

THE ALIGNMENT OF INDUSTRY AND MULTI-STAKEHOLDER PROGRAMMES WITH THE OECD GARMENT AND FOOTWEAR GUIDANCE

Assessment Methodology



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About this document

This document provides a description of the methodology for undertaking an Alignment Assessment of an industry programme, multi-stakeholder initiative, or other implementing programme against the recommendations of the OECD Garment and Footwear Guidance for Responsible Supply Chains in the Garment and Footwear Sector. It is accompanied by a spreadsheet-based Alignment Assessment Tool (AAT).

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Introduction

This document sets out a methodology for assessing the extent to which multi-stakeholder initiatives and industry programmes are aligned to the recommendations of the OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector (hereafter the OECD Garment and Footwear Guidance).

Industry-led and multi-stakeholder initiatives that incorporate due diligence expectations can represent a strong inducement for companies to carry out due diligence and provide valuable opportunities for shared learning. However, a proliferation of expectations at a domestic level or across initiatives can create challenges for businesses operating globally who may be subject to various expectations. The OECD Garment and Footwear Guidance is the negotiated and government-backed benchmark for due diligence by industry, multi-stakeholder and government backed initiatives. Therefore, in order to support a common understanding of due diligence while also enabling cross-recognition between programmes, the OECD is carrying out a series of evaluations to assess the alignment of multi-stakeholder and industry initiatives which incorporate due diligence expectations to the OECD Garment and Footwear Guidance (OECD Alignment Assessment)

This methodology document provides the following:

- A description of the **criteria** against which the Alignment Assessment is made.
- A description of the **process** that should be followed to obtain all information necessary to evaluate a Programme against those criteria.
- A **methodology for determining whether the criteria are met**
- **Process on reporting the outcomes** of a completed Alignment Assessment to relevant stakeholders.

This document should be read together with and interpreted on the basis of the OECD Garment and Footwear Guidance and the six-step due diligence framework provided therein. The Alignment Assessment criteria are not intended to modify or alter in any way the recommendations contained in the OECD Garment and Footwear Guidance.

1 Overview of the Alignment Assessment methodology

The objective of the Alignment Assessment is to evaluate the alignment of a programme with the recommendations of the OECD Garment and Footwear Guidance by establishing:

- Whether key **overarching due diligence principles** have been incorporated into the procedures and implementation of the programme¹.
- Whether the Programme's requirements for companies and the activities it undertakes itself are aligned to the specific recommendations of the **OECD six-step due diligence framework**.

This is achieved by analysing a programme's standards and implementation against detailed "core criteria" of due diligence included in the OECD Alignment Assessment Tool (AAT). Each core criterion is linked to discrete recommendations within the OECD Garment and Footwear Guidance. Components and examples drawn from the OECD Garment and Footwear Guidance are likewise listed in the AAT to provide guidance on what should be considered when evaluating the core criteria. Assessments of an individual Alignment Assessment criterion always consider the core criteria and, where they exist, the relevant core criteria components. Dependent upon the scope of the Alignment Assessment, it may also be necessary to consider issue-specific components, examples or explanations of these criteria that are contained within issues specific modules (Section II) of the OECD Garment and Footwear Guidance.

The Alignment Assessment criteria are each individually rated against two aspects:

- **Procedures:** The extent to which the recommendations from the OECD Garment and Footwear Guidance have been incorporated into the programme's policies, standards, procedures, and operating requirements set out for companies.
- **Implementation:** The extent to which the programme ensures that recommendations from the OECD Garment and Footwear Guidance are put into practice, either by holding participating companies to account (for example via an audit or assessment) or by implementation activities for which the programme itself takes responsibility.

Assessment in both respects (procedures and implementation) should be based on the assessment activities, including documentation review, internal and external stakeholder interviews and, as applicable, on-site evaluations that are set out in Section 2 of this document.

In addition to the categories of Alignment Assessment (overarching due diligence principles and the six-step due diligence framework), the following may likewise be evaluated through the assessment:

- Whether the recommendations on **collaboration** between companies and other stakeholders to support due diligence have been incorporated into the procedures and implementation of the programme. Collaboration can be multi-lateral, between enterprises, between enterprises and programmes, and between different programmes.

