THE ROLE OF SUSTAINABILITY CERTIFICATIONS IN DUE DILIGENCE IN THE GARMENT AND FOOTWEAR SECTOR

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The role of sustainability certifications in due diligence in the garment and footwear sector

This paper explores key considerations for brands and retailers on the role and implications of using supply chain certifications to support their due diligence. The paper includes research and examples from the garment and footwear sector but aims to be of relevance across sectors. It also includes policy recommendations for the role of sustainability certifications in the context of the implementation of due diligence policy.

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Foreword

This paper is part of a series considering issues related to the design and implementation of human rights and environmental diligence policies and legislation. It follows the policy briefings "The role of sustainability initiatives in mandatory due diligence: Background note on Regulatory Developments concerning Due Diligence for Responsible Business Conduct" (OECD, 2022[1]) and "OECD alignment assessments of sustainability initiatives in an evolving regulatory context" (OECD, 2024[2]).

The paper also contributes to the OECD Due Diligence Policy Hub which presents technical papers, event information, tools and other resources to help policy makers improve the design of policy and legislation on due diligence for RBC. The hub is managed by the OECD Centre for Responsible Business Conduct with a view to helping governments leverage the wide-ranging policy measures at their disposal to promote RBC.

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Introduction

This paper explores key considerations for brands and retailers on the role and implications of using sustainability certifications for their due diligence; it also offers considerations for policy makers. While the paper draws on research and examples from the garment and footwear sector, the paper aims to be of relevance to companies, policy makers and certifications across all sectors.

The garment and footwear sector can play a key role in facilitating economic and social development in production countries through employment and skills development opportunities, but it also faces challenges. The size and complexity of the sector, coupled with economic pressures, market volatility and its dispersed and fragmented nature, can make it difficult for brands and retailers to identify and address labour, human rights, environmental and integrity risks and impacts in their supply chains. The legal and enforcement context in sourcing geographies is also an important factor for brands and retailers to consider in their due diligence. At the same time, consumers, trade unions, civil society, investors and governments increasingly expect enterprises to carry out human rights and environmental due diligence. As a result, due diligence has seen uptake in voluntary and mandatory measures as policy makers seek to promote responsible and resilient supply chains as well as sustainable development and inclusive growth. Many brands and retailers have long turned to third parties, including sustainability certifications, for support in response to the complexity of addressing risks and impacts and to communicate responsible practices to consumers. Yet growing market and legal expectations have given new urgency to discussions on their appropriate role in due diligence.

Certifications provide a third-party attestation that a particular company, product, process, or system fulfils the certification scheme's requirements. Sustainability requirements can include requirements on due diligence processes, responsible business conduct (RBC) issue areas or confirm the origin or handling of production inputs. Today's landscape of sustainability certifications is increasing in size and complexity, with significant differences in the expectations that certifications set, their assessment methodologies, governance, assurance models and levels of transparency.

Brands and retailers typically require sustainability certifications for materials, production inputs and supplier facilities. Brands and retailers have been observed to use certifications to select or exclude suppliers and materials, trace products or identify the origin of commodities, receive information on risks, or validate that identified risks or adverse impacts are being prevented or mitigated effectively. They report that certifications offer numerous benefits to them, including technical expertise not available in-house, increased visibility and understanding of risks and adverse impacts, ability to reach tiers further upstream and independent accountability. They also report that certifications reduce the workload for small sustainability teams, save costs compared to companies' own assessments, and set a standardised framework of supplier expectations to scale sustainable practices.

In the company survey carried out for this paper (see Annex A), 78% of responding brands and retailers indicated that sustainability certifications were useful tools for supporting human rights and environmental due diligence. However, many policy makers, civil society and other stakeholders have long raised questions about their quality and effectiveness, and the appropriate role of certifications in companies' due diligence processes. While many certifications have shown that they are willing to adapt and improve, an OECD policy paper drawing learnings from the OECD's alignment assessments since 2016 (OECD, 2024[2]) and studies[1] by stakeholders on audit and certification schemes have identified several shortcomings. These include examples of weaknesses in the quality of assessments and oversight, potential conflicts of interest and evidence of companies' over-reliance on certifications to assess, monitor and engage with suppliers. As a result, citing high-profile incidents such as the Ali Enterprise factory fire and the Rana Plaza building collapse which led to lawsuits and complaints filed with OECD National Contact Points for Responsible Business Conduct against auditors and certifiers, some stakeholders have raised questions about the role that certifications can effectively play in due diligence.[2]

It is important that companies can use the certifications that they find relevant. However, they should be aware of the scope and quality of the certifications they use and reflect on the considerations in this paper to avoid over-reliance; certifications cannot be a 'safe harbour[3]'. The international due diligence standards make clear that even companies with complex supply chains and many suppliers cannot rely on certifications alone. Companies should take a risk-based approach and prioritise those areas and supply chains where risks are most significant; beyond using certifications, they should hence do their own assessments and use other sources of information such as grievance mechanisms, meaningful stakeholder engagement and supplier dialogue.

This paper was developed in the context of the OECD's work on sustainability initiatives (OECD, n.d.[3]) **and the garment and footwear implementation programme** (OECD, n.d.[4])**.** It draws on these learnings, selected sustainability reports of brands and retailers, and a company survey. This paper outlines benefits and challenges of using certifications. It also presents considerations to inform ongoing discussions and dialogue on the role of certifications in due diligence within the sector and beyond. It does not focus on the impact of certifications. While the paper acknowledges the increasing numbers of due diligence certifications (see Box 2), the analysis of key features in Chapter 3 focuses on (1) targeted supply chain risk certifications and (2) certifications of origin and chain of custody due to their widespread use.

The company survey provided anonymised insights into companies' motivations, challenges and their use of certifications within the sector. Between August and October 2023, the OECD received 71 complete responses from companies in the sector and 12 from non-business respondents. Of the 71 responses, 32 were from brands and retailers and 37 were from suppliers (see Annex A).

Box 1. OECD due diligence standards

Due diligence is the process enterprises should carry out to identify, prevent, mitigate and account for how they address these actual and potential adverse impacts in their own operations, their supply chain and other business relationships, as recommended in the **OECD Guidelines for Multinational Enterprises on Responsible Business Conduct** (OECD, 2023[5]) (OECD Guidelines). The OECD Guidelines are the most comprehensive international government-backed instrument on responsible business conduct and have been adopted by 52 governments and the European Union.

The **OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector** (OECD, 2018[6]) (Garment Guidance) applies the concept of risk-based due diligence established in the OECD Guidelines and the **OECD Due Diligence Guidance for Responsible Business Conduct** (OECD, 2018[7]) to the particular risks and characteristics of the sector. The Garment Guidance provides recommendations for all enterprises on how to implement due diligence, aiming to create a common understanding and level playing field across global markets.

The OECD has developed further sector-specific guidance for the **minerals** (OECD, 2016[8]), **agriculture** (OECD/FAO, 2016[9]), **extractives** (OECD, 2017[10]) and **financial** (OECD, n.d.[11]) sectors. (OECD, n.d.[11]) sectors.

1 Context and current trends

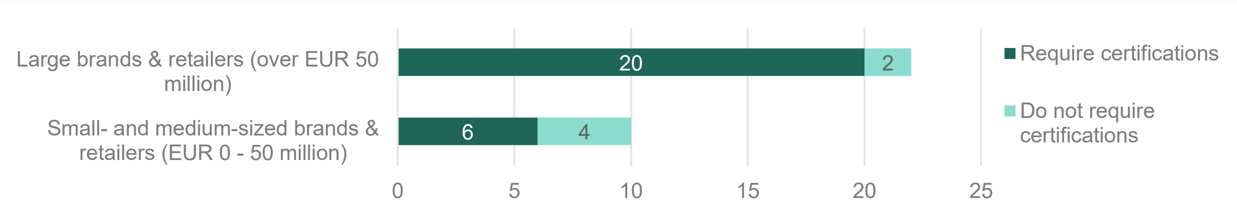
Current trends

The garment and footwear sector has seen a notable rise in the number of certified products, facilities, inputs and fibres over the last decade, and the landscape will continue to evolve. For example, from 2018 to 2023, the number of facilities certified under the Global Organic Textile Standard (GOTS) increased by 154%[4] and those certified under the Oeko-Tex Sustainable Textile and Leather Production (SteP) increased by 242%[5]. From 2020 to 2022, volumes of certified materials have risen notably. For example, wool certified by the Responsible Wool Standard (RWS) increased by 217%[6] and leather from tanneries certified by the Leather Working Group (LWG) by 15%[7].

