

COUNCIL

Cancels & replaces the same document of 15 June 2023

Council

**REPORT ON THE IMPLEMENTATION OF THE OECD
RECOMMENDATION ON THE OECD DUE DILIGENCE GUIDANCE FOR
RESPONSIBLE SUPPLY CHAINS IN THE GARMENT AND FOOTWEAR
SECTOR**

(Note by the Secretary-General)

Cancels & replaces the same document of 15 June 2023 to correct a material error in paragraph 14 of the cover note and paragraphs 22 and 126 of the Report.

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1. This document presents, in its Annex, a Report by the Investment Committee (IC) on the implementation of the OECD Recommendation on the OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector [[OECD/LEGAL/0437](#)] (hereafter, the “Recommendation”), including on the implementation of its substantive provisions, its dissemination and continued relevance. The Report includes conclusions on whether the Recommendation requires revision or whether further actions to support its dissemination and implementation are necessary. The Report covers the five-year period from May 2017 to May 2022.

2. The Report was developed by the Working Party on Responsible Business Conduct (WPRBC) which approved it by written procedure on 2 June 2023 [[DAF/INV/RBC\(2022\)53/REV1](#)]. The IC approved, by written procedure on 14 June 2023, the Report and its transmission to Council to be noted and declassified [[DAF/INV/RBC\(2022\)53/REV2](#)]. Once declassified, it will be included on the [online Compendium of OECD legal instruments](#).

Background

History, purpose, and scope of the Recommendation

3. Global value chains have become a dominant feature of world trade and investment, encompassing developing, emerging, and developed economies. This has led to societal benefits, but also to challenges in balancing economic growth and sustainability. This dichotomy is seen in the garment and footwear sector, which employs millions of low-skilled workers globally, many of whom are women, and acts as an entry point into the formal economy in many countries. As such, enterprises operating in the sector have the potential to generate growth, employment and skill development through their own operations and sourcing. However, human rights violations, labour abuses and harm to the environment by enterprises are prevalent throughout the supply chain in this sector.

4. Against this background, the Recommendation was adopted by the Council on 17 May 2017 [[C\(2017\)63](#) and [C/M\(2017\)9](#), Item 95]. It calls on Members and non-Members having adhered to it (hereafter, the “Adherents”) and, where relevant, their National Contact Points (hereafter, the “NCPs”) to actively promote the use of the OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector [[C\(2017\)63/ADD1](#)] (hereafter, the “Guidance”, see Box 1) by enterprises operating in or from their territories; to ensure the widest possible dissemination of the Guidance and its active use by enterprises and stakeholders; and to take measures to support the adoption of the due diligence framework for responsible supply chains by enterprises set out in the Guidance.

5. The Recommendation is open for adherence by non-Members. To date, in addition to the 38 OECD Members, 12 non-Members, namely Argentina, Brazil, Bulgaria,¹ Croatia, Egypt, Jordan, Morocco, Peru, Romania, Tunisia, Ukraine, and Uruguay – all Adherents to the Declaration on International Investment and Multinational Enterprises [[OECD/LEGAL/0144](#)] (the “Investment Declaration”) – have also adhered to the Recommendation.

6. While the Guidance is addressed to enterprises, governments are expected to create an enabling environment for responsible business conduct (RBC). By adhering to the Recommendation, Members and non-Members express their commitment and political will to promote the use and implementation of the Guidance and support a common, transnational understanding that can create more certainty and support a level playing field for business in the garment and footwear sector.

¹ Bulgaria adhered to the Recommendation in June 2022, after the reporting period ended, and therefore is not covered by this Report.

Box 1. OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector

The Guidance was publicly launched on 8 February 2017 at the [OECD Roundtable on Due Diligence in the Garment and Footwear Sector](#). Specifically, the [Ministerial Communiqué on RBC](#) adopted in 2014 and the [G7 Leaders' Declaration](#) adopted in 2015 welcomed international efforts to promulgate industry-wide due diligence standards in the sector. Likewise, NCPs issued a [statement](#) in June 2013 and a [statement](#) in 2014 on the applicability of OECD standards on RBC to the Rana Plaza tragedy.

The Guidance provides recommendations for all enterprises operating in the garment and footwear supply chain on how to implement due diligence in line with the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct (hereafter the “MNE Guidelines”, last updated in 2023) [[OECD/LEGAL/0144](#)] in their own operations and in their supply chains through a 6-step framework:

- Section I: Includes a set of recommendations on how enterprises in the garment and footwear sector should conduct due diligence to avoid and address potential negative impacts of their activities and supply chains. The recommendations are applicable to all risks that an enterprise may face in its own operations and supply chain in the sector.
- Section II: Provides enterprises with recommendations on how to tailor their due diligence approach when addressing specific risks such as child labour; sexual harassment and sexual and gender-based violence in the workplace; forced labour; working time; occupational health and safety; trade unions and collective bargaining; wages; hazardous chemicals; water; greenhouse gas emissions; bribery and corruption; and sourcing from homeworkers.

Since its launch in 2017, the Guidance has become the international standard on due diligence in garment and footwear supply chains with Adherents but also non-Adherents implementing through or referencing the Guidance in industry initiatives, national-level guidance, public funding conditions, national action plans, development programmes, legislation, and policy initiatives (see Implementation Section, Annex). The Guidance has also built a strong reputation as the leading standard among garment and footwear sector actors, especially businesses, with a growing level of implementation in the five years since it was adopted.

Purpose of this Report

7. In the Recommendation, the Council instructs the IC “to monitor the implementation of the Recommendation and to report to Council no later than five years following its adoption and as appropriate thereafter”. Reports to Council on implementation of OECD Recommendations generally seek to assess their implementation, dissemination and continued relevance. They also assess whether further work to improve its implementation or dissemination is required, or whether the Recommendation – and in this case, the Guidance - may require revision. This Report, prepared in line with the process set out in document [DAF/INV/RBC\(2022\)9](#), covers the five-year period from May 2017 to May 2022.

Methodology

8. A questionnaire was circulated to delegations from Adherents in relevant bodies in October 2020, with WPRBC delegates selected to act as focal points for their governments [[DAF/INV/RBC\(2020\)6/REV1/FINAL](#)] (hereafter, the “Questionnaire”). During the 26-28 April 2022 WPRBC meeting [[DAF/INV/RBC/A\(2022\)2/REV1](#); [DAF/INV/RBC/M\(2022\)2](#), Item 7], delegates were invited to update the information provided in their previous answers to the Questionnaire for the garment

and footwear sector specifically. Updated answers were submitted by 15 Adherents between June and September 2022.

9. In addition, information on activities by Adherents was also gathered through the Implementation Programme, including its Advisory Group, and the Forum on Responsible Garment and Footwear Supply Chains (hereafter, the Garment Forum), as well as Adherents advising on programme deliverables and participating in numerous meetings, roundtable discussions, trainings, and awareness raising events. Developments at the European Union (EU) level were added by the Secretariat to provide a more complete picture of implementation activities across Adherents that are also EU Member States. As Bulgaria adhered to the Recommendation in June 2022, after the reporting period ended, it is not covered by this Report which focuses on 49 Adherents only (hereafter the “Adherents covered”).

Process

10. Following the discussion on the Questionnaire within the WPRBC in March 2020 [[DAF/INV/RBC\(2020\)6/REV1/FINAL](#)], delegates have been informed about the tentative timeline and outline of the Report as well as the results of a preliminary analysis of the Questionnaire 2020 responses at the 26-28 April 2022 WPRBC meeting [[DAF/INV/RBC/A\(2022\)2/REV1](#); [DAF/INV/RBC/M\(2022\)2](#), Item 7].

11. The preliminary results were presented at the WPRBC meeting on 16 November 2022 under agenda item 8.c [[DAF/INV/RBC/A\(2022\)6](#); [DAF/INV/RBC/M\(2022\)6](#)]. The first draft of the Report was submitted to Adherents on 29 November 2022 for comments by 31 January 2023. The draft Report was also submitted to the IC for information.

12. Following this first round of comments, feedback by two Adherents was integrated in a second draft Report which was submitted to the WPRBC on 12 May 2023 for approval by written procedure by 2 June 2023 [[DAF/INV/RBC\(2022\)53/REV1](#)]. The Report, set out in the Annex, was approved with minor factual corrections concerning the number of companies that participate in a multi-stakeholder sustainability initiative (paragraph 97) and the correct name of a recently adopted legislation (paragraph 134) made at the request of one Adherent. Then, the IC approved, by written procedure on 14 June 2023, the Report and its transmission to Council, via the Executive Committee, to be noted and declassified [[DAF/INV/RBC\(2022\)53/REV2](#)].

13. The Council may invite the IC, through the WPRBC, to take further follow-up actions to support the dissemination and implementation of the Recommendation on the basis of the Report. The proposed actions set out below were presented to the IC when it approved the Report [[DAF/INV/RBC\(2022\)53/REV2, para.26](#)]. Thereafter, a link to the approved Report will be included in the public webpage of the Recommendation on the [Compendium of OECD legal instruments](#) and the Secretariat’s [homepage](#).

Summary and conclusions

Implementation of the Recommendation

14. Of the 41 answers received, only 15 Adherents of the 49 Adherents covered are known to and/or reported relevant activities for at least 5 or more questions out of 14 questions, which suggests low uptake of the Recommendation and Guidance. Twenty-one Adherents, among many with an important garment and footwear sector, are not known to have implemented and/or reported relevant activities in more than 2 of 14 areas. A more detailed overview and analysis of activities per Adherent can be found in the Report set out in the Annex.

Promotion, engagement, and monitoring of the uptake of the Guidance

15. Twenty-three Adherents of the 49 Adherents covered are known to and/or reported to have posted a link to the Guidance on government websites, and 12 Adherents have organised events, expert meetings and workshops specifically on the Guidance with businesses and key stakeholders repeatedly. On a positive note, many NCPs established valuable partnerships with business associations to promote the Guidance (see Implementation Section, question 1.1). Nineteen Adherents took an active role in the Implementation Programme with eight Adherents participating in the Garment Advisory Group. While 7 Adherents have undertaken studies or assessments whether enterprises in/from its territory are taking steps to implement supply chain due diligence, only one of the Adherents reported to monitor the results or impacts of its own efforts (see Implementation Section, question 1.2 and 3.5).

Measures to support, enable and incentivise implementation of due diligence by enterprises

16. Seventeen Adherents reported on sector specific activities or collaborative initiatives to support, enable, or incentivise the use of the Guidance by enterprises (see Implementation Section, question 3.1). While only a few Adherents directly target the garment and footwear sector, 24 Adherents condition enterprises' access to export credit guarantees, public procurement, and other types of private sector financing such as trade support and developing cooperation on implementation of due diligence (see Implementation Section, question 3.3). While not often referenced specifically, the Guidance has been increasingly considered by regulators (see Implementation Section, questions 2.1. and 2.2). Four Adherents are known to and/or have reported to have adopted domestic due diligence legislation relevant to the garment and footwear sector. Eight Adherents adopted legislation focusing on specific issues cover sector risks, textile commodities such as leather or environmental impacts. Eighteen Adherents reported other policies and regulations that contribute to, enable, or affect implementation of the Guidance such as sectoral strategies, RBC action plans as well as reporting requirements (see Implementation Section, question 2.3).

Dissemination of the Recommendation

17. To raise awareness across their own governments of their commitments, eighteen Adherents and their NCPs have organised events, expert meetings, training, and workshops on the Guidance with relevant ministries and embassies (see Dissemination Section, question 1.1). Twenty-one Adherents have at least one government agency in charge of the implementation of the Recommendation, but only one Adherent reported an intra-government mechanism to ensure policy coherence.

18. Awareness raising events, trainings, technical advice, and capacity building have been undertaken by Adherents and the Secretariat to disseminate the Recommendation among non-Adherents, as many of them are key for garment and footwear production, trading, and processing to support dissemination of the Recommendation and observance of the Guidance (see a list in Annex B of [DAF/INV/RBC\(2022\)53/REV2](#)). One key event to engage non-Adherents is the annual Policy maker Roundtable (PMRT) where 12 non-Adherents participated in at least one of the four annual PMRTs since 2019. In the reporting period, the Implementation Programme included specific engagement with Bangladesh, the People's Republic of China (hereafter "China"), India, Myanmar, and Viet Nam. However, none of them has yet adhered to the Recommendation.²

² This can partly be explained by adherence to the Recommendation generally taking place in the context of adherence to the Investment Declaration [[OECD/LEGAL/0144](#)], the MNE Guidelines (last updated 2023) which themselves form an integral part of that Declaration, and the wider package of legal instruments related to it.

Continued relevance and next steps

19. The continued relevance of the Recommendation is underlined by the Guidance having built a strong reputation as the leading standard among garment and footwear sector actors, especially business (see implementation Section, Context of implementation and key developments), and the Guidance becoming the de facto international standard on due diligence in garment and footwear supply chains, with Adherents but also non-Adherents implementing or referencing it.

20. The Recommendation also continues to be relevant since uptake and awareness among many enterprises is still limited in many areas, thus illustrating the importance of Adherents carrying out more promotion activities and developing more support tools and incentives for enterprises.

21. In view of the Recommendation and the Guidance's continued relevance, Adherents should maintain - and in most cases increase - their efforts to reach out to enterprises producing, trading, or processing garments and footwear products to both better disseminate the Guidance as well as promote its observance. The many Adherents who are not thus far engaged could consider actively participating in the Implementation Programme and make efforts to better understand the due diligence needs and challenges of enterprises operating in or from their territories.

22. Steps to be considered to improve the dissemination and implementation of the Recommendation by Adherents as identified in this Report include, in particular:

- Promoting observance of the Guidance and raising awareness amongst enterprises operating in garment and footwear supply chains, in particular through easy to find information and resources on government websites, targeted introductory webinars, collaboration with industry associations, sustainability initiatives, trade union federations and diplomatic missions located in high-risk producing countries (see results in questions 1.1);
- Continuous monitoring and public reporting of enterprise uptake of due diligence and of own government efforts to inform future policies and adjustments (see results in questions 1.2 and 3.5);
- Adopting policies, regulations and action plans that contribute to or enable implementation of the Guidance by enterprises and ensure that they reference and integrate the recommendations of the Guidance (see results in questions 2.1 and 2.2);
- Supporting stronger alignment of sustainability initiatives combined with expectations on their credibility to promote the benefits of RBC due diligence across supply chains (see results in questions 2.3 and 3.1);
- Creating intra- and inter-ministerial working groups to ensure continuous exchange and policy coherence on the garment and footwear sector (see results in question 2.5);
- Leveraging the government's role as a market actor by setting rules for responsible public procurement and other government-backed funding such as export credits, trade support, and official development aid (see results in questions 3.3 and 3.4) and developing fiscal or tax incentives for enterprises implementing due diligence, in line with the Guidance;
- Allocating budgets and/or building a coordinated donor approach to support responsible sourcing initiatives and capacity in garment and footwear producing countries (see results in questions 3.4);
- Engaging in inter-Adherent collaboration, with the support of the Secretariat, to support Adherents that are less active and non-Adherents;
- Provide support to the Implementation Programme to increase the Secretariat's resources to develop tools, conduct outreach, and build capacity as well as to work with the Secretariat to shape projects, provide inputs and give feedback.

Proposed Action

23. In light of the above, the Secretary-General invites the Council to adopt the following draft conclusions:

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- a) noted document [C\(2023\)103](#), in particular the Report set out in its Annex, and agreed to its declassification;
- b) encouraged Adherents to:
 - i. continue disseminating and implementing the Recommendation, including through undertaking the steps identified in the section Summary and Conclusions of the Report;
 - ii. address the main findings, challenges and next steps identified in the conclusions of the Report, with a view to strengthening the dissemination and implementation of the Recommendation and related Guidance;
- c) invited the Investment Committee, through the Working Party on Responsible Business Conduct, to:
 - i. support Adherents in addressing the main challenges set out in the section Summary and Conclusions of the Report, including through developing tools to support the implementation and dissemination of the Recommendation;
 - ii. consider whether any practical steps are needed to ensure the coherence and consistency of the Guidance and related work with other OECD legal instruments, including the other OECD Recommendations on the Due Diligence Guidance and the updated OECD Guidelines for Multinational Enterprises on Responsible Business Conduct [[OECD/LEGAL/0144](#)];
 - iii. report back to Council on the implementation, dissemination, and continued relevance of the Recommendation in five years.

Annex. Report on the Implementation of the OECD Recommendation on the OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector

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1. Background

History

1. Global value chains have become a dominant feature of world trade and investment, encompassing developing, emerging, and developed economies. This has led to societal benefits, but also to challenges in balancing economic growth and sustainability. This dichotomy is seen in the garment and footwear sector, which employs millions of low-skilled workers globally, many of whom are women, and acts as an entry point into the formal economy in many countries. As such, enterprises operating in the sector have the potential to generate growth, employment and skill development through their own operations and sourcing. However, human rights violations, labour abuses and harm to the environment by enterprises are prevalent throughout the supply chain in this sector. The tragic collapse of the Rana Plaza factory building in Dhaka, Bangladesh, which killed over 1000 people in April 2013, illustrated the severity of risks in the sector. While such impacts were not new to the sector, the characteristics of modern global supply chains – such as production process spread across diverse countries, short lead times and short-term buyer-supplier relationships - can reduce visibility and control over an enterprise’s supply chain and can create challenges for enterprises to meet their production and sourcing responsibilities. More and more multinational enterprises (MNEs) are basing their decisions about where to do business on the ability to ensure predictable and reliable supply chains - with sustainability criteria playing an increasing role.

2. With the growing recognition that responsible business practices through the entire supply chain are necessary to achieve sustainable and inclusive growth, the OECD observed increased demand amongst Members and non-Members and within the G7 and G20 for greater clarity on how enterprises can operate responsibly in global garment and footwear supply chains. Specifically, the [Ministerial Communique on Responsible Business Conduct](#) (RBC) adopted in 2014 and the [G7 Leaders’ Declaration](#) adopted in 2015 welcomed international efforts to promulgate industry-wide due diligence standards in the sector. Likewise, National Contact Points (NCPs) issued a [statement](#) in 2013 and a [statement](#) in 2014 on the applicability of OECD standards on responsible business conduct to the Rana Plaza Tragedy.

