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SPECIFIC INSTANCE "SHEIN EN FRANCE"

18 October 2023

Initial Assessment Statement from the French National Contact Point

At the end of its initial assessment, the NCP offers its good offices to SHEIN Group and to two French Members of Parliament, Mrs Potier and Vallaud

The French National Contact Point (NCP) for Responsible Business Conduct was referred to on 20th June 2023 by two French Members of Parliament (Mr Potier and Mr Vallaud) with a specific instance concerning the activities in France of the multinational enterprise SHEIN (a global integrated marketplace offering a wide range of fashion and lifestyle products) whose head office is based in Singapore.

The NCP must endeavour to carry out the Initial Assessment of a referral within an indicative period of three months after the acknowledgement of receipt, but additional time may be granted if necessary to gather the information necessary for an informed decision (Article 29). It then prepares a Statement on the admissibility of the referral (Article 19). If the Initial Assessment is positive, it then offers its good offices to the parties to help them resolve their disputes and will examine the referral. It shall endeavour to finalise its examination within 12 months after the receipt of the referral (Article 31). The NCP issues a Statement announcing its decision on the Initial Assessment of the case and then a Report or Statement at the end of the proceedings (Article 35). It may decide to follow up on its recommendations (art. 32) and communicate on this follow up.

1. Procedure followed by the NCP according to its Bylaws

The NCP received the referral electronically on 20th June 2023 and acknowledged receipt on 21st June 2023. A representative of the SHEIN Group replied on 2d August 2023 and agreed to meet with the French NCP on 6 September 2023 to discuss the referral and the upcoming proceedings. A copy of the referral was sent to French NCP members on 22^d June 2023. The NCP validated the formal admissibility of the referral on 20th July 2023. The NCP Secretariat sent a draft preliminary analysis of the Initial Assessment to the members of the French NCP on 31st July 2023. This analysis was endorsed by the French NCP at the plenary meeting on 14th September 2023.

The French NCP informed SHEIN Group of the referral on 25th July 2023. The NCP Secretary-General and Chair received the Company's managers on 6th September 2023 in order to present the NCP and the OECD Guidelines, to inform the Company about the formal admissibility of the referral and to present the characteristics of the upcoming procedure. SHEIN Group responded to the French NCP and engaged in dialogue with this NCP.

Symmetrically, Complainants received the same information about the NCP and the procedure during an exchange held on 11th July 2023.

At its meeting of 14 September 2023, the NCP discussed the Initial Assessment and decided to accept the specific instance (see 3 and 4). At that meeting, the NCP instructed the Secretariat to prepare an Initial Assessment Statement. The NCP also requested the NCP Secretariat to hold separate meetings with the

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Complainants on the one hand, and with the Company on the other hand in October 2023. These meetings took place on 10th October 2023 with the Complainants and on 18 October 2023 with the Company's representatives.

The NCP adopted a draft Initial Assessment Statement on 4th October 2023. It then consulted the parties on the draft. The NCP adopted the Initial Assessment Statement on 18th October 2023 and published it on its website. The NCP then notified the referral to the OECD Centre for Responsible Business Conduct for inclusion in the NCP-specific instances database.

2. Presentation of the Specific Instance

The referral raises several issues regarding the implementation of the OECD Guidelines (2011 and 2023 editions) by SHEIN in the manufacture, its supply chain and the transport of the products it markets in France, in particular concerning:

- Respect for local law in the production and sale of SHEIN products in France (labour rights for example). The Specific Instance also raises the issue of the adequacy of the Company's actions with the French Law on Duty of Vigilance (due diligence);
- The SHEIN Group's respect for human rights, working conditions, dignity of work and social dialogue and its responsibility in the allegations of these violations;
- The due diligence of the SHEIN Group vis-à-vis its subsidiaries, suppliers and subcontractors with regard to human rights, working conditions, dignity at work, social dialogue and the environment;
- Potential adverse impacts on human rights;
- Potential adverse impacts on the environmental;
- Potential adverse impacts on consumer's health;
- Compliance with OECD Recommendations on disclosure and transparency by SHEIN Group, notably on its website;
- Respect for the interests of consumers by disseminating information that is incorrect.

The issues raised by the referral relate to the OECD RBC Guidelines in their 2011 and 2023 editions. The referral deals with compliance with local law (Chapter I), due diligence (Chapter II), disclosure (Chapter III), human rights (Chapter IV), working conditions of employees (Chapter V) and environmental impacts due to the Company's manufacturing system and products (Chapter VI). The Company's communication policy and certain practices are also questioned as to their impact on consumers (Chapter VIII).

The Complainants request the good offices of the French NCP to initiate a dialogue with the SHEIN Company in order to contribute to the resolution of the issues raised in the context of this Specific Instance.