The proportion of certified fibres and materials remains modest in comparison to non-certified ones. According to estimates of Textile Exchange (2023[12]), in 2022 certified leather constituted a market share of 39%, cashmere 35%, cotton 27%, recycled polyester (rPET) 14% (with less than 1% sourced from pre- and post-consumer recycled textiles), forest-based fibres 10%, wool 4% and down 3%. Data regarding the market share of facilities that are certified with one or more standards is currently unavailable.

In the OECD company survey, 81% of brands and retailers indicated that they require sustainability certifications from their suppliers. Larger brands and retailers seem more inclined to require certifications from suppliers, with 91% doing so, compared to 60% of small and medium-sized brands and retailers (see Figure 1). In the coming years, 56% of the brands and retailers indicated that they expect to require more certifications from their suppliers. To illustrate this, C&A (2022, p. 22[13]) outlines in its sustainability report the goal to increase its share of certified animal-derived materials from 7.8% to 75% by 2028. G-Star Raw (2022, p. 27[14]) aims for its collection to contain 20% Cradle to Cradle certified fabrics by 2025, compared to 2% today. Only 9% of brands and retailers surveyed predicted that they would require fewer certifications in the coming years, with one explaining this was due to the overlap between certifications.

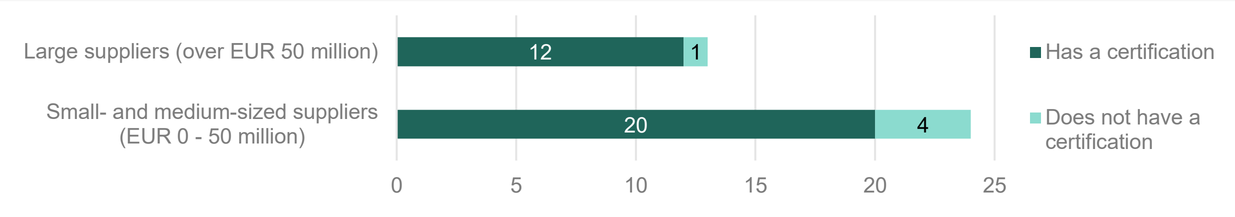
Figure 1. Share of brands and retailers that require certifications from suppliers



Note: Based on 32 respondents who indicated they represented a brand and/or retailer. Of the 32 respondents, 22 were from large and 10 from small and medium companies based on their turnover.
Source: OECD company survey

In the OECD company survey, 86% of the suppliers reported holding certifications. There does not seem to be a significant difference between larger suppliers (92%) and small- and medium-sized suppliers (83%) having certifications (see Figure 2). While 30% of suppliers stated that obtaining a certification was a decision made independently, a considerable majority (68%) acknowledged the influence of external factors, in particular citing buyer requirements.

Figure 2. Share of suppliers that have certifications



Note: Based on 37 respondents who indicated they represented a supplier. Of the 37 respondents, 13 were from large and 24 from small and medium companies based on their turnover.
Source: OECD company survey

An increasing number of certifications are integrating human rights and environmental due diligence expectations into their requirements. Well-designed and governed sustainability initiatives can act both as multipliers for uptake of due diligence among the companies they certify and as standard-setters for due diligence. Recent examples of certifications that have sought to introduce due diligence expectations include GOTS, Green Button and Oekotex Responsible Business (see Box 2).

Box 2. Certifications integrating due diligence expectations

Certifications vary significantly in the degree to which they align - and seek to align - with international due diligence standards. The international standards are designed to drive dynamic, proactive and ongoing risk-based due diligence so that companies prioritise addressing their most significant impacts and risks. Yet many certifications still rely on more traditional approaches such as social or environmental compliance audits that focus on attesting specific outcomes rather than due diligence management systems and processes. Compliance-based certifications may still play a role as part of a company's due diligence; however, it may be more limited compared to certifications that integrate due diligence expectations.

Due diligence certifications place greater emphasis on evaluating company systems and processes to identify, prevent, mitigate and remediate adverse impacts, as well as on whether these are effective in delivering on agreed outcomes and targets. As the due diligence approach differs from compliance-based approaches, this shift presents challenges for standard setters and assessors. Assessing due diligence requires adapting assessment methodologies and specialised knowledge of international standards. Even when certifications assess the due diligence practices of companies, they remain only one tool that companies can use in their due diligence processes - alongside, for example, supplier dialogue and meaningful stakeholder engagement, especially with affected workers and trade unions, as well as effective grievance mechanisms. Companies retain individual responsibility under international standards for their due diligence; this cannot be outsourced to a third party.

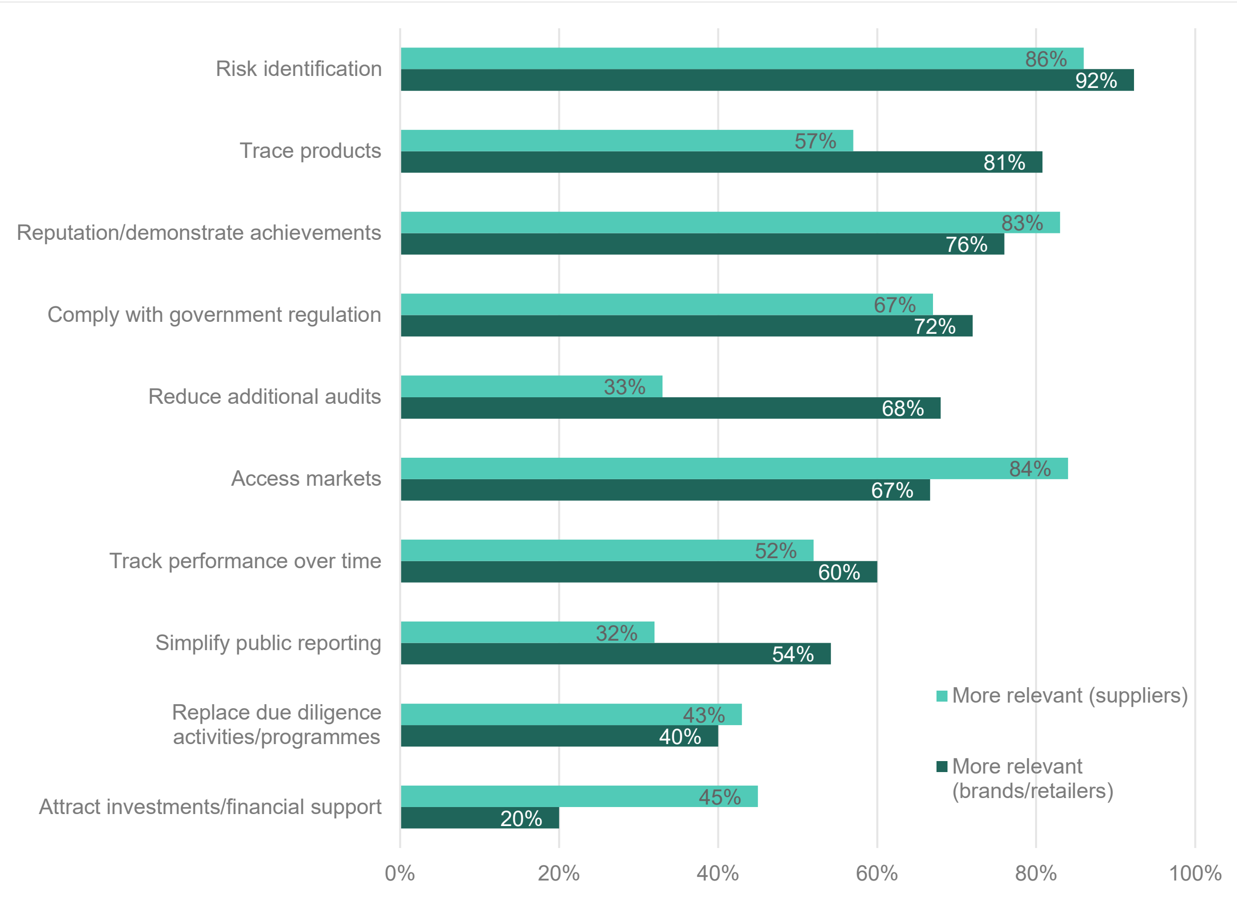
The OECD is currently finalising several alignment assessments of certifications in the sector which will provide deeper insights into the extent to which due diligence expectations are being adopted within certifications.

Motivations for companies to require or obtain certifications

The most cited motivations for brands and retailers to require certifications from suppliers were risk identification (92%), tracing products (81%) and reputational reasons (76%) (see Figure 3). Attracting investments (20%) was the least cited motivation. Additional reasons shared included the possibility of reducing workloads for small sustainability teams, consumer awareness, holding themselves accountable, reaching tiers upstream and establishing a common framework with suppliers.

