Due diligence essentials for responsible garment and footwear

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The garment and footwear sector is a cornerstone of global trade and employment, supporting millions of livelihoods across diverse geographies. Its highly fragmented and multi-tiered supply chains span raw material production to finished goods, and informal homeworkers to massive multinational retailers. The sector is associated with a range of environmental, social and governance risks, including environmental issues, alongside labour rights concerns such as child labour, forced labour, and barriers to freedom of association. This case study examines the sector's key characteristics, salient risks and impacts, and the opportunities and challenges that companies face in implementing risk-based due diligence in line with international standards on Responsible Business Conduct.[1] It is targeted at companies in and outside of the garment and footwear sector who are seeking to understand their exposure to garment and footwear related risks, and also for policymakers and stakeholders seeking to better understand opportunities for promoting effective due diligence in the sector.

Key characteristics of garment and footwear value chains

Market landscape

Types of enterprises

A huge variety of enterprises operate across the garment and footwear sector, with different business models, and scale and complexity of their supply chains. Companies in the garment and footwear sector can be large, medium, small or micro-sized enterprises. They may be formalised or informal enterprise structures. They may be customer-facing or B2B (business to business, intermediaries, suppliers, etc.). They may be directly involved in processing and producing, or they may operate as intermediaries (agents, traders, wholesalers, etc.). The complexity of their supply chains and product lines may also vary enormously.

Business and sourcing models

Multi-tiered and decentralised supply chains are common in the sector: companies often directly contract with a range of suppliers (especially tier 1 manufacturers and fabric producers). Further upstream, companies usually have less direct contracting and therefore less visibility of sites and actors, with estimates suggesting that tier 1 only accounts for 20% of the production processes involved in a finished garment (Remake, 2023[1]). Companies may also work through sourcing agents, commercial product suppliers, and vertically integrated suppliers that manage production but outsource specific manufacturing processes. Subcontracting is also common practice in the sector.

Business and sourcing models may have differing implications for value chain organisation, the type of actors and processes. Business models differ depending on the number of product lines a company sells,

types of products (e.g. workwear, home textiles, garments, footwear), the level of diversity of product lines, and how often they are changed (i.e. number of seasons per year). Sourcing models refers to the range of suppliers the company sources from and the nature of its contractual relationships and whether sourcing is direct or indirect. One company may source from fewer than 20 tier 1 suppliers,[2] another may source from thousands of production sites. One brand may have fewer than 50 key product lines, another may source many hundreds of thousands of different products across diverse categories.

Ownership structures also vary. A company may own its own production or outsource production to supplier facilities; it may oversee its own value chain, or operate via licensee companies, or retail third-party brands. Recent trends include shifts towards fast fashion, which prioritises high production volumes, highly diversified product lines and rapid market turnover, and e-commerce models which can include production-to-order reliant on localised production and ultra-short lead times.

Worker profile

Global garment and footwear supply chains bridge formal and informal sectors, including fixed and variable salaried and waged labour and self-employed workers, homeworkers, farmers and smallholders relying on a range of income sources. The sector is thought to support the livelihoods of millions globally with figures quoted from 75 million to more than 200 million. Women are predominant in the sector, making up approximately 65% of the cotton-picking workforce and about 80% of the global garment workforce (ILO, 2024[2]).

The workforce demographic can vary by supply chain segment, type of production or regional context. The sector relies heavily on informal sector workers, including homeworkers and waste pickers, which are typically not protected by existing legal frameworks and who can be impacted differently due to the nature of their employment relationship and work. Labour migration, both internal and international, plays a significant role in the workforce of many garment-producing countries.

A range of recruitment processes are followed in the sector, including direct recruitment and the use of labour providers (particularly relevant for migrant workers). Contract types can vary from long term to short-term contracts, fixed monthly wages, to workers employed on day or piece rates (payment based on the number of items produced). Certain traditional practices such as indentured work have largely been phased out in lower tiers of value chains but may still be encountered in more upstream processes in particular regions. Seasonal and part-time work may be a factor particularly in agricultural processes, for example cotton farming.