3. In March 2015, in response to demand, the OECD initiated a two-year multi-stakeholder consultation process to develop a due diligence guidance specific to the garment and footwear supply chain. This included the establishment of a multi-stakeholder Advisory Group, chaired by Germany, which included 54 representatives from Member and non-Member governments, business, trade unions, civil society, and relevant international organisations to support the development of this specific guidance. The OECD also hosted an in-person consultation on the second draft and a public consultation on the third draft from February to March 2016. The OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector (hereafter, the “Guidance”) was approved by the Working Party on Responsible Business Conduct (hereafter, “WPRBC”) on 24 October 2016 [[DAF/INV/RBC\(2016\)7](#)] and the Investment Committee (hereafter, “IC”) on 14 January 2017 [[DAF/INV\(2016\)34/FINAL](#)]. It was publicly launched on 8 February 2017 at the [OECD Roundtable on Due Diligence in the Garment and Footwear Sector](#).

4. Following the finalisation of the Guidance, the OECD Recommendation on the OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector

[[OECD/LEGAL/0437](#)] (hereafter, the “Recommendation”) was adopted by the Council on 17 May 2017 [[C\(2017\)63](#) and [C/M\(2017\)9](#), Item 95]. The Recommendation calls on Members and non-Members having adhered to it (hereafter, the “Adherents”) and, where relevant, their National Contact Points (hereafter, the “NCPs”) to actively promote the use of the Guidance [[C\(2017\)63/ADD1](#)] by enterprises operating in or from their territories; and ensure the widest possible dissemination of the Guidance and its active use by enterprises and stakeholders. Adherents are also called upon specifically to take measures to support the adoption of the due diligence framework for responsible supply chains set out in the Guidance.

5. The Recommendation is open for adherence by non-Members. To date, in addition to the 38 OECD Members, 12 non-Members adhered to the Recommendation, namely Argentina, Brazil, Bulgaria,³ Croatia, Egypt, Jordan, Morocco, Peru, Romania, Tunisia, Ukraine, and Uruguay. All 50 Adherents to the Recommendation are also Adherents to the Declaration on International Investment and Multinational Enterprises [[OECD/LEGAL/0144](#)] (hereafter, the “Investment Declaration”), including the Guidelines for Multinational Enterprises (hereafter, the “MNE Guidelines”) and the package of legal instruments and standards related to it.⁴

Purpose and scope of the Recommendation

6. The purpose of the Recommendation is to support a common understanding of due diligence in the garment and footwear sector aligned with the MNE Guidelines.

7. The Recommendation calls on Adherents and, where relevant, their NCPs to:

- “actively promote the use of the Guidance by enterprises operating in or from their territories with the aim of ensuring that they observe internationally agreed standards of responsible business conduct in garment and footwear supply chains in order to prevent the adverse impacts of their activities and contribute to sustainable development”;
- “take measures to actively support the adoption of the due diligence framework for responsible supply chains in the garment and footwear sector set out in the Guidance by enterprises operating in or from their territories”;

³ Bulgaria adhered to the Recommendation in June 2022, after the reporting period ended, and therefore is not part of this Report.

⁴ In addition to the Declaration itself, Adherents are also invited to adhere to the following related OECD legal instruments, namely the: Decision on International Investment Incentives and Disincentives [[OECD/LEGAL/0213](#)]; Recommendation on Member Country Measures Concerning National Treatment of Foreign Controlled Enterprises in OECD Member Countries and Based on Considerations of Public Order and Essential Security Interest [[OECD/LEGAL/0226](#)]; Recommendation concerning Member Country Exceptions to National Treatment and National Treatment related Measures concerning Investment by Established Foreign-Controlled Enterprises [[OECD/LEGAL/0233](#)]; Recommendation on Member Country Exceptions to National Treatment and National Treatment related Measures concerning the Services Sector [[OECD/LEGAL/0247](#)]; Recommendation on Member Country Exceptions to National Treatment and National Treatment related Measures in the Category of Official Aids and Subsidies [[OECD/LEGAL/0250](#)]; Recommendation on Member Country Exceptions to National Treatment and Related Measures concerning Access to Local Bank Credit and the Capital Market [[OECD/LEGAL/0255](#)]; Decision of on Conflicting Requirements being imposed on Multinational Enterprises [[OECD/LEGAL/0261](#)]; Decision on the Third Revised Decision concerning National Treatment [[OECD/LEGAL/0263](#)], subject to the notification of exceptions to the National Treatment instrument set in Annex B to the present document; Decision on the OECD Guidelines for Multinational Enterprises [[OECD/LEGAL/0307](#)]; Recommendation on Guidelines for Recipient Country Investment Policies relating to National Security [[OECD/LEGAL/0372](#)]; Recommendation on the Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas [[OECD/LEGAL/0386](#)]; Recommendation on the OECD-FAO Guidance For Responsible Agricultural Supply Chains [[OECD/LEGAL/0428](#)]; Recommendation on the Due Diligence Guidance For Meaningful Stakeholder Engagement in the Extractive Sector [[OECD/LEGAL/0427](#)]; Recommendation of the Council on the OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector [[OECD/LEGAL/0437](#)]; Recommendation on the OECD Due Diligence Guidance for Responsible Business Conduct [[OECD/LEGAL/0443](#)].

- “ensure the widest possible dissemination of the Guidance and its active use by enterprises,⁵ as well as promote the use of the Guidance as a resource for stakeholders such as industry associations, trade unions, civil society organisations, multi-stakeholder sustainability initiatives, and sector-initiatives”;

8. By adhering to the Recommendation, Members and non-Members express their commitment and political will to promote the use and implementation of the Guidance and support a common, transnational understanding that can help to create certainty and a level playing field for business regarding their responsibilities to conduct due diligence for responsible supply chains in the garment and footwear sector. While enterprises themselves are the audience of the Guidance, governments have a duty to protect the public interest and a role in creating an enabling environment for responsible business conduct.

9. The Guidance provides recommendations for all enterprises operating in the garment and footwear supply chain on how to implement due diligence in line with the MNE Guidelines in their own operations and in their supply chains through a 6-step framework:

- Section I: Includes a set of recommendations on how enterprises in the garment and footwear sector should conduct due diligence in order to avoid and address potential negative impacts of their activities and supply chains. The recommendations are applicable to all risks that an enterprise may face in its own operations and supply chain in the sector.
- Section II: Provides enterprises with recommendations on how to tailor their due diligence approach when addressing specific risks such as child labour; sexual harassment and sexual and gender-based violence in the workplace; forced labour; working time; occupational health and safety; trade unions and collective bargaining; wages; hazardous chemicals; water; greenhouse gas emissions; bribery and corruption; and sourcing from homeworkers.

Context of implementation and key developments

10. Trade in global value chains remains the most prominent form of business internationalisation⁶ as compared to foreign direct investment (FDI). However, as widely reported, growing trade tensions and barriers since the 2009 global financial crisis⁷ have reduced and distorted trade and impacted jobs and incomes. The global health crisis has exposed the fragility of the garment and footwear sector value chain underlining the need for reform of the prevailing business model, building more resilient supply chains and a guarantee for social protection. Uncoordinated responses by buyers, order cancellations and late payments led to illegal practices such as locking workers into factories and not paying outstanding wages. Forced labour and the extortion of migrant workers remain, as widely reported, one of the most prevalent issues in the sector and led to various policy measures, including import bans (see Implementation Section, questions 2.1 and 2.3). Other labour rights, especially freedom of association, continue to be under pressure⁸ and the number of workers covered by collective bargaining agreements⁹ is low even though

⁵ Including raw material and fibre producers, material manufacturers and processors, components manufacturers, footwear and garment manufacturers, brands, retailers, and their intermediaries.

⁶ About 70% of international trade today involves global value chains (GVCs), as services, raw materials, parts, and components cross borders. <https://www.oecd.org/trade/topics/global-value-chains-and-trade/>

⁷ Global Trade Alert database <https://www.globaltradealert.org/>

⁸ See for example ITUC Global Rights Index (2022): [2022-ITUC-Rights-Index-Exec-Summ-EN.pdf \(mutualcdn.com\)](https://www.ituc-ct.org/en/2022-ITUC-Rights-Index-Exec-Summ-EN.pdf)

⁹ More than 400 million workers in OECD countries are not covered by collective bargaining agreements, with the coverage ratio declining from 35% to 32% equating to 19 million fewer workers covered by bargaining agreements in 2018 compared to 2011. See Implementing the OECD Guidelines for Constructive Industrial Relations. Trade Union Advisory Committee to the OECD (2021): <https://tuac.org/wp-content/uploads/2021/09/GuidelinesBriefing1.pdf>

13. While climate change will lead to more migration and precarious work, the sector itself, as it has been widely reported, is responsible for a significant share of greenhouse gas emissions, sinking groundwater levels and toxic waste. While reassessing consumption patterns and overproduction broadly, the industry plays a huge role in tackling the climate crisis and developing innovative climate solutions. Many Adherents reported policies around deforestation, waste, and the circular economy. In addition, 280 fashion companies [pledged](#) to use 100% renewable energy by 2050; over 70 brands and retailers [pledged](#) to use 100% more sustainable cotton by 2025; and 66 fashion brands [committed](#) to develop strategies to stop global warming, restore biodiversity, and protect the oceans.

14. The garment and footwear sector also became more digitalised in the past five years. This ranged from a strong uptake of e-commerce, the digitalisation of supply chain management over to improved traceability of raw materials and products²¹ to sharing more due diligence data, ranging from supplier lists²² to environmental footprint QR codes. Data supports transparency and evaluation of due diligence efforts; however, common indicators and data sets are still lacking to combine efforts and can often be costly solutions.

15. Studies of sectoral initiatives indicate progress in the uptake of due diligence by enterprises in the sector even though studies by Adherents (see Question 1.2, Implementation Section) also show that many fail to conduct due diligence. The Accountability and Monitoring Report by ACT on Living Wages (2021^[2]) found that all ACT signatory brands have mechanisms to track terms of payment and on-time payments, and that most orders are paid on time and in line with terms of payments. In addition, most signatory brands have forecasting and capacity planning systems in place and engage their suppliers in critical decisions. The annual benchmark report by KnowtheChain (2021^[3]) concludes that there have been notable improvements in the sector since 2018. For example, compared to 2018, in 2021 22% more enterprises prohibit recruitment fees in their supply chains, five companies published new information on the second tier of their supply chains, such as supplier lists of fabric mills, and six more companies disclosed engaging with local or global unions on freedom of association in their supply chains. The Fashion Transparency Index by Fashion Revolution (2022^[4]), which screens 250 of the world's largest fashion brands and retailers, concludes that more brands (48%) publish a list of their first-tier manufacturers. The report, however, concludes that the average score only improved by 1% in 2022.

16. In the past five years, policy makers have increasingly taken steps to foster responsible business conduct through policies and regulation. Legislative approaches promoting RBC need to be accompanied by robust supporting measures such as strengthening social dialogue, efficient grievance mechanisms, and overcoming financial barriers for manufacturers to ensure successful outcomes and impact on the ground – for example through the OECD Garment and Footwear Implementation Programme [[DAF/INV/RBC\(2019\)17](#)] (hereafter, the “Implementation Programme”).

Purpose of the Report

17. In the Recommendation, the Council instructs the IC “to monitor the implementation of the Recommendation and to report to Council no later than five years following its adoption and as appropriate thereafter”. This Report, prepared in line with the process set out in document [[DAF/INV/RBC\(2022\)9](#)], covers the five-year period from May 2017 to May 2022.

18. Reports to Council on implementation of OECD Recommendations generally seek to assess the state-of-play regarding their implementation, dissemination, and continued relevance. This Report aims to assess the implementation of the policy recommendations contained in the Recommendation, as well as

²¹ For example, see UNECE’s project on [Traceability for Sustainable Garment and Footwear](#)

²² For example, see [Open Apparel Registry](#)

analyse the continued relevance of the Recommendation and whether further work to improve its implementation or dissemination is required, or whether the Recommendation – and in this case, the Guidance - may require revision.

19. The Recommendation is addressed to Adherents, e.g., governments, and sets out recommendations as to what they should do to disseminate and promote the observance of the Guidance, which is addressed to enterprises. This Report looks at two forms of dissemination:

- (i) dissemination *of the Guidance* among enterprises and stakeholders, e.g., raising awareness of the Guidance and supporting measures (see Implementation Section);
- (ii) dissemination *of the Recommendation itself*, e.g., what Adherents have done to raise awareness in non-Adherents as well as across their own governments of their commitments under the Recommendation, such that all relevant parts and levels of their governments (e.g. law enforcement, taxation, customs enforcement, environmental protection, foreign aid, public procurement, etc.) are aware of their role in promoting and disseminating the Guidance among companies (see Dissemination Section).

20. In other words, the Report addresses both (i) raising business' and stakeholders' awareness of the Guidance itself, and (ii) raising governments' awareness of their role vis-à-vis the Guidance. Generally, (i) is addressed in the implementation section, while (ii) is addressed in the dissemination section, though some activities may straddle the two.

2. Methodology

21. In 2019, a questionnaire to gather information relevant to activities within Adherents relating to all five Recommendations covering supply chain due diligence²³ was prepared with input from and approved by the WPRBC [[DAF/INV/RBC\(2020\)6/REV1/FINAL](#)], (the “Questionnaire”).

22. The Questionnaire was circulated to delegations from Adherents in relevant bodies in October 2020, with WPRBC delegates selected to act as focal points for their governments. Each Adherent was encouraged to coordinate internally amongst their relevant ministries/agencies to gather information and submit one consolidated response through their WPRBC delegate. Multiple reminders were also circulated, and in November 2020, the Secretariat hosted a webinar to further explain the Questionnaire and share best practice on how to prepare an answer. Answers to the Questionnaire were submitted by 41 out of 48²⁴ Adherents at the time, between February and June 2021. Of the 41 answers received, 28 included relevant information on more than two questions on implementation activities regarding the Recommendation.

23. During the 26-28 April 2022 WPRBC meeting [[DAF/INV/RBC/A\(2022\)2/REV1](#); [DAF/INV/RBC/M\(2022\)2](#), Item 7], delegates were invited to update the information provided in their previous answer to the Questionnaire for the garment and footwear sector specifically. To support coordination, the Secretariat connected WPRBC delegates to other government officials that have recently engaged with the Implementation Programme, either through the Garment Advisory Group, the annual Policy Maker Roundtable (PMRT), or other projects, where feasible. Updated answers for the garment and footwear sector to the 2020 Questionnaire were submitted by 15 Adherents²⁵ between June and September 2022. As Bulgaria adhered to the Recommendation in June 2022, after the reporting period ended, it is not part of this Report which focuses on 49 Adherents only.

24. In terms of methods used to analyse information provided by Adherents, all answers in the section “cross-sectoral or other sector” and “garment and footwear sector” were collected per Adherent in an overview table. The answers were then analysed for activities relevant specifically to the garment and footwear sector and the Implementation Programme. If measures, such as cross-sectoral RBC legislation, were reported with clarity as to whether the garment and footwear sector was affected by this legislation, then these examples have also been counted. Per Adherent, each question was colour-coded to give an overview of the state of uptake of the Recommendation in an aggregated table. Standout examples were highlighted in the answers to be cited in this Report.

²³ The five OECD Recommendations on Supply Chain Due Diligence are the: Recommendation on Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (2011) [[OECD/LEGAL/0386](#)]; Recommendation on the Due Diligence Guidance for Meaningful Stakeholder Engagement in the Extractive Sector (2016) [[OECD/LEGAL/0427](#)]; Recommendation on the OECD-FAO Guidance for Responsible Agricultural Supply Chains (2016) [[OECD/LEGAL/0428](#)]; Recommendation on the OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector (2017) [[OECD/LEGAL/0437](#)]; and Recommendation on the OECD Due Diligence Guidance for Responsible Business Conduct (2018) [[OECD/LEGAL/0443](#)].

²⁴ Uruguay only adhered in February 2021 and therefore did not receive the Questionnaire in 2020.

²⁵ Adherents who submitted relevant updated answers to the Questionnaire in 2022 are as follows: Australia, Austria, Brazil, Canada, Czech Republic, France, Germany, Japan, Korea, Lithuania, Mexico, Morocco, New Zealand, Switzerland, Türkiye

25. The information featured in this Report is therefore primarily based on information provided by Adherents. The Secretariat also conducted additional research beyond what was reported by Adherents and included developments in the EU, among non-Adherents, and at the industry-level where it is necessary to provide a more complete picture of activity in this sector. In addition, information was also gathered through participation by Adherents in the Implementation Programme, including the Garment Advisory Group, the Forum on Responsible Garment and Footwear Supply Chains, as well as Adherents advising on programme deliverables and participating in numerous meetings, roundtable discussions, trainings, and awareness raising events. These meetings have provided an opportunity for Adherents and non-Adherents (see Implementation section, question 1.3) to engage in the process and update stakeholders and the Secretariat on their actions to implement the Recommendation by promoting the dissemination and observance of the Guidance. It is important to note, however, that participation in these activities is generally limited to a small group of Adherents and non-Adherents who are the most actively engaged, with little to no information coming from the remaining Adherents.

3. Implementation

26. This section is divided into two sub-sections following the expectations set out in the Recommendation. As the Report describes information on implementation obtained primarily through the Questionnaire, the 14 questions were distributed between the two sub-sections according to their focus on either (1) promotion, engagement, and monitoring of the uptake of the Guidance²⁶ by enterprises and stakeholders or (2) measures to support, enable and incentivise implementation of due diligence by enterprises.²⁷ Two of the fourteen questions are covered in the Dissemination Section.

27. A table provides an overview on considered questions and relevant activities per Adherent for each sub-section. The Report then provides aggregate results of the answers, highlights examples of implementation, and shares additional contextual information, when necessary, per question.

Promotion, engagement, and monitoring of the uptake of the Guidance

28. In terms of promotion, the Recommendation calls for Adherents and, where relevant, their NCPs, to “ensure the widest possible dissemination of the Guidance and its active use by enterprises operating in or from their territories” and “promote the use of the Guidance as a resource for stakeholders such as industry associations, trade unions, civil society organisations, multi-stakeholder sustainability initiatives, and sector-initiatives”.

