



SESSION NOTE

Investor Taking a Gender Perspective to Responsible Supply Chains

Wednesday 20 June 2018 – 14:00-15:30
Auditorium - OECD Conference Centre

While globalisation have been beneficial to women in bringing new formal employment opportunities and changing social norms about women's economic participation, persistent gender inequalities mean that men and women can be impacted in very different ways by company operations.

Rooted in the complex interplay of gender roles, socio-economic constraints and personal preferences such as unequal care responsibilities,¹ gender inequalities are reflected in the global supply chain in several ways. Gender inequalities often entail that women are confined to certain sectors or job types,² and, in consequence, can access only inferior quality jobs and have significantly lower prospects for upgrading.³ Across all sectors, women are also likely to have different contractual conditions and lower wages from men, flexible employment that heightens uncertainty, and limited access to training opportunities.⁴ Due to insecure employment, women are often less eligible for social protection coverage (including unemployment benefits, pensions and maternity protection).⁵ Women workers in global supply chains were particularly impacted by the global economic crisis which exacerbated pre-existing inequalities and women's over-representation in informal, vulnerable, and casual employment.⁶

While some sectors, such as garment and footwear, have been identified as particularly crucial for tackling discriminatory practices against women, gender inequalities perpetuate the global supply chain across all sectors and tiers. For example, in developing countries where 43% of the agricultural labour force is composed of women, national land titling and registration systems often fail to protect the tenure rights of women, and the agro-industry tends to code female tasks as unskilled, employ women for labour-intensive tasks and pay them less than men with fewer opportunities for advancement. While women are often the most vulnerable and at-risk of potential negative impacts linked to commercial operations, they remain marginalized during stakeholder engagement activities across all sectors.

Integrating a gender perspective into supply chain due diligence

The OECD plays a leading role in making sure global supply chains are responsible for all. The OECD Guidelines for Multinational Enterprises set the expectation that all enterprises respect the human rights of women across their operations and business relationships⁷ and promote equal opportunities for women and men.⁸

¹ ILO, 2018. World Employment Social Outlook. Trends 2018. Pg. 10.

² C. Staritz and J. Reis (eds), 2013. Global value chains, economic upgrading, and gender: Case studies of the horticulture, tourism, and call center industries (World Bank). See also ILO, 2017. Report IV: Decent work in global supply chains.

³ ILO, 2018. World Employment Social Outlook. Trends 2018. Pg. 10.

⁴ ILO, 2018. World Employment Social Outlook. Trends 2018. Pg. 10.

⁵ ILO, 2018. World Employment Social Outlook. Trends 2018. Pg. 10.

⁶ ILO, 2018. World Employment Social Outlook. Trends 2018. Pg. 21.

⁷ OECD Guidelines for Multinational Enterprises, 2011. Commentary to Chapter IV Human Rights, paragraph. 40.

⁸ OECD Guidelines for Multinational Enterprises, 2011. Commentary to Chapter V, Employment and Industrial Relationships. Paragraph 58.



As the commentary to the Guidelines makes clear, special emphasis should be accorded to equal criteria for selection, remuneration, and promotion, and equal application of those criteria, and the prevention of discrimination or dismissals on the grounds of marriage, pregnancy or parenthood.⁹ OECD's work on responsible business conduct is also based on the unique system of National Contact Points through which affected stakeholders, including women workers in global supply chains, have processes to raise grievances.

To support companies' due diligence efforts, OECD's negotiated [sector-specific guidance for business on due diligence](#) – highlighting key RBC risks in particular industries – address what gender-specific risks may look like in practical terms and articulate how companies can prevent and mitigate these risks. For example, OECD's recently released [general due diligence guidance for responsible business conduct](#) elaborates, in greater detail, how companies can integrate gender considerations into their due diligence. The guidance highlights that taking a gender perspective to due diligence means thinking through how real or potential adverse RBC impacts may be different for, or be specific to, women.¹⁰ While gender issues should always be considered across all company operations, it is particularly important to do so in contexts where [discriminatory social institutions perpetuate gender gaps](#); in sectors and global supply chains in which a large number of women are employed;¹¹ where company activities significantly affect the local economy, environment and access to land and livelihoods; and in conflict and post-conflict areas. In these contexts, company impacts are likely to affect men and women differently. By way of illustration, environmental impacts can increase women's domestic workload, for example, by having to walk greater distances to access water, wood, forest products or arable land for subsistence farming.¹²

