



Initial Assessment Report

Ralph Lauren Canada LP.

Country: China

File number: 220850

Complaint filed on: June 21, 2022

Report publication date: August 15, 2023



About the CORE

The Canadian Ombudsperson for Responsible Enterprise (CORE) is a business and human rights grievance mechanism established by the Government of Canada. People can file complaints with the CORE about possible human rights abuses arising from the operations of Canadian garment, mining, and oil and gas companies outside of Canada.

For more information, see the [Canadian Ombudsperson for Responsible Enterprise](#) website.

What is the purpose of this report?

The CORE is reporting on the initial assessment stage of a complaint filed by a coalition of 28 Canadian organizations on June 21, 2022, about the activities of Ralph Lauren Canada LP (RLCLP).

Pursuant to section 16 of the CORE's [Order in Council](#), the parties had an opportunity to comment on the facts contained in the report. A summary of the comments received is at Part 5 of the report.

Who are the parties to the complaint?

The Complainants are a coalition of 28 Canadian organizations listed in Annex 1.

RLCLP is a limited partnership registered in Ontario on April 5, 2011, with its principal place of business in Toronto, Ontario and became inactive from April 4, 2022. ¹

What is the complaint about?

The complaint alleges that RLCLP has supply relationships with companies that use or benefit from Uyghur forced labour. Some of the information provided and the reports referred to in the complaint refer to “Ralph Lauren” and it is not clear whether this refers to the US parent company Ralph Lauren Corporation (RLC), RLCLP, or to Ralph Lauren as an international brand or retailer. However, the complaint specifically alleges that RLCLP uses or benefits from forced labour in its supply chain. Also, the bills of lading submitted to support the allegations, specifically identify RLCLP as the consignee of shipments from a Chinese company, Esquel Textile Co. Ltd. (Esquel), that the Australian Strategic Policy Institute's (ASPI) [Uyghurs for Sale](#) report identified as using or benefitting from Uyghur forced labour.

The Complainants also cite ASPI's *Uyghurs for Sale* report which identifies Youngor Textile Holdings Co. Ltd. (Younger), Jiangsu Guotai Guosheng (Jiangsu), and Esquel as factories in the Ralph Lauren's supply chain where Uyghurs allegedly work “under conditions that strongly suggest forced labour.”² While alleging that all these companies are connected to Ralph Lauren, the complaint does not clarify who is implicated—Ralph Lauren or RLCLP.

However, as mentioned above, with respect to Esquel, the Complainants submit bills of lading

¹appmybizaccount.gov.on.ca/onbis/partnerships/viewInstance/view.pub?id=8ebd952f903c5145475bd25f5d85ab9e66f3ed39daa8e6104315c29300791d9e&_timestamp=2630101848090006

² Australian Strategic Policy Institute, *Uyghurs for Sale*, (March 2020), <https://www.aspi.org.au/report/uyghurs-sale>.



(from Import Genius) which indicate that RLCLP imported twenty-six (26) unique shipments into Canada from Esquel between August 2020 and March 2021. Based on the dates of the bills of lading, the Complainants assert that RLCLP continued to import from Esquel after Ralph Lauren issued a statement on July 30, 2020, denying sourcing any yarn, textiles or products from Xinjiang. The “Statement on Xinjiang” was issued by US parent RLC in an apparent response to the ASPI’s *Uyghurs for Sale* report stating: “Ralph Lauren does not source any yarn, textiles or products from Xinjiang. Our suppliers are prohibited from using any cotton grown in the Xinjiang region and we are working with our partners and other brands to identify an effective solution for raw material traceability and verification at the fibre level to ensure that the materials we use in our products are responsibly sourced.” The Complainants allege that the findings of ASPI report and the bill of lading submitted with the complaint directly contradict Ralph Lauren’s (without clarifying which entity that refers to) statement about its alleged sourcing practices in Xinjiang.

To further support their allegations, the Complainants refer to the [Laundering Cotton](#) report, regarding the link between Ralph Lauren (without clarifying which entity that refers to) and Chinese companies associated with Uyghur forced labour, namely Jiangsu Lianfa Textile Co. Ltd (Jiangsu), Huafu Fashion Co. Ltd. (Huafa), Luthai Textile Co. Ltd. (Luthai), and Texhong Textile Group (Texhong) Ltd.³ According to the complaint, the *Laundering Cotton* report provides evidence that these four companies use or benefit from Uyghur forced labour by establishing subsidiaries in the Uyghur region, purchasing Xinjiang cotton through intermediaries and/or engaging or cooperating in forcible labour transfers programs. Using supply chain tracing, the *Laundering Cotton* report suggests that these companies supply Ralph Lauren with cotton sourced from Xinjiang using intermediary manufacturers in Ralph Lauren’s supply chain.