29. This section focuses on the five questions of the Questionnaire assessing Adherents’ efforts to:

- Promote the Guidance among enterprises and stakeholders (1.1);
- Engage in the Implementation Programme (1.3, 1.4) and;
- Monitor both the uptake of the Guidance by enterprises (1.2) and its own promotion efforts (3.5)

Table 1. Overview of relevant Questionnaire answers by Adherents (questions 1.2, 1.2, 1.3, 1.4, 2.4, 2.5, 3.5)

Legend:

	Answer directly relevant to the garment and footwear sector
	Answer directly relevant to the garment and footwear sector, however comparable low levels of activity reported
	Answer broadly relevant to the garment and footwear sector
	Answer not relevant or no as an answer
	No Questionnaire submission

²⁶ Questions 1.1, 1.2, 1.3, 1.4, 2.4, 2.5, 3.5

²⁷ Questions 2.1, 2.2, 2.3, 3.1, 3.2, 3.3, 3.4

	1.1 Promotional activity, awareness raising, trainings, outreach events, publications	1.2 Studies/assessments on enterprise uptake	1.3 Government participation in the Implementation Programme	1.4 Financial or non-financial support of the Implementation Programme	2.4 List of all authorities that may play a role in the implementation ²⁸	2.5 Mechanism among the various national authorities to ensure policy coherence ²⁹	3.5 Monitoring of government efforts
Argentina							
Australia							
Austria							
Belgium							
Brazil							
Bulgaria ³⁰							
Canada							
Chile							
Colombia							
Costa Rica							
Croatia							
Czech Republic							
Denmark							
Egypt							
Estonia							
Finland							
France							
Germany							
Greece							
Hungary							
Iceland							
Ireland							
Israel							
Italy							
Japan							
Jordan							
Korea							
Latvia							
Lithuania							
Luxembourg							
Mexico							
Morocco							
Netherlands							
New Zealand							
Norway							
Peru							
Poland							

²⁸ Covered in chapter 4 on Dissemination.

²⁹ Covered in chapter 4 on Dissemination.

³⁰ Bulgaria did not have an opportunity to answer the Questionnaire because it had not yet adhered to the Recommendation at the time of the reporting period and is therefore not covered in this Report.

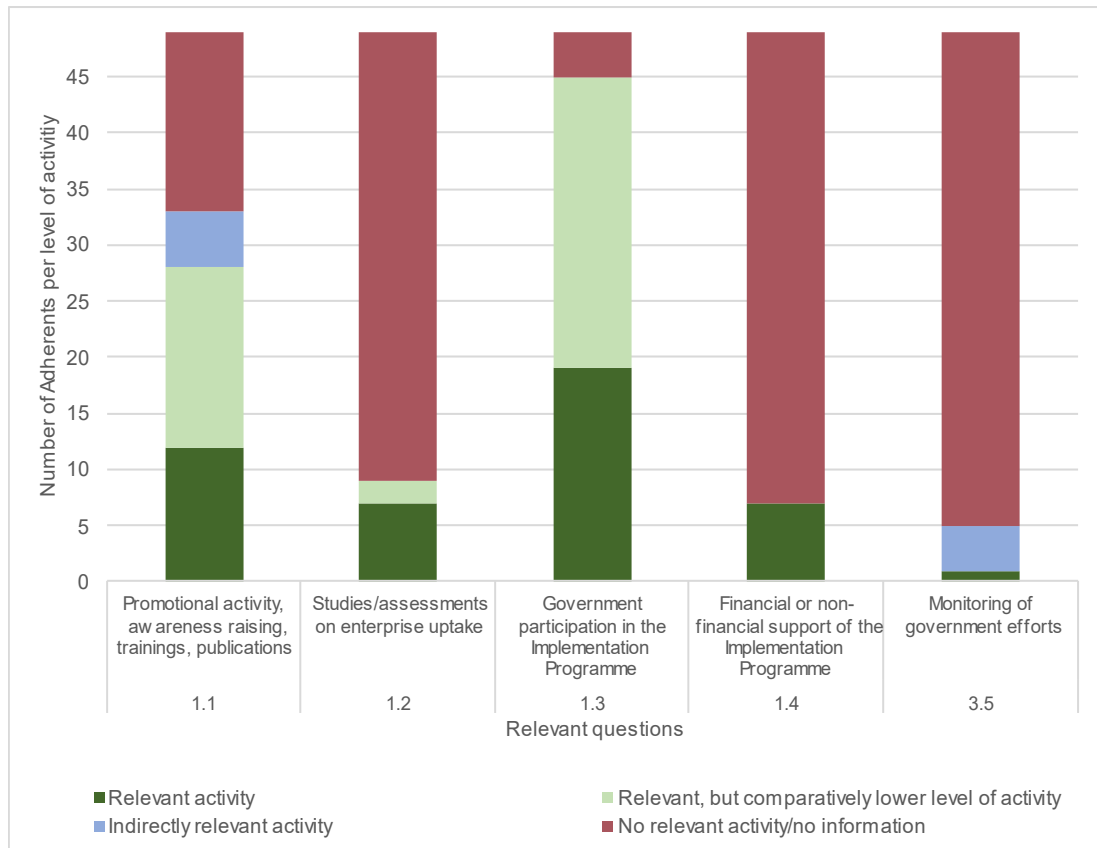
Portugal							
Romania							
Slovak Republic							
Slovenia							
Spain							
Sweden							
Switzerland							
Tunisia							
Türkiye							
Ukraine							
United Kingdom							
United States							
Uruguay							

Notes:

Light green was used for relevant, but comparatively low level of activity to other Adherents (1.1, 1.3), e.g., for Adherents that only published the Guidance on a government website or holding one promotional event (1.1), only participated in the Annual Garment Fora and/or PMRTs (1.3) .

Blue was used for more general activities that could theoretically impact the garment and footwear sector, but do not explicitly mention or focus on the sector and RBC due diligence (1.1, 2.4, 2.5).

Figure 1. Results per question across Adherents: Promotion, engagement, and monitoring of the uptake of the Guidance



Promotional activity, awareness raising, trainings, outreach events or dissemination of publications to enterprises (Question 1.1)

30. This section is divided into (1) promotional activities; (2) Awareness raising, training, and outreach events; and (3) the dissemination of publications, done to promote the Guidance among enterprises and stakeholders. Dissemination activities of the Recommendation and related Guidance among government bodies, authorities and embassies are listed in the Dissemination Section.

Promotional activities

31. Twenty-three Adherents of the 49 Adherents³¹ covered in the reporting period (47%) reported to have made the Guidance and related publications accessible on governmental websites, in print and in some cases languages other than English and French. Besides website publication, two Adherents reported further measures to promote the Guidance and events. The Swiss NCP uses its LinkedIn account to promote the Guidance, NCP events as well as OECD RBC events to a wider public. Canada appointed the first Canadian Ombudsperson for Responsible Enterprise (CORE) in 2019 whose mandate it is also to promote RBC standards. Some Adherents that did not publish the Guidance on their respective websites, however, conducted some sector specific or general promotional activities such as webinars that were counted.

Awareness raising, training, and outreach events to enterprises

32. Nineteen Adherents of the 49 Adherents covered (39%) and their NCPs have organised events, expert meetings, and workshops specifically on the Guidance with businesses and key stakeholders in-country, launched campaigns, provide dedicated websites with an overview of tools and guidance, and informed stakeholders about events such as the annual OECD Forum on Due Diligence in the Garment and Footwear Sector³² (hereafter, the “Garment Forum”). However, only 12 Adherents³³ (24%) have reported more substantial and repetitive, continual efforts to promote the Guidance through several workshops, training, or issuing further guidance.

33. The Moroccan NCP was comparatively active in the promotion of the Guidance. For example, an awareness-raising seminar for enterprises and professionals operating in the textile and footwear sector on due diligence was organised in 2020. Morocco intervened substantially on the duty of care of MNEs at a workshop on strengthening the export competitiveness of the textile and clothing sector in 2019. A highlight was that the Moroccan NCP, with support from IndustriALL Global Union, organised a first regional hub to the OECD Forum during the 2022 event, allowing participants from different stakeholder groups to virtually follow the forum sessions, with local interpretation, while discussing the promotion of social dialogue in the garment and footwear sector in Morocco in an in-person side session.

34. Nine NCPs³⁴ established partnerships with business associations and ministries to promote the Guidance among enterprises and enhance sectoral cooperation. For example, the Brazilian NCP met with the garment and footwear sector associations Brazilian Textile and Apparel Industry Association (ABIT) and Brazilian Association of Textile Retailers (ABVTEX) to start coordinating partnerships. The Moroccan NCP held a meeting with the Textile and Leather Directorate of the Moroccan Investment and Export Development Agency, while the Polish NCP met with representatives of the garment and footwear sector at the Ministry of Investment and Economic Development in cooperation with the Ministry of Entrepreneurship and Technology. The Chilean NCP worked with [Acción Empresas](#), a global association

³¹ As Bulgaria adhered to the Recommendation in June 2022, after the reporting period ended, it is not part of this Report.

³² See for example: [Forum on Due Diligence in the Garment and Footwear Sector \(oecd-events.org\)](https://www.oecd.org/events/2022/09/01/forum-on-due-diligence-in-the-garment-and-footwear-sector/)

³³ Austria, Belgium, Brazil, Canada, Chile, Germany, Ireland, Japan, Morocco, Norway, Poland, Switzerland

³⁴ Brazil, Chile, France, Germany, Ireland, Japan, Morocco, Norway, Switzerland, Poland

of more than 200 enterprises, in its second cycle of cross-sectoral Business and Human Rights training. Innovation Norway, the public agency for innovation and development of Norwegian enterprises and industry, promotes the Guidance during meetings with Norwegian businesses before trade missions.

35. On training, several Adherents organised dedicated training workshops for industry associations on the Guidance. For example, the Guidance was introduced by the Japanese Ministry of Economy, Trade and Industry to the Japan Textile Federation and relevant associations during an event held in October 2018 and through subsequent exchanges. Latvia reported on a webinar on the MNE Guidelines for their responsible business ambassadors. Switzerland reported to have held the first Swiss Forum on Business and Human Rights in September 2021, which offered diverse training courses and awareness raising for human rights due diligence and other topics which are particularly relevant for the textile sector (e.g., child labour). In 2022, two workshops were held with the textile sector as part of the Swiss National Action Plan (NAP) on Business and Human Rights. Brazil launched the "Sustainable Labour" Programme to promote decent work and social dialogue, training on RBC, orientation and awareness campaigns and the implementation of technological solutions.

Dissemination of publications promoting the Guidance

36. Two Adherents³⁵ reported having issued a publication promoting the Guidance to stakeholders in the garment and footwear sector, while another two Adherents³⁶ issued publications that more broadly explain due diligence and focus on the MNE Guidelines. Sector-specific guidance on risks and support tools for enterprises are summarised in question 3.1.

37. Germany reported that the German Partnership for Sustainable Textiles (hereafter, "German PST"), a government-funded multi-stakeholder sustainability initiative, published several public guidance documents for enterprises including an introductory guidance on understanding and meeting due diligence obligations (2022_[5]). Additional issue-focused guidance from the German PST is cited in question 3.1. The Belgian Federal Institute for Sustainable Development developed the [Toolbox Human Rights for Business and Organisations](#). The tool is cited and further explained in the section covering answers to question 3.1 as a support tool for enterprises. However, the tool also explains due diligence and references OECD standards when explaining the general legal framework on human rights and specific frameworks for economic sectors of particular interest to Belgium such as the garment and footwear sector.

Participation in the OECD Garment and Footwear Sector Implementation Programme (Question 1.3)

38. The overall objective of the Implementation Programme [[DAF/INV/RBC\(2019\)17](#)] is to promote responsible supply chains in the garment and footwear sector by helping to achieve greater implementation of supply chain due diligence in line with the Guidance. The Implementation Programme focuses on:

- Raising awareness of the Guidance;
- Driving policy coherence on due diligence within the sector;
- Convening and building consensus amongst stakeholders on pressing issues within the sector and within select geographies;
- Capacity building for stakeholders on conducting due diligence;
- Assessing alignment of due diligence initiatives and;
- Supporting the measurement of the uptake and impact of due diligence.

³⁵ Belgium, Germany

³⁶ Lithuania, Sweden

39. The Implementation Programme is approved by Adherents and developed in consultation with the Garment Advisory Group. The Garment Advisory Group includes experts from governments, international organisations, businesses, business associations, multi-stakeholder and industry initiatives, trade unions, and civil society organisations. Currently, eight Adherents³⁷ and the EU are members of the Garment Advisory Group, but only a few Adherents reported their membership.

40. Members of the Garment Advisory Group can provide inputs to the Implementation Programme in the following ways: recommending topics, identifying participants for OECD roundtables and workshops, providing comments on research ideas, draft papers, or other outputs of the programme. Finally, the Garment Advisory Group provides an opportunity to exchange ideas and form collaborations with other stakeholders actively working to promote the Guidance.

41. Forty-seven (96%) Adherents of the 49 covered attended at least one of the five Annual Garment Fora in the reporting period. Fourteen (29%) Adherents³⁸ sent government officials and/or NCP representatives to all five fora. Some Adherents also took the opportunity to speak in or organise sessions. The Annual Garment Forum provides an opportunity to discuss the implementation of the Guidance and address prevalent and emerging issues relevant for supply chain due diligence. It brings together over 600 representatives from government, business, trade unions and civil society to share learnings on implementing labour, human rights, environmental and integrity due diligence in the sector across geographies, as well as to address endemic and emerging risks and issues, through collective action. In 2021 and 2022 the Forum was held only virtually which on the one hand allowed broader participation, but on the other hand made networking and informal exchanges more difficult.

42. Thirty-four (69%) Adherents of the 49 Adherents covered and eleven non-Adherents³⁹ participated in at least one of the four annual Policy Maker Roundtables (PMRTs) since 2019. Six Adherents⁴⁰ sent government officials and/or NCP representatives to all four roundtables. The PMRT brings together Adherents, representatives from key non-Adherents operating in the garment and footwear sector, and international governmental organisations to share updates and to focus attention to specific topics through deep dive sessions.⁴¹

43. Nineteen Adherents⁴² (39%) of the 49 Adherents covered reported active participation in the Implementation Programme. Activities included participating as panellists or organising partner sessions during the Annual Garment Forum and other OECD-organised events, being a Garment Advisory Group member and/or participating in long-term projects. Twelve Adherents⁴³ participated in the “Pilot on

³⁷ Canada, France, Germany, Italy, Japan, Netherlands, Sweden, United States

³⁸ Austria, Belgium, Czech Republic, Denmark, France, Germany, Israel, Japan, Mexico, Netherlands, Norway, Sweden, United Kingdom, United States

³⁹ Bangladesh, Cambodia, Ethiopia, EU, Guatemala, Indonesia, Kazakhstan, Kenya, Myanmar, Russian Federation (between 2019 and March 2022), Viet Nam

⁴⁰ France, Germany, Italy, Netherlands, Türkiye, United Kingdom

⁴¹ Past deep dive session(s): Accompanying support for mandatory due diligence measures (2022); Rethinking the business model for greater resilience focusing on responsible purchasing practices and complementary policy issues (2021), The broader policy landscape for resilient and responsible value chains in the garment sector (2021); Incorporating RBC in government textile and garment industrial strategy (2020), Building a climate-neutral, natural capital-positive sector through industrial strategy (2020), Harmonisation of reporting and monitoring requirements in government-backed reporting frameworks and disclosure legislation (2020); Promoting Due Diligence in the Garment and Footwear Supply Chain (2019), Unlocking the potential of government efforts & data to support traceability and transparency in the supply chain (2019)

⁴² Australia, Belgium, Brazil, Canada, Colombia, Denmark, France, Germany, Italy, Ireland, Japan, Mexico, Morocco, Netherlands, Norway, Sweden, Switzerland, United Kingdom, United States

⁴³ Australia, Belgium, Canada, Colombia, Denmark, France, Germany, Ireland, Norway, Sweden, Switzerland, United Kingdom

Integrating OECD Due Diligence into Public Procurement in the Garment Sector” (2022^[6]) through their public procurement agencies or ministries.⁴⁴ Over the course of five workshops, participants exchanged on how they integrated RBC and risk-based due diligence in the public procurement cycle, how to balance sustainability objectives with value for money and how to maintain access to public procurement opportunities for all enterprises.

44. Under the “[Promoting Responsible Business Conduct in Latin America and the Caribbean Programme](#)”, a regional garment and footwear capacity-building programme with over 30 businesses and business associations across 10 countries was carried out. Under the “[Promoting Responsible Supply Chains in Asia Programme](#)” several capacity building workshops with Chinese businesses and stakeholders were organised to address their needs. The Secretariat also held a series of RBC webinars to support Vietnamese businesses in mitigating supply chains disruption impacts from the Covid-19 crisis in collaboration with several chambers of commerce and on enhanced RBC due diligence in Myanmar.

Contributions to the OECD Garment and Footwear Sector Implementation Programme (Question 1.4)

45. Through the financial and non-financial support of Adherents, the OECD Secretariat conducts a wide range of activities under the Implementation Programme, including outreach and training to Adherents and non-Adherents, research and analysis, peer learning and knowledge sharing and market-oriented research and technical advice. Key activities receiving attention and support from Adherents in the reporting period included:

- Alignment assessments of industry initiatives and schemes;
- Issuing practical tools for enterprises on due diligence and living wages (forthcoming 2023), climate (forthcoming 2023) as well as public procurement;
- Bringing stakeholders together through the annual OECD Annual Garment Forum, the Policy Maker Roundtable, and the Manufacturers Network;
- Capacity building such as an e-learning course on the Guidance, training sessions as well as workshops with NCPs especially in Latin America and Caribbean⁴⁵ and Asia⁴⁶;
- Research on measuring uptake and incentives of due diligence, emerging issues, gaps in implementation and trends in the sector;
- Tools and support mechanisms for SMEs conducting due diligence;
- Engagement with key production countries.

46. Eight Adherents of the 49 Adherents covered (16%) reported contributing to the Implementation Programme. In addition to financial support, support also includes translation of the Guidance into national languages. Since its adoption in 2017, the Guidance has been translated by the OECD, NCPs or other stakeholders into Arabic, Chinese, German, Japanese, Korean, Norwegian, Polish, Portuguese, Spanish, Turkish, Ukrainian, and Vietnamese. The majority of translations also includes the translated Recommendation.

Assessments of enterprise implementation of due diligence (Question 1.2)

47. Seven⁴⁷ of the 49 Adherents covered (14%) have undertaken studies or assessments on whether enterprises in/from its territory are taking steps to implement supply chain due diligence, which involved

⁴⁴ See learnings on page 34.