Value chain characteristics

The garment and footwear sector encompasses multiple and heterogeneous processes, actors, geographical origins and trading routes depending on commodity, business model, product and process among other factors, but some common stages in the chain are:

- Raw material/fibre production or extraction (e.g. cotton farming, forest management,
- Raw material/fibre processing (e.g. spinning, conversion, tanning)
- Fabric/material manufacturing (e.g. weaving, knitting, wet processing, dying, finishing leather, component/accessories)
- Manufacturing of finished goods (e.g. cutting, sewing, assembling, clicking, embroidery, printing)
- Trading/intermediaries
- Recycling (waste collectors/sorters/recyclers)

Raw materials within the raw material/fibre production stage (often referred to as tier 4) often include:

- Plant fibres, e.g. cotton, hemp, jute, natural rubber

- Animal fibres and/or skins, e.g. wool, silk, leather
- Synthetic fibres, e.g. polyester, polyamide, nylon
- Cellulosic fibres, e.g. viscose, modal
- Metals and non-fabric/leather trims, e.g. raw materials for buttons, labels, zips, studs etc.

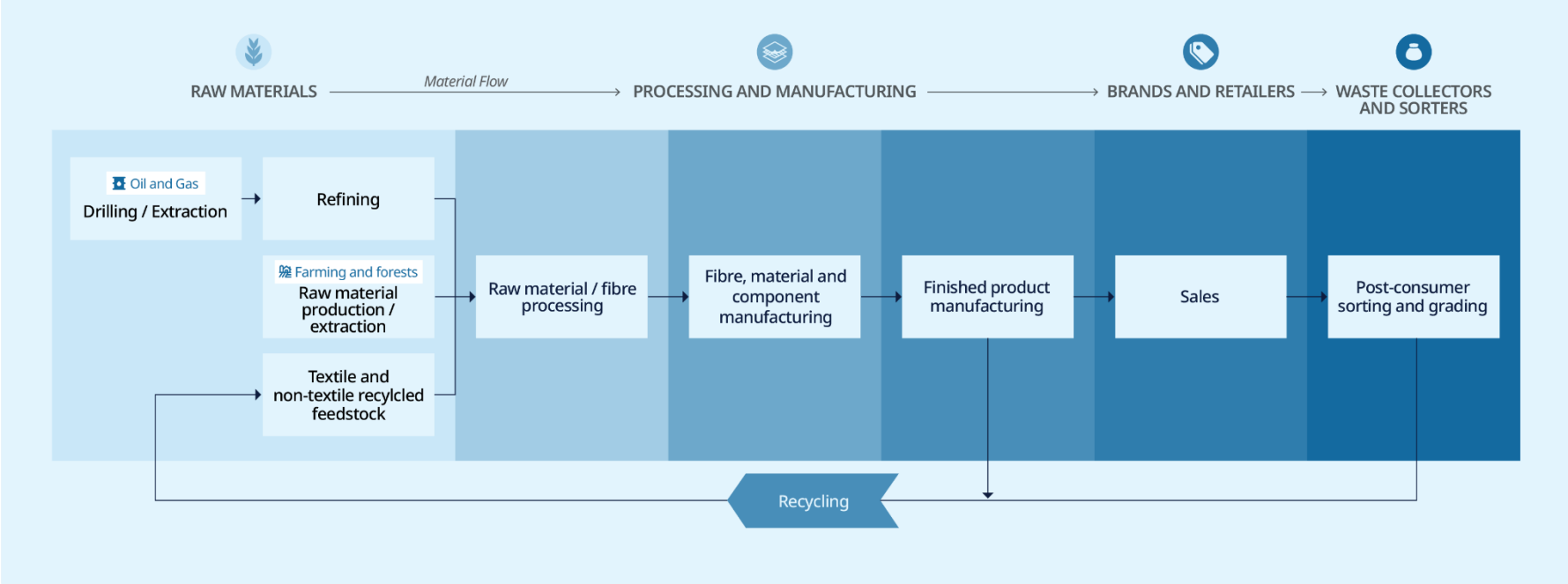
The raw material stage may bridge other sectors, for example agriculture, livestock farming and forestry sectors, petrochemical and extractives sectors.

Intermediary stages encompass raw material processing, fibre production, yarn spinning, wet processing (including dyeing/finishing) fabric manufacturing, and leather tanning, and can be sometimes referred to as tier 2 and tier 3 processes respectively, where tier 1 tends to be reserved for finished product assembly, also known as “cut-make-trim” for garments. This stage also frequently includes subcontracting to other units for overflow production or for specialist processes, for example hand stitching, embroidery, laundry services, and packing.