3. Summary of the Initial Assessment of the Specific Instance

3.1. Territorial jurisdiction of the French NCP in the present case

The referral concerns SHEIN Group's activities in France. The OECD Guidelines shall apply in and from the territory of each adhering State, including France. Multinational enterprises operating in France have to therefore comply with the Guidelines. The French NCP is therefore competent to handle this referral. Singapore does not adhere to the OECD Guidelines and therefore does not have NCP.

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3.2. Analysis of formal admissibility

The referral fulfils formal admissibility criteria laid down in Article 16 of the Bylaws of the French NCP. It is precise and detailed, includes the identity of the enterprise concerned, the identity and contact details of one of the two complainants, details of facts alleged by the Complainants against SHEIN, and the elements of the OECD Guidelines for Multinational Enterprises on behalf of which the NCP is referred to.

3.3. Analysis of the Initial Assessment

The NCP notes that the referral concerns the OECD Guidelines for the RBC effectiveness in the garment sector, which is a particularly sensitive and high-risk sector in terms of due diligence (OECD, UN and ILO standards) and due diligence (French Law). The French NCP and the OECD have already worked on due diligence in this sector: Report of the French NCP of 2 December 2013¹ and OECD Guidance².

The NCP notes that the evidence provided by the Complainants in support of the referral is sufficiently detailed to finalise its Initial Assessment. Thereafter, the NCP will take into account elements of response that the Company may wish to submit to it.

The case was referred to the NCP on 20th June 2023, i.e. after the OECD Guidelines update of 8th June 2023, which entered into force on the same day³. In carrying out its Initial Assessment, the NCP took into account both 2011 and 2023 Guidelines editions⁴ according to the date of the facts submitted to it by the Complainants.

The NCP notes that the referral fulfils the other admissibility criteria set out in Articles 21, 22, 23 and 25 of the NCP Bylaws. The referral is in good faith. The Complainants are identified and their interest in bringing the case is related with keeping the general interest. The Complainants specify the link between the Company's activities and the allegations of the OECD Guidelines' violations. There is a link between these allegations and the content of the Guidelines. The French NCP handled a referral on this sector and participated in the development of the OECD Due Diligence Guidance for the Garment and Footwear sector. The NCP may take these elements into account in its analysis of the case and its exchanges with the parties.

4. Conclusion of the Initial Assessment and Next Steps

The Initial Assessment of the referral is positive. The referral raises issues relating to the effectiveness of the Guidelines which merit further examination. The NCP can help the parties to resolve their dispute. **In accordance with its Bylaws, the NCP decided to offer its good offices to the parties. It wishes that its offer of dialogue would be accepted and that it would thus be able to contribute to resolving the issues raised by the referral.**

As a first step, the NCP will hear the parties separately and it will propose to gather them jointly at a later stage in a format to be defined in order to examine the contours and feasibility of mediation. The NCP may

¹Link: [Rana Plaza Report: Responsible business conduct in global textile-clothing supply chains by the French NCP and Report \(EN\)](#)

²Link: <https://mneguidelines.oecd.org/responsible-supply-chains-textile-garment-sector.htm> and [Guidance EN](#)

³Link: <https://mneguidelines.oecd.org/targeted-update-of-the-oecd-guidelines-for-multinational-enterprises.htm>

⁴ Link: https://www.oecd-ilibrary.org/finance-and-investment/oecd-guidelines-for-multinational-enterprises-on-responsible-business-conduct_81f92357-en (2023 Edition)

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seek the opinion of competent authorities, in particular the ILO, the OECD or French stakeholders in the textile, garment and leather sector.

The acceptance of the referral by the NCP does not determine whether or not the company has acted in accordance with the Guidelines. The NCP will take into account the elements that the Company and the Complainants will bring to its attention during the proceedings.

The NCP reminds that the procedure is confidential. In accordance with its Bylaws and the procedural guidelines established by the OECD, in order to facilitate the resolution of issues raised and to comply with the legislation in force, the NCP may take appropriate measures to protect sensitive commercial or other information, as well as the interests of other stakeholders involved in this Specific Instance. Certain elements brought to the attention of the NCP may be subject to confidentiality.

For more information on the procedure for referral to the NCP:

NCP Bylaws

📄 <https://www.tresor.economie.gouv.fr/Institutionnel/Niveau3/Pages/1f273064-9b72-44bf-bdb5-90864e4ffd16/files/8eabb9e1-daac-4a55-a13c-5233ca7d1ba3>

How to submit a referral to the French NCP?: dedicated page of the website with a diagram and explanatory sheets on the procedure

📄 <https://www.tresor.economie.gouv.fr/tresor-international/pcn-france/comment-saisir-le-pcn-francais>

📄 <https://www.tresor.economie.gouv.fr/Institutionnel/Niveau3/Pages/1f273064-9b72-44bf-bdb5-90864e4ffd16/files/553fb1b4-f369-40d4-b171-d9268a271905>

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