⁴⁵ Argentina, Brazil, Chile, Colombia, Dominican Republic, Ecuador, El Salvador, Guatemala, Mexico, Peru

⁴⁶ Bangladesh, Cambodia, China, India, Myanmar, Vietnam

⁴⁷ Belgium, Chile, Finland, Germany, Netherlands, Switzerland, United Kingdom

enterprises operating in the garment and footwear sector. However, only five⁴⁸ (10%) of the 49 Adherents covered reported on specific results for garment and footwear enterprises. It is difficult to determine any broad trends from these monitoring efforts since the exact parameters of how enterprises are being monitored in their observance of the Guidance differ from study to study. Monitoring varied in terms of data collected (e.g., enterprise disclosures, quantitative surveys, interviews), enterprises in scope (number of enterprises in scope of the relevant regulation, member enterprises), and scope of the monitoring (due diligence, issue specific, cross-sectoral). However, one broad trend that can be identified is that many garment and footwear enterprises scored low in the assessments (e.g., 19% in Finland, 38% in Chile, see below for more details) and were often found to be failing to conduct due diligence (e.g., United Kingdom). Within government backed multi-stakeholder sustainability initiatives, such as in the Netherlands, results were higher, ranging from 80% for policies to 43% for actions. This could be explained by both a general self-selection bias of enterprises joining such initiatives if they are already implementing some due diligence and more importantly that initiatives notably support enterprises in their uptake through knowledge sharing, development of tools and technical exchange.

48. The government-backed Dutch Agreement on Sustainable Garments and Textile, which ended in December 2021, annually monitored progress of signatory enterprises' due diligence since 2016. The 2020 annual report (2021_[7]) concluded that enterprises are increasingly applying due diligence. The report stated that 44 enterprises (80%) "complied" with the due diligence obligations under the covenant and another four enterprises (7%) "almost complied." The share of more sustainable raw materials used by enterprises rose to 38%. The final evaluation report (2021_[11]) concludes that efforts across the last two years have resulted in a push for more attention to formulate goals and implement actions to address concrete risks identified in signatory enterprises' supply chains. This stands in contrast to the 2019 mid-term evaluation which noted that enterprises were mostly working on the initial stages of due diligence such as policy formulation and risk identification. Nonetheless, the report states that enterprises have the lowest scores on 'goals and actions' (average score: 43%) and stakeholder engagement (average score: 60%) compared to 'policy and organisation' (average score: 80%), insight in chains, materials, and processes (average of 75%), and risk analysis (average score: 72%).

49. The "Status of Human Rights Performance of Finnish Enterprises" is a project conducted by the Government of Finland with the purpose to obtain a comprehensive and in-depth overview of how Finnish enterprises are fulfilling their human rights responsibilities. It follows the criteria set in the [Corporate Human Rights Benchmark](#) (CHRB) methodology. Six of the 78 Finnish enterprises assessed operate in the garment and footwear sector. In the report (2021_[8]), the overall score of assessed apparel enterprises is 18.9%, while the overall global sector score in the CHRB is 25%.

50. Belgium reported that, following its first NAP on Business and Human Rights (2017-2020), Belgium federal public authorities conducted a National Baseline Assessment (2021_[9]). The report screened Belgian enterprises from 11 sectors, including the garment and footwear sector, mapped alleged human rights abuses implicating Belgian enterprises, and consulted stakeholders. The report concluded that Belgian enterprises currently do not undertake systematic attempts to meet the corporate responsibility to respect human rights as outlined in the United Nations Guiding Principles on Business and Human Rights (UNGPs).⁴⁹ The three enterprises active in the garment and footwear sector assessed obtained extremely low scores. The report noted that while a growing number of enterprises are formally committed

⁴⁸ Belgium, Chile, Finland, Netherlands, United Kingdom

⁴⁹ The [UN Guiding Principles on Business and Human Rights](#) are a set of guidelines for States and companies to prevent, address and remedy human rights abuses committed in business operations. They were proposed by UN Special Representative on business and human rights, John Ruggie, and unanimously endorsed by the UN Human Rights Council in its resolution 17/4 of 16 June 2011.

to respecting human rights, none of the assessed enterprises translated this commitment into effective due diligence processes.

51. The United Kingdom (UK) published a report examining the extent to which the forced labour of Uyghurs and other ethnic minority groups in Xinjiang, People’s Republic of China (hereafter “China”) is contributing to UK value chains (2021_[10]). The report found that many enterprises, including many fashion enterprises headquartered or selling in the UK, asserted that they have robust procedures for prohibiting human rights abuses while failing to know for certain that their supply chains are not implicated.

52. During 2020, ProChile, a Ministry of Foreign Affairs institution that promotes the supply of Chilean goods and services, implemented a “Sustainable Management Test” to assess the level of sustainable management policies, supplier management, end-of-life management, legal compliance, and corporate responsibility practices. In total, 48 fashion enterprises took the test and one result discussed in the report (2020_[11]) was that only 38% of the enterprises in the fashion/design sector have a sustainability policy. There was no specific result for the questions on RBC practices in the report.

53. The following studies included garment and footwear enterprises in the assessments but did not report sector-specific results. Switzerland commissioned a study (2018_[12]) assessing awareness and relevance of the MNE Guidelines and other related standards among 500 top-selling Swiss enterprises and 10 international SMEs. About 1% of respondents were operating in the textile and garment sector. Despite the relatively high level of awareness of the MNE Guidelines (63%) among enterprises, only 21% actively apply the MNE Guidelines. Germany published its “Monitoring of the National Action Plan (NAP) for Business and Human Rights” (2020_[13]) assessing how German enterprises with over 500 employees have implemented their human rights due diligence obligations set out in the NAP. It concluded that only 13 - 17% of the enterprises could be considered “compliers” which later led to the Act on Corporate Due Diligence in Supply Chains adopted in 2021.

Studies on the garment and footwear sector

54. While not counted by the Secretariat as studies on the uptake of due diligence in the sector, some Adherents released studies on the garment and footwear sector. In 2021, the Japanese Ministry of Economy, Trade and Industry released a report (2021_[14]) analysing the state of the industry’s environmental impact, responsible supply chain management, gender equality, supply structure and digitalisation. Estonia carried out a study (2020_[15]) within the project “Towards a Nordic-Baltic Circular Textile System” analysing the quantities of new and used clothing and home textiles introduced to the Estonian market, existing collection systems, clothing and textile waste flow and the waste management solutions. The study noted that of the Baltic states, only Estonia obligates municipalities to set up separate collection of textiles waste. One challenge identified was the lack of recycling capacity. Waste enterprises seemed not motivated to invest in recycling technologies due to lack of consistency in quantity and quality of textile waste that they collect and limited access to potential markets for recycled materials. France released a [study](#) on the benefits and risks of relocating certain activities to France in view of the uptake for more sustainable fashion.

Monitoring the results or impacts of Adherent efforts to promote, incentivise, or enable responsible supply chains or the implementation of the Guidance (Question 3.5)

55. Only one Adherent reported monitoring the results or impacts of its own efforts to promote, incentivise, or enable responsible supply chains in the garment and footwear sector. The Swiss Federal Council approved an interim report on the progress of the implementation of the [Action Plan on Corporate Social Responsibility 2015–2019](#) in June 2017 and another progress report again in January 2020. Regarding the garment and footwear sector, the Federal Council concluded in its report in 2017, for example, that progress had been made with regard to the first strategic pillar on development of national and international framework conditions and the third strategic pillar on strengthening RBC in developing

and transition countries. The report acknowledged the Swiss participation in the Advisory Group for the development of the Guidance in 2017 and that the garment and footwear sector was a main beneficiary of economic development cooperation.

56. Four Adherents reported more broadly on their efforts by evaluating their national RBC policy⁵⁰, government's efforts to implement its NAP on Business and Human Rights⁵¹ and the implementation of due diligence legislation⁵².

57. In 2020, the Dutch Ministry of Foreign Affairs conducted an evaluation (2020_[16]) of its national RBC policy which comprised two key components: encouraging sector-wide cooperation by means of voluntary RBC agreements and encouraging nearly all big enterprises in the Netherlands to endorse the MNE Guidelines as a reference framework for their international activities. The evaluation report concluded that, despite the many positive steps taken by businesses, the current RBC policy was not effective enough in promoting uptake of RBC standards.

58. Belgium reported that, following its first NAP on Business and Human Rights (2017-2020), a National Baseline Assessment (2021_[9]) was conducted by federal public authorities. The findings of the report on Pillar I "The State Duty to Protect" state that while progress has been made in certain legal areas, most relevant reforms were not aimed at enforcing corporate respect for human rights. It stated further that Belgian governments needed to consider a more structural human rights agenda that also covers leverage overseas on activities of enterprises headquartered in Belgium. Although the Sustainable Development Goals (SDGs) and Corporate Social Responsibility (CSR) initiatives have guided Belgian policies at all levels of government, the report recommended the Belgian governments to adopt binding measures to increase the respect for human rights by enterprises.

59. France reported that, following the request of the Ministry for Economy, the General Counsel for Economy issued a report (2020_[17]) on the implementation of the 2017 Duty of Vigilance Law. The report concluded that the Law on the Duty of Vigilance reinforces principles derived from soft law by giving them force of law in France and, by "cascade effect", in sourcing countries. However, the report also states that the law's application must be better ensured by commissioning a State service to this support. In 2022, France published an information report (2022_[18]) on the evaluation of the law.

Measures to support, enable and incentivise implementation of due diligence by enterprises

60. In terms of supporting, enabling and incentivising implementation, the Recommendation provides that Adherents should "take measures to actively support the adoption of the OECD due diligence framework for responsible supply chains in the garment and footwear sector set out in the Guidance" and the "use of the Guidance" by "enterprises operating in or from their territories" with the "aim of ensuring that they observe internationally agreed standards of responsible business conduct in garment and footwear supply chains in order to prevent the adverse impacts of their activities and contribute to sustainable development".

61. This section focuses on the seven questions of the Questionnaire assessing Adherents' efforts to:

- Referencing the Guidance in current (2.1) or future (2.2) domestic laws, regulations, rules, procedures, guidance to comply with regulations, or other government issued guidance and adopt

⁵⁰ Netherlands

⁵¹ Belgium, Colombia

⁵² France

other policies, regulations or rules that may contribute to, enable, or affect enterprise implementation of the Guidance (2.3)

- Supporting, enabling, or incentivising the use of the Guidance or integration of the due diligence framework into enterprise management systems or collaborative initiatives (3.1)
- Adopting policies or other supporting actions encouraging a gender-responsive approach to supply chain due diligence (3.2)
- Conditioning public procurement, export credit or guarantees, trade support, or any other types of financing for the private sector on demonstrated implementation of the Guidance (3.3)
- Supporting the dissemination/implementation of the Guidance through Official Development Assistance (3.4)

Table 2. Overview of relevant Questionnaire answers by Adherents (questions 2.1, 2.2, 2.3, 3.1, 3.2, 3.3, 3.4)

Legend

	Answer directly relevant to the garment and footwear sector
	Answer directly relevant to the garment and footwear sector, however comparable low levels of activity reported
	Answer broadly relevant to the garment and footwear sector
	Answer not relevant or no as an answer
	No Questionnaire submission

	3.1 Supported, enabled, or incentivised enterprises uptake, incl. SOEs	3.3 Condition financing for the private sector (e.g., public procurement, export credit)	2.1 Laws, regulations, rules, procedures, guidance	2.2 Future domestic laws, regulations, rules, procedures, guidance	2.3 Other policies or regulations that may contribute to enterprise uptake	3.2 Gender-responsive approach to supply chain due diligence	3.4 Official Development Assistance activities
Argentina							
Australia							
Austria							
Belgium							
Brazil							
Bulgaria ⁵³							
Canada							
Chile							
Colombia							
Costa Rica							
Croatia							
Czech Republic							
Denmark							
Egypt							

⁵³ Bulgaria did not have an opportunity to answer the Questionnaire because it had not yet adhered to the Recommendation at the time of the reporting period.

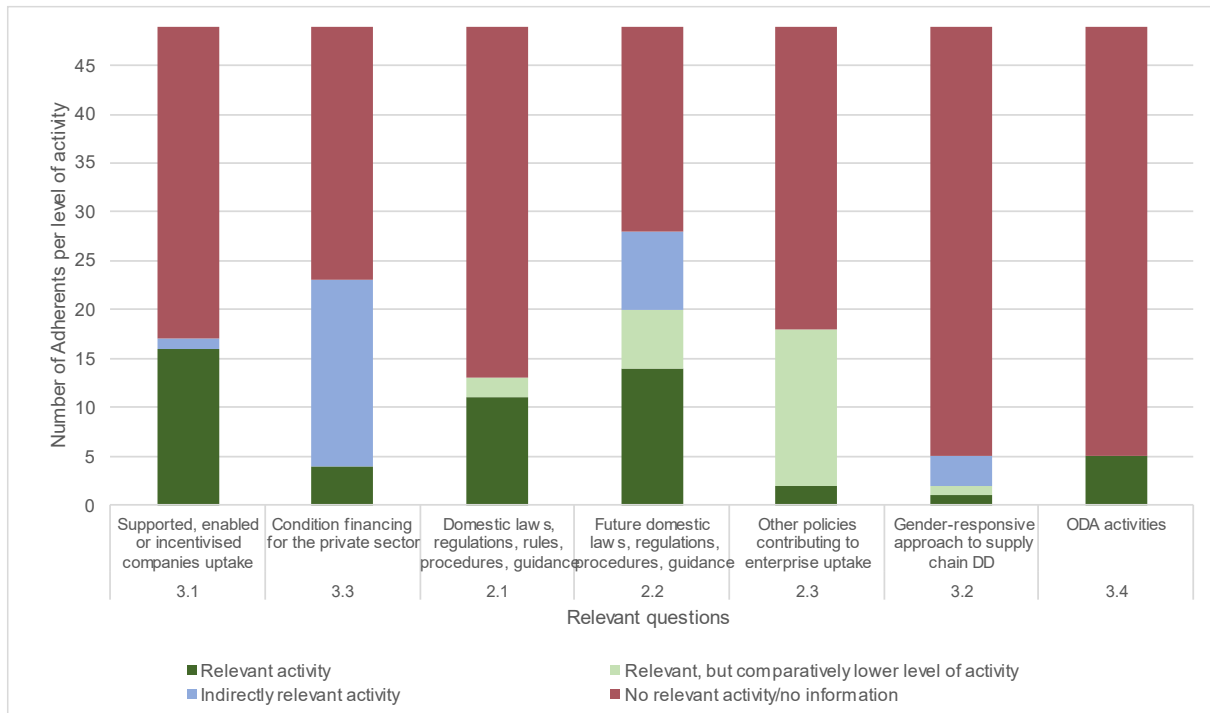
Estonia							
Finland		Blue		Light Green			
France	Dark Green	Blue	Dark Green		Light Green		
Germany	Dark Green	Blue	Dark Green	Dark Green		Dark Green	Dark Green
Greece							
Hungary							
Iceland	Grey	Blue	Grey	Grey	Grey	Grey	Grey
Ireland		Dark Green			Light Green		
Israel	Grey	Grey	Grey	Grey	Grey	Grey	Grey
Italy		Dark Green					
Japan	Dark Green						
Jordan	Grey	Grey	Grey	Grey	Grey	Grey	Grey
Korea	Dark Green	Blue					
Latvia							
Lithuania				Blue			
Luxembourg		Blue		Blue			
Mexico		Blue		Blue	Light Green		
Morocco	Dark Green	Blue	Dark Green				
Netherlands	Dark Green	Blue	Dark Green	Light Green	Light Green	Blue	Dark Green
New Zealand	Blue		Light Green	Blue			
Norway	Blue	Blue	Dark Green				
Peru	Grey	Grey	Grey	Grey	Grey	Grey	Grey
Poland							
Portugal							
Romania							
Slovak Republic		Blue					
Slovenia							
Spain				Light Green			
Sweden	Dark Green	Blue			Light Green		Dark Green
Switzerland	Dark Green	Dark Green	Dark Green	Light Green	Dark Green	Light Green	Dark Green
Tunisia	Dark Green	Grey	Grey	Grey	Dark Green	Grey	Grey
Türkiye	Dark Green		Dark Green				
Ukraine				Blue	Light Green		
United Kingdom			Dark Green	Light Green	Light Green		
United States	Dark Green	Blue	Dark Green		Light Green	Blue	
Uruguay	Grey	Blue	Grey	Grey	Grey	Grey	Grey

Notes:

Light green was used for legislative proposals (2.1), Broader legislative plans (2.2) and policies, regulations, and strategies (2.3) that could impact the garment and footwear sector, but do not focus on the garment and footwear sector specifically (2.3).

Blue was used for more general activities that could theoretically impact the garment and footwear sector, but do not explicitly mention the sector and RBC due diligence such as NAPs on Business and Human Rights (2.2), public procurement reviews and generally conditioning public finance (3.3).

Figure 2. Results per question across Adherents: Measures to support, enable and incentivise implementation of due diligence by enterprises



Supporting, enabling, or incentivising use of the Guidance or integration of the due diligence framework into enterprise management systems or collaborative initiatives (Question 3.1)

62. Sixteen Adherents⁵⁴ of the 49 covered (33%) reported sector specific or cross-sectoral activities to support, enable, or incentivise the use of the Guidance by enterprises or the integration of the due diligence framework into enterprise management systems or collaborative initiatives, with the Netherlands and Germany being the most active. Most of these reported activities can broadly be categorised as (1) guidance and tools for enterprises, including state-owned enterprises (SOEs); and (2) setting-up or backing multi-stakeholder sustainability initiatives, working groups and networks relevant to the sector.

Guidance and tools for enterprises in the garment and footwear sector

63. On guidance on specific risks, four Adherents reported activities. A tool widely used in the garment and footwear sector is the [CSR Risk Check](#) which was developed by and is owned by MVO Nederland, initially funded by the Dutch Ministry of Foreign Affairs. It gives users an overview of supply chain issues across jurisdictions and sectors, including the garment and footwear sector. A German version of the CSR Risk Check was funded by the German government and Switzerland reported that it is examining whether the CSR Risk Check could be implemented in Switzerland.

64. Germany was very active promoting the Guidance among enterprises and stakeholders through the Secretariat of the Partnership for Sustainable Textiles (PST), which brings together businesses, government, civil society, trade unions and standard-setting organisations to find common solutions for improving social and environmental conditions in the industry. Published guidelines included topics such as the inclusion of people with disabilities (2022_[19]), gender-based violence and social audits (2021_[20]),

⁵⁴ Australia, Belgium, Brazil, Canada, Denmark, France, Germany, Japan, Korea, Morocco, Netherlands, Sweden, Switzerland, Tunisia, Türkiye, United States

organic cotton sourcing (2019_[21]), wool (2019_[22]), preventing the use of hazardous chemicals (2018_[23]), supply chain transparency (2020_[24]), circular economy (2019_[25]), and preventing corruption (2018_[26]). Furthermore, the Federal Ministry of Labour and Social Affairs published a study (2020_[27]) examining the risks along the supply and value chains of different sectors, including the garment and footwear sector. Using desk research and stakeholder interviews, the report identified on which due diligence activities initiatives and industry associations already offer support to enterprises.