Additional comments by brands and retailers indicate that due diligence and green claims legislation are decisive factors for requiring more certifications from suppliers. However, this could indicate a risk of over-reliance on certifications for compliance purposes. Some stated that they assume that regulations will ask for certifications and this therefore makes it "almost impossible to not have any certifications". This may drive uptake of certifications among all actors and further incentivise brands and retailers to push suppliers to seek certification, regardless of their quality or usefulness to the supplier. While many companies turning to the same certifications can lead to greater alignment on expectations, there is a risk that companies over-rely on certifications as a tool to meet mandatory due diligence requirements. For example, one survey respondent underlined the risk by stating that the company prefers requiring certain certifications rather than "monitoring aspects of [their] supply chain [themselves]".

Figure 3. Motivations of companies to require or hold certifications



Note: Based on 32 respondents who indicated they represented a brand and/or retailer and 37 respondents who indicated they represented a supplier. This table only includes answers to the "more relevant" category. Ranking options included "more relevant," "neutral," "less relevant" or no answer and respondents could select multiple motivations.
Source: OECD company survey

In contrast to brands and retailers, most suppliers selected market access (84%) as a key motivation for obtaining certifications, followed by reputational reasons (83%) and risk identification (68%) (see Figure 3). Respondents commented that buyer demand for certifications shapes decisions more than any other factor, with several respondents expressing that certification is based on "customer demand rather than usefulness"[8] or that they are "forced to sign up [to a certification] in order to continue [their] business relationship." Nearly half (46%) of the suppliers anticipated obtaining more certifications in the coming years, while 14% anticipated obtaining fewer. The subsequent chapters will delve deeper into understanding certifications in the sector and explore some key considerations for companies using certifications in the context of due diligence.

2 Certifications in the garment and footwear sector

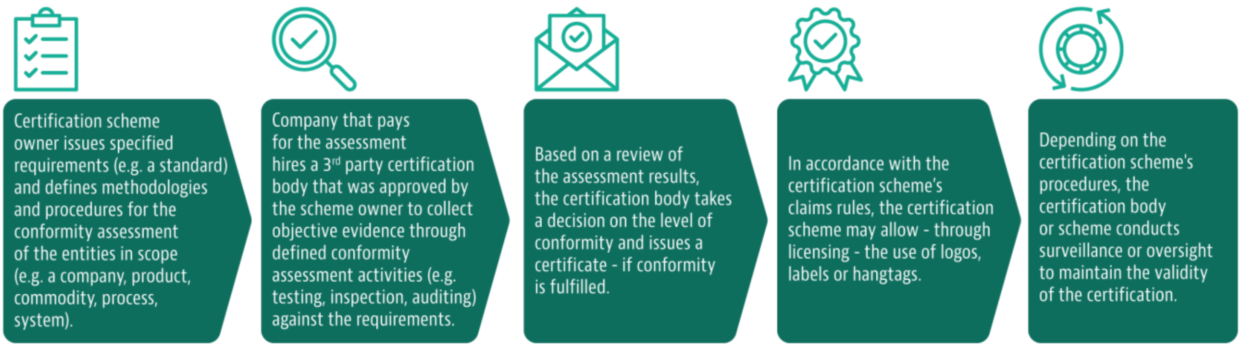
Understanding certifications

> Certifications provide a third-party written statement that attests that a particular company, product, commodity, process, or system fulfils the certification scheme's specified requirements.[9]

Sustainability initiatives can be broadly categorised as facilitation or verification initiatives (OECD, 2022[1]; OECD/ITC, 2024[15]) **and certification schemes are a subset of verification initiatives**. While facilitation initiatives provide companies with information, tools, or guidance, verification initiatives, including certifications, specify written standards or requirements and evaluate performance against them, often known as a conformity assessment. Many initiatives carry out both verification and facilitation activities. In the sector, well-known certifications include Better Cotton Initiative (BCI), Cradle to Cradle, GOTS, Leadership in Energy and Environmental Design (LEED), Leather Working Group (LWG), Oekotex SteP, Responsible Wool Standard, SA8000 and Worldwide Responsible Accredited Production (WRAP) (see Table for further examples).

According to ISO standards, certification can only be issued following an independent third-party conformity assessment (see Figure 4). A certification body collects objective evidence that requirements have been fulfilled through conformity assessment activities. Conformity assessment activities depend on the nature of requirements and may encompass testing, inspection, validation, or auditing. A successful conformity assessment attests that specified requirements are fulfilled (2020[16])[10]. The scope of each verification initiative determines whether the specified requirements apply to a company, product, process, system, or a combination thereof.

Figure 4. Overview of a typical certification process



Source: OECD illustration based on definitions by ISO/IEC 17000:2020(en).

Types of sustainability certifications in the garment and footwear sector

For this paper, sustainability certifications are divided into three types based on the focus of their requirements (see Table).[11] Some certifications fall into multiple categories. The categories are not exhaustive and there are other characteristics by which certifications can be categorised.

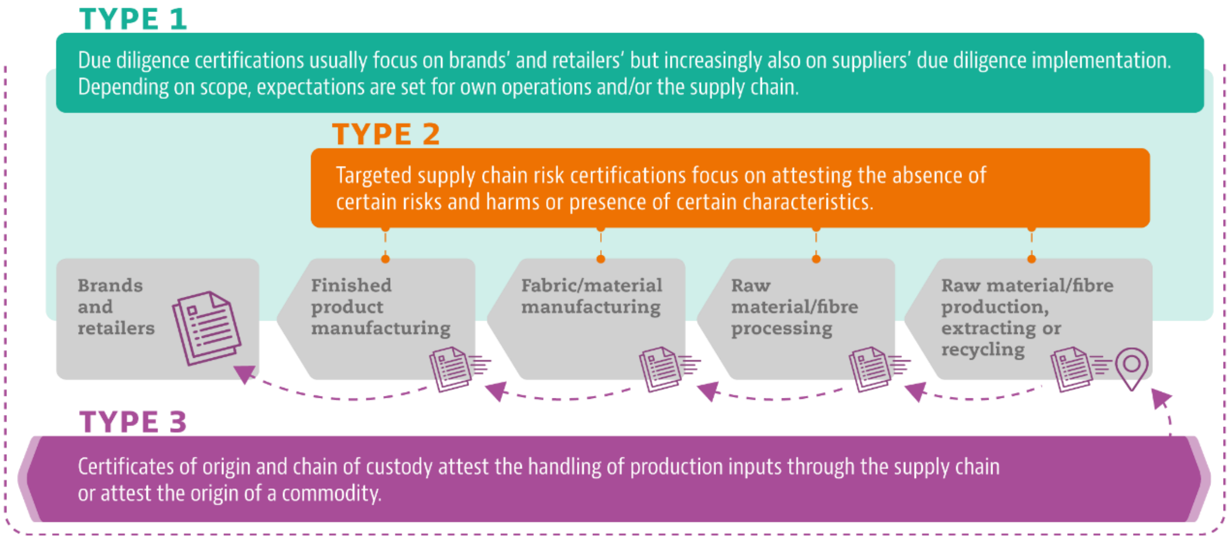
Table 1. Three types of sustainability certifications

TYPE	EXPLANATION	EXAMPLES
Type 1: Due diligence certifications	Certifications designed to attest that a **company** (e.g. brand, manufacturer) implements the **6-step risk-based due diligence framework** as outlined in the OECD Due Diligence Guidance. Due diligence certifications aim to **attest good faith efforts and the ability of companies** to identify, address and account for RBC risks and impacts to achieve outcomes, based on the concept of continual improvement.	• Fair Labor Association, GOTS, Green Button, Oekotex Responsible Business
Type 2: Targeted supply chain risk certifications ('targeted risk certifications')	Certifications designed to **attest outcomes on selected risk issues**. Depending on the issue focus, these certifications attest the **absence of risks or adverse impacts** (e.g. overtime, unethical treatment of animals) or the **presence of certain characteristics or aspects** (e.g. organic or recycled content, payment of wages). Targeted risk certifications can require selected elements of the 6-step due diligence framework such as policies or operational-level grievance mechanisms, but do not require implementation of a full due diligence approach in the way that type 1 due diligence certifications would.	• Environmental and/or social outcomes: BCI, Cradle to Cradle, Fairtrade Cotton, Fairtrade Textiles, FSC Forest Management, Global Recycled Standard (GRS), GoodWeave, GOTS, LWG, Oekotex SteP, SA8000, Worldwide Responsible Accredited Production (WRAP) • Organic or recycled content: GRS, Organic Content Standard (OCS), Recycled Claim Standard (RCS) • Animal welfare: Aid by Trade Good Cashmere Standard, Furmark, Sustainable Fibre Alliance (SFA) Cashmere Standard, Textile Exchange Responsible Wool, Mohair & Down Standards • Chemicals: Bluesign System Partner, Oekotex 100, ZDHC MRSL
Type 3: Certificates of origin and chain of custody	Certifications designed to confirm the **origin (provenance) or handling of production inputs** (chain of custody) through various stages of production (e.g. the sequence of entities that held ownership or control over the product throughout the supply chain). The certification itself clarifies the extent to which it provides physical traceability[12], and provides information on the tracking systems and connectors (e.g. mass balance, batch traceability or individual unit traceability). Certifications of origin and chain of custody often act as a **component to other certifications**, but do not themselves attest implementation of a due diligence management system or outcomes on risk issues.	• Additional component to other requirements: BCI (CoC, various models), Fairtrade Cotton (CoC segregation), GOTS, GRS, Oeko-Tex Organic Cotton, Textile Exchange material standards (e.g. RWS, RDS, RMS) • Textile Exchange Content Claim Standard (CCS), FSC (CoC)