¹ Core due diligence principles are set out in the introduction of the OECD Garment and Footwear Guidance and are consistent with the recommendations of the OECD Garment and Footwear Guidance for Responsible Business Conduct

- A **governance assessment** can be undertaken for the programme under evaluation. The purpose of this is to understand the extent to which the intentions, spirit, and principles of the OECD Garment and Footwear Guidance - beyond the formal recommendations - have been incorporated into the ways in which programmes have been established and are managed.
- The extent to which the programme **recognises** third party initiatives (e.g. certification) and the process for doing so. These are considered "recognition criteria" in the AAT.

Whilst important, the conclusions drawn in this part of the assessment do not inform the judgement on the alignment of a programme to the recommendations of the OECD Garment and Footwear Guidance.

2 Process to obtain the necessary information for the Alignment Assessment

2.1. Planning

The first step of the methodology is the planning and design of the assessment. This should include the following activities:

2.1.1 Confirm the scope of the Alignment Assessment.

Programmes may be focused on different points in the garment and footwear supply chain, or designed to cover some, but not all, sector risk areas addressed by the OECD Garment and Footwear Guidance. Consequently, defining the scope of the assessment is crucial. The scope affects the assessment of alignment: programmes will be assessed against those aspects of the OECD Garment and Footwear Guidance which the programme is designed to carry out. Evaluators should consider what due diligence the programme claims to cover, at what segment in the value chain the programme is active and what type of cross-recognition the programme might have with third parties. The evaluator should determine which core criteria are relevant to be included in the assessment based on which aspects of due diligence the programme claims to be carrying out. For example, the evaluation of a programme that has established a grievance mechanism may focus on the core criteria under *Overarching Criteria* and *Section 6 Remediation*. While not all initiatives will be evaluated against all criteria in the Alignment Assessment Tool, initiatives may also not cherry-pick. Therefore, if a Programme carries out an activity within the due diligence process, it is evaluated against all criteria pertaining to that activity. For example, if a Programme has a grievance mechanism it would be evaluated against all criteria pertaining to grievance mechanisms under *Section 6 Remediation*.

2.1.2 Determine the activities of the assessment.

There is considerable flexibility in how the Alignment Assessment methodology can be applied. This is necessary due to the diversity of programmes that exist within the garment and footwear sector. For example, in some instances a programme may be evaluated primarily through a desk-based review of procedures, requirements and implementation reports by participating companies, together with interviews with relevant internal and external stakeholders – but not through engagement with stakeholders ‘on the ground’ in the supply chain. In other instances, it may be critical to engage with stakeholders of operating sites ‘on the ground’ in order to understand the assessed programme’s implementation. Activities involved in the assessment are very dependent upon the nature of the programme being assessed. In all instances, it is critical that there is full transparency over the assessment scope and activities to avoid stakeholders misinterpretation or drawing false conclusions from the Alignment Assessment results.

2.1.3 Develop a project timetable.

The timetable for the assessment is communicated to relevant stakeholders, particularly as it relates to the timing of documentation requests, meetings, interviews, and shadow assessments (described in more detail in Section 2.2 and 2.3 below).

2.2 Alignment Assessment Preparation

Starting in 2019, Programmes participating in the Alignment Assessment provide initial data in the Alignment Assessment Tool. Specifically, Programmes are requested to:

- Provide references to relevant documents and page numbers (where feasible) that demonstrate how the initiative seeks to meet each discrete criterion. Where documentation does not exist, the Programme should note this and provide descriptive information on how it seeks to meet the criterion.
- Where references exist to specific risk areas (e.g wages, freedom of association, etc.) or where the Programme has a different approach to an issue, this should also be noted.
- Provide a list of documents to be submitted for the evaluation under the "Document list" tab.

The Alignment Assessment preparation is submitted to the OECD Secretariat and any questions or concerns are discussed. The scope of the assessment may also be altered at this time if deemed necessary.

2.3 Documentation review

The evaluation process of the OECD Secretariat starts with a desk-based review of relevant documentation obtained from the programme being evaluated. The primary purpose of the document review is to:

- Confirm the aspects of due diligence that the programme holds standards on or implements, and to adjust the scope of the assessment as necessary.
- Evaluate the alignment of the initiative's standards or procedures to the OECD Garment and Footwear Guidance using the Alignment Assessment Tool.
- Review documents which may provide evidence on the extent of alignment of the initiative's implementation with its own procedures and the OECD Garment and Footwear Guidance.