65. On forced and child labour, the US Department of Labor (US DOL) has developed the mobile apps “[Sweat & Toil: Child Labor, Forced Labor, and Human Trafficking Around the World](#)” documenting child labour and forced labour globally, including the garment and footwear sector, and providing step-by-step guides. The US DOL also provides a “[List of Goods Produced by Child Labor or Forced Labor](#)” as a resource for enterprises. The 2020 list features about 15 goods and raw materials relevant for the garment and footwear sector that the US DOL has reason to believe are produced by child or forced labour. The “Findings on the Worst Forms of Child Labor and List of Goods Produced by Child Labor or Forced Labor” report (US Department of Labor, 2021_[28]) lists 19⁵⁵ countries with a high risk of child labour in the garment and footwear sector among the 131 US trade beneficiary countries and territories. In addition, the US DOL maintains a “[List of Products Produced by Forced or Indentured Child Labor](#)”, including six products relevant for the garment and footwear sector and 25 source countries. This list is intended to ensure that US federal agencies do not procure goods made by forced or indentured child labour. When sufficient information is available, the US Customs and Border Protection may detain goods by issuing a Withhold Release Order. Canada reported that the Federal Minister of Labour [announced](#) the release of the “Labour Exploitation in Global Supply Chains: What We Heard Report” (2019_[29]) which provides a summary of consultations with stakeholders on possible measures to address labour exploitation in supply chains, followed by an additional opportunity for stakeholders to share feedback on this issue. During the 2022 Garment Forum, the Canadian Ombudsperson for Responsible Enterprises hosted a [side session](#) on perspectives and lessons learned from integrating child rights considerations in human rights due diligence frameworks in the garment industry. The Netherlands provides grants to enterprises that engage in RBC and want to address abuses through programmes like the [Fund for Responsible Business](#) and the [Fund against Child Labour](#). While not specific to the garment and footwear sector, also the European Commission and European External Actions Service published a Guidance (2021_[30]) on addressing the risk of forced labour in their operations and supply chains referencing the Guidance.

66. On environmental issues, four Adherents reported activities. Türkiye reported that the Istanbul Apparel Exporters and Istanbul Leather and Leather Products Exporters Association, each are preparing a guide for sustainability and green transformation for the Turkish apparel and leather industry. The Istanbul Apparel Exporters’ Association submitted new projects to establish a platform to disseminate the importance of circular economy offering advice, research and promoting circular products to brands. Tunisia reported on a project involving the Textiles Technical Centre offering training to improve the implementation of textile standards to reduce environmental impact and wastage of textiles. Japan reported a [guide](#) on environmental due diligence in value chains referring the Guidance in 2020. Morocco reported to have launched, with the United Nations Industrial Development Organization (UNIDO), two [industrial pilot projects](#) in Morocco to demonstrate recycling of pre-consumer textile waste and the production of quality yarns and fibres from recycled textile waste from the Moroccan textile industry. In addition, the NCP and the Ministry of Industry discussed support programmes for enterprises to meet standards and invest in recycling processes, wastewater treatment and renewable energy. To enable many enterprises operating in the textile sector to make significant investments and to integrate the environmental considerations into daily practice, the Moroccan Association of Textile and Clothing Industries and the Moroccan NCP support enterprises in their environmental performance, development of eco-designed

⁵⁵ Albania, Bangladesh, Brazil, Cambodia, El Salvador, Ethiopia, India, Indonesia, Iraq, Lebanon, Mali, Mexico, Nepal, Nigeria, Somalia, Sri Lanka, Uzbekistan, Zambia

products and the implementation of clean technologies in manufacturing processes and material flows. Enterprises can benefit from investment premium of up to 30%, support of up to 50% of the expenses incurred in terms of innovation and development of green products and support of up to 80% for SMEs for consultancy and technical expertise.

67. On guidance on production countries as a support tool for enterprises, the Australian Human Rights Commission together with the Viet Nam Chamber of Commerce published a guidance (2021^[31]) on RBC in the garment and footwear sector for enterprises in Viet Nam which references the Guidance. The report outlines key challenges in the industry in Viet Nam and how business should respond by outlining the due diligence steps and recommendations. The United States published several business advisories on potential risks in [Myanmar](#), [Cambodia](#), and [Hong Kong \(China\)](#), while the advisory on [Xinjiang, China](#) also contains a list of relevant reports and legislative overview in Annex 6 and 7.

68. On guidance and support for SMEs, three Adherents reported activities. The Danish NCP published a short Danish guidance for SMEs on human rights due diligence in the fashion and textile industry (Danish National Contact Point, 2019^[32]) inspired by a recent OECD study (OECD, 2021^[33]) which lists some of the key challenges and opportunities for SMEs in the garment and footwear sector. A follow up paper (2022^[34]) outlines human rights issues along the value chain from raw material production to sales, marketing and end-use. The Netherlands has a support programme for SMEs with sustainability ambitions related to global value chains. They can use [RBC IMVO vouchers](#) to help pay for advice on making their international supply chains more sustainable. This voucher entitles the SMEs to a 50% rebate on related consulting services costs. Over 150 businesses have already benefited from the IMVO voucher in recent years. The Dutch Ministry of Foreign Affairs finances this scheme. Korea reported offering consulting support on ESG through the Ministry of SMEs and Start-ups to enhance ESG-related competitiveness of SMEs that are or are planning to enter the ASEAN region in 2022.

69. On guidance related to traceability, France reported to be part of UNECE's project on "[Traceability for Sustainable garment and footwear](#)" working on setting up a multi-stakeholder policy platform, developing policy recommendations, traceability standards and implementation guidelines, and conducting pilots. Participants adopted the policy recommendation on Transparency and Traceability in Garment and Footwear resulting in the [Sustainability Pledge](#). In 2022 the focus will be on outreach and capacity building activities at a regional level, blockchain pilots for traceability of cotton and leather, and expanding learnings to other sectors.

70. Five Adherents⁵⁶ reported specific policies or guidance for state-owned enterprises (SOEs), however, there was no specific reference to garment and footwear supply chains, or the Guidance reported. For example, the Norwegian government expects its SOEs at the forefront following the OECD guidelines and sustainable practices (2019^[35]), while Sweden and Korea cited due diligence expectations towards SOEs in their NAPs on Business and Human Rights. Finland and Estonia reported updating due diligence requirements of SOEs, while the Finnish policy (2020^[36]) already references the MNE Guidelines.

71. On public procurement, four Adherents⁵⁷ have produced a series of resources for procurers. Whilst the Guidance is not directly referenced, Canada, New Zealand⁵⁸, Morocco and Germany (2020^[37]) have produced a series of resources for procurers. In addition, Germany reported that the Centre of Excellence for Sustainable Procurement is assisting Contracting Authorities in matters of human rights. Canada reported that as part of its National Strategy to Combat Human Trafficking, Public Services and Procurement Canada plans to develop tools, training, and resources to raise suppliers' awareness of forced labour and human trafficking risks in their operations and supply chains which will include relevant OECD

⁵⁶ Estonia, Finland, Korea, Norway, Switzerland

⁵⁷ Canada, Germany, Morocco, New Zealand

⁵⁸ [Procurer's approach to assuring ethical and sustainable work practices in supply chains » Employment New Zealand](#)

due diligence tools. Twelve Adherents⁵⁹ participated in the “Pilot on Integrating OECD Due Diligence into Public Procurement in the Garment Sector” (2022_[6]) in which they conducted case studies (see Implementation Section, question 1.3).

Multi-stakeholder sustainability initiatives, working groups and networks

72. Five Adherents⁶⁰ of the 49 covered (12%) reported to have established sectoral initiatives or platforms. They vary significantly in the degree of activities and output with the Netherlands and Germany having been the first to establish such initiatives and with Sweden and Switzerland having established new sector initiatives. Three Adherents⁶¹ established an expert network and a dedicated position to contribute to enterprise implementation of the Guidance.

73. The Dutch Agreement on Sustainable Garment and Textiles, which ended in December 2021, annually monitored the progress on signatory enterprises’ due diligence since 2016. The final evaluation report (2021_[11]) concludes that the last two years have resulted in a push for more enterprise attention to formulate goals and implement actions to address risks identified in their supply chains (see Implementation Section, question 1.2). The agreement developed several collective projects in which signatory enterprises and support organisations aimed to jointly implement activities in production countries. These ‘voluntary Sector Agreements’ facilitate multi-stakeholder consultations, information sharing, supply chain mapping, and research to support enterprises that publicly commit to the standards outlined in the agreements.

74. The German Partnership for Sustainable Textiles (PST), a multi-stakeholder sustainability initiative to improve conditions in the garment and footwear sector funded by the German government, requires member enterprises to take systematic steps to implement supply chain due diligence based on the Guidance. In the biannual review process, the over 70 member enterprises are required to report on progress made and on measures planned in the future which is verified by the initiative and external experts made publicly available. The membership covers roughly half of the German market in relation to the 99 top-selling enterprises in the German textile retail industry and brings together around 130 members from business, business associations, NGOs, trade unions, standards organisations, and government. In addition, the Green Button, a government-run certification label for sustainable textiles assessing enterprises on their due diligence in their own operations and supply chain, was introduced by the German government in September 2019. It also requires suppliers used for Green Button products to be audited for social conditions in manufacturing and environmental conditions in wet processing. The Green Button will launch an updated and extended version of its standard in 2022. In early 2022, about 80 enterprises carried products with the government-run label, leading to 150 million certified products.

75. France runs the [National Platform](#) for Global Actions for Corporate Social Responsibility that brings together the competent administrations, organisations representing enterprises, business, trade unions, representatives of civil society and research institutions. It issues opinions on the issues submitted to it and makes recommendations on social, environmental and governance issues, for example an opinion on RBC labelling in the garment and footwear sector (2021_[38]). Since 2022, the French NCP participates in the CSR working group of the French “[Contract of the Fashion and Luxury Sector](#)” in which it shares information about OECD standards and activities. The NCP also supports the Alliance du Commerce (trade alliance) to prepare a sectoral guidance on due diligence.

76. New multi-stakeholder sustainability initiatives have been established by Sweden and Switzerland. The Swedish government has commissioned the University of Borås to establish and lead the national

⁵⁹ Australia, Belgium, Canada, Colombia, Denmark, France, Germany, Ireland, Norway, Sweden, Switzerland, United Kingdom

⁶⁰ Germany, France, Netherlands, Sweden, Switzerland

⁶¹ Canada, Japan, United Kingdom

platform for sustainable fashion and sustainable textiles “[Textile & Fashion 2030](#)”. The five-year assignment aims to foster cooperation between actors in the textile value chain and help Sweden be a front runner in the circular economy and sustainable business models. In 2020, Switzerland launched “[Sustainable Textiles Switzerland 2030](#) (STS2030)”, a multi-stakeholder program with the mission to contribute to the achievement of the SDGs in the Swiss textile and clothing sector along the entire value chain and refers to the Guidance. STS2030 is co-financed by the private sector and the Swiss government. Swiss Textiles, Amfori and Swiss Fairtrade are responsible for implementation, while the government participates in the steering committee.

77. Besides an intra-government mechanism among various national authorities to ensure policy coherence at government level (see Dissemination Section, question 2.4), three Adherents reported having set up an expert network or a dedicated position to contribute to enterprise implementation of the Guidance. The United Kingdom has created a garment sector working group with leading retailers as well as NGOs to encourage enterprises to sign up to the International Labour Organisation’s (ILO) ‘Call to Action’ to protect workers’ income, health and employment and support employers to survive during the COVID-19 pandemic. In 2021, the Japanese Ministry for Economy, Trade and Industry established a “Study Group on Sustainability of Textile and Apparel Industry” which published a report on the Japanese garment and footwear sector. Canada created the position of an [Ombudsperson for Responsible Enterprise](#) as an additional measure to complement the NCP. Although not specifically focused on supply chains, it is intended that the Ombudsperson looks at allegations of human rights abuse arising from Canadian business operations abroad in the mining, oil and gas and the garment and footwear sectors.

Conditioning public procurement, export credit or guarantees, trade support, or other types of private sector financing on demonstrated implementation of the Guidance (Question 3.3)

78. Twenty-four Adherents of the 49 covered (48%) reported on either conditioning public procurement (7 Adherents), export credit or guarantees (11 Adherents), and/or other types of private sector financing such as trade agreements and developing cooperation (13 Adherents) on implementation of the Guidance. It should be noted that most responses only referred to the MNE Guidelines and that the majority of Adherents does not specifically mention the garment and footwear sector in their instruments.

Conditioning access to public procurement

79. Given the sizeable volume and reach of public procurement, conditioning public procurement to enterprises due diligence performance can help to build responsible garment and footwear supply chains which was also underlined by Adherents⁶². Ten Adherents of the 49 covered (20%) reported activities on responsible public procurement to contribute to, enable or affect enterprise implementation of the Guidance. Four of those Adherents⁶³ reported specific sectoral rules, while another three Adherents⁶⁴ reported to generally conditioning access to public tenders to responsible practices or at least giving the option to authorities to do so.

80. Specific to the garment and footwear sector, Italy reported that since 2019, the implementation of supply chain due diligence is now among the optional criteria that Italian public administrations can adopt

⁶² Australia, Canada, the United Kingdom and the United States have announced the [Principles to Guide Government action to Combat Human Trafficking in Global Supply Chains](#) during the UN General Assembly in September 2018 recognising governments’ procurement activities as unique opportunities to promote awareness of and respect for human rights by businesses.

⁶³ Canada, Italy, Ireland, Switzerland

⁶⁴ Korea, Norway, Netherlands

to select textile product suppliers.⁶⁵ Canada introduced the Ethical Procurement of Apparel Policy (2018_[39]). Under this policy, all bidders responding to tenders for apparel items must self-certify that they and their first-tier subcontractors comply with minimum human and labour rights. The Apparel Policy also requires bidders to provide the name of the manufacturers, suppliers, and subcontractors that will manufacture the garment, as well as their location and country of origin. If the certification is found to be falsified, the bid could be declared non-responsive or the contractor in default. Canada also reported that Public Services and Procurement Canada, Canada's central purchasing entity, updated its code of conduct for procurement in 2021 after consulting stakeholders. The Code of Conduct sets human and labour rights expectations for vendors and their subcontractors. In addition, Canada implemented in 2021 new anti-forced labour clauses in all goods contracts to ensure that contracts can be terminated where there is credible information that goods have been produced in whole or in part by forced labour or human trafficking. Ireland reported new guidance for the mandatory use of green public procurement, including due diligence, including textiles in the list. Switzerland's revised Federal Law on Government Procurement (2019_[40]) entered into force in 2021. For goods, work, and services, including textiles, to be provided abroad, the contracting authority shall award a public contract only to tenderers that comply at least with international environmental conventions and the eight ILO Core Labour Conventions. The annual public reporting is mandatory.

Conditioning access to export credits, investment, trade, and development cooperation

81. Eleven Adherents⁶⁶ of the 49 covered (22%) reported conditioning access to export credits (e.g., Germany, Austria, Finland), export risk insurance (e.g., Switzerland), trade credit insurance covers (e.g., Belgium) to the applying enterprise conducting due diligence. Trade or investment agreements were also identified by 13 Adherents⁶⁷ of the 49 covered (26%) as a policy to support Guidance implementation by enterprises, for example through introducing strong provisions in labour and/or environmental chapters as a condition for trade.⁶⁸ Three Adherents⁶⁹ of the 49 covered (6%) reported to use their leverage when it comes to granting access to development cooperation projects. In addition, several Adherents exclude enterprises from trade and investment support, public funded credits, or taking part in trade missions, if enterprises do not participate constructively in the NCP dispute resolution process (Canada, Germany), cannot prove that they comply with the MNE Guidelines (Netherlands) or had labour condition violations cases against them (Brazil). Except for two Adherents,⁷⁰ Adherents who provided answers made no reference to whether the garment and footwear sector is particularly included or intended to be impacted

⁶⁵ [Gazzetta Ufficiale](#)

⁶⁶ Austria, Belgium, Brazil, Finland, Italy, Germany, Netherlands, Norway, Slovakia, Sweden, Switzerland

⁶⁷ Argentina, Brazil, Canada, Czech Republic, France, Iceland, Luxembourg, Mexico, Morocco, Norway, Switzerland, United States, Uruguay

⁶⁸ The investment chapter of the US-Mexico-Canada Agreement (2020_[82]) contains a policy commitment to encourage companies to use "those internationally recognized standards, guidelines, and principles of corporate social responsibility that have been endorsed or are supported by that Party, which may include the MNE Guidelines"; Member States of the European Free Trade Association (Iceland, Liechtenstein, Norway and Switzerland) and States Parties of Mercosur (Argentina, Brazil, Paraguay and Uruguay) concluded in substance the negotiations on a comprehensive Free Trade Agreement in 2019; EU conditions trade preferences on support of workers' rights, environmental and climate objectives through binding provisions in its Trade and Sustainable Development Chapters in Free Trade Agreements.

⁶⁹ Canada, France, Luxembourg

⁷⁰ Canada, Norway

by the instruments used⁷¹ or whether the instruments are aligned with the Guidance. However, in practice the garment and footwear sector is often affected by such horizontal instruments.

82. Two examples specifically related to the garment and footwear sector were reported by Canada and Norway. Canada reported that Export Development Canada (EDC) conducts due diligence to identify, prevent and mitigate actual and/or potential environmental and social risks associated to customer relationships or transactions, including supply chain risks. It integrates findings into decision-making processes. EDC engages and uses its leverage with customers to address the gaps and ensure that there are mechanisms to provide access to remedy. EDC has disclosed a specific due diligence approach for the garment, textile, and footwear sector as part of its Due Diligence Framework on Human Rights. Should EDC identify supply-chain issues it shares guidance with its customers, which can include reference to the OECD Guidance. As per its Human Rights Policy, EDC encourages its customers to cooperate with the NCP and the Canadian Ombudsperson for Responsible Business. Innovation Norway, the public agency for innovation and development of Norwegian enterprises and industry, follows the RBC Guidance and sector-specific Guidance and requires high risk projects and enterprises to document due diligence assessments before a grant or loan can be paid out.