Note: The inclusion of specific certifications as examples within this table is for illustrative purposes only and should not be construed as an endorsement by the OECD or an evaluation of expectations for alignment with OECD due diligence standards. The examples are, by definition, non-exhaustive and the OECD does not attempt to list every sustainability certification in use in the sector. See Chapter 1 for full names of certification initiatives which are abbreviated here.

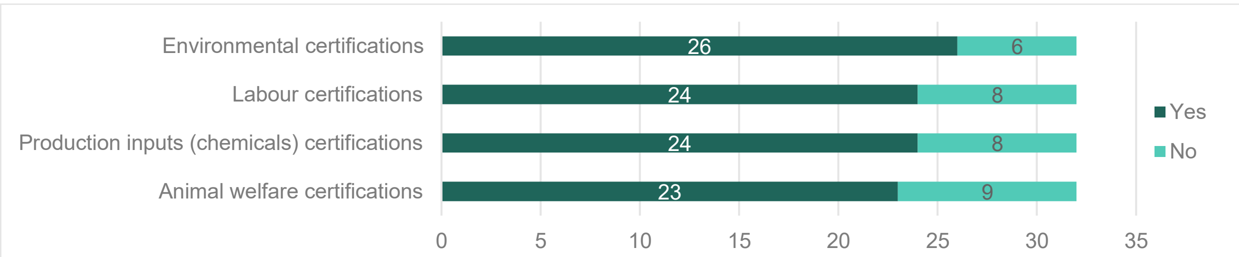
Certification schemes have varying scopes (see Figure 5). For example, targeted supply chain risk certifications (type 2) can require that outcomes on risk issues are attested in all production stages (e.g. GOTS), while others focus on the manufacturing stage and wet processes (e.g. Oekotex Made in Green) or the characteristics of a commodity (e.g. Textile Exchange Content Claim Standard, FSC CoC Standard). Provenance certifications (type 3) can focus on confirming the origin of a commodity (e.g. location of BCI licensed cotton farm or RWS certified sheep farm) or where it was processed (e.g. leather from LWG certified tanneries) or handling of production inputs for several (e.g. Oekotex Made in Green) or all production stages (e.g. GOTS). Due diligence certifications (type 1) focus on attesting the performance of an individual company, most often a brand's performance (e.g. Green Button, Oekotex Responsible Business) but increasingly also suppliers (e.g. GOTS, Oekotex Responsible Business).

Figure 5. Illustration of the scope of the three types of sustainability certifications



Notably, for type 2 certifications, OECD survey data indicates that brands and retailers tend to require these fairly evenly across different risk areas. Certifications encompassing environmental expectations are required by 81% of brands and retailers, closely followed by those incorporating expectations on labour conditions (75%), chemicals (75%) and animal welfare (72%) (see Figure 6). The most commonly required type 2 certifications by surveyed brands and retailers from their suppliers were the Global Recycled Standard (GRS) (63%), GOTS (56%), FSC (47%), Oekotex Standard 100 (41%), Better Cotton (38%) and Responsible Wool and Down Standards (28% each). Some of these also combine tracing the origin or handling of production inputs with assessing outcomes.

Figure 6. Share of brands and retailers requiring certifications across risk areas



Note: Based on 32 respondents who indicated they represented a brand and/or retailer. Certifications listed under the survey question and additional certifications indicated in comments were categorised to provide this overview. Some certifications fall into more than one category.
Source: OECD company survey

3 Certifications and due diligence

Sustainability certifications can play very different roles in supporting brand or retailer supply chain due diligence, with several implications that companies should be aware of.

Features of certifications and considerations for company due diligence

This chapter explores four key features of certifications that can play a key role in shaping how companies use certifications in their due diligence. While the paper acknowledges the increasing trend of due diligence certifications (see Box 2), the analysis in this chapter focuses on targeted supply chain risk certifications and provenance certifications (see Chapter 3) due to their widespread use by brands and retailers. The four features may not apply to all certifications equally or at all in some cases. Each feature and the implications for due diligence are outlined and illustrated with examples of how many brands and retailers are currently using certifications. The different use cases for certifications by companies and the corresponding motivations and challenges cited below are based on the analysis of selected sustainability reports of brands and retailers and the company survey, as well as learnings from the OECD's work with sustainability initiatives more broadly.

Certifications as a form of assurance

Certifications independently attest specific outcomes, processes, product characteristics, or management systems. They tend to be viewed by brands and retailers as a way to assure that a supplier is meeting a particular standard**.** While the type and quality of assurance differs significantly across different certifications, this feature nevertheless distinguishes certifications from public reporting, public commitments, self-declarations, or buyer-led assessments that are not independently verified. One respondent indicated that certifications are currently the only credible tool for them to show their responsible actions along their supply chains, especially to customers and investors who can be results-driven. As will be discussed below, brands and retailers use certifications to provide independent assurance in different ways depending on the companies' objectives and the type of certification, among other factors.

Certifications of origin and chain of custody

Brands and retailers typically use certifications of origin and chain of custody (type 3) (see Table 1) **to trace products through the supply chain or attest the origin of a commodity, such as cotton.** In the OECD survey, 81% of brands and retailers confirmed this motivation. Some companies reported that certifications are the best way for them to reach upstream tiers and account for risk and impacts at the raw material stage in the absence of direct business relationships. Some brands exclude cotton from certain regions (for example because of state-sponsored forced labour) and use certifications that exclude those regions as a way to ensure that the cotton they use for their products complies with their sourcing policy (Marks & Spencer, 2024[17]). Other brands and retailers indicate in their sustainability reports that they use chain of custody certifications to verify the accuracy of claims about the materials or fibres used in their products (Ralph Lauren, 2023, p. 15[18]).

Examples of initiatives that are designed to offer such assurance include the Better Cotton Initiative (BCI) and the Global Organic Textile Standard (GOTS). For example, due to market demands for information about cotton origins, BCI introduced 'Better Cotton Traceability' with the aim of providing brand and retail members with information on which country the cotton comes from and where it was processed. The GOTS transaction certificate, not to be confused with the individual facility or farm scope certificate, comes with the certified product and is shared with the seller and the immediate buyer. The certification requires that certified entities declare at least the province-level geographic origin of raw materials used based on the original farm scope certificate (Global Organic Textile Standard, 2021[19]). In all these cases, certifications are used to share information with brands and retailers on a specified origin point (either the country or region of origin for raw materials, or the processing point to which the material can be traced). However, it is important to note that many certifications allow for mass balance (2016[20])[13] or the mixing of certified and non-certified fibres in particular products; therefore, they do not guarantee physical traceability or origin. Some certifications have taken steps to clarify this by introducing differentiated logos and claims. However, there remains some confusion about the differences between these concepts and how they relate to traceability (see Table 1).

Targeted risk certifications

Many brands and retailers use targeted risk certifications (type 2) (see Table 1) as a pre-qualification tool for new suppliers or materials to prevent risks in their supply chains. In the OECD survey, 73% of brands and retailers reported using certifications as a criterion for selecting new suppliers and materials. In the additional comments provided in the survey, a company indicated their aim to "reduce social and environmental impact of production through certification on products where the requirements may enable this". Commitments to primarily or only source certified materials or use certified suppliers are quite common among brands and retailers. For example, C&A states in its report that it uses certifications such as the Sustainable Fiber Alliance's certification for cashmere or Textile Exchange's Responsible Down and Wool Standards to "protect animal welfare throughout [their] supply chain" (C&A, 2022, p. 8[21]). Stella McCartney decided to only source FSC-certified viscose to assure their commitment to "never sourcing materials from ancient or endangered forests" (Stella McCartney, 2023, p. 65[22]). The outdoor brand Jack Wolfskin indicates that it "prefer[s] to work with suppliers who have themselves signed up to the Bluesign system, sourcing Bluesign-approved fabrics guaranteeing safety and environmental requirements" (Jack Wolfskin, 2024[23]).