In addition, the Complainants point to the [Built on Repression](#) report on labour and environmental abuses in the Uyghur Region which states that the state-owned company Xinjiang Zhongtai Group which is “an avid participant in state-sponsored labour transfer programs” manufactures cotton and synthetic yarns that are then supplied through a subsidiary to numerous global retailers/brands, including Ralph Lauren.⁴

The Complainants assert that Ralph Lauren has not addressed the issue of forced labour inputs at early stages of the supply chain. They refer to the following data or information relating to the pervasive use of Uyghur forced labour in the cotton fields and the prevalence of Xinjiang cotton in global garment production and claim that sourcing from anywhere in China “inevitably” means the presence of Uyghur forced labour in the supply chain:

- a. [One in five cotton garments](#) in the global apparel market is tainted by Uyghur forced labour;
- b. Xinjiang (East Turkestan) produces about [19% of the world's cotton \(PDF\)](#);

³ Sheffield Hallam University, “Laundering Cotton”, (November 2021), <https://www.shu.ac.uk/helena-kennedy-centre->

⁴ Sheffield Hallam University & Helena Kennedy Centre for International Justice, “Built on Repression”, (June, 2020), <https://www.shu.ac.uk/helena-kennedy-centre-international-justice/research-and-projects/all-projects/built-on-repression>



- c. By 2019, [Xinjiang hosted 3,500 cotton, textile and garment factories](#) in which Uyghurs were used as forced labourers;
- d. Approximately 2 million Uyghur labourers were forcibly placed in state-sponsored enforced [labour transfer programs](#) across nine Chinese provinces; and
- e. China's [export strategy \(PDF\)](#) that obscures Xinjiang cotton's origin by transporting cotton, cotton-based yarn and textiles, and semi-finished garments to 53 intermediary manufacturers in third countries which in turn supply to 103 global retailers or brands.

The Complainants indicate that by way of letter dated November 12, 2021, they asked the senior country director—Canada, Ralph Lauren to conduct human rights due diligence (HRDD) to ensure that it does not benefit from Uyghur forced labour. They also requested that Ralph Lauren Canada “cut off relations” with Youngor, Jiangsu and Esquel. According to the Complainants, they have not received a response to their inquiry or an explanation about how Ralph Lauren’s HRDD activities are undertaken. Although in their letter dated November 12, 2021, the Complainants used Ralph Lauren, Ralph Lauren Canada, and RLCLP, the complaint clarifies that the Complainants asked RLCLP to conduct appropriate HRDD and ensure that forced labour is not present in its supply chain.

Part 1—Summary of the Intake stage (or Admissibility stage)

1. On July 20, 2022, on the basis of the information provided by the Complainants, the Ombud decided that the complaint was admissible pursuant to section 6.1 of the [Operating Procedures](#). This means that the Ombud decided there was sufficient information in the complaint to form a reasonable belief that each of the three admissibility criteria was met. The threshold for admissibility is a low one. The admissibility criteria are that:
 - The complaint concerns an alleged abuse of an internationally recognized human right;
 - The alleged abuse arises from the operations abroad of a Canadian company in the garment, mining or oil and gas sector; and
 - The abuse allegedly occurred after May 1, 2019, or, if it allegedly occurred before May 1, 2019, is ongoing at the time of the complaint ([Section 5.7, Operating Procedures](#)).
2. The Ombud’s decision was communicated to the Complainants on July 27, 2022.
3. On July 28 & August 3, 2022, RLCLP was notified that a complaint has been filed against it. In order to share the complaint, the CORE requested RLCLP’s data protection and document retention policies. On August 10, 2022, the US parent Ralph Lauren Corporation (RLC) responded by providing its data protection and document retention policies, internal



complaint procedures and requested a copy of the complaint. RLC also raised jurisdictional objections which are detailed at para 11. On September 29, a copy of the complaint was sent to RLC.

4. On October 17, 2022, an email was sent inviting RLCLP to participate in the initial assessment meeting. At that time, the complaint moved from the intake stage to the initial assessment stage of the complaint process. On November 28, 2022, counsel for the US parent RLC responded to the complaint, explained the responsible sourcing policies and strategies of Ralph Lauren and Ralph Lauren Canada, and declined to participate in the initial assessment process.

Part 2—Initial Assessment

Background

5. Initial Assessment is the process for deciding how to proceed with an admissible complaint including how to address any objections from the respondent (the company named in the complaint). The Ombud does not make a decision on the merits of the complaint during initial assessment.
6. The objectives of the initial assessment process are to:
 - Develop a better understanding of the parties' positions regarding the allegations including any objections to the complaint from the respondent;
 - Begin to identify the parties' underlying needs and interests;
 - Provide information regarding the role of the CORE and the different dispute resolution processes; and
 - Work with the parties to assess what dispute resolution process may best address the issues raised by the complaint including the allegations and any objections from the respondent.
7. During initial assessment, the Ombud meets with the parties to learn about their views regarding the allegations, respond to their concerns and questions, and seek their agreement to participate in early resolution or mediation. If the parties do not agree to participate in a consensual dispute resolution process, the Ombud will decide how to deal with the complaint including whether to begin an investigation.