References to the Guidance in current and proposed laws, regulations, rules, procedures, guidance to comply with regulations, or other guidance by governments (Question 2.1)

83. Although much of the reported domestic laws, regulations, rules, procedures, and guidance reflect elements of risk-based due diligence, the Guidance was rarely referenced in these acts. Due to the many aspects covered by this question, this section will cover (1) horizontal⁷² due diligence legislation relevant to the garment and footwear sector in contrast to (2) issue-specific legislation, and then outline (3) relevant legislative proposals already under discussion. Referencing of EU legislative initiatives by Adherents was not counted per Adherent, while precise plans to implement EU legislation, for example through issuing corresponding national-level guidance, were counted. Developments at the EU level were added by the Secretariat to complete the Report. Further examples of Adherents' support to enterprise implementation through national-level guidance are outlined in question 3.1.

Horizontal due diligence legislation relevant to the garment and footwear sector

84. Four Adherents⁷³ of the 49 covered (8%) issued domestic due diligence legislation during the reporting period relevant to the garment and footwear sector due to their sector scope and enterprise thresholds, however, the Guidance was not referenced specifically.

85. A major development in due diligence legislation at the beginning of the reporting period in 2017 was France adopting the Duty of Vigilance Law No. 2017-399 (2017_[41]) which places a due diligence duty on large enterprises, including some big fashion brands, and requires them to publish an annual “vigilance plan”. The plan has to include effective measures to identify and prevent severe human rights and environmental risks resulting from the enterprise’s activities, the activities of enterprises it controls, its subcontractors and suppliers with whom it has an “established” business relationship. The law provides for civil liability based on French tort law in case damages result from an enterprise’s failure to comply or where compliance would have prevented the harm. The law applies to French enterprises with more than

⁷¹ Many Adherents reported examples on conditioning export credits on the basis of implementation of the OECD Recommendation of the Council on Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence (hereafter, “Common Approaches”) [[OECD/LEGAL/0393](#)].

⁷² Horizontal legislation means legislation that is covering a topic across several sectors. One example is the legislative proposal on the Corporate Sustainability Due Diligence Directive (2022_[51]) of the European Commission.

⁷³ France, Germany, Norway, Switzerland

5 000 employees in the enterprise's direct or indirect French-based subsidiaries and with more than 10 000 employees if including direct and indirect subsidiaries globally.

86. The German Act on Corporate Due Diligence Obligations in Supply Chains (2021^[42]), which is expected to enter into force on 1 January 2023, requires enterprises to identify and account for human rights, labour, and certain environmental impacts. It covers enterprises with more than 3 000 employees from 2023 and enterprises with more than 1 000 employees from 2024 and will also affect German enterprises operating in the garment and footwear sector. There is no provision for civil liability. While the MNE Guidelines or Guidance are not explicitly referenced in the law, the approach is broadly based on the OECD due diligence steps in the MNE Guidelines and the OECD Due Diligence Guidance for Responsible Business Conduct (hereafter, the "RBC Guidance").

87. In 2020, the Swiss parliament [adopted](#) obligations on transparency and due diligence for large enterprises in all sectors (2020^[43]). The obligations entered into force in January 2022 by an amendment of the Swiss Code of Obligations. Large public enterprises and financial institutions are required to report on environmental and social issues, human rights, and the fight against corruption in 2024 and are required to cite if they are using international standards. The due diligence requirements apply to enterprises that (i) import or process tin, tantalum, tungsten or gold from conflict or high-risk areas; or (ii) offer products of services where there are reasonable grounds to suspect child labour. Enterprises are exempt from reporting obligations if they demonstrate their adherence to international standards listed in Annex 2 of the implementing ordinance, including the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, or for child labour, the OECD Due Diligence Guidance on RBC [[OECD/LEGAL/0443](#)]. With regard to conflict minerals, an independent expert has to verify whether enterprises have fulfilled their obligation to carry out due diligence and reports will have to be published. Criminal sanctions are foreseen for intentional failure to report or for publishing false information.

88. The Norwegian Government adopted a law on transparency in the supply chain (2021^[44]), which entered into force in July 2022. It applies to large and medium sized enterprises resident in Norway and to foreign enterprises that offer goods and services in Norway. The law requires covered enterprises to conduct due diligence with respect to human rights and decent work in accordance with the MNE Guidelines and publish an annual human rights statement on its website signed by all Board members.

Issue focused due diligence legislation relevant to the garment and footwear sector

89. Eight Adherents⁷⁴ of the 49 covered (16%) adopted legislation focusing on specific issues that are relevant to the garment and footwear sector as they cover sector risks or commodities such as leather. Four of those Adherents⁷⁵ adopted legislation concerning severe risks such as forced and child labour during the reporting period. The other four Adherents⁷⁶ adopted legislation aiming at tackling environmental issues concerning the garment and footwear sector such as waste, environmental impact assessments, and deforestation.

90. On forced and child labour, the Australian Commonwealth Modern Slavery Act (2018^[45]) entered into force in January 2019. The Act established a national Modern Slavery Reporting Requirement for large businesses and other entities in the Australian market with annual consolidated revenue of at least AUD \$100 million. The annual Modern Slavery Statements must set out the enterprises' actions to assess and address modern slavery risks in their global operations and supply chains. The RBC Guidance is referenced as guidance material on the [website](#). The Dutch Senate voted to approve the Child Labour Duty

⁷⁴ Australia, Canada, France, Morocco, Netherlands, Türkiye, United Kingdom, United States

⁷⁵ Australia, Canada, Netherlands, United States

⁷⁶ France, Morocco, Türkiye, United Kingdom

of Care Act (2019_[46]) which requires enterprises to identify, prevent and assess child labour in their supply chains. It is expected to enter into force in 2022. In the new Dutch RBC Policy, it is stated that a general due diligence obligation at EU level it is to be preferred to the Child Labour Act. The US Uyghur Forced Labor Prevention Act (2022_[47]) will enter into force in June 2022. It establishes a rebuttable presumption that the import of any goods mined, produced, or manufactured wholly or in part in the Xinjiang Uyghur Autonomous Region of China, or produced by certain entities, is prohibited. The importer has to provide evidence to the Commissioner of US Customs and Border Protection that the goods have not been produced using forced labour. US Customs and Border Protection has released importer guidance (2022_[48]) to assist the trade community in preparing for the implementation which refers to the MNE Guidelines as a resource. Canada introduced a new prohibition on the importation of goods produced, in whole or in part, by forced or compulsory labour, including forced or compulsory child labour, fulfilling the obligation in the labour chapter of the Canada-United States-Mexico Agreement.

91. On environmental issues, France reported adoption of the Anti-Waste and Circular Economy law (2020_[49]). For the garment and footwear sector, it includes norms on the recycling process, an obligation for public procurement of garments to use a certain percentage of recycled fibres and prohibits the destruction of unsold items. It also introduced an extended producer responsibility, meaning those who manufacture a product must finance its end-of-life. It also includes environmental and social information transparency and traceability that will become compulsory for the garment sector before being tolled out to other sectors. Türkiye reported on an enactment of legislation that allows the import of textile scraps to be used in products for sustainable production under recycled production policies and circular business models of leading brands and retailers. Morocco adopted an Environmental Assessment law in 2020, which subjects public policies, programmes, strategies, and sectoral and regional development plans to environmental assessment. The law also subjects industrial units that have never been audited to an environmental audit and provides for control measures and sanctions against breaches.

92. Two Adherents adopted legislation specific to deforestation which is relevant to the garment and footwear sector because of its linkage to leather as a by-product of the meat industry. The French National Strategy to Combat Imported Deforestation 2018-2030 encourages enterprises and all actors to build on the Guidance and to scale-up implementation at European and global levels. The United Kingdom adopted the Environment Act (2021_[50]) through an amendment to the Environment Bill 2019-21. It includes a component making it illegal for large businesses operating in the UK to use key commodities associated with deforestation produced on land illegally occupied or used, which includes leather as well. The Bill, while meeting key aspects of due diligence, does not explicitly reference the Guidance.

Proposals on sector-specific, horizontal, and issue-focused due diligence legislative proposals relevant to the garment and footwear sector

93. On legislative proposals falling into the reporting period,⁷⁷ that is legislative initiatives that have advanced during the period, but not yet been adopted (see Implementation Section, question 2.2 below), two Adherents⁷⁸ have garment and footwear sector specific legislative proposals under consultation. Furthermore, the EU targets the garment and footwear sector as a high-impact sector in its 2022 horizontal legislative proposal on a Corporate Sustainability Due Diligence Directive (2022_[51]). In addition, three Adherents⁷⁹ have issue-focused legislative proposals under consultation concerning forced labour, while

⁷⁷ May 2017 – May 2022

⁷⁸ Austria, United States

⁷⁹ Canada on forced labour in supply chains (2022_[84]), New Zealand on modern slavery and worker exploitation in supply chains and operations (2022_[77]), United States on slave-free business certification (2022_[80])

the EU announced proposals concerning environmental issues.⁸⁰ While none of these issue-focused proposals are exclusive to the garment and footwear sector, they again concern the sector because of the proposed enterprise thresholds and commodities covered.

94. On sector-specific legislative proposals, a draft New York Fashion Sustainability & Social Accountability Act (2021_[52]) was introduced into the New York State legislature in October 2021. If passed, it would require fashion retailers and manufacturers doing business in New York with more than USD 100 million in revenues to disclose environmental and social due diligence policies. Enterprises covered by the proposals would also be required to map at least 50% of their supply chain and disclose information on specific social and environmental impacts. Non-compliant enterprises that do not remedy the issues within three months of notice could be fined up to 2% of their annual revenue. The bill makes explicit reference to the MNE Guidelines and the Guidance. Austria introduced a supply chain law to the Environment and Justice Committee of Parliament in 2021. In 2018 and again in 2020, a draft bill on social responsibility in the garment sector (2018_[53]), was referred to the relevant parliamentary committee. By specifying due diligence requirements for enterprises, such as risk assessments, it aims to prevent the sale of clothing and footwear produced with forced and child labour. The draft bill does not reference the Guidance.

95. Twenty-three Adherents are Member States of the EU and could see due diligence become mandatory for certain enterprises if the European Commission's legislative proposal for an EU Directive on Corporate Sustainability Due Diligence (2022_[51]), published in February 2022, is adopted, and transposed into Member States' national laws. The proposal aims to foster sustainable and responsible corporate behaviour throughout covered enterprises' own operations and global value chains, by requiring them to identify and prevent, end, or mitigate adverse impacts of their activities on human rights and the environment. The proposal currently applies to large enterprises on the basis of employee and turnover thresholds, as well as medium-sized enterprises that meet thresholds for turnover generated in defined high-impact sectors. The Commission's proposal references the Guidance and identifies the garment and footwear sector as a high impact sector. The Commission proposal is currently being considered by the European Parliament and Council, with negotiations expected in 2023. France and the Netherlands reported on their engagement activities to promote alignment of the directive with OECD standards. Several Adherents who are EU Member States noted EU legislative proposals, strategies, and initiatives in their responses to the Questionnaire to guide efforts to implement the Recommendation.

References to the Guidance in planned future domestic laws, regulations, rules, procedures, guidance to comply with regulations, or other government issued guidance (Question 2.2)

96. Although some of the planned policies, action plan, guidance, domestic laws, regulations, rules, and procedures reflect elements of risk-based due diligence, they vary significantly in scope and degree of alignment. Adherents did not report whether they aim to refer to or follow the Guidance closely. Fourteen Adherents of the 49 covered (28%) and the EU reported at least one relevant plan in the reporting period.⁸¹ Due to the many aspects covered by this question, this section will cover (1) policies, action plans and guidance to comply with regulation and then summarise (2) future plans, in contrast to concrete proposals under consultation (see Implementation Section, question 2.1 above), for due diligence and issue-focused legislation relevant to the garment and footwear sector. Many Adherents that are Member States of the EU reported that their plans depend on developments at the EU level, specifically on the Corporate Sustainability Due Diligence Directive, however, this was not counted separately per Adherent.

⁸⁰ Proposals on the regulation on deforestation-free products including leather (2021_[70]) and binding product-specific eco-design requirements (2022_[71])

⁸¹ May 2017 – May 2022

Plans on policies, action plans and guidance

97. Ten Adherents⁸² of the 49 covered in the Report (20%) and the EU reported plans on issuing policies and guidance on due diligence in the reporting period, which will also concern the garment and footwear sector.

98. The Netherlands plan an RBC support office acting as a one-stop shop for all matters pertaining to RBC policy, business support and financial support. Related to this, Germany proposed a Team Europe Initiative⁸³ on global supply chain sustainability that should serve as one stop shop for support to European enterprises and their suppliers on the implementation of proposed due diligence legislation. The European network of the OECD's NCPs is envisaged to play a role. Canada plans to develop tools, training, and materials as part of the National Strategy to Combat Human Trafficking to raise suppliers' awareness of forced labour and human trafficking risks in their supply chains. Canada reported that Public Services and Procurement Canada, Canada's central purchasing entity is mapping international due diligence reporting obligations for businesses and examples of good practices. This research builds upon findings and recommendations from the May 2021 risk assessment and will inform the subsequent development of an Ethical Procurement Policy and a human rights due diligence framework. In 2022, the Canadian Ombudsperson for Responsible Enterprise commissioned a study on respect for children's rights and the risk of child labour in the operations abroad, including supply chains, of Canadian apparel enterprises. Australia, New Zealand, and Belgium reported similar plans. Brazil, Mexico, and Lithuania intend to refer to OECD standards in their upcoming Action Plans on RBC Responsible Business Conduct. On new rules and guidance concerning responsible public procurement, three Adherents⁸⁴ and the EU announced proposals. For example, the new Dutch RBC policy (2020_[16]) announced a pilot project to improve the exchange of up-to-date, sector-specific information on the main RBC risks between buyers, contract managers, sectors concerned and experts.

99. The EU announced various proposals and initiatives targeted at the garment and footwear sector related, among others, to textile labelling and claims, in its Strategy for Sustainable and Circular Textiles (2022_[54]). The legislative proposal on substantiating green claims (2020_[55]) is expected to require enterprises to substantiate claims they make about the environmental footprint of their products/services. This is related to plans to introduce a Digital Product Passport for textiles. The EU also announced a review of both the Textile Labelling Regulation (2011_[56]), which requires textiles sold on the EU market to carry a label clearly identifying the fibre composition, and the EU Ecolabel criteria for textiles and footwear in the second half of 2022. Further the EU announced a revision of the Industrial Emissions Directive, which addresses pollution from large industrial installations, and the on-going review of the Best Available Techniques Reference Document (BREF) for the Textiles Industry (2003_[57]).

Future plans on due diligence legislation relevant to the garment and footwear sector

100. In contrast to proposals already drafted and under consultation or announcing reviews, four Adherents⁸⁵ have reported considerations and future plans towards mandatory due diligence legislation, three of them have not adopted any due diligence legislation before. Adherents that have been already active adopting legislation and corresponding rules and procedures (see Implementation Section, question 2.1), have often not reported further plans. It is not clear if planned proposals will reference and follow

⁸² Australia, Belgium, Brazil, Canada, Germany, Lithuania, Mexico, Netherlands, New Zealand, Ukraine

⁸³ [Team Europe](#) Initiatives focus on identifying a critical priority (bottleneck) that currently constrains development at country level, where a coordinated and coherent effort by Team Europe would ensure results with a transformative impact.

⁸⁴ Australia, Canada, Netherlands

⁸⁵ Belgium (2021), Finland (2019), Netherlands (2021) following the Dutch Bill for Responsible and Sustainable International Business Conduct (2021_[75]) proposal, Spain (2022) following a commitment in the ruling parties' 2019 electoral programmes

OECD standards. Prior or after announcing the commitment to draft due diligence legislation, three Adherents⁸⁶ reported impact studies and exploring different options for legislation.

101. On issue-focused legislative future plans, the United Kingdom has committed to an ambitious package of measures to strengthen and future-proof section 54 (Transparency in Supply Chains) of the UK Modern Slavery Act (2015_[58]) following the Transparency in Supply Chains [consultation](#) in 2019. In the reporting period, the European Commission announced plans for an import ban on goods produced by forced labour as part of the “EU Strategy on Decent Work Worldwide” (2022_[59]). The EU has also launched a dedicated study with a view to proposing mandatory targets for preparing for re-use and recycling of textile waste as part of the review of the EU waste legislation foreseen for 2024.

Policies or other supporting actions encouraging a gender-responsive approach to supply chain due diligence (Question 3.2)

102. While every supply chain is different, a recurring observation is that women and girls are often disproportionately affected by RBC risks and impacts, both in the workplace, and when their communities are negatively impacted. This is particularly true for the garment and footwear sector where women account for the majority of the global workforce, and prevalent sector risks such as sexual and gender-based violence impact women more often than men. Considering gender issues is thus key to any due diligence program, but especially programs targeting this sector, as underlined by the clear references to gender in the Guidance. Only two Adherents of the 49 covered (4%) reported taking steps to actively support a gendered approach to due diligence through policies or supporting actions in the garment and footwear sector. Four Adherents reported non-sector specific research or publications on gender issues in RBC.

103. Germany reported that sexual and gender-based violence was the annual topic of focus in the Partnership for Sustainable Textiles in 2020. An expert group on this topic was formed by 14 member enterprises, which then identified two priority topics: Social audits and workplace committees on harassment in factories. A new guidance document deals with the gender-sensitive design of social audits (2021_[20]). It was developed by members, the International Association of the Natural Textile Industry (IVN) and the Global Organic Textile Standard (GOTS). In addition, nine country-specific factsheets on gender-based violence in Bangladesh, Cambodia, Myanmar, Ethiopia, India, Pakistan, Poland, Türkiye and Viet Nam are available to members. Switzerland reported financially supporting the ILO Programme Better Work, which includes a renewed strategic focus on gender equality, and women’s economic empowerment in the garment and footwear sector as described in the Better Work Global Gender Strategy 2018-2022.