Finished garments and footwear then undergo quality checking and handover to the commissioning brand or retailer’s distribution networks which can include retail, e-sale and wholesale business models either directly or indirectly to consumers. Final buyers can also be governments (via public procurement).

Increasingly brands and retailers are coming under expectations to plan for post-consumer processes for garments, textiles and footwear they place on the market, with a number of governments introducing extended producer responsibility regulation for the garment and footwear sector. Brand activities can include operating take-back schemes and offering services that extend the lifespan of their garments and footwear, e.g. providing consumer care guidance and repair services. As companies also seek to move away from linear models and adopt more circular processes. Although it still represents less than 1% of all textile production, many brands are piloting processes to support textile-to-textile recycling, which also drives companies to consider designing for ease of reuse and recycling and investing in circular value chains including recycling.

Figure 1. Simplified garment and footwear supply chain



Salient impacts associated with the sector

The most likely and severe risks related to the garment and footwear sector are described in this section. While this list can inform individual company due diligence efforts, it is non-exhaustive. Each company is expected to identify its priority risk areas based on its individual circumstances, including risks not listed here.

Environmental impacts

Hazardous chemicals

Chemical use is widespread in the production of both natural and synthetic fibres, as well as in dyeing, finishing and tanning. Pesticides, solvents, dyes and other hazardous substances pose risks to workers and surrounding communities, contributing to health impacts, water and soil contamination, and biodiversity loss. Weak regulation, limited training and protective equipment, insufficient ventilation, and the presence of "legacy chemicals" in used textiles heighten exposure risks during waste sorting and recycling, particularly in smaller or informal facilities.

Water use and pollution

Water consumption is substantial in fibre cultivation and wet processing, and the sector is a major source of industrial water pollution (Business for Social Responsibility, 2023[3]). Producing certain fibres and materials is water intensive (e.g. cotton cultivation, livestock for wool or cashmere production). Processes such as bleaching, dyeing, leather tanning, finishing (e.g. to enhance softness, colour fastness) and chemical treatments (e.g. for workwear) involve extensive water usage, as textiles are submerged in treatment baths and subsequently rinsed, consuming vast quantities of water.

Without adequate wastewater treatment or wastewater infrastructure, untreated effluent or inadequately treated effluent are discharged and contaminate water sources. This can lead to biodiversity loss, soil degradation, and crop damage. If activities take place in upper catchment areas, it can pose higher risks of contaminating the water basin.

The logistics of transporting raw materials and finished goods also contribute to water-related environmental impacts. In the use and end-of-use phase of textiles (when washed or discarded in landfills), release of microfibres can further contribute to pollution, with microplastics from polyester and other plastics a particular concern.

Greenhouse gas emissions

The sector is globally responsible for approximately 2-8% of global greenhouse gas (GHG) emissions (UNEP, 2023[4]). A significant portion arises from material production and processing. The sector contributes notably to global GHG emissions, driven by energy-intensive material production, fossil-fuel-based heat sources, and agricultural activities that involve pesticide use, such as cotton cultivation, or livestock farming. Chemical treatments and high-temperature processing further increase energy use. Logistics, including maritime and land transport, as well as rising cooling needs in hotter climates, add to the sector's carbon footprint. Transitioning to cleaner energy sources remains challenging for many suppliers due to cost pressures and infrastructure constraints.

Waste generation and circularity challenges

The predominantly linear production model can result in large volumes of waste at all stages, intensified by fast-changing consumer trends and short product lifespans (UNRIC, 2024[5]). Low levels of separate collection and limited recycling capacity constrain circularity, particularly for complex, mixed-material products. Informal recycling systems face structural barriers, and cross-border exports of used textiles often shift waste burdens to countries with weaker waste management systems (UNEP, 2024[6]).

Biodiversity

Biodiversity loss in the sector can stem from deforestation linked to fibre production, overuse of water and chemicals, pollution from untreated effluents, and habitat degradation associated with petroleum extraction for synthetics (UNEP, 2023[4]). Agricultural impacts such as soil depletion, pesticide use, and freshwater stress further threaten ecosystems. Some materials such as exotic leathers or fibres also rely on at-risk species.