Many brands and retailers also use targeted risk certifications to validate that risks or impacts are being identified and then properly prevented or mitigated at site level. In the OECD survey, 77% of brands and retailers reported using information from certifications for risk identification. To use certifications to validate whether risks and impacts are being prevented or mitigated, this would include evaluating whether the certification has assessment criteria that verify and validate the presence of agreed preventive measures, such as an effective grievance mechanism in high-risk contexts, or whether the certification assesses the risk areas for which impacts have been previously identified, such as living conditions in dormitories.

In the additional comments provided in the survey, two companies underlined the **mitigation aspect of certifications** stating that certifications are "part of mitigating identified potential risks in [their] supply chain and owned operations" and that they enable them to "consider […] reduc(ing) the risk level of facilities […] that are certified". In sustainability reports, some brands and retailers indicate they are following such an approach. For example, Varner indicates in their sustainability report (Varner, 2023, p. 98[24]) that they address material risks identified in their risk scoping through, among other measures, the "use of certified materials" with the goal to "to reduce negative and adverse impacts from the use of fibres." For chemical testing, Varner categorises Oeko-Tex certified suppliers as at lower risk of using unwanted chemicals and limits chemical testing to those substances not covered by the certification. Some brands and retailers that sell rugs and home textiles require GoodWeave certification, a certification designed to assure through unannounced audits that no child, forced or bonded labour was used in the tier 1 manufacturing process and that affected individuals are provided with rehabilitative services.

Considerations for companies

Certifications provide a snapshot of outcomes at a specific point in time.

As contexts in the sector, production country, or factory can change quickly, targeted risk certifications that focus on attesting outcomes (e.g. presence or absence of child workers) can only ever provide a snapshot in time. The validity of many supplier and material certifications ranges from one year (e.g., FSC forest management certificate, GOTS scope certificate) to up to three years (e.g., Oekotex SteP). While some certifications, such as SA8000, state that they require both announced and unannounced visits within their three-year validity period, others do not include any proactive risk-based checks between audits and instead react to cases of non-compliances being brought to them. Therefore, there can be cases where no follow-up audits take place until three years later.

Longer validity periods (i.e. less frequent assessments) may be less of an issue for certifications that integrate due diligence expectations (type 1, see also Box 2). This is because they evaluate the adequacy of a company's embedded processes and systems to effectively identify and address risks and adverse impacts. For example, facilities that are verified to have robust recruitment management processes and effective training in place to identify and respond to the presence of underaged workers are likely to be better prepared to respond to changing contexts as risks evolve, such as when economic drivers lead to higher numbers of children seeking employment in factories, than facilities with a zero-tolerance compliance policy. Another example concerns certifications that go beyond certifying the mere existence of an operational-level grievance mechanism and also validate that the grievance mechanism meets the UN Guiding Principles on Business and Human Rights (UNGPs) effectiveness criteria (2021[25]) and hence is capable of hearing grievances before severe impacts occur.

Long validity periods for certifications are not in themselves an issue, nor is the solution necessarily more frequent assessments or ongoing monitoring by the certification. However, it is important that companies using the certification are aware of these differences and limitations and, consequently, layer on and adapt their own due diligence accordingly. Irrespective of the frequency of assessments, risks and impacts at a specific site can evolve quickly. OECD alignment assessments of sustainability initiatives have shown that both companies and initiatives have a tendency to over-rely on audits as evidence for supplier assessments and monitoring, without acknowledging the limitations of many audits, or the importance of checking and triangulating information through other tools. This includes meaningful and risk-based stakeholder engagement, especially with workers and trade unions, two-way supplier dialogue, site visits, collaborative approaches and effective complaints handling (OECD, 2024[2]).

In the context of due diligence, companies should take proportionate, risk-based steps to understand the certifications they use, even where they have long and complex supply chains. This includes noting not just the frequency of the assessments but also the details of what is covered and the activities the certification undertakes. Companies should also consider how they can best build on the information they receive from the certification as part of their own risk-based assessments, tailored to the context, including the nature and significance of the risk and the company's size, position in the supply chain and involvement with the risk or impact.

Certifications' assessment methodologies vary in the extent to which they allow for dynamic approaches.

The extent to which an assessment approach is dynamic can help to determine a certification's effectiveness in detecting risks and impacts. Defined assessment approaches are important to guarantee a level of quality and consistency in applied methodologies and allow comparisons across entities and over time. However, defined assessment approaches do not always allow for the tailoring of assessments to specific risks and local contexts (e.g. presence of specific vulnerable groups, regional or site-level specificities and systemic causes). Furthermore, OECD alignment assessments (OECD, 2024[2]) of sustainability initiatives have identified significant differences between the various assessment methodologies used, including instances where assessors did not triangulate information.

Tailoring the assessment to the risk would also include selecting suitable assessment methodologies based on the *nature* of the risk. For example, a technical inspection is vital for structural integrity, while off-site focus groups may be appropriate when assessing the risk of forced or child labour. Several risks and impacts including harassment have been found to be underreported as they are difficult to detect despite being a serious, evidenced issue for workers in many factories (ILO Better Work, 2019[26]). When assessment approaches are not dynamic and tailored to the specific risks and contexts, auditors may take what a respondent described in the survey as a "very much 'regulation' oriented and not contextual" approach.

In the context of due diligence, while the expertise of highly specialised certifications may strengthen their ability to detect specific risks and impacts, possible gaps remain for context-specific risks and impacts that are not part of the written standards. Companies should consider these potential gaps when using certifications in due diligence. OECD due diligence standards highlight the importance of meaningful stakeholder engagement, including with workers and trade unions, to identify and address risks and impacts effectively. For example, for forced labour, the OECD Garment Guidance outlines that assessments should consider unique risk factors associated with the local context such as apprenticeship schemes (e.g. risk of violations to the freedom of movement), use of private recruitment agencies (e.g. risk of debt bondage) and the employment of migrant workers (e.g. risk of document retention). While some certifications already emphasise this through their requirements and methodologies, companies should not assume that all certifications do this in practice.

Certifications' assessment framework and governance impact results.

The overall credibility of certifications and their ability to identify risks and impacts varies. As reported by several studies[14], price pressures as certification schemes compete can lead to compromises in the quality of assessments. According to the studies, the audit market is "very price-sensitive" (Human Rights Watch, 2022, p. 12[27]). This can result in compromises regarding the qualifications and training of assessors, assessment duration such as the exclusion of off-site interviews (Clean Clothes Campaign, 2019[28]) or evening shifts (New York Times, 2023[29]), where violations are more likely to occur. Assessors who speak the local language and understand the local context, power dynamics and cultural norms are key to build trust with workers so that they share information. Workers may also withhold information if they fear reprisals, which may be a greater concern for workers when interviews are conducted onsite or without adequate protections. While auditors frequently report violations and concerns that workers have shared with them, building trust with workers to share sensitive information and understand their needs takes time which may not always be possible in a one-off assessment. OECD alignment assessments (2024[2]) and studies[15] by stakeholders have highlighted important discrepancies in the quality of initiatives' assessments, including instances where assessors inadequately evaluate evidence, ask leading questions or have an inadequate understanding of the requirements, as well as instances of potential conflicts of interest between initiatives' oversight and assessor teams.

According to an OECD survey, all 26 brands and retailers that require certifications reported evaluating their credibility in some form. However, 53% admitted that they did not yet assess certifications' credibility systematically. A credibility assessment of a certification scheme would typically consider factors such as the standard's scope, the integrity and governance of the scheme, assessment methodologies, assurance and oversight systems, stakeholder engagement, especially with affected workers and trade unions, and transparency. OECD alignment assessments also include a governance assessment of sustainability initiatives, and an updated version of these assessment criteria is currently in progress. Since certifications are commonly used to communicate responsible practices or the sustainability of products to consumers (see motivations in Chapter 1), some companies may face potential internal conflicts around deciding to stop using a certification for quality or credibility concerns, because of the challenges in communicating with customers about such decisions. However, there are also reported cases where businesses have actively engaged with certification schemes and reacted after fraudulent practices had been reported (Earthsight, 2024[30]).

Certifications as sources of information

For many brands and retailers, certifications serve as sources of information in a variety of ways, depending on the companies' objectives, the type of certification and the nature and extent of information that the certification provides, among other factors. In some situations, competition law considerations may apply to how and when information is shared by a certification. Companies and certifications should take proactive steps to understand competition law issues in their jurisdiction and avoid activities which could represent a breach of competition law (OECD, 2023, p. 50[5]).