104. Four Adherents reported having issued or financially supporting the development of non-sector specific publications or provisions on gender issues in global supply chains such as Switzerland which financially supported the project “Gender lens to the UNGPs” of the UN Working Group on Business and Human Rights which has resulted in a guidance document (2019_[60]) highlighting **gender-specific recommendations of the RBC Guidance**; the United States with a fact sheet (2021_[61]) on “Managing Risks to Women in Supply Chains”; and the Netherlands with a study (2021_[62]) assessing 100 leading enterprises on workplace gender equality, including a special section on supply chain policy which concluded that a predominant focus for gender equality still falls on the larger enterprises and their own workforces and much less attention is given to workers in their supply chains. When conducting project reviews, Export Development Canada applies a gender lens to identify potential gender risks and ensure these are appropriately identified and managed in the Environmental and Social Management System (ESMS) of a project. If there are gaps in the customer’s ESMS for managing gender risks, EDC will provide

⁸⁶ Finland, Luxembourg, Switzerland

tailored recommendations in an Environmental and Social Action Plan (ESAP). EDC is seeking to broaden its approach for non-project related transactions.

Other policies, regulations or rules that may contribute to, enable, or affect enterprise implementation of the Guidance (Question 2.3)

105. Eighteen Adherents⁸⁷ of the 49 covered (37%) and the EU reported on one or more other policies, regulations, or rules that contribute to, enable, or affect implementation of the Guidance by enterprises. Given the wide range of issues covered by the Guidance, several other related policy developments can support enterprise implementation of the Guidance. This section is divided into (1) Sectoral strategies and action plans on environmental protection and circular economy; (2) National policies and action plans on business and human rights; and (3) Reporting requirements.

Sectoral strategies and action plans on environmental protection and circular economy

106. Switzerland, Tunisia, and the EU were active in publishing policies and strategies on environmental protection and circular economy specifically for the garment and footwear sector. Tunisia reported that the Ministry of Environment is currently drafting a National Strategy on Green Economy with focus on reducing pollution, carbon footprint, management of industry resources, responsible management of water, eco-construction, waste, and circular economy, with the garment and footwear sector being a priority sector due to its high environmental impact. Further Tunisia reported working on the harmonisation of standards and regulation in three areas: labelling of textile products, limiting dangerous substances, and safety of children’s garments. Switzerland reported that the Federal Council has adopted the report on federal measures for a green economy in 2020, which includes the garment and footwear sector regarding cooperation with the industry on the reduction of environmental impact. Switzerland reported that it will make proposals for a package of measures to promote resource efficiency and the circular economy by the end of 2022.

107. The EU published its Strategy for Sustainable and Circular Textiles (2022_[54]), referencing the Guidance, which aims to help the EU to shift to a climate-neutral, circular economy with products being designed to be more durable, reusable, repairable, recyclable, and energy-efficient. This strategy is part of the European Commission’s “[Circular Economy Action Plan](#)” (2020_[63]) with 35 actions to be implemented in the upcoming years. It is one of the main building blocks of the [European Green Deal](#), a package of policy initiatives, which aims to set the EU on the path to a green transition, with the goal of reaching climate neutrality by 2050. As part of the EU’s zero pollution ambition as part of the Green Deal, the European Commission adopted its Chemicals Strategy for Sustainability (2020_[64]) to promote the use of safer and more sustainable chemicals across sectors, including the textiles sector. Neither the Circular Economy Action Plan nor the Chemicals Strategy reference the Guidance.

National policies and action plans on RBC and on business and human rights

108. Twelve Adherents⁸⁸ (24%) of the 49 covered reported on updated national RBC and human rights policies as well as trade strategies, while three Adherents reported on their active NAP on Business and Human Rights and three Adherents on their plans to develop one. While these national policies and action plans do not focus on the garment and footwear sector specifically and noting that many only reference the MNE Guidelines but not the Guidance, such horizontal policies can be considered to have an indirect impact on the sector.

⁸⁷ Australia, Austria, Belgium, Brazil, Canada, Costa Rica, Croatia, Czech Republic, France, Ireland, Mexico, Netherlands, Sweden, Switzerland, Tunisia, Ukraine, United Kingdom, United States

⁸⁸ Austria, Belgium, Brazil, Canada, Costa Rica, Croatia, France, Mexico, Netherlands, Sweden, Switzerland, Ukraine

109. On adopting RBC policies and plans,⁸⁹ the most comprehensive update on RBC policies after a detailed evaluation was reported by the Netherlands. The Dutch RBC policy (2020_[16]) specifies that legislation should be aligned with the MNE Guidelines and UNGPs and that these standards apply to all enterprises. The Netherlands [announced](#) that it expects 90% of big enterprises in the Netherlands to comply with the MNE Guidelines by 2023 and to publicly report. The policy outlines further the willingness of the Dutch government to seek to align the EU Non-Financial Reporting Directive under revision with existing international frameworks, including the OECD standards. Ukraine adopted the Concept (2020_[65]) for the implementation of state policy on socially responsible business and the related Action Plan (2020_[66]) which references the Guidance. On trade strategies, Austria's 2018 Foreign Trade Strategy (2018_[67]) specifically encourages enterprises to carry out risk-based due diligence to identify and prevent possible negative impacts of their business activities. Belgium reported on plans to contribute to the creation of a multilateral investment tribunal where respect for environmental and social standards and human rights have to be central.

110. National Action Plans (NAPs) on Business and Human Rights⁹⁰ were also identified as supporting policy coherence in general and the implementation of the Guidance by enterprises in particular by several Adherents⁹¹ as they inform policies, legislative acts and supporting measures. Several Adherents reported references to the Guidance in their NAPs. For example, Belgium combines the UNGPs and OECD standards via the Belgian NAP on Business and Human Rights (2017-2020), which reaffirmed Belgium's commitments to the MNE Guidelines. Of the 33 actions included, 15 were to be led or co-led by the Belgian NCP, an OECD instrument. Similar to Belgium, Brazil brings both frameworks, the OECD standards and UNGPs together, and asked the Brazilian NCP to coordinate the development of the Brazilian NAP.

Reporting requirements

111. Due diligence legislation and proposals often include reporting requirements (e.g., EU proposal, German Act on Corporate Due Diligence in Supply Chains). In addition, Adherents often reported on

⁸⁹ Canada launched its new RBC Strategy (2022_[83]) which strengthens Canada's balanced approach to RBC and applies to all Canadian enterprises active abroad, regardless of size, sector or scope referring to the MNE Guidelines. Costa Rica launched the National Policy on Social Responsibility (2017_[78]), based on international instruments such as the MNE Guidelines. Mexico recently adopted the National Human Rights Programme for 2020-2024 (2020_[79]), which is the first instrument specifically addressing business activity and human rights in Mexico. Brazil adopted its National Guidelines on Business and Human Rights (2018_[73]) for medium and large enterprises calling on enterprises to use international RBC instruments such as the MNE Guidelines. In addition, the National Human Rights Council of Brazil released the National Guidelines for the adoption of a Public Policy on Human Rights and Business (2020_[76]) to assist policy makers in the application of standards of human rights protection in business activities. France's inter-ministerial Human Rights and Development policy (2019_[74]) formalizes the framework for French action to respect and protect human rights through cooperation which also references the Guidance. Switzerland reported on the implementation of their CSR Action Plan 2020-2023 (2020_[81]), Sweden on a report (2021_[72]) on government activities in RBC, including projects in the garment and footwear sector, and Croatia on implementation of the National Plan to Combat Trafficking in Human Beings 2018 - 2021.

⁹⁰ NAPs are policy documents in which a government articulates priorities and actions that it will adopt to support the implementation of international, regional, or national obligations and commitments with regard to a given policy area or topic. They are considered a key tool for governments seeking to implement commitments relating to the UNGPs and other related policy tools, including the MNE Guidelines and the Guidance.

⁹¹ Belgium, Brazil, Ireland, Switzerland, United States. In addition, Brazil, Costa Rica, and New Zealand reported plans to adopt a NAP and Mexico to relaunch the process to better align with international RBC principles.

reporting requirements related to child and forced labour legislation as supporting implementation of the Guidance by enterprises (see Implementation Section, question 2.1 and 2.2).

112. Australia and the United Kingdom both have Modern Slavery legislation that require large enterprises to report on measures to identify and assess child and forced labour risks in their supply chains. In 2021, the UK launched an online [modern slavery statement registry](#) to allow the public to search for statements and scrutinise actions taken. The registry follows a government commitment to strengthen the reporting requirements under section 54 of the Modern Slavery Act (2015_[58]), following the Transparency in Supply Chains [Consultation](#). The UK Government itself published the world's first Government Modern Slavery Statement (2020_[68]) and a progress report (2021_[69]). The garment and footwear sector was not identified as high risk. Brazil reported having rolled out tools to combat forced labour in partnership with the ILO. The online platform [Ipê System](#) receives, systematises and track complaints of forced labour. The National Flow of Assistance to Victims of Forced Labour provides guidelines to public and social actors to address modern slavery. In 2021, the European Commission adopted a proposal for a Corporate Sustainability Reporting Directive, intended to amend the existing reporting requirements of the EU Non-Financial Reporting Directive, the Accounting Directive, Audit Directive and Audit Regulation, and the Transparency Directive. Respondents, which are EU Member States, noted the disclosure of non-financial information by large undertakings and groups as key to support implementation of the Guidance.

Supporting dissemination/implementation of the Guidance through Official Development Assistance (Question 3.4)

113. Five Adherents reported disseminating and promoting implementation of the Guidance through Official Development Assistance (ODA). Implementation activities cover a variety of impacts (e.g., labour standards, environmental standards, wastewater, chemical management, living wages), and geographies (e.g., South Asia, East Asia, Southeast Asia, Horn of Africa).

114. Germany reported the largest and most comprehensive ODA related to supporting dissemination and implementation of the Guidance, specifically through capacity building and development projects. Through government support of the German Partnership for Sustainable Textiles, member enterprises joined partnership initiatives in production countries to foster structural change on wastewater, working conditions in Tamil Nadu, chemical and environmental management as well as living wages. Germany reported various other development projects between 2017 and 2021. For example, in Ethiopia, a project provided institutional support to Ethiopian textile enterprises to improve social and environmental standards at an early industrial development stage. A regional programme covering activities in Bangladesh, Cambodia, China, Myanmar, Pakistan, and Viet Nam focused on improving production conditions in the textile and garment industry. In Bangladesh, another project supported the government and actors of the private sector as well as civil society to pursue sustainable economic growth in the textile, garment, and leather industries. In Pakistan, another project focused on improving framework conditions for the implementation of labour standards in the province of Punjab through capacity development of state institutions linked to the labour inspectorate and dialogue between governmental and private institutions as well as civil society. A new project, the “Initiative for Global Solidarity”, focusing on the textile and electronics sectors aims at purchasing and producing enterprises collaborating as partners to share responsibility for compliance with human rights, social and environmental due diligence.

115. The Netherlands reported financially supporting the implementation of the Dutch Agreement on Sustainable Garment and Textiles, which has developed several collective projects in which signatory enterprises and support organisations aim to jointly implement activities in production countries on specific issues. The Netherlands also supported a project by the Fund for Responsible Business with members of the Dutch Agreement on Sustainable Garment and Textiles in Myanmar. Switzerland and Canada reported financially supporting the ILO Global Programme Better Work to promote international labour and social

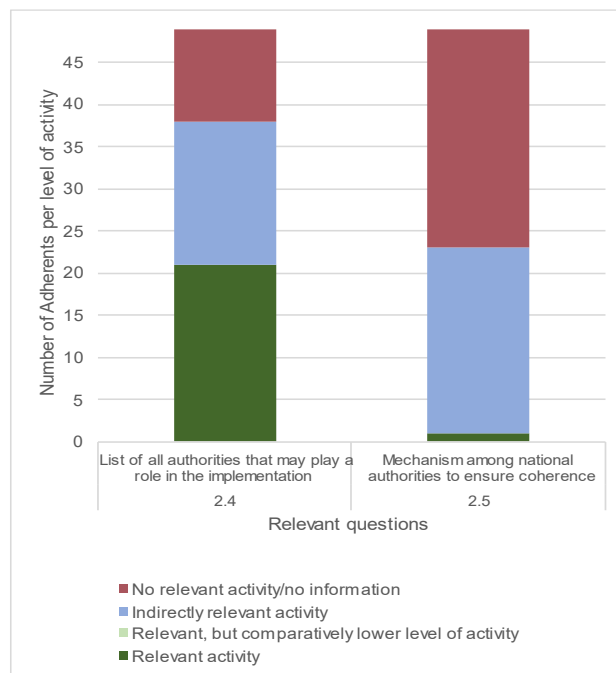
standards in the garment and footwear sector and Sweden launched a public-private project on reducing water and chemicals use in the production chain of the textile industry.

4. Dissemination

Dissemination within and across Adherents

116. To further their commitments under the Recommendation, Adherents have made efforts to promote and disseminate the Guidance within their government and across Adherents. This includes awareness raising activities and training as well as setting up an adequate institutional setting with responsibilities and exchange mechanisms.

Figure 3. Results per question across Adherents: Dissemination within and across Adherents



Promotional activity, awareness raising, trainings, or outreach events within and across governments (Question 1.1)

117. With respect to dissemination of the Recommendation within and across Adherents, for six⁹² Adherents (16%) of the 49 covered are known to and/or have reported having organised awareness raising events and training among and across Adherents.

⁹² Chile, Germany, Italy, Ireland, Netherlands, Norway, Ukraine

118. Ukraine reported having used a letter from the Ministry of Economic Development, Trade and Agriculture of Ukraine to introduce the Guidance to regional state administrations. Some Adherents organised dedicated training workshops for government officials on the Guidance. For example, the Guidance was introduced by the Chilean NCP to the Chilean Ministry of Economy, and by Irish government officials to the Business and Human Rights Implementation Group of the Department of Foreign Affairs and Trade. Norway held several courses on due diligence for staff at Norwegian embassies abroad, Foreign Service Trainees as well as for Norwegian state agencies that provide economic support or services to business, such as Export Credit Agencies. Further, Norway launched a podcast for its Ministry of Foreign Affairs employees to which a representative of the Norwegian NCP was invited. Cooperation between NCPs in joint events has also been noted. For example, in 2021 the Embassy of the Netherlands to Italy and the Consulate General of the Netherlands in Milan organised a webinar to discuss the latest developments on Dutch and Italian RBC policies and to encourage further discussion on RBC in the garment and footwear sector during which the Italian NCP participated.

Intra-government mechanism among national authorities to ensure policy coherence (Question 2.4/2.5)

119. Twenty-one Adherents (43%) of the 49 Adherents covered responded that at least one government agency plays a role in implementation of the Recommendation, with some Adherents listing as many as eight relevant agencies. The most relevant agencies range from Ministries of Economy (16), Labour and Social Affairs (6), Foreign Affairs (5), Industry and Trade (4), Social Security and Family Affairs (3), and Justice and Human Rights (3). Ten Adherents listed further specialised ministries and agencies such as regional ministries (Belgium, Mexico), Ministry for Economic Cooperation and Development (Germany), Ministry of Environment and Natural Resources (Mexico), Ministry of SMEs and Start-ups (Korea), Ministry of Agrarian, Land, and Urban Development (Mexico), Ministry of Infrastructure and Water Management (Netherlands), Ministry of Culture, Sports, and Tourism (Korea), Ministry of Science and Technology (Türkiye), Ministry of Finance (France), Ministry of Interior (Mexico), Climate Change and Sustainability Agency (Chile), Procurement (Canada). Compared to other sectors, such as agriculture and minerals, there does not seem to be a role played by specialised business authorities, financial supervision authorities, customs and border control or environment safety and chemicals agencies.

120. Only one Adherent reported an intra-government mechanism to ensure policy coherence among the relevant authorities responsible for the garment and footwear sector. In the “Ressortkreis Textil” (department group on textiles) German ministries and related agencies coordinate and ensure policy coherence in the sector. Further inter-ministerial coordination is promoted through the German Partnership for Sustainable Textiles, where several federal ministries meet regularly. Three Adherents reported cross-sectoral inter-ministerial working groups on specific issues that could affect policy coherence in the garment and footwear sector mainly focusing on forced labour, which seems to correlate with specific forced labour legislation and import bans (see Implementation Section, question 3.1 and 3.3). Belgium has for example established an “Interdepartmental Coordination Unit for the Fight against Human Trafficking”, and New Zealand coordinated its efforts against forced labour, people trafficking and modern slavery in an all-government plan of action. Canada has an informal interdepartmental working group examining possible measures to address labour exploitation in supply chains in the Canadian context and has formalised its “Corporate Social Responsibility Interdepartmental Working Group” including over ten federal departments.

121. Eighteen Adherents (37%) reported general cross-sectoral inter-ministerial working groups on RBC. Six Adherents⁹³ reported that the NCP functions as a general forum or inter-ministerial working

⁹³ Australia, Austria, Brazil, Czech Republic, France, Italy

group, while eight Adherents⁹⁴ have established cross-sectoral RBC inter-ministerial working or advisory groups. Five other Adherents⁹⁵ see an important instrument of policy coherence in their work on their respective NAP for Business and Human Rights.

Dissemination in non-Adherents

122. Beyond dissemination within and across Adherents' own governments, efforts have been undertaken to disseminate the Recommendation in non-Adherents, as many non-Adherents are key for garment and footwear producing, trading, or processing. This includes awareness raising events, trainings, technical advice, and capacity building. Three non-Members, Bulgaria, Croatia, and Uruguay have adhered to the Recommendation since it was adopted by the Council on 17 May 2017.⁹⁶

123. The Implementation Programme plays a critical role in dissemination activities. One key event to engage non-Adherents is the Policy Maker Roundtable (PMRT) held during the Annual Garment Forum. Twelve non-Adherents⁹⁷ participated in at least one of the four annual PMRTs since 2019. In the reporting period, the Implementation Programme also included specific engagement with Bangladesh, China, India, Myanmar, and Viet Nam. Through the support of Adherents and with funding from the EU, the Secretariat can organise events, trainings, and capacity building in garment and footwear producing countries. Two due diligence workshops have been conducted in China as part of the "[Promoting Responsible Supply Chains in Asia Programme](#)". The China National Textile and Apparel Council (CNTAC) invited the Secretariat to take an advisory role when developing its "Guide for Due Diligence of Supply Chain of China's Textile and Apparel Enterprises". The Secretariat provided a list of guiding questions to enhance alignment with the scope and key concepts of the Guidance and shared feedback on the draft. With India, the Secretariat has conducted a consultative study (forthcoming) on key due diligence challenges and opportunities in Indian garment and textile supply chains. For Viet Nam, the Secretariat prepared written feedback, incorporating stakeholder input, to the Viet Nam Ministry of Industry and Trade on its draft Textile Strategy in 2020 as well as participating in several webinars co-organised with Vietnamese industry and foreign chambers of commerce. On Myanmar, there was a series of webinars on enhanced due diligence in high-risk contexts. With Bangladesh, the Secretariat organised a purchasing practices workshop along the Sustainability Compact meeting in Brussels in 2018 and continued to engage Bangladeshi stakeholders through the Secretariat's [Manufacturers Network](#), the PMRT, and work on purchasing practices.