Animal welfare

Animal-derived materials such as wool, leather, and down can pose risks of inadequate care, poor living conditions, or inhumane slaughter (Four Paws International, 2023[7]). Indirect sourcing relationships and low visibility in farm-level operations can make it difficult to ensure good welfare standards, especially where practices such as mulesing[3] or live-plucking persist.

Social impacts

Child labour

Child labour remains a concern throughout the garment and footwear supply chain but is rarely unique to one sector within a particular country or region and often linked to systemic issues. Factors increasing the likelihood of child labour include legal gaps (e.g. non-ratification of ILO conventions on minimum age and worst forms of child labour) and weak regulatory enforcement. Poverty, limited access to education (e.g. availability of schools in rural areas, school fees) or the exclusion of specific groups (e.g. children of minorities or migrants) can also heighten the risk of child labour. The presence of informal or seasonal employment (e.g. common in cotton harvesting, spinning, embroidery and subcontractors) can also increase the risk of child labour as oversight by authorities is limited, and seasonal work sites are often far from schools.

Low wages and high debt can create financial pressure, forcing families to send their children to work. Some apprenticeship schemes in the sector expose children and young workers to excessive working hours, low pay and hazardous conditions. Certain commodities (e.g. cotton) (ILO, 2022[8]) tiers (e.g. spinning) (U.S. Department of Labor, 2024[9]) or tasks (e.g. embroidery) have been identified as having higher rates of child labour.

Sexual harassment and sexual and gender-based violence in the workplace

Sexual harassment and sexual- and gender-based violence are widespread in the sector (Oxfam Australia, 2021[10]; ILO, 2023[11]). Women, who make up the majority of the workforce in the sector, are particularly vulnerable, especially low-income, migrant, and informal workers and workers from minorities, including ethnic, religious and caste minorities.

A lack of awareness of what constitutes sexual harassment and sexual- and gender-based violence may also lead to cases being underreported.

Forced labour

Forced labour in the garment and footwear sector often remains hidden and can take many forms, particularly affecting migrant workers, refugees, and young internal migrants who may lack social support, language skills, or awareness of their rights (U.S. Department of Labor, 2024[9]). High recruitment fees, document retention, and coercive practices by labour brokers can create debt bondage, while economic dependency makes workers more vulnerable (Walk Free Foundation, n.d.[12]). In some contexts, forced labour may also be state-imposed, or embedded in schemes that tie workers to employers through deferred payments or other restrictive arrangements.

Working and living conditions can further heighten these risks. On-site dormitories may limit freedom of movement, while production pressures and tight deadlines can push factories toward forced overtime, sometimes enforced through threats or penalties. Informal and subcontracted workplaces, where oversight is minimal, create additional vulnerabilities. Across raw-material production stages, such as cotton harvesting, rubber tapping, or silk cultivation, forced labour risks persist due to limited visibility and oversight in upstream tiers.

Working time and wages

Excessive working hours are widespread and often the result of regulatory gaps, weak enforcement, and business models that rely on flexible labour to meet fluctuating demand. Workers paid very low wages or under piece-rate arrangements may feel compelled to work beyond legal limits to earn enough income. Fear of retaliation also discourages workers from refusing overtime, blurring the line between long hours and coercion. Inefficient production planning, short lead times, and buyer purchasing practices can further drive reliance on overtime, increasing fatigue-related risks and workplace accidents.

Wage-related risks are also significant. Many workers in the sector earn below living-wage benchmarks, and wage violations such as non-payment or underpayment are not uncommon.

Income insecurity is further shaped by the structure of work and payment systems. Multiple wage tiers within countries, short-term or informal contracts, and payment mechanisms such as piece-rate or day-rate wages often result in fluctuating or unpredictable earnings. Workers may also face wage withholding or delayed payments, especially in lower-margin facilities struggling with volatile orders and delayed buyer payments.

Risks and indicators of forced labour, working time and wages are often interlinked and it is useful for companies conducting due diligence to consider these linkages when conducting due diligence.

Occupational health and safety

Even though many of the risks can be addressed by safety measures and personal protective equipment, health and safety risks are widespread in the sector. Country-specific factors, such as the quality of building inspections, urban planning and air quality, can also significantly affect the severity of health and safety risks faced by workers.