1 **Talk to both parties separately**

to develop a better understanding of the complaint without deciding whether it is true or false.

2 **Begin to identify the parties' underlying needs and interests.**

3 **Provide information regarding the role of the CORE and the different dispute resolution processes.**

4 **Work with the parties to decide what dispute resolution process may best address the issues raised by the complaint including any objections from the company.**



The Initial Assessment Process in this Complaint

8. The steps taken by the CORE during the initial assessment of this complaint were as follows:
 - i. Desk review of the complaint.
 - ii. Virtual meeting with the Complainants' representatives on November 18, 2022.
 - iii. US parent RLC's responses in letters dated August 9 (received by email on August 10) & November 28, 2022.
 - iv. Desk research on the status of RLCLP.

What the Complainants told the CORE

9. During the initial assessment meeting on November 18, 2022, the Complainants expressed their willingness to participate in early resolution or mediation including agreeing to terms of confidentiality. The Complainants are willing to work towards a systemic resolution that does not name RLCLP and that finds solutions to address the possible use of Uyghur forced labour and that would help Canadian garment companies to undertake appropriate HRDD in this high-risk context.
10. The Complainants also indicated that given the complexity of tracing the origin of textiles particularly from the Xinjiang region, it is preferable to use fibre-origin tracing technology that can map a supply chain from fibre to retail. Specifically referring to Oritain's technology, they indicated their understanding that by using a tracing technology, a garment retailer or importer can ensure that its imported products are not using cotton from Xinjiang region.

US Parent RLC's Response to the Complaint

11. In an email sent on August 10, 2022, a representative of the US parent RLC raised a jurisdictional objection. RLC asserted that its headquarters in the US oversee the operations abroad and Ralph Lauren Canada Corporation (RLCC) being a subsidiary of RLC, is not responsible for decision-making or oversight of operations abroad. Therefore, the CORE has no jurisdiction over the matter. It is to be noted that in its response, the US Parent RLC referred to its subsidiary RLCC and did not refer to the RLCLP. RLCC is a Canadian garment company and was incorporated under the *Nova Scotia Companies Act* on May 17, 2021, with its head office at 1741 Lower Water Street, Halifax, Nova Scotia.⁵
12. On November 28, 2022, the counsel for the US parent RLC provided a response to the complaint on behalf of US parent RLC and Ralph Lauren Canada and declined to attend an initial assessment meeting with the CORE. The counsel referred to Ralph Lauren Canada without clarifying whether they are referring to RLCC or to RLCLP.
13. The counsel for the US parent RLC provided the following links for information on Ralph Lauren's responsible sourcing strategies and commitments: 2022 [Global Citizenship & Sustainability Report](#), [Human Rights Policy](#), and [Human Rights Disclosure \(PDF\)](#).

⁵ <https://rjsc.novascotia.ca/e-commerce/company/6762052>



14. While referring to HRDD policies and strategies, the counsel used Ralph Lauren (RL) most likely as an international brand or retailer, and referred to the following policies or strategies:
- a. RL's public commitment to International Standards: RL conducts its global operations with respect for the UNGPs, international human rights, labour rights and environmental sustainability;
 - b. RL's forced labour policy: RL has no tolerance for forced labour; does not source any yarn, textile or products from Xinjiang; prohibits its suppliers from using any cotton grown in Xinjiang; and complies with applicable laws and regulations wherever it operates;
 - c. RL's increased human rights due diligence efforts: RL regularly monitors supply chain for forced labour risks; undertakes third-party audits; established traceability roadmaps for its supply chain; conducts transparency mapping for all of its raw materials; and also started to expand use of Oritain's raw materials and fibre-origin tracing technology to certify the country of origin for its product samples;
 - d. RL's engagement with industry associations to stay updated on best practices and solutions for supply chain transparency; and
 - e. RL's long-term strategies: RL continues to diversify sourcing locations. Also, collaborating with other stakeholders, RL is also planning to invest in technology that would help expand its capability to track and trace supply chain at the fibre level.

Part 3—How to deal with the complaint?

15. The Ombud must decide how to deal with the complaint. The Ombud may decide to:
- a. Close the file— The Ombud may decide not to deal with the complaint and to close the file after publishing this report pursuant to section 14(2) of the [Order in Council](#); or,
 - b. Conduct an investigation using independent fact-finding—The Ombud may decide to investigate the complaint using independent fact-finding pursuant to section 7(b) of the [Order in Council](#).
16. In deciding whether to investigate a complaint, the Ombud considers the overall context of the complaint and relevant factors including whether:
- a. The complaint is frivolous or vexatious;
 - b. The complaint is being reviewed or has been reviewed, in another forum.
 - c. The Canadian company has already provided a satisfactory response or remedy to the allegations in the complaint;
 - d. Relevant information is likely to be available;
 - e. Effective remedy is likely to be available;
 - f. An investigation is likely to lead to unacceptable risk to the complainants or others.