Targeted risk certifications

Targeted risk certifications (type 2) may provide information on highly technical risk topics. This can include, for example, information on chemicals, machine safety or wastewater treatment if the certification has detailed requirements. In particular, smaller brands and retailers may not have all the expertise in-house or the capacity to assess highly technical risks effectively. In the OECD survey, 85% of respondents confirmed collecting information from certifications. While the information a certification can provide always depends on its risk focus and detailed expectations, survey respondents identified a number of areas where the existing certifications they use provide relevant information, such as basic worker information, factory location, information on wages, presence of trade unions, grievance mechanisms or a list of corrective actions.

Targeted risk certifications and certifications of origin and chain of custody (type 3)

Many brands and retailers use targeted risk certifications (type 2) for the purposes of assessing suppliers or materials. In the survey's additional comments, several companies reported that certifications offer them information on overall supplier performance, but also on some particular risk areas. Examples included information on environmental aspects, chemical management and the chemicals used in the factory as well as information on the presence of a social management system. One company indicated that certifications offered them a "good baseline" for further due diligence activities. In their sustainability report, for example, Everlane outlines the goal to "continue to rely on certifications, tools […], and 3rd party audits to gather primary data and benchmark performance" (Everlane, 2023, p. 50[31]) for their tier 1 suppliers. As outlined in the first feature, many brands and retailers use provenance and traceability certifications to receive information on the country or region of origin for raw materials and related processing locations.

Considerations for companies

Certifications typically only pass on binary conformity information

Many certifications operate as 'black boxes' where they only pass on a final binary result of conformity or non-conformity. While some certifications may be more transparent than others and share all or a summary of the collected evidence and used methodologies through an assessment report or list of corrective actions that need to be closed before certification, some brands and retailers may not be provided with such information. Similarly, while some certification schemes[16] require assessment results to be shared with workers and trade unions to alert them to non-compliances and require companies to include them in the development of prevention, mitigation and remediation measures, this is still rare. Without this information, brands and retailers, as well as workers and trade unions cannot validate or challenge the findings and must rely on the certifying body.

In the context of due diligence, certification may serve as a preliminary green flag indicator in a company's due diligence that, however, needs to be triangulated with other information. Conversely, unless transparently shared, de-certification cannot automatically be viewed as a red flag as it may result from factors other than non-compliance such as lack of resources to pay for certification.

When certifications only pass on binary results, brands and retailers also lack important contextual information for their due diligence. This includes information about the facility, local risk factors, or products manufactured in the facility to identify potential risk areas or patterns warranting further checks or monitoring. For example, information on the presence or absence of vulnerable worker groups, such as migrants or ethnic minorities, could indicate risks of forced labour or discrimination. Information on all products manufactured in the facility may help companies assess if risks, such as chemicals used in the production of other buyer's items, may increase health and safety hazards for all workers. Survey comments indicate that several companies prefer audits that come with detailed reports or supplier survey tools that provide more quantitative data points over certifications, outlining they can be more useful to them in ways "a binary response on certification may not be". Another company noted that certifications are useful for environmental issues but that they "are still gathering [own additional] data to determine biggest risk areas".

Many certifications allow facilities to close non-compliances for certification but do not pass related information alongside the certificate, preventing brands and retailers from considering additional due diligence activities. While some certifications may be more transparent than others, brands and retailers typically are unaware of whether the supplier was given any corrective actions. Consequently, they cannot conduct their own additional analysis to identify related patterns or root causes that should be addressed to prevent or mitigate adverse impacts in the long term. Often certifications neither require companies to conduct a root cause analysis of identified non-compliances on-site nor assess whether buyer behaviour or activities, such as their purchasing practices or business models, have contributed to the adverse impact.

In the context of due diligence, the absence of detailed information also prevents brands and retailers from assessing whether the accepted corrective actions were substantive enough to prevent or mitigate the risk or impact identified. For example, if an assessment reveals that personal protective equipment (PPE) is not used by workers, a certification may accept evidence of the facility ordering and distributing PPE for certification. However, root causes such as costs of renewing PPE, lack of awareness of risks, or heat stress when wearing the gear may remain unaddressed, leading to issues recurring.

Certifications as pathways to improvements over time

Many certifications offer different certification levels such as bronze, silver and gold or levels 1, 2 and 3. Reasons may vary but typically include the aim to provide low-level access to certifications, help to structure efforts and encourage improvements over time. Certifications approach certification levels quite differently. Levels can concern, for example, including or excluding supply chain tiers and types of suppliers, adding further performance requirements after a certain time, or awarding levels based on performance – with or without the requirement to improve from one assessment to the next. For example, Oekotex Responsible Business awards a higher level depending on the number of tiers and types of suppliers the certified entity conducts due diligence on. Green Button staggers its due diligence requirements across Stage A and Stage B (required after two years) and limits some requirements to tiers 1 and 2. Cradle to Cradle awards levels based on performance across its four levels and requires improvements between cycles.

Considerations for companies

Certifications levels impact how brands and retailers may use certifications and how far they should adapt their due diligence.

Brands and retailers may struggle to understand which requirements are met at each certification level. Some may not even be aware that the certification they use works with distinct levels. While certificates may include this information, certifications usually have logos that certified entities can use on their products or, if it concerns due diligence certifications, for their company (see Box 3). However, some of these logos do not indicate the achieved certification level. Consequently, retailers and brands may assume that the product or company was assessed against the higher-level expectations, while in practice the product or company was only awarded the lower-level certification. Assuming that certain aspects have been assessed while they have not been in practice, means that risks and impacts may go unnoticed as brands and retailers might not conduct additional checks.

In the context of due diligence, especially when brands and retailers decide to use certifications as a tool for supplier pre-qualification, as part of their supplier assessment and monitoring, or as a response to certain risks and impacts, awareness of whether the certification level they require covers their expectations is crucial. However, not all companies may have the expertise or capacity to do so. In the OECD survey, 62% of brands and retailers that require certifications identified the complexity of certifications as a significant challenge (see Figure 7).

Level-based approaches in certifications often do not promote a risk-based approach consistent with international due diligence standards.

While some certifications incorporate different certification levels to allow for different capacities of certified entities or incentivise progression through levels, such level approaches, depending how they are designed, risk being not aligned with the OECD's risk-based approach. Certification levels tend to prescribe the focus of certified entities to certain tiers, types of suppliers or at a specific point in time when time-sequencing expectations, rather than requiring companies to address and prioritise the most significant risks and impacts across the supply chain. Entities may be conformant with certification requirements of a certain level but still leave the most significant (i.e. severe and likely) risks and impacts in their supply chains unaddressed if certain tiers and suppliers are not covered by the certification level. OECD alignment assessments (OECD, 2024[2]) have also highlighted such overly static approaches.

In the context of due diligence, such approaches may not be aligned with OECD due diligence standards which expect companies to prioritise their most significant risks and impacts - regardless of where they sit in the value chain - and target those operations and business relationships where risks and impacts are greatest. The certification level approach can also lead to transparency issues if performance levels do not require public reporting on due diligence or a lack of immediate action on critical issues if it concerns delaying due diligence on specific risk areas.

Box 3. Public communication on certification levels and use

Many certifications have comprehensive claims and logo guidance for their certified entities and spot check the correct use and presentation. As the outline of implications shows, certifications should be transparent about the distinct levels of certification on their logos and provide access to information on levels to companies and stakeholders that is easy to access and understand.

Some companies also publicly report on certifications they use or require. While many list the certifications on their website or public reports, others go beyond that by sharing their goals for increasing certified materials or obtaining a specific certification. Even though it could give stakeholders a good indication whether companies use certification meaningfully or rather have tendencies to over-rely on certifications, only a few companies describe how they use different certifications, the gaps they have identified, or whether they assess them. Brands and retailers, in their own public reporting, should also be clear about what certification level they require and what that means for their due diligence and use labels accurately and according to the rules of the certification.

Certifications and market access

Certifications tend to play a notable role in facilitating market access for suppliers which can have important repercussions. Certifications provide a standardised way to demonstrate compliance with certain industry standards, regulations and practices while helping brands and retailers ensure that the suppliers or their products (e.g. fabrics) meet specific criteria. One company mentioned in the survey that certification is an essential tool for them to demonstrate their practices to government authorities in regard to local due diligence legislation. The high value attributed to certifications and their widespread uptake can, however, pose the risk that brands and retailers require sometimes costly certifications from suppliers without considering alternative ways in which suppliers can demonstrate responsible practices consistent with international standards and emerging legislation. This can be particularly important for small- and medium-sized suppliers.