124. Among Adherents, Poland was active in promoting the Guidance beyond Poland by moderating a session on sustainable textiles during an international conference in Hong Kong in 2019 organised jointly by Asia-Europe Foundation and the Hong Kong University of Science and Technology, which included a presentation of the Guidance. Poland also actively engaged in the Asia-Europe ENVforum Annual Conference 2020 by preparing and moderating a session dedicated to sustainable garments to which Poland invited a garment expert from the OECD Secretariat to speak on the panel. The German Federal Foreign Office and the Swiss Federal Administration reported supporting the uptake of the Guidelines and Guidance through its embassies abroad.

125. While dissemination among non-Adherents has thus resulted in clear and important impacts in those non-Adherent countries, none of them has yet adhered to the Recommendation. This can partly be

⁹⁴ Italy, Luxembourg, the Netherlands, Norway, Poland, Sweden, Ukraine, United Kingdom

⁹⁵ Brazil, Czech Republic, Ireland, Lithuania, Switzerland

⁹⁶ The other non-Members Adherents having adhered at the time the Recommendation was adopted by the Council.

⁹⁷ Bangladesh, Cambodia, Ethiopia, EU, Guatemala, Indonesia, Kazakhstan, Kenya, Myanmar, Pakistan, Russia (between 2019 and March 2022), Viet Nam

explained by adherence to the Recommendation generally taking place in the context of adherence to the Investment Declaration [[OECD/LEGAL/0144](#)], which includes the MNE Guidelines themselves as an integral part, as well as a wider package of related legal instruments. This latter package embodies broader commitments to providing an open and transparent environment for international investment, encouraging the positive contribution multinational enterprises can make to economic and social progress, and minimising and resolving difficulties that may arise from their operations.

5. Summary and conclusions

Implementation of the Recommendation

126. Of the 41 answers received, only 28 included relevant information on more than 2 of the 14 questions on implementation activities concerning the Recommendation. Twenty-one Adherents⁹⁸ (43%) of the 49 Adherents covered are not known to have implemented and/or reported little to no relevant activities,⁹⁹ which suggests very low uptake of the Recommendation and Guidance. Of particular concern is that some Adherents with a large share of enterprises operating in the garment and footwear sector have not undertaken any significant implementation of the Recommendation. Five Adherents¹⁰⁰ (10%) of the 49 Adherents¹⁰¹ covered in the reporting period are known for having implemented and/or have reported relevant activities to at least 7 questions. Ten other Adherents¹⁰² reported relevant activities on 5 or 6 questions. Adherents that are actively involved in the Implementation Programme are making the most significant efforts.

127. The Guidance has built a strong reputation as the leading standard among garment and footwear sector actors, but especially business, in the five years since its adoption. The share of participation of business¹⁰³ in the last four Garment Fora suggests a strong interest by the industry. While the results of some studies and of this Report underline that efforts by many Adherents need to be intensified in several areas. Garment and footwear sector actors such as business, civil society, trade unions and international organisations have put a lot of effort in creating networks, knowledge, and tool over the past five years.

Promotion, engagement, and monitoring of the uptake of the Guidance

128. Promotion, engagement, and monitoring of the uptake of the Guidance by enterprises has been limited among many Adherents. Only 23 of the 49 Adherents covered are known to have and/or reported posting a link to the Guidance on their NCP or other government websites and only 19 Adherents (39%) of the 49 Adherents covered have organised events, experts meetings, and workshops specifically on the Guidance with businesses and key stakeholders. Twelve Adherents (24%)¹⁰⁴ of the 49 Adherents covered are known to have implemented and/or have reported substantial and repeated efforts to promote the

⁹⁸ Sum of Adherents that either did not submit a Questionnaire (8 Adherents) or that did not provide any relevant answers (including “no” as an answer) to more than two questions (13 Adherents).

⁹⁹ Sum of Adherents that either did not submit a Questionnaire (8 Adherents) or that did not provide any relevant answers (including “no” as an answer) to more than two questions (13 Adherents).

¹⁰⁰ Belgium, Canada, Germany, Netherlands, Switzerland

¹⁰¹ As Bulgaria adhered to the Recommendation in June 2022, after the reporting period ended, it is not part of this Report.

¹⁰² Australia, Brazil, France, Japan, Korea, Morocco, Türkiye, Ukraine, United Kingdom, and the United States

¹⁰³ Share of business participation in the Garment Fora in 2019 50%; 2020 41%; 2021 42%; and 2022 33%.

¹⁰⁴ Austria, Belgium, Brazil, Chile, Germany, Ireland, Japan, Morocco, Norway, Poland, Switzerland

Guidance. On a positive note, many NCPs established valuable partnerships with business associations to promote the Guidance (see Implementation Section, question 1.1).

129. On participation in the Implementation Programme, 47 Adherents (96%) have attended at least one of the five Annual Garment Fora and 34 Adherents (69%) at least one of the four PMRTs in the reporting period. Nineteen Adherents¹⁰⁵ took a more active role in the Implementation Programme with eight Adherents¹⁰⁶ and the EU all participating in the Garment Advisory Group.

130. While seven¹⁰⁷ of the 49 Adherents covered (14%) have undertaken studies or assessments on whether enterprises in/from its territory are taking steps to implement supply chain due diligence, including enterprises operating in the garment and footwear sector, only one of the Adherents reported monitoring the results or impacts of its own efforts (see Implementation Section, questions 1.2 and 3.5).

Measures to support, enable and incentivise implementation of due diligence by enterprises

131. Seventeen Adherents (35%) reported on sector specific activities to support, enable, or incentivise the use of the Guidance by enterprises or collaborative initiatives, with the Netherlands and Germany being the most active (see Implementation Section, question 3.1). Guidance and tools focused on child and forced labour, SMEs, environmental issues, circular economy, and tools that offer enterprises to self-assess their due diligence efforts. Six Adherents reported having established multi-stakeholder sustainability initiatives or platforms.

132. Twenty-four Adherents identified conditioning enterprises' access to export credit guarantees (11 Adherents), public procurement (10 Adherents), and/or other types of private sector financing such as trade agreements (13 Adherents) and developing cooperation on implementation of due diligence. However, only a few Adherents directly target the garment and footwear sector with these instruments (see Implementation Section, question 3.3).

133. The Guidance has been increasingly considered by regulators for facilitating private sector implementation of supply chain due diligence (see Implementation Section, questions 2.1. and 2.2). Four Adherents¹⁰⁸ of the 49 Adherents covered are known for and/or have reported the adoption of domestic due diligence legislation relevant to the garment and footwear sector. In particular, eight Adherents adopted legislation focusing on specific issues that are relevant to the garment sector as they cover sector risks (e.g., tackling child and forced labour), sector commodities such as leather (e.g., tackling deforestation) or environmental impacts (e.g., textile waste). Two Adherents¹⁰⁹ and the EU have garment and footwear sector specific legislative proposals under consultation and 14 Adherents are known for and/or reported having plans concerning legislation, including reviewing public procurement rules. Eighteen Adherents (37%) and the EU reported on one or more other policies, regulations, or rules that contribute to, enable, or affect implementation of the Guidance by enterprises such as sectoral strategies, action plans on environmental protection and circular economy, national policies, action plans on business and human rights as well as reporting requirements (see Implementation Section, question 2.3).

134. Four Adherents are known for and/or have reported activities to disseminate and promote implementation of the Guidance through Official Development Assistance (see Implementation Section, question 3.4). Implementation activities cover a variety of impacts (labour standards, environmental

¹⁰⁵ Australia, Belgium, Brazil, Canada, Colombia, Denmark, France, Germany, Italy, Ireland, Japan, Mexico, Morocco, Netherlands, Norway, Sweden, Switzerland, United Kingdom, United States

¹⁰⁶ Canada, France, Germany, Italy, Japan, Netherlands, Sweden, United States

¹⁰⁷ Belgium, Chile, Finland, Germany, Netherlands, Switzerland, United Kingdom

¹⁰⁸ France, Germany, Norway, Switzerland

¹⁰⁹ Austria, United States

standards, wastewater, chemical management, living wages), and geographies (South Asia, East Asia, Southeast Asia, Horn of Africa). Only one Adherent reported taking steps to actively support a gendered approach to due diligence in the garment and footwear sector (see Implementation Section, question 3.2).

Dissemination of the Recommendation

Dissemination within and across Adherents

135. Eighteen Adherents (37%) and their NCPs have organised events, experts meetings, training, and workshops on the Guidance with relevant ministries and embassies to raise awareness across their own governments of their commitments (see Dissemination Section, question 1.1). Twenty-one Adherents have at least one government agency in charge of the implementation of the Recommendation. Only one Adherent reported an intra-government mechanism to ensure policy coherence among authorities specifically responsible for the garment and footwear sector. Another three Adherents reported cross-sectoral inter-ministerial working groups on specific issues, especially forced labour (see Dissemination Section, questions 2.4 and 2.5).

Dissemination in non-Adherents

136. Awareness raising events, trainings, technical advice, and capacity building have been undertaken by Adherents and the Secretariat to disseminate the Recommendation among non-Adherents, as many of them are key for garment and footwear production, trading, and processing. Annex B in document [DAF/INV/RBC\(2022\)53/REV2](#) provides a list of publications under the Implementation Programme (since 2017) to support dissemination of the Recommendation and observance of the Guidance.

137. The Implementation Programme plays a critical role in dissemination activities. One key event to engage non-Adherents is the annual Policy maker Roundtable (PMRT). Twelve non-Adherents¹¹⁰ participated in at least one of the four annual PMRTs since 2019. In the reporting period, the Implementation Programme included specific engagement with Bangladesh, China, India, Myanmar, and Viet Nam. However, none of these governments has so far adhered to the Recommendation.¹¹¹

Continued relevance of the Recommendation

138. Noting that given their inherent interconnection the Recommendation can only be as relevant as the Guidance it calls on governments to disseminate and promote observance of, this Report highlights that the continued relevance of the Recommendation is underlined by the Guidance having built a strong reputation as the leading standard among garment and footwear sector actors, especially business (see implementation Section, Context of implementation and key developments). The Guidance is becoming the de facto international standard on due diligence in garment and footwear supply chains with Adherents but also non-Adherents supporting the observance of or referencing the Guidance.

¹¹⁰ Bangladesh, Cambodia, Ethiopia, EU, Guatemala, Indonesia, Kazakhstan, Kenya, Myanmar, Pakistan, Russia (between 2019 and March 2022), Viet Nam

¹¹¹ This can partly be explained by adherence to the Recommendation generally taking place in the context of adherence to the Investment Declaration [[OECD/LEGAL/0144](#)], the MNE Guidelines which themselves form an integral part of that Declaration, and the wider package of legal instruments related to it.

139. While the limited number of studies on uptake of due diligence among enterprises operating in the garment and footwear sector undertaken by Adherents, show that many enterprises across sectors scored low (e.g., 19% in Finland, 38% in Chile) and were found to be failing to undertake the necessary and basic due diligence measures (e.g., on forced labour in the United Kingdom), studies of sectoral initiatives indicate progress in the uptake of due diligence by enterprises in the garment and footwear sector. There is a strong and constant demand from enterprises to the Secretariat for technical guidance for specific sectoral issues or risks, tools, and capacity building on the Guidance. For example, the Secretariat, together with the support of a multi-stakeholder informal expert group is developing a technical handbook on practical actions to enable living wages as well as a handbook on identifying and addressing climate risks. In addition, the Secretariat is developing a tool for initiatives to self-check how well their requirements for enterprises are aligned with the Guidance as demand from initiatives to complete an OECD Alignment Assessments has strongly increased over the past five years.

140. Looking forward, the emerging role of government to lead by example as economic actors (e.g., through public procurement, export credits, and development finance), as owners of enterprises and in their trade, investment and development policies will only increase the relevance of the Guidance. Continued progress is increasingly circumscribed by the climate and biodiversity crisis. Sustainable business practices are seen as a precondition for long-term value creation, and action on climate change mitigation and adaptation is increasingly framed as a business opportunity. The sector's impact on climate change and the environment increases the relevance of the Guidance in supporting a just transition.¹¹²

141. The Recommendation also continues to be relevant since uptake and awareness among many enterprises is still limited in many areas, thus illustrating the importance of Adherents carrying out more promotion activities and developing more support tools and incentives for promoting observance of the Guidance by enterprises. Business already showed notable interest to better understand the expectations set in the Guidance by many business stakeholders completing the OECD e-learning modules for the garment and footwear sector as well as by 35 enterprises and 6 business associations from 10 different countries participating in the OECD capacity building programme for Latin America and the Caribbean (LAC). Besides activities by the Secretariat, the Implementation Programme received strong support by an Advisory Group counting over 30 experts from governments, business, trade unions and civil society of which 25% are enterprises.

Next steps

142. In view of the Recommendation and the Guidance's continued relevance, Adherents should maintain - and in most cases increase - their efforts to reach out to enterprises producing, trading, or processing garments and footwear products to both better disseminate the Guidance as well as promote its observance. The many Adherents who are not thus far engaged could consider actively participating in the Implementation Programme and making efforts to better understand the due diligence needs and challenges of enterprises operating in or from their territories.

143. Continuous monitoring of both the uptake of enterprises and government measures will be important to inform suitable future government activities such as policies, strategies, legislation, incentives, capacity building, and other rules and procedures and their necessary adjustments. At the minimum, it is important that Adherents report on efforts on the (1) promotion, engagement, and monitoring of the uptake of the Guidance and (2) measures to support, enable and incentivise implementation of due diligence by enterprises. For those Adherents that are already engaged, more can be done to expand the scope of their implementation activities to support dissemination and use of the

¹¹² Ensuring any business and policy actions taken to reduce and adapt to climate impacts in this sector does not unduly negatively impact vulnerable stakeholders

Guidance by enterprises. Continued efforts by Adherents to disseminate the Guidance across non-Adherents are required to ensure the Guidance is implemented fully in global supply chains.

144. Due to mandatory due diligence legislation on the rise and as legislators look for adequate evidence for compliance with their laws, the role of initiatives and certification schemes in enterprise due diligence and thus in laws should be carefully considered. Transparency and credibility of assessments, in case the schemes verify compliance, should be a major component of assessment. If the sectoral schemes and initiatives move towards greater alignment with the Guidance, training of auditors on the due diligence approach should be considered.

145. Given the proximity in the supply chain to brands and retailers, significant attention has been paid to garment manufacturers (Cut-Make-Trim) in recent years. While risks and impacts are still prevalent at this stage of the supply chain, more attention should be given to labour and environmental impacts in stages further upstream such as raw material production and processing (e.g., spinning mills). In the wet processing stages, a focus on responsible chemical input management rather than measuring outputs in water and waste would generate better impact results through focusing on prevention. Furthermore, for all types of garments and footwear, downstream processes (e.g., recycling) and the design stage (e.g., material choice, quality, and fibre mix) should be taken more into account to move towards a circular economy. Also, retailers selling products from third-party brands, enterprises in the banking and financial sector, insurers, and logistics enterprises are covered by the Guidance and their efforts can be instrumental to the broader success of the Implementation Programme and the sector at large. Again, this is an area in which Adherents could do more in terms of dissemination and promotion.

146. As highlighted, the Guidance is considered, even if not referenced, in specific legislation and legislative proposals on forced and child labour risks as well as environmental issues. In turn, it seems less attention is paid to other sector risks such as risks to freedom of association and collective bargaining, homeworkers, and wages through issue-focused legislation. Especially, freedom of association, collective bargaining and wages are enabling issues, with potential to drive broad improvements to working conditions, as higher wages usually lower the pressure for workers to work overtime and effective social dialogue between trade unions and management serves both as an early warning system and as a mechanism to improve conditions.

147. The Implementation Programme refers to government development support as a potential lever to support greater uptake of due diligence in global supply chains. This could be further explored by, for example, considering how development projects could better support the dissemination of the Guidance among enterprises and foster associated development benefits. In addition, development projects and finance should be required to better incorporate RBC due diligence.

148. Steps to be considered to improve the dissemination and implementation of the Recommendation by Adherents as identified in this Report include in particular:

- Promoting observance of the Guidance and raising awareness amongst enterprises operating in garment and footwear supply chains, in particular through easy to find information and resources on government websites, targeted introductory webinars, collaboration with industry associations, sustainability initiatives, trade union federations and diplomatic missions located in high-risk producing countries (see results in questions 1.1);
- Continuous monitoring and public reporting of enterprise uptake of due diligence and of own government efforts to inform future policies and adjustments (see results in questions 1.2 and 3.5);
- Adopting policies, regulations and action plans that contribute to or enable implementation of the Guidance by enterprises and ensure that they reference and integrate the recommendations of the Guidance (see results in questions 2.1 and 2.2);

- Supporting stronger alignment of sustainability initiatives combined with expectations on their credibility to promote the benefits of RBC due diligence across supply chains (see results in questions 2.3 and 3.1);
- Creating intra- and inter-ministerial working groups to ensure continuous exchange and policy coherence on the garment and footwear sector (see results in question 2.5);
- Leveraging the government's role as a market actor by setting rules for responsible public procurement¹¹³ and other government-backed funding such as export credits, trade support, and official development aid (see results in questions 3.3 and 3.4) and developing fiscal or tax incentives for enterprises implementing due diligence, in line with the Guidance;
- Allocating budgets and/or building a coordinated donor approach to support responsible sourcing initiatives and capacity in garment and footwear producing countries (see results in questions 3.4);
- Engaging in inter-Adherent collaboration, with the support of the Secretariat, to support Adherents that are less active and non-Adherents;
- Provide support to the Implementation Programme to increase the Secretariat's resources to develop tools, conduct outreach, and build capacity as well as to work with the Secretariat to shape projects, provide inputs and give feedback.

149. In addition, the IC, through the WPRBC, may wish to consider whether any practical steps are needed to ensure the coherence and consistency of the Guidance and related work with other OECD legal instruments, including the other Recommendations of the Council on the Due Diligence Guidance and the updated MNE Guidelines.

¹¹³ See learnings on page 34 from the [Pilot on Integrating OECD Due Diligence into Public Procurement in the Garment Sector](#)

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