17. In considering whether relevant information is likely to be available, the cooperation of the Canadian company named in a complaint is not determinative. The CORE may consider the availability of information from all reasonably accessible sources. As well, in any final report, the CORE may comment on how the cooperation of the parties impacted on the availability of information and other aspects of the investigation.
18. In considering whether any practical or effective remedy is likely to be available in an appropriate case, the Ombud will consider the possible remedies.

Analysis

19. On their face, the allegations made by the Complainants raise serious issues regarding the possible abuse of the internationally recognized right to be free from forced labour, referred to in following instruments:
 - a. Right to be free from slavery or servitude (Article 4, [Universal Declaration of Human Rights, 1948](#));
 - b. Right to work, to free choice of employment, to just and favourable conditions of work (Article 23(1), [Universal Declaration of Human Rights, 1948](#); Article 6.1, [International Covenant on Economic, Social and Cultural Rights, 1966](#));
 - c. Freedom from forced or compulsory labour (Articles 1 & 2, [ILO's Forced Labour Convention, 1930 \(No. 29\)](#), Article 8(3)(a), [International Covenant on Civil and Political Rights, 1966](#); [The Protocol of 2014 to the Forced Labour Convention 1930](#));
 - d. Freedom from forced or compulsory labour as a means of political coercion or of racial, social, national or religious discrimination. (Article 1, [ILO's Abolition of Forced Labour Convention, 1957 \(No. 105\)](#)).
20. The seriousness of the human rights impacts arising from the possible use of Uyghur forced labour is underlined by the [OHCHR Assessment of human rights concerns in the Xinjiang Uyghur Autonomous Region, People's Republic of China](#) report issued in August 2022. The report finds that far-reaching, arbitrary and discriminatory restrictions on human rights and fundamental freedoms were imposed on Uyghurs and other predominantly Muslim communities living in Xinjiang “in violation of international laws and standards” and calls on states, businesses and the international community to take actions in order to end the abuses.
21. Recognizing the seriousness of the possible use of Uyghur forced labour in Xinjiang, the Canadian government requires Canadian companies that source directly or indirectly from Xinjiang or from entities relying on Uyghur labour or who seek to engage in the Xinjiang market to sign the [Integrity Declaration on Doing Business with Xinjiang Entities](#) before receiving services and support from the Trade Commissioner Service (TCS). In addition, the Canadian government's 2023 budget signalled its commitment to reducing supply chain vulnerabilities and its intention to strengthen Canada's supply chain infrastructure by shifting critical supply chains away from dictatorships and towards democracies.



22. The complaint raises questions about RLCLP's due diligence activities. [Principles 14 and 17 of the UNGPs and related commentaries \(PDF\)](#) indicate that a company may need to adopt more robust measures in a high-risk operating context and HRDD in a high-risk context be tailored according to the nature and context of a company's operation, types of vulnerable groups, and the intensity and severity of human rights risks. Considering the prevalence of Xinjiang cotton in global garment production, for a garment manufacturer or retailer, cotton sourcing poses a high-risk context and a robust HRDD model is required.
23. As well, the UNGPs provide guidance regarding the responsibility of companies to be transparent about their HRDD activities. Companies whose business operations or operating context pose risks of severe human rights impacts are required to report formally about how they identify and address those serious human rights impacts ([Principle 21 and its commentary of the UNGPs \(PDF\)](#)). When concerns are raised by or on behalf of affected or other relevant stakeholders, companies need to provide sufficient information and ensure that its reporting/communication is accessible to the intended audiences.
24. On behalf of US parent RLC and Ralph Lauren Canada, counsel referred to RL's commitment to international standards including the UNGPs, RL's HRDD and anti-slavery commitments and strategies along with supply chain tracing, mapping and third-party verification processes. Counsel stated that "[I]n accordance with U.S. law, as well as its own corporate policies, Ralph Lauren's suppliers are prohibited from using any cotton grown in Xinjiang. Over the past several years, Ralph Lauren has taken numerous proactive steps across its supply chain, and in partnership with its industry, to address issues associated with forced labour and to ensure it is in compliance with all applicable laws and regulations wherever it operates and strategies."
25. The [Human Rights Disclosures \(PDF\)](#) referred to in the US parent RLC's response clarify that pursuant to the *California Transparency in Supply Chains Act* (2010), the *Modern Slavery Act* (2015) of UK and the *Australian Modern Slavery Act* (2018), the US parent RLC makes necessary disclosures. The relevant laws require filing of the corporate statements in order to provide information on corporate efforts to manage responsible supply chains including the efforts to eradicate slavery from their supply chains, etc. The objectives of such public disclosures are to prevent not only the use of slavery or forced labour, but also inadvertent promotion of slavery or forced labour at any stage of production or manufacturing process.
26. Counsel for the US parent RLC indicated that Ralph Lauren including Ralph Lauren Canada:
- a. Undertakes transparency mapping for its raw materials;
 - b. Uses Oritain's fibre-origin tracing technology; and



- c. Started to expand the tracing technology for certifying the country of origin for its sample products.

