



# Due Diligence for Responsible Supply Chains in the Garment and Footwear Sector

The garment and footwear sector employs approximately 75 million people globally, many of whom are women, and acts as an entry point into the formal economy in many countries. Companies operating in the sector have the potential to generate growth, employment and skill development both through their own operations and sourcing. However human rights abuses, labour abuses and environmental degradation are a common thread throughout the sector’s supply chain.

## Challenges in achieving responsible global supply chains

Garment and footwear global supply chains are characterised by stages of labour-intensive production process spread across diverse countries, short lead times and short-term buyer-supplier relationships. These factors reduce visibility and control over a company’s supply chain and can create challenges for companies to meet their responsibilities in preventing and mitigating risks in their supply chains.

## A common standard for supply chain due diligence

The OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector (Guidance) establishes a common understanding of due diligence in the sector to help companies meet expectations on due diligence laid out in the OECD Guidelines for Multinational Enterprises. The Guidance, which was developed through a multi-stakeholder process, was approved by all governments adhering to the OECD Guidelines and endorsed by business, trade unions and civil society. It is a direct response to the G7 Leaders’ Declaration on 7-8 June 2015 in Schloss Elmau which welcomed international efforts to promulgate industry-wide due diligence standards in the textile and ready-made garment sector. The Guidance is applicable to all companies – large and small – operating in global garment and footwear supply chains.

## Structure of the Guidance



**Section I** provides a practical framework for due diligence, describing how companies can identify and prevent harms related to human rights, labour, environmental and integrity risks in their own operations and in their supply chains.



**Section II** provides information on applying due diligence recommendations to specific risks in the garment and footwear sector.

## Risk areas covered by the Guidance



CHILD LABOUR



SEXUAL HARASSMENT



FORCED LABOUR



TRADE UNIONS



HEALTH AND SAFETY



WATER



WAGES



WORKING TIME



BRIBERY AND CORRUPTION



HOMEWORKERS



HAZARDOUS CHEMICALS



GREENHOUSE GAS EMISSIONS



Implement responsible policies



Identify actual or potential harm



Cease, prevent or mitigate harm



Track performance



Communicate



Enable remediation

## How is the due diligence process different?

The due diligence process diverges from traditional approaches in the sector in a number of ways.

- ➔ **A whole of supply chain approach** - Through a due diligence process, companies assess risk that are linked to direct suppliers as well as those that may be further upstream in their supply chains.
- ➔ **Complementary and mutually reinforcing** - Each company in the supply chains has a responsibility to identify and address harms, including retailers, buyers, and suppliers.
- ➔ **Risk-based** - Companies identify the most severe risks in their operations and supply chains and seek to address them first.
- ➔ **Recognises the role of purchasing practice** - The Guidance asks companies to assess how their purchasing practices may contribute to risks in their supply chain.
- ➔ **Incorporates stakeholder engagement** - Stakeholders are

involved in onsite supplier assessments, the development of corrective action plans, verification and monitoring, and design of operational level grievance mechanisms.

- ➔ **Tailored to a company's circumstances** - How a company carries out due diligence will be based on its size, sourcing model, and the context of its operations.
- ➔ **Drives towards improvement** - Through the due diligence process, companies learn from what worked and what did not, resulting in better approaches to identifying, preventing and mitigating harms.
- ➔ **Collaboration** - Companies are encouraged to collaborate at a sector level and with stakeholders throughout the due diligence process. For example, collaboration may be pursued in order to pool knowledge, increase leverage and scale-up effective measures.

## Implementing the Guidance

Now that the Guidance has been agreed, the OECD is working with stakeholders to:

- ➔ Increase awareness of the Guidance amongst government, business, trade unions.
- ➔ Boost industry capacity to carry out supply chain due diligence, including for small- and medium-sized enterprises.
- ➔ Strengthen the capacity of government to create an enabling environment for responsible supply chains, with a specific focus on supply chain due diligence.

Facilitate alignment of national textile, garment and footwear initiatives and industry initiatives with the Guidance.

Identify and fill knowledge gaps to drive implementation of supply chain due diligence.



[mneguidelines.oecd.org](http://mneguidelines.oecd.org)