relation to establishing a community benefit fund," reads Ms. Biaggi's memo in the bill's earlier iteration.

Here, the community benefit fund originally referenced has been upgraded to a fashion remediation fund, signaling stronger provisions around exactly who funds sourced as a result of punitive fines will serve.

Messaging also upgrades the urgency of action away from disclosure in and of itself, moving instead toward end-to-end accountability.



*Factory workers are centered by Fashion Act amendments. Image credit: The Fashion Act*

The above stands as one of many examples of how the refreshed bill reflects a concerted effort to hold fashion players to task, placing the onus on these entities to not just name ESG issues but to address them with action.

Changes were brought about by marginalized stakeholders who voiced criticisms of the bill's first draft, which lacked sufficient legal ramifications for workforce violations.

Activists were also quick to point out the absence of a key stakeholder garment workers. Amendments attempt to address concerns, elevating these oft-silenced voices.

"Certainly, garment workers may face health dangers related to dyes and chemicals, depending on the facilities," Ms. Sedhom said.

"Whether the new legislation will help improve poorly or dangerously run facilities remains to be seen," she said.

"For example, if a factory is in China or India, the brand will likely make needed but temporary changes in anticipation of an on-site visit.

"While providing a private right of action to employees against the brands appears to be a step forward, it may prove impractical for many, particularly those individuals working and living in countries and areas with limited resources."

Activists also called for more stringent environmental provisions.

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As a result, ESG bill adjustments take influence from major policy frameworks such as The Zero Discharge of Hazardous Chemicals (ZDHC) Program, and even the Paris Climate Accords.

The bill states that New York's Attorney General will enforce penalties against Act provisions, to the tune of up to 2 percent of annual revenues for noncompliance.

"Depending on the percentage of noncompliance, it may be challenging for the NY AG to enforce the rules," Ms. Sedhom said.

"The smaller the percentage of noncompliance the easier it will be to enforce the rules."

### **The Fashion Act, COP27 and the industry's emissions problem**

While round two of The Fashion Act aligns more aptly with the bill's formal name, legislative updates arrive as COP27 learnings linger and luxury's emissions issue continues to prevail.

As the conference comes to a close this week, takeaways paint a clear picture: the reduction of emissions on behalf of the fashion industry is no longer a courtesy, but a crisis.

A prominent topic of discussion this year included the prioritization of climate solutions specific to lessening fashion's fossil fuel reliance and subsequent greenhouse gas emissions. Conversations held in light of the event raised that other, more surface sustainability efforts are rendered useless in the fight to combat extreme planetary degradation.

The sector responsible for the razing of more than 3.2 billion trees a year, 10 percent of carbon emissions and 20 percent of global water waste ([see story](#)), of which luxury players are not absolved.

Ultimately, fashion, in large part, experiences movement in the direction of sustainability on the back of consumer demand, on the rise thanks to politically active Gen Zers ([see story](#)) – legislative efforts work in tandem to ensure progress.

"The single most effective driver of change is consumers," Ms. Sedhom said.

"Fining brands may sting but unless or until consumers spend their money elsewhere, the fines may have little long-term impact."

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