It is not necessary for precise text from the criteria to be replicated within a programme's requirements but sufficient detail should be provided so that, in the evaluator's professional judgement, the relevant recommendation from the OECD Garment and Footwear Guidance is incorporated into the programme's requirements. Relevant and credible documentary evidence of how the programme may have been implemented should be considered, including audit reports and reports from relevant governments, international organisations, and civil society. See Table 1 for example documentation reviewed.

Table 1. Example documentation to be reviewed during the Alignment Assessment

Types of documentation	Example documents
Details of programme governance and management, including information on how the programme is managed and on how the programme seeks to put recommendations from the OECD Garment and Footwear Guidance into practice	<ul style="list-style-type: none"> • Internal policies and procedures • Details of internal governance structures • Bylaws or the equivalent • Terms of reference of relevant committees • Minutes of decision-making meetings

	<ul style="list-style-type: none"> • Policies on key issues such as independence and objectivity • Auditor accreditation processes
<p>Programme expectations for companies. These are the specific activities that programmes mandate for participating organisations relating to garment and footwear supply chain due diligence, in accordance with the designed scope of the programme. It would include, where appropriate, information that participating organisations are required to prepare and submit to the programme in relation to their supply chain due diligence and risk remediation activities.</p>	<ul style="list-style-type: none"> • Technical guidance produced by programmes. • Assessment protocols and guidance. • Expectations set for other companies or organisations who may be involved with the programme as 'members' but may not be subject to specific 'compliance' requirements under the programme
<p>Internal risk assessment and monitoring reports. These may include reports produced by or on behalf of the programme that relate to risks that could impact the programme or the organisations within the programme, such as specific supply chain risks in particular countries. It should also include any additional monitoring that the programme undertakes to gain oversight on the performance of organisations in complying with its requirements or evaluations of the programme's own impacts.</p>	<ul style="list-style-type: none"> • Risk assessments of specific regions where there are known sector or sub-sector risks that are relevant to the scope of the programme. • Internal monitoring reports by stakeholders of the activities, impacts or performance of organisations that are members of the programme. • Self or third-party assessments of the programme's own impacts or progress towards achieving its stated objectives.
<p>Communications materials provided to programme participants and other stakeholders. This includes information relating to risk identification, prevention and mitigation within the relevant aspects of garment and footwear supply chains covered by the programme. It could also include updates on the development and implementation of the programme, the sharing of performance information, or other relevant information that would be of benefit to programme stakeholders, such as details of risks identified or preventative or remedial actions undertaken.</p>	<ul style="list-style-type: none"> • Newsletters or information emails distributed to programme participants. • Press releases. • Emails or webinars on specific risks that were identified or collective prevention or mitigation action.
<p>Self-assessments, third party assessment or assessments of the programme by a regulatory or oversight body. This includes any assessments or reports carried out by the programme itself, commissioned with a third party or carried out by a formal regulatory or oversight body.</p>	<ul style="list-style-type: none"> • Self-assessments carried out by the Programme • Third-party assessments of the Programme or a specific aspect of the Programme, such as a review of the Programme's risk assessment or grievance mechanism • Assessment results from an assessment by a regulatory or oversight body.
<p>Reports by external stakeholders. External stakeholders, such as civil society organisations, monitoring bodies or experts, may conduct investigations that critique the programme or its participants and may highlight particular risks in the supply chain or, indeed, provide evidence of positive impacts and performance.</p>	<ul style="list-style-type: none"> • Civil society or monitoring organisation reports. • Reports by international organisations. • Reports by academic institutions.

2.3. Interviews

Interviews are a key aspect of the Alignment Assessment information gathering process. Interviews are conducted with the following

- Stakeholders within the programme (e.g. programme staff, member organisations).
- External stakeholders affected by the programme (e.g. factories, worker representatives)
- External experts (e.g. issue experts) as necessary;

Interviews are semi-structured and undertaken on a sample basis. The OECD Secretariat takes an investigative approach. Therefore, interviews within a stakeholder group may evolve over time to hone in

on specific questions that arise or findings that need greater clarity or confirmation. Because of this approach, not all interviewees will necessarily be asked the same questions. The OECD Secretariat may also choose to use an online survey in select cases.

