

Handbook for companies to enable living incomes and wages in global supply chains

The challenge

The responsibility of companies to identify, prevent and address risks related to incomes and wages in their own operations and supply chain is clear. However, in practice, several implementation barriers remain.

It can be very challenging for companies to know how to address these risks in supply chains that are often highly fragmented, where income is vulnerable to shifts in global commodity pricing, or where low wages are an endemic sector-wide issue. At the same time, there is mounting pressure on companies to provide transparency on how business activities are affecting workers, farmers and entrepreneurs in the supply chain and to ensure their labour rights are respected as many of them are excluded from the scope of labour laws.



A number of companies are aware of the need to implement robust systems and services that responsibly and transparently prevent and remediate risks related to incomes and wages and to promote living incomes and living wages along the supply chain. In order for companies to implement such systems and services, practical support is needed.

Help enabling living incomes and wages in global supply chains

What can now be done to further support companies in carrying out effective due diligence to identify, prevent and mitigate risks related to incomes and wages? What can be done to enable companies of any size and any position in the supply chain to have a greater part in accelerating global efforts for improved incomes and wages?

To guide companies from commitment to action, the OECD [Centre for Responsible Business Conduct](#) (RBC Centre) is set to develop a technical handbook to enable living incomes and living wages (Handbook) by effectively implementing OECD risk-based due diligence, with funding from the [Federal Ministry for Economic Cooperation and Development](#) (BMZ). It will focus on the agricultural and garment and footwear sectors where incomes and wages have been identified as prevalent risks.

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The Handbook will:

- Promote a common understanding of living income and living wage risks and impacts and help companies identify and address related risks;
- Provide clarity on how companies can use OECD risk-based due diligence to address living income and living wage risks and impacts;
- Highlight how companies, especially downstream companies can implement risk-based due diligence to address living income and living wage risks effectively;
- Provide illustrative examples on key aspects of OECD risk-based due diligence. For instance, examples of good practices that support business to map the value chain and sector risks, examples of actions to take to identify, address and mitigate living income and living wage risks along the supply chain; as well as remediation and examples of collaboration to address these risks;
- Where appropriate, reflect how different supply chain actors, taking into consideration company size, context of operation, business models, and position in the supply chain, can use existing good practices and tools in due diligence; and
- Reference leading multi-stakeholder/industry or policy initiatives including their existing tools and approaches.



Proposed approach for development of the