Factors that increase the risk include the unsafe handling of chemicals, lack of personal protective gear (e.g. masks to avoid inhalation of dust; hearing protection in areas exposed to excessive noise; removing needle safety guards to increase productivity), or limited ventilation and air-cooling systems. Excessive hours or denials of breaks can also increase health issues.

Limited regulation or local inspection can lead to machinery accidents or building collapses. In warehouse and logistics settings, workers face lifting-related injuries and risks from the transport of goods. In informal settings, including subcontracting, and homework, workers often face even less oversight and fewer safety measures, leading to increased health and safety risks. Health and safety risks also disproportionately affect certain groups of workers (e.g. pregnant women, young workers).

Risks to freedom of association and collective bargaining rights

Challenges to freedom of association and collective bargaining rights have been widely highlighted in the sector (ILO, 2021[13]). Legal restrictions may hinder workers' ability to organise, such as mandatory membership in state-controlled federations, restrictive registration requirements, or limitations on unions' activities. Where legal frameworks exist, enforcement can be inconsistent, with authorities sometimes lacking the capacity or independence to uphold freedom of association and provide effective remedies. Employer-dominated structures, where management-controlled committees replace independent trade unions, present further obstacles. In some cases, government and employer influence over union activities extends beyond legal restrictions to direct forms of suppression, including arbitrary detention and criminal prosecution of labour leaders.

Structural factors such as a high level of precarity may discourage unionisation if unions are perceived as disruptive and workers fear to lose their jobs. High worker turnover (e.g. due to short-term contracts, overall fluctuation) can also limit workers' ability to organise as the membership is not stable and trust with new workers usually needs to be built. Certain groups of workers such as migrants, informal workers, and homeworkers can face additional barriers in exercising their rights to freedom of association and collective bargaining (e.g. work in isolation, language barriers, visa-related restrictions).

Governance impacts

Bribery and corruption

The garment and footwear sector, with its complex networks of suppliers, intermediaries, and government interactions (e.g. to obtain operating licences, inspections, customs clearance), is vulnerable to bribery and corruption-related risks. Companies operating in jurisdictions with high levels of bribery and corruption, weak legal frameworks, untransparent procurement and investment policies, or ineffective regulatory enforcement may face heightened risks. Corruption and the use of opaque subcontracting networks are reported to obscure accountability, enable labour exploitation and environmental violations by allowing factories to bypass inspections and regulatory oversight (UNODC, 2025[14]).

Key considerations for due diligence

Challenges

Legal and institutional context in key sourcing locations

The establishment of export processing zones (EPZs) can create regulatory loopholes where labour rights, environmental protections, and health and safety standards may not be as strictly enforced as in other areas of the country (ILO, n.d.[15]). Many home-based workers and informal suppliers operate outside of formal labour laws or enforcement, making it difficult to monitor due diligence risks. Migrant workers may be particularly vulnerable due to employment restrictions (OECD, 2018[16]).

Market conditions

The globalised, highly interconnected nature of garment and footwear supply chains makes them vulnerable to shocks such as pandemics, shipping disruptions, natural disasters, economic downturns and geopolitical tensions. These disruptions can quickly affect workers when buyers react by cancelling orders, delaying payments or disengaging from suppliers irresponsibly. Competitive pressures intensify this volatility, as companies seek lower production costs, shorter lead times and rapid turnover, driving reliance on high-risk practices like unauthorised subcontracting. Low margins further limit suppliers' ability to invest

in worker protection or sustainability, and many SMEs lack the resources to implement effective due diligence or access finance for improvements (OECD (2021[17]); (2020[18])).

Interface with other industries

The garment and footwear sector supply chains can cross over with those of other sectors and industries, e.g. the agriculture sector (fibre raw materials) or meat production (for leather and other animal-derived materials). A lack of communication and collaboration between sectors can limit transparency over supply chains, thereby complicating risk identification and mitigation for actors in the garment and footwear sectors.

Opportunities

Strategic partnerships

Increasingly, brands are turning to long-term, strategic relationships with key suppliers as a deliberate resilience strategy in response to sustained market volatility, regulatory pressures, and disruptions in global logistics**.** For example, recent survey data indicate that strategic partnerships now represent 43% of apparel supplier relationships, up from 26% in 2019, reflecting a notable change in buyer practices (McKinsey & Co., 2023[19]). Strategic partnerships are most common between brands and multinational suppliers that often represent a high number of factories. These approaches can help to enhance leverage, improve information flows, and enable more co-ordinated risk management.