Considerations for companies

Certifications come with costs, administrative burden, and eligibility criteria.

Financial constraints, particularly prevalent among smaller enterprises, and eligibility criteria of certifications, for example on minimum enterprise size, can exclude even responsible enterprises from accessing markets. While presenting a relevant certification to a buyer can reduce costs and documentation for suppliers for other audits, help with legal compliance and can attract new buyers (see supplier motivations in Chapter 1), certifications come with their own costs, administrative burden and eligibility criteria that may prevent suppliers from selling their products. In contexts that require more information and transparency, certifications, by offering technical expertise and in-country staff, may provide necessary checks or supply chain traceability more cost-effectively than brands and retailers on their own.

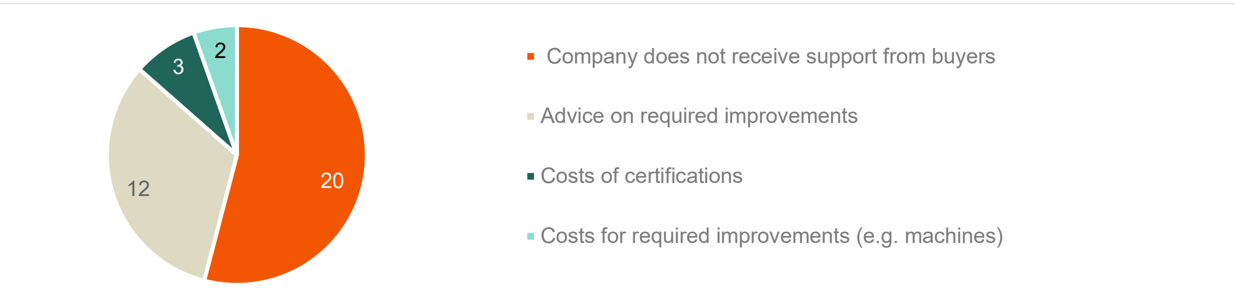
Responses to the OECD survey confirm that despite the benefits of certifications, suppliers as well as brands and retailers identify many challenges associated with them. Costs and administrative burdens are identified as the primary challenges, above all other issues (see Figure 7).

Figure 7. Ranking of challenges associated with certifications

Note: Based on 32 respondents who indicated they represented a brand and/or retailer and 37 respondents who indicated they represented a supplier. This table only includes answers to the "more relevant" category. Ranking options included "more relevant," "neutral," "less relevant" or no answer and respondents could select multiple challenges.
Source: OECD company survey

In relation to costs, some survey responses indicate that costs for certification remain with suppliers. Among the suppliers that responded to the survey, only three indicated having received financial support from their buyers for certifications (see Figure 8). Some brands and retailers note that widely accepted certifications can reduce supplier assessments and costs. However, many companies, especially suppliers, highlight that the growing number of certifications with varying or conflicting expectations increases assessments and costs. Several respondents noted that differing certification preferences of brands and retailers, along with additional own requirements, result in duplicative assessments and hence increase otherwise avoidable costs and administrative burdens.

Figure 8. Buyers' support to suppliers for obtaining certifications



Note: Based on 37 companies that indicated to be suppliers.
Source: OECD company survey

Certifications may lead to a redistribution of costs within the supply chain, rather than a net reduction. Respondents noted that brands and retailers frequently do not pay higher prices for products to make the investment for obtaining certification pay off in the long term. Survey respondents also observed that some brands and retailers purchase from certified factories but avoid labelling their products to bypass paying the premium, which would otherwise support suppliers with costs. Respondents also mentioned that they had observed brands and retailers abruptly shifting their strategies, changing suppliers, or quickly altering their certification preferences, making supplier investment into specific certifications less viable. However, the survey left open the question of how suppliers finance the costs associated with certifications.

In the context of due diligence, brands and retailers who see value in requiring certifications from their suppliers should consider integrating relevant costs into their purchasing practices to prevent costs for compliance from being redistributed to suppliers alone.

The pressure to obtain certification for market access may increase the risk of fraudulent practices.

The pressure to obtain certification as a prerequisite for market access can increase the risk of fraudulent practices. If that happens, adverse impacts may go unnoticed and also lead to a long-term erosion of trust in the certification system. On the supplier side, pressures for market access can shift the focus from genuine efforts to merely obtaining certification by any means necessary. Suppliers may resort to falsifying documents and bribing assessors. Additionally, there is a risk of workers being asked or feeling pressured to provide pre-prompted answers or fake documentation for fear of losing their jobs if certification is not awarded, undermining the integrity of the certification process. Certifications on the other hand can face conflicts of interest that compromise the integrity of their assessments, typically rooted in their governance and oversight structure. Examples of practices observed in research[17] included appointing the most lenient assessment body and potential conflicts of interest which risk auditors being more prone to undue influence and even bribery, or assessors fearing being blacklisted if they deny too many certificates.

In the context of due diligence, brands and retailers should consider different ways to address these risks. Companies risk excluding smaller or informal actors from their supply chain if they exclusively require certifications as evidence of supplier practices. The Garment Guidance stresses the importance of companies considering the different circumstances of suppliers and an OECD paper on the role of sustainability initiatives in mandatory due diligence (OECD, 2022[1]) makes clear that companies have a range of tools at their disposal to gather information and support their due diligence. These include considering alternative methods to access information on site-level risks and supplier performance to layer on to certification, such as direct supplier dialogue, supplier questionnaires, effective grievance mechanisms, site visits and meaningful stakeholder engagement, especially with affected workers and trade unions. It is important that companies engage with suppliers and give them agency over the ways they can most effectively demonstrate their own responsible practices. For those that are able to obtain certification, sharing certification costs between buying and producing parties and accepting other credible certifications that the supplier may already have could also mitigate the risk of excluding certain suppliers for their size and resources.

4 Considerations for policy makers

A fast-changing policy and regulatory environment has given new urgency to debates about the role of sustainability initiatives, including certifications, in the due diligence process. As outlined in this paper, certifications can serve as an instrument to support company due diligence efforts. In practice, certifications will be expected to demonstrate their role, value, and account for their limitations. In this regard policy makers should seek to:

- **Ensure that companies retain ultimate responsibility for their own due diligence in line with international standards on responsible business conduct**. In the context of certifications, it is important that policy makers designing or enforcing policies on human rights and environmental due diligence mitigate the risk of over-reliance on certifications at the expense of other tools for companies.
- **Provide flexibility for companies to use certifications but recognise that certifications are only one tool**. Effective due diligence involves companies tailoring their approaches to the significance and context of the adverse impact and using multiple sources of information. Certifications are only one tool alongside, for example, meaningful stakeholder engagement, site visits or grievance mechanisms. As described in an OECD paper on sustainability initiatives more broadly (2022[1]), initiatives of varying shapes and sizes can play different roles across the six-step due diligence framework.
- **Understand how companies use certifications in practice.** Policy makers should consider the implications of the four features set out in this paper (certifications as a form of assurance; sources of information; pathways to improvements over time; and how they interact with suppliers' market access) and expect companies to adapt their due diligence accordingly. If companies decide to use certifications in their due diligence, policy makers should consider how companies can be expected to communicate publicly how and for what elements of due diligence they use certifications.
- **Ensure that companies understand and evaluate the certifications they intend to use**. Companies using certifications should make good faith efforts to understand their scope and quality, including their assessment methodologies, assurance, and governance systems. Certifications could be incentivised to provide such information in an easily accessible way. Policy makers can support companies by promoting access to relevant, comparable, and reliable information on certifications, such as through centralised digital platforms that provide up-to-date information, including on any relevant assessments conducted by organisations such as the OECD or other reliable public reports on the certification.
- **Encourage companies to engage with suppliers and other relevant stakeholders on the use of certifications and explore alternative means to demonstrate responsible practices where certifications are not the mutually favoured approach.** Certifications may support suppliers in saving costs related to their due diligence, however, this may not be always the case. Where certifications add cost and administrative burden, they could risk excluding smaller and more informal suppliers. Furthermore, certifications may not be available or suitable for certain contexts and risk scopes. While certifications can contribute to a common understanding and scale up improvements,

they may be limited in preventing, mitigating, and remediating risks and adverse impacts. In this context, policy makers could also consider supporting further research on the benefits and limitations of using certifications in due diligence, including the costs, efficiencies, and impacts on the ground.