27. Regarding the use of Oritain's technology, as noted at para 10 above, the Complainants specifically suggested that international garment brands and retailers should use this technology. As mentioned above, counsel for the US parent RLC referred to the use of the same technology to prevent forced labour inputs at the early stages of the supply chain. Counsel also advised that Ralph Lauren's suppliers are prohibited from using Xinjiang cotton and revealed the US parent RLC's plan to expand its use of technology for determining the origin of fibres for its imported products. However, counsel's response does not clarify a) when the technology for tracing origin of fibres of imported products was introduced; b) the process and the extent of the usage of this technology to trace Xinjiang cotton (e.g., percentage of products covered). An initial assessment meeting—which the US parent RLC declined to participate in—would have provided the opportunity to explore these crucial issues in detail.

28. Additionally, robust HRDD requires transparency from companies with regard to their HRDD policies and strategies. As mentioned above, RLCLP failed to respond to the November 12, 2021, letter sent by the Complainants asking it to conduct HRDD to ensure that it does not benefit from Uyghur forced labour and to “cut off relations” with three Chinese companies—Youngor, Jianguo and Esquel—alleged by the ASPI's [Uyghurs for Sale](#) report to be using or benefitting from Uyghur forced labour. Also, on behalf of Ralph Lauren Canada, the US parent RLC declined to engage with the CORE for an initial assessment meeting. This raises questions about the transparency of RLCLP's HRDD policies and strategies and its good faith participation in the CORE's dispute resolution process.

29. Moreover, the response from the US parent RLC does not address the specific allegation raised by the bills of lading. On their face, the bills of lading submitted with the complaint directly link RLCLP—a Canadian limited partnership as the consignee of 26 shipments from one of the supplier companies that the ASPI report identifies as using Uyghur forced labour. The bills of lading:

- a. show that although the shipments originate from China, China/Taiwan, Hong Kong and Vietnam, the products were destined for RLCLP;
- b. show different names for the shipper: Esquel Garment Mfg. (Vietnam) Co. L, Esquel Enterprises Ltd. However, these appear to be part of the Esquel Group.

30. The connection between RLCLP and Esquel made by the bills of lading responds to the jurisdictional objection raised by the US parent RLC that the US-based headquarters oversee the operations abroad and as a result, the CORE has no jurisdiction over a Canadian garment subsidiary who is not responsible for oversight of operations abroad. Interpreting the [Order in Council](#), a Canadian subsidiary or entity operates abroad when



there is a transactional link with the foreign supplier that is alleged to be involved in human rights abuse. The objection from Ralph Lauren suggests a narrow reading of the CORE's mandate. This approach is not supported by a broad, purposive approach to the interpretation of human rights laws or the expansive obligations to ensure respect for human rights placed on companies by the [UNGPs \(PDF\)](#) and the [OECD Guidelines for Multinational Enterprises](#). "Operations abroad" includes a very wide range of activities, transactions and relationships of a Canadian company that take place outside of Canada. This includes the suppliers of a Canadian garment company.

31. A recent search of the Ontario business registry reveals that the RLCLP became inactive on April 4, 2022, before the complaint was filed against RLCLP on June 21, 2022. If an investigation is launched, it would address the activities of a limited partnership that is now inactive and doing so might not lead to any practical and effective remedy, if appropriate in this case.
32. If the Ombud decides to investigate the complaint, they may consider:
 - a. why is RLCLP now inactive;
 - b. what was RLCLP's status during the period when it is alleged to be importing from companies reportedly using or benefitting from forced labour; and
 - c. whether RLCP's activities are essentially taken over by the more recently incorporated Ralph Lauren Canada Corporation (RLCC)?
33. At the same time, it is noted that:
 - a. the complaint was filed against RLCLP and does not refer to RLCC which is an active Canadian company;
 - b. the bills of lading submitted with the complaint refer to RLCLP as the consignee of the products; and
 - c. the import dates mentioned in the bills of lading are from August 2020 to March 2021, whereas RLCC was formed on May 17, 2021.
34. In the event the Ombud decides to investigate, there will be an ongoing opportunity for RLCLP and/or US parent RLC (on behalf of RLCLP) to respond and participate including providing additional information regarding the specific allegation raised in the complaint which links RLCLP with a Chinese supplier company, Esquel.
35. Given the broader context of the complaint, challenges in gathering information on an in-country basis, and the inactive status of RLCLP, independent fact-finding may be limited. The availability of information would need to be assessed as the investigation progresses and would be considered in any final report.