Important considerations when determining the interview sample size include the following:

- The diversity of member companies in terms of size, geographic location, sub-sector or position in the supply chain, activities and stakeholders affected.
- The number and diversity of programme staff involved in reviewing member companies or carrying out activities on behalf of member companies.
- The number of countries in which the programme operates.
- The number of stakeholders affected by the programme.

2.4. Shadow assessments / on-site evaluations

The OECD Secretariat will conduct a set number of shadow assessments and/or on-site evaluations. In these cases, the OECD Secretariat observes the Programme in-action. For example, where a programme undertakes verification/validation audits or assessments to check member company implementation of programme standards and requirements, on-site evaluation could involve 'shadowing' such audits or assessments. Shadow assessments can provide valuable insights for the Alignment Assessment. It is important to note that the evaluator should not interfere with the activity being shadowed – the purpose is to inform the assessment of the programme's implementation of its standards and requirements.

3 Analysis of the information and use of the Alignment Assessment Tool

The OECD Secretariat considers all information gathered through the desktop review, interviews and shadow assessments to assess programmes against the criteria within scope in the Alignment Assessment Tool. All relevant criteria that are in-scope are assessed against both procedures and implementation. Using the AAT, the evaluator reads across all elements for each criterion, then using the drop-down menu within the AAT selects one rating for the extent to which the criterion is addressed in the programme's procedures, and another for the extent to which that criterion is being implemented by the programme.

The ratings are in the form of a scale, from Not Aligned (1) to Fully Aligned (4). The evaluator uses professional judgement to assign the ratings for each criterion and in the 'Assessor comments' box explains the justification of the rating given for each of the individual criteria that are within the scope of the assessment. The 'Assessor comments' is to be completed for each criteria and must contain sufficient detail that relevant stakeholders (e.g. the programme being assessed) can understand why the evaluator has given the ratings that have been assigned for both procedures and implementation.

Rating for procedures

- **1 (Not Aligned):** The criterion (and its relevant components) is not addressed in the programme's policies, standards, procedures or other formal documentation.
- **2 / 3 (Partially Aligned):** The criterion is only partially addressed in the programme's policies, standards, procedures or other formal documentation; and/or the criterion is addressed but informally or inconsistently. The evaluator uses judgement to determine whether a criterion is closer to full alignment or non-alignment.
- **4 (Fully Aligned):** The criterion is fully and explicitly addressed in the programme's policies, standards, procedures or other formal documentation.

Rating for implementation

- **1 (Not Aligned):** There is sufficient evidence, based upon the assessment activities undertaken, to make a reasonable conclusion that the criterion is not being implemented by the programme, for example no or very limited activities and remedial action to ensure that the actions that the criterion requires are undertaken by the programme.
- **4 (Fully Aligned):** There is sufficient evidence, based on the assessment activities undertaken, to make a reasonable conclusion that the criterion, including all relevant components, is fully implemented by the programme.
- **2 / 3 (Partially Aligned):** The criterion or its components is only partially implemented by the programme; and/or the criterion is addressed but informally or inconsistently. The evaluator uses judgement to determine whether a criterion is closer to full alignment or non-alignment.

4 Reporting results

The conclusions of the Alignment Assessment and relevant recommendations for improvement are captured in a report. Aspects covered in the report include:

- Conclusions of the programme's alignment with core criteria of the Alignment Assessment Tool, including justification of the results;
- Recommendations for improvement on the core criteria (recommendations may not be necessary for each individual criteria and may be provided in a broader recommendations section of the report);
- Findings of the review on collaboration, accountability, governance and recognition and recommendations for improvement (these do not form part of the formal Alignment Assessment conclusions);

The report describes the assessment results and key findings, which should be consistent with the notes made in the 'Assessor comments' within the Assessment Tool. It is recommended that the Alignment Assessment report includes contextual information alongside details of the assessment results, in order to assist readers in understanding the findings and any associated recommendations resulting from the assessment.

Prior to publication, the programme subject to the Alignment Assessment has opportunity to review and react to the findings and recommendations of the report and raise any concerns relating to factual clarifications. The and include the programme's response to be linked on the website of the OECD Secretariat. A copy of the report and the Alignment Assessment Tool is likewise provided to select civil society stakeholders for review and feedback. All final determinations remain those of the OECD Secretariat.

The OECD Secretariat will publish the final report. The Alignment Assessment Tool itself is not published. Care is also taken to protect sources and any confidential commercial information that may have relevance to findings or recommendations developed in the report.

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