Transparency

Compared with many other sectors, the garment and footwear sector has made relatively advanced progress on transparency and traceability. Over the past decade, multiple initiatives have pushed for public disclosure of facility-level supply chain data. Open Supply Hub is a key example (Open Supply Hub, n.d.[20]); it aggregates factory information from hundreds of brands, civil-society groups, and certification bodies to create a shared, publicly accessible registry. Many brands now publish Tier 1 (cut-and-sew) supplier lists, and an increasing number disclose Tier 2 and beyond, enabling stronger monitoring, benchmarking, and risk identification. These transparency tools support due diligence by allowing stakeholders to verify sourcing information and flag potential risks.

Co-operation

Drawing on over three decades of experience, the garment sector is relatively mature with respect to environmental and social supply chain management. This has allowed for enhanced co-operation across industry and stakeholders, which in turn can drive more effective and efficient approaches. Collaboration includes information and data sharing initiatives. For example, the Zero Discharge of Hazardous Chemicals (ZDHC) Roadmap to Zero publishes a Manufacturing Restricted Substances List (MRSL) and tools for wastewater data reporting, chemical inventories, and training to reduce duplication, align expectations across brands, and improve overall chemical management in the sector (ZDHC Roadmap to Zero, n.d.[21]). In recent years multiple initiatives have sought to address audit duplication, historically a major challenge in the industry (Fair Wear Foundation, 2025[22]) (Solidaridad Network, 2025[23]). These programmes strive to promote standardised data collection that brands can share, enabling convergence around common assessment tools. Furthermore, the sector has examples of effective collaborative initiatives to prevent, mitigate and remedy impacts in the sector. For example, the Accord on Fire and Building Safety in Bangladesh (and later the International Accord) provides a legally binding framework for inspections, remediation, and worker protections across participating brands (Accord on Fire and Safety in Bangladesh, n.d.[24]).

Trade union engagement

The garment sector has comparatively well-established relationships with global and local trade unions, which can support and strengthen due diligence. Global union federations frequently engage in sector-wide agreements, enabling structured social dialogue. Mechanisms like Global Framework Agreements (GFAs) provide recognised channels for addressing grievances and identifying risks (IndustriAll, n.d.[25]). These relationships enhance the depth and quality of worker-level information available to companies, supporting more robust risk detection, remediation, and monitoring.

Related OECD resources

The OECD has developed various resources to support businesses carrying out due diligence for in the garment and footwear sector, notably through sector specific due diligence guidance, broader cross-sectoral resources, as well as topical resources on recycling, living wages and the role of sustainability certifications.

- OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector
- OECD Due Diligence Checker for the Garment and Footwear Sector
- Due diligence on recycling processes in the garment and footwear sector
- Handbook on due diligence for enabling living incomes and living wages in agriculture, garment and footwear supply chains
- The role of sustainability certifications in due diligence in the garment and footwear sector
- OECD alignment assessments of sustainability initiatives in an evolving regulatory context

Cross-sectoral resources:

- OECD Due Diligence Guidance for Responsible Business Conduct
- OECD Guidelines for Multinational Enterprises on Responsible Business Conduct
- OECD e-learning Academy on Responsible Business Conduct

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Notes

[1] The sector was chosen for a case study based on a previous study by the OECD to identify and synthesise insights from key resources on the prevalence of issues covered by the OECD Guidelines for Multinational Enterprises (the OECD Guidelines) across industry sectors. To complement this analysis, the OECD further conducted an expert survey to attain a broad picture of the perceived association with Responsible Business Conduct (RBC) issues across sectors.

[2] Supply chain tiers refer to the different levels of suppliers involved in production, from Tier 1 manufacturers responsible for final assembly to Tier 2, Tier 3, and upstream suppliers providing materials, components, and processing services at earlier stages of production.

[3] Mulesing is commonly understood to be is a sheep husbandry procedure involving the removal of strips of wool-bearing skin from the breech (buttocks) area of a live sheep. The removal of this skin results in smooth, scarred tissue that is less likely to retain moisture, feces, or urine, thereby making the area less attractive to blowflies.

Revised version, March 2026. The following changes have been made: A reference was removed on page 6 and the References were updated.