36. The complaint does not name individuals or make individuals identifiable thereby reducing the potential for an investigation to increase risk to individuals. If the Ombud decides to investigate the complaint, an assessment of risk will be ongoing throughout the investigation.
37. On the other hand, if the Ombud decides to close the file, they may make recommendations and will publicly report on the results and outcome of the initial assessment pursuant to section 8.4 of the [Operating Procedures](#).

Part 4—Participation in the Complaint Process

38. On November 28, 2022, the US parent RLC provided a response to the complaint and declined to meet with the CORE for an initial assessment meeting. No reasonable explanation was provided for its decision.
39. The CORE's [Operating Procedures](#) provides that full and active participation in the complaint process is part of good faith:

Section 11.1 requires the parties to fully participate in the complaint process including by providing the Ombud with relevant information and documents and making witnesses available on reasonable notice, according to the timelines established by the Ombud.

Section 11.2 provides that where a Canadian company does not participate actively in the complaint process, including refusing to provide relevant information and documents, the Ombud may draw appropriate negative conclusions or adverse inferences during fact finding.

Section 12.4 provides that the Ombud may consider a party not to be acting in good faith if the party does not actively participate in a review without reasonable explanation.

40. The [Operating Procedures](#) requires good faith participation from a Canadian company. If the Ombud decides to investigate, they may consider the question of good faith participation at a later stage.
41. In the event the Ombud considers that RLCLP was not acting in good faith, the Ombud may exercise their discretion to make a recommendation to the Minister under section [10 of the Order in Council](#) which provides that the Ombud may make recommendations to the Minister on implementing trade measures including any of the following:
- a. Withdrawal or denial of trade advocacy support provided to the Canadian company by the Department of Foreign Affairs, Trade and Development (known as “Global Affairs Canada”);
 - b. Refusal by the Department of Foreign Affairs, Trade and Development to provide future trade advocacy support to the Canadian company; and
 - c. Refusal by Export Development Canada to provide future financial support to the Canadian company.



Part 5—Comments from the parties

Comments from the Complainants

42. In a letter dated May 31, 2023, the Complainants provided the following comments on the draft initial assessment report:

- The response from the US Parent RLC does not satisfactorily address the issue of use of forced labour in RLCLP’s supply chain and RLC’s continued denial that its sources from Xinjiang is directly contradicted by the bills of lading.
- The CORE should conduct an investigation using independent fact-finding. To support their assertion, the Complainants stated that:
 - The complaint raises serious allegations of possible abuse of internationally recognized human right to be free from forced labour and the response from the US parent did not address the specific allegation raised by the bills of lading which shows that RLCLP received 26 shipments from one of the supplier companies that the ASPI’s *Uyghurs for Sale* report identifies as using Uyghur forced labour;
 - The complaint is not being reviewed in another forum, nor has it been reviewed in the past in another forum;
 - RLCLP a) did not provide a satisfactory response or remedy to the allegations in the complaint; b) declined to participate in the CORE’s dispute resolution process without providing any reasons; and c) failed to respond to the Complainants’ letter dated November 12, 2021. For all these reasons, the Ombud should consider RLCLP as not to be acting in good faith pursuant to Section 12.4 of the Operating Procedures;
 - There is conflicting information—US parent RLC’s denial that its sources from Xinjiang is contradictory with the ASPI’s findings which should be investigated;
 - Relevant information is likely to be available in the public domain, including RLCLP’s public filings, and other accessible information, as well as information available from RLCLP’s business partners in China and elsewhere. They further note that even if RLCLP fails to cooperate, the relevant information that is available in the public domain is substantial; and
 - Conducting an investigation is not likely to lead to unacceptable risk to the Complainants or others.

Comments from Ralph Lauren Corporation

43. In a letter dated June 9, 2023, counsel for Ralph Lauren Corporation (RLC) provided the following comments on the draft initial assessment report:

- a. RLCLP became inactive after April 4, 2022, solely for administrative reasons. As of April 4, 2022, Ralph Lauren Canada Corporation (RLCC) oversees RLC’s Canadian operations;