Integrating gender issues into due diligence processes also involves adjusting the actions that the enterprise takes to identify, prevent, mitigate and address potential or adverse impacts to ensure that these are effective and appropriate. This may entail, amongst other, collecting sex-disaggregated data; developing gender sensitive and responsive policies, plans and warning systems; supporting women's equal and meaningful participation in consultations and negotiations; and assessing if women benefit equitably in compensation payments or other forms of restitution.¹³

Other recent initiatives have also sought to address the gender dimension to global supply chains. In 2017, the UN Working Group on Business and Human Rights launched a [thematic project](#) to unpack the gender dimensions of the UN Guiding Principles on Business and Human Rights and to develop guidance to assist States and business enterprises on how to practically protect, respect and remedy women from business-related human rights impacts. The [Gender Equality in Codes of Conduct Guidance](#), developed by Business for Social Responsibility, offers a gender-sensitive analysis of codes of conduct principles —with a primary focus on women—and makes recommendations to companies on how they can strengthen their clauses to promote gender equality in the workplace. Similarly, the International Training Centre of the International Labour Organization, in collaboration with Fair Wear Foundation, has proposed a [resource kit on gender-based violence in global supply chains](#) to help global brands, employers, trade unions and other stakeholders tackle this gender-specific human rights issue.

⁹ Ibid.

¹⁰ OECD, 2018. Due Diligence Guidance for Responsible Business Conduct, p. 41: How can an enterprise integrate gender issues into its due diligence?

¹¹ A large number of women are employed in the apparel, electronics, tourism, health and social care, domestic work, agriculture and fresh cut flowers sectors.

¹² OECD, 2017. Due Diligence Guidance for Meaningful Stakeholder Engagement in the Extractive Sector, Annex C. Engaging with women.

¹³ OECD, 2018. Due Diligence Guidance for Responsible Business Conduct, p. 41: How can an enterprise integrate gender issues into its due diligence?



The business case for addressing the unique challenges of women workers

Addressing the unique challenges that women face is a key aspect of the diligence responsibility of companies that the OECD guidelines and the UN Guiding Principles establish. But it is also the smart thing to do from a business point of view. Raising the status of women workers has been observed to lead to increased productivity, improved quality, market expansion and lower turnover of staff.¹⁴ To put this into context: In Papua New Guinea, employees were recorded to lose an average of 11.1 work days per year as a result of gender violence, adding 2–9 percent to company payroll costs.¹⁵ In Cambodia, improving working conditions in factories decreased in-line product rejections by 39 percent and shipment rejections by 44 percent.¹⁶ In a global context, McKinsey research shows that if women were to participate in the economy on equal terms to men, it would add \$12 trillion, or 11 percent, to the 2025 annual global GDP.¹⁷ The OECD's 2017 Gender Report reports that achieving the G20 target of increasing female labour force participation by 25% by 2025 could add 1% to GDP growth across the OECD¹⁸.

A growing number of companies are taking a gender perspective to responsible supply chains to identify and address the specific challenges that women face as workers across global supply chains. Taking a gender perspective means thinking through how real or potential adverse impacts may differ for or may be specific to women. The OECD's [Due Diligence Guidance for Responsible Business Conduct](#) provides advice on how businesses can apply a gender perspective to their due diligence activities. The present session will discuss how businesses are applying this guidance, and what we can learn from their experiences of using a gender perspective approach to due diligence.

¹⁴ [Women workers in global supply chains: rights and remedy](#). See also IFC, 2017. Investing in Women: New Evidence for the Business Case.

¹⁵ Darko, E.; Smith, W.; Walker, D. (2015). Gender Violence in Papua New Guinea, The Overseas Development Institute. Available at: <http://www.odi.org/publications/9887-gender-violence-papua-new-guinea>, as quoted in IFC, 2017. Investing in Women: New Evidence for the Business Case.

¹⁶ International Labour Organization & International Finance Corporation. 2013. "Improving Business Outcomes by Understanding What Matters to Workers." Available at: <http://betterwork.org/global/wp-content/uploads/Research-Brief-What-Matters-to-Workers-LR.pdf> as quoted in IFC, 2017. Investing in Women: New Evidence for the Business Case.

¹⁷ McKinsey, 2015. The Power of Parity: How Advancing Women's Equality Can Add \$12 trillion to Global Growth. Available at: <http://www.mckinsey.com/global-themes/employment-and-growth/how-advancing-womens-equality-can-add-12-trillion-to-global-growth> as quoted in IFC, 2017. Investing in Women: New Evidence for the Business Case.

¹⁸ OECD, 2017, Gender Report: The Pursuit of Gender Equality, an uphill struggle.