- **Explore policy tools and pursue existing policy efforts to ensure that certifications meet high credibility standards.** This can include setting minimum standards and clear and consistent guidelines. The OECD is developing credibility criteria for sustainability initiatives, following a mandate from the 2023 Ministerial Declaration on Responsible Business Conduct [OECD/LEGAL/0489] which should provide a useful reference point. Policy makers can also consider introducing disclosure expectations, effective complaints systems, and where relevant penalties for misconduct or unsubstantiated claims to enhance the trust of stakeholders.
- **Incentivise certifications to share more relevant and granular information with buyers, potentially affected stakeholders, and the public, where possible[18].** Policy makers can incentivise certifications to move away from sharing only binary information and to provide more detailed and contextual information, for example through sharing more detailed assessment reports. This should especially include sharing relevant information with those stakeholders that the certification aims to protect, namely workers, trade unions and communities. If this information was made public, it could contribute to increased trust among stakeholders and reduce misallocation of resources.

Annex A. OECD company survey

Objective: The survey was conducted to gain information from companies operating in the garment & footwear supply chain on their motivations to obtain and/or require certifications, the challenges they experienced with certifications, and how they use certifications in their due diligence. Where relevant, the analysis was broken down by company characteristics, such as size and types of products sold.

Data collection: The survey was open to all types of companies operating along the supply chain. The survey was widely shared via email with previous participants of the OECD Forum on Due Diligence in the garment & Footwear Sector, Garment & Footwear multi-stakeholder Advisory Group, Garment & Footwear Manufacturers Network, and a dedicated LinkedIn post to receive as many responses as possible. The online survey was conducted between 17 August and 10 October 2023 through the OECD's survey platform. Respondents could decide to remain anonymous.

Survey instrument: Questions included yes/no questions, rating questions, multiple choice questions and open-text questions. Some answers to questions trigger additional questions to explore a given answer further. Respondents were always given the option to not answer a question or choose "other" as a reply to provide a different answer.

Response rate: Of the total 83 complete responses received, 69 responses were by companies operating in the sector, while the other 14 responses were by consultancies or service providers (6), international or research organisations (3), not operating in the sector (3), or double entries (2).

Limitations: The survey results are subject to sampling bias, as the survey was primarily distributed to companies previously engaged with the OECD, and non-response bias, as participation was voluntary. The self-reported nature of the data may introduce inaccuracies and the limited sample size could affect the generalisability of the findings.

Table 2. Responses by type of company

<table>
<tr><th colspan="3">Type of company</th><th>Responses</th></tr>
<tr><td colspan="3">Brands/retailers</td><td>32</td></tr>
<tr><td colspan="3">Suppliers (incl. Manufacturing of finished goods; Fabric/material manufacturing; Raw material/fibre processing; Raw material/fibre production, extraction, or recycling)</td><td>37</td></tr>
<tr><td colspan="3">Other (e.g., agent, trader, wholesaler)</td><td>2</td></tr>
<tr><td colspan="3">Invalid responses</td><td>12</td></tr>
<tr><th>Size of brands/retailers (turnover, single choice)</th><th>Responses</th><th>Size of brands/retailers (employees, single choice)</th><th>Responses</th></tr>
<tr><td>Large (over EUR 50 million)</td><td>22</td><td>Large (250+ employees)</td><td>20</td></tr>
</table>

Size of brands/retailers (turnover, single choice)	Responses	Size of brands/retailers (employees, single choice)	Responses
Medium (EUR 10 - 50 million)	7	Medium (50-249 employees)	9
Small and micro (EUR 0 - 10 million)	3	Small and micro (0-49 employees)	3
Invalid responses	12	Invalid responses	12
Size of suppliers (turnover, single choice)	**Responses**	**Size of suppliers (employees, single choice)**	**Responses**
Large (over EUR 50 million)	13	Large (250+ employees)	30
Medium (EUR 10 - 50 million)	18	Medium (50-249 employees)	4
Small and micro (EUR 0 - 10 million)	6	Small and micro (0-49 employees)	3
Invalid responses	12	Invalid responses	12

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Notes

[1] See reports by Der Spiegel (2024[57]); Earthsight (2024[30]); The Guardian (2023[54]); Human Rights Watch (2023[47]); International Consortium of Investigative Journalists (2023[55]); New York Times (2023[29]); Human Rights Watch (2022[27]); (New York Times, 2022[63]); SOMO (2022[34]); ECCHR (2021[33]); Kuruvilla (2021[43]); Green Peace (2021[48]); Transparentem (2021[32]); MSI Integrity (2020[49]); Clean Clothes Campaign (2019[28]); FES and ECCHR (2016[58]); The University of Sheffield (2016[51]); Finnwatch (2016[52]); AFL CIO (2013[59]); Penn State University (2012[60]).

[2] See for example ECCHR (2024[61]) on proceedings against Italian auditor RINA in the context of the Ali Enterprises factory fire and ECCHR (2024[62]) on complaint on audit report by TÜV Rheinland in the context of the collapse of the Rana Plaza factory.

[3] For more information on the role of sustainability initiatives in due diligence and the importance of avoiding over-reliance and/or safe harbours from liability, see (OECD, 2024[2])

[4] Increase from 5 760 certified facilities (2018) to 14 676 certified facilities (2023). See Global Organic Textile Standard's annual reports (2018, p. 2[39]) and (2023, p. 6[36])

[5] Increase from 139 certified facilities (2018/19) to 476 certified facilities (2022/23). See Oeko-Tex' annual reports (2020, p. 16[37]) and (2024, p. 17[38]).

[6] Increase of Responsible Wool Standard certified volume from 24,195 tonnes (2020) to 76,666 tonnes (2022). See Textile Exchange (2023, p. 33[12]).

[7] Increase of Leather Working Group square feet of finished leather certified from 4.7 billion (2020) to 5.4 billion (2022). See Textile Exchange (2023, p. 47[12]) and Textile Exchange (2021, p. 57[35]).

[8] Respondents were not asked to clarify what they mean by 'usefulness', and so it could be understood as whichever way the respondent might see the certification in question as valuable to them, separate from whether it was required by their customer.

[9] Definition of certifications is based on ISO/IEC (2020[16]) definitions concerning conformity assessment (4.1), object of conformity assessment (4.2), third-party conformity assessment activity (4.5), specified requirement (5.1), testing (6.2), inspection (6.3), audit (6.4), review (7.1), decision (7.2), attestation (7.3), certification (7.6), surveillance (8.1).

[10] A specified requirement is a need or expectation that is stated in normative documents such as regulations, standards, and technical specifications. See ISO/IEC 17000 (2020): 5.1 specified requirement and ISO/IEC 17000 (2020): 4.1 conformity assessment. Available at ISO/IEC (2020[16]).

[11] Note that this paper evaluates certifications against a specific set of differentiators, and at a more granular level than the categories in the high-level typology framework of sustainability initiatives (OECD/ITC, 2024[15]).

[12] Traceability is understood as the capacity of a particular entity to track and verify specific information along the supply chain, such as: the product's origin (i.e. the location where the product was originally sourced, manufactured or produced); the product's geographical path (i.e., the various locations where the product underwent some form of transformation or through which it transited); the product's chain of custody; the product's physical evolution (i.e. the stages of processing and transformation).

[13] See for example ISEAL Guidance (2016[20]) (currently undergoing revision) that defines mass balance as “the volume of certified product entering the operation is controlled and an equivalent volume of product leaving the operations can be sold as certified. The physical mixing of certified and non-certified product is allowed, but not required […] at any stage in the production process provided that the quantities are controlled in documentation.”.

[14] See for example New York Times (2023[29]), Human Rights Watch (2022[27]), and Clean Clothes Campaign (2019[40]).

[15] See for example Transparentem (2025[64]), New York Times (2023[41]), SOMO (2022[34]), Human Rights Watch (2022[27]), Transparentem (2021[32]), ECCHR (2021[33]), and Clean Clothes Campaign (2019[40]).

[16] See criterion 1.3.4 of the Fairtrade Textile Standard (2016[66]): Your company shares audit results with workers through trade union/elected worker representatives (or CC members) following each audit in a way that workers understand these results. Time is allowed for trade union/elected worker representatives to be able to understand the audit report and to inform and explain the final results to all workers. This takes place during working time and it is ensured that workers do not lose income.

[17] See findings on conflict of interest in assessments for example in reports by New York Times (2023[29]), Human Rights Watch (2022, pp. 14-15[27]), Transparentem (2021, p. 24[32]), ECCHR (2021, pp. 12,14,17[33]), Clean Clothes Campaign (2019, pp. 72,85[28]), ECCHR & FES (2016, p. 4[58]), Sheffield University (2016, pp. 3,5[51]), Finnwatch (2016, p. 10[52]).

[18] Competition law considerations may apply. Companies and certifications should take proactive steps to understand competition law issues in their jurisdiction and avoid activities which could represent a breach of competition law.