- b. Responding to the bills of lading submitted with the complaint, counsel for RLC notified that, RLC and its entities abroad do not source any cotton, yarn, textiles or products from Xinjiang;
- c. However, being deeply concerned by the allegations raised in the ASPI report, Ralph Lauren conducted further examination of its supply chain in response. Its actions included enhancing its due diligence processes, increasing third-party audits to ensure that its goods are free of any inputs made with forced labour, and requiring all of its suppliers to sign detailed certifications to ensure compliance with U.S. government sanctions. Ralph Lauren confirmed that neither RLC nor RLCLP ever had a business relationship with Changji Esquel Textile Co. or the Esquel subsidiary that was added to the U.S. government's entity lists (the Bureau of Industry and Security Entity List in 2020 and the Uyghur Forced Labor Prevention Act Entity List in 2022). At the same time, RLC and RLCLP stopped placing orders with Esquel Group in December 2020 and the final order was shipped in August 2021. Ralph Lauren exited this supplier by following the OECD's responsible disengagement process, outlined in its Due Diligence Guidelines for Garment and Footwear, which includes giving the supplier sufficient notice of the ending of the business relationship to take into account the adverse human rights impacts of such a decision;
- d. Regarding product traceability and technology usage, Ralph Lauren indicated that Oritain is one of multiple tools that RLC uses to support and verify that the chain-of-custody documents it collects from suppliers are reliable. Ralph Lauren was an early adopter of this technology, which it began piloting a few years ago. By auditing fabric and product samples with Oritain, it can verify the geographic origin of the cotton fibres in finished products. However, the current turn around time and costs have made it prohibitive to implement the technology as a solution for verifying inputs of all cotton products. Ralph Lauren currently relies on the technology as a broad auditing tool, rather than as a method for verifying each product or shipment. Ralph Lauren is currently exploring a number of other emerging traceability tools such as Textile Genesis, which is a digital platform that allows brands to trace materials from source to finished goods using digital tokens and fibre trace, which relies on luminescent pigments applied to fibre or yarn at the ginning or spinning stage of production to enable physical traceability. There is no single ideal solution provider for product traceability and many of these technologies are still nascent and in pilot stages. Ralph Lauren noted that with time, it aims to use a tailored combination of tools that address, "different, specific challenges, which will allow it to drastically enhance supply chain visibility.";
- e. Ralph Lauren also stated that it conducted a thorough check with its Canada office and can confirm that it has no record of receiving the Complainants' letter dated November 21, 2021, nor does it employ anyone with the job title, senior country director in Canada (to whom the letter was directed). Additionally, human rights due diligence and supplier management are conducted by RLC, not the Canadian entity;
- f. Ralph Lauren further stated that RLC, and by extension its Canadian entity, takes a risk-based approach to supplier selection and due diligence, and it is currently in the process of increasing the supply chain visibility even further upstream by improving data breadth and quality. It stated that it undertakes due diligence with suppliers by



- scoping potential human rights risks and prioritizing, preventing and mitigating those identified and remediating issues when found including by leveraging tools such as independent third-party audits, the ILO Better Work Program, and the Social and Labor Convergence Program assessment. Given the limits of these tools, Ralph Lauren supplements these monitoring activities with supplier capability training on key topics like ethical hiring practices and responsible recruitment and partners with local experts and NGOs, where it can, to support more effective implementation of these activities. This year, it is focused on mapping the supply chains of all its cotton suppliers by working with third-party organizations on supply chain visibility and risk assessment. Ralph Lauren also solicits information directly from its suppliers and consults reports from various government agencies and civil society. For deeper supply chain visibility, it recently conducted a pilot with Sourcemap, a platform that consolidates companies' work on supply chain visibility and supplier due diligence findings in one place to better understand the complexity of its upstream supply chain and uncover detailed supplier connections as well as production capabilities, labour conditions and environmental performance. Ralph Lauren has also conducted additional, in-depth due diligence on its top suppliers through the use of third-party platforms which comb through databases to map supplier networks and identify problematic links. Ralph Lauren uploads a variety of information on its supply chain partners onto Open Supply Hub, an expansion of the Open Apparel Registry (OAR), which is a non-profit that collects supplier data from brands and uploads it into an open data network. From 2022, it began sharing its list of finished good suppliers and their processing units on Open Supply Hub, including details about factory addresses, the approximate number of workers, factory certifications and more; and
- g. Finally, Ralph Lauren informed that it is committed to cooperating with the CORE in good faith and can provide additional clarifications prior to publication of the final report. It can also provide additional responses subject to disclosure of sensitive commercial information.

Part 6—Ombud's decision

44. In order to move forward with mediation or joint fact-finding, the agreement of both parties is essential. The Complainants initially indicated that they are open to all dispute resolution options. On November 28, 2022, the US parent RLC notified that it will not participate in the CORE's initial assessment process. However, in its June 9, 2023, comments on the draft initial assessment report, Ralph Lauren indicated that it is willing to cooperate with the CORE in good faith and is willing to provide further clarifications and responses. Considering this shift in RLC's position regarding participation and cooperation with the CORE's dispute resolution process, both parties might consider mediation in the next stage of the CORE's process.
45. RLC's refusal to participate in the CORE's initial assessment stage followed by a last-minute shift indicating a willingness to participate and collaborate in the CORE's process



has made it difficult to complete the assessment. RLC's stance also raises questions as to how RLC deals with allegations of potential abuses of international human rights. Effective HRDD should include an open, participatory and responsive space for addressing complaints or grievances raised by stakeholders. Companies demonstrate the transparency required by the UNGPs by dealing with a complaint in a timely and active manner including sharing the results of internal reviews and audits, where appropriate.

46. The Ombud has decided that certain allegations warrant launching an investigation using independent fact-finding. The investigation will be limited to considering the purported link between RLCLP and two Chinese entities—Youngor Textile Holdings Co. Ltd. and Jiangsu Guotai Guosheng, alleged by the ASPI's report to be using or benefitting from Uyghur forced labour. In reaching their decision, the Ombud considered the factors mentioned in paragraph 16 of this report:

- a) On its face, the complaint raises serious allegations regarding the possible abuse of the international human right to be free from forced labour. Closing the file before conducting an investigation would prevent the Ombud from considering every process available to them to fulfill their mandate of promoting respect for human rights and preventing human rights abuses.
- b) The complaint is not pending for review or has not been reviewed in another forum.
- c) In its comments to the draft initial assessment report, RLC explained its extensive, risk-based HRDD mechanism that focuses on increasing supply chain visibility for its imported products. For its global sourcing, RLC uses several strategies to identify potential human rights risks and adopt necessary preventive, remedial or mitigation measures. The company's comments elaborate how it is working towards ensuring deeper visibility of its cotton suppliers by working with relevant stakeholders and sharing data and information, utilizing various technologies including Oritain's technology, providing training to its existing suppliers, and increasing its supply chain monitoring capacity to identify problematic links of suppliers, etc. RLC also confirmed that RLC and RLCLP had a business relationship with an Esquel subsidiary and received shipments until August 2021. It stopped placing orders in December 2020, when Esquel was added to the U.S. government's entity lists (the Bureau of Industry and Security Entity List in 2020 and the Uyghur Forced Labor Prevention Act Entity List in 2022). RLC explained that it exited the business relationship in a responsible manner by following the OECD's responsible disengagement process. RLC acknowledged that it continued to receive shipments until August 2021. This explains the bills of lading submitted by the Complainants indicating that RLCLP imported goods during August 2020-March 2021 from Esquel Textile Co. Ltd. While it is



unclear why Ralph Lauren issued a statement on July 30, 2020, denying sourcing any yarn, textiles or products from Xinjiang, it appears that the allegation regarding Esquel has been substantially remedied.

Conflicting information remains, which the Ombud intends to address through a limited investigation:

- i. On what basis did RLC/RLCLP issue its “Statement on Xinjiang” on July 30, 2020;
 - ii. Whether RLC or RLCLP had any business relationship with the Chinese entities—Youngor Textile Holdings Co. Ltd. and Jiangsu Guotai Guosheng—on or after May 1, 2019, and if so, how did the company address the situation?
- d) Given the difficulty of conducting an investigation in Xinjiang and the complexity of the garment supply chain, relevant information and related findings may be limited.
- e) There is no indication at this stage that effective remedy would likely not be available.
- f) An investigation is not likely to lead to an unacceptable risk to the complainant and others;

47. RLC indicated in its comments that it is willing to cooperate with the CORE in good faith. Considering the position of the company, the Ombud encourages the parties to consider mediation as an option. In mediation, the parties can agree to terms of confidentiality that will protect information exchanged during the mediation. The CORE will assess RLC’s participation and good faith at the completion of the complaint and may, if warranted, make a recommendation to the Minister under section 10 of the Order in Council regarding the imposition of trade measures. It is noted that recommendations under section 10 relate to trade measures, not to providing effective remedy.



ANNEX-1

Complainants: A coalition of 28 organizations

1. Canadians in Support of Refugees in Dire Need (CSRDN)
2. Alliance Canada Hong Kong
3. Anatolia Islamic Centre
4. Canada Tibet Committee
5. Canadians Against Oppression & Persecution
6. Canadian Council of Muslim Women (CCMW)
7. Canadian Council of Imams (CCI)
8. Canada-Hong Kong Link
9. Doctors for Humanity
10. East Turkistan Association of Canada
11. End Transplant Abuse in China (ETAC)
12. Human Rights Research and Education Centre, University of Ottawa
13. Human Concern International (HCI)
14. Islamic Circle of North America Canada (ICNA)
15. Islamic Society of North America (ISNA)
16. Justice for All
17. Lawyers for Humanity
18. Muslim Association Canada (MAC)
19. National Council of Canadian Muslims (NCCM)
20. Raoul Wallenberg Centre for Human Rights
21. Canadian Security Research Group



22. Share 2 Care (S2C)
23. Stop Uyghur Genocide Canada
24. Toronto Association for Democracy in China
25. Union of Medical care and Relief Organizations-Canada (UOSSM)
26. Uyghur Refugee Relief Fund
27. Uyghur Rights Advocacy Project
28. Vancouver Society in Support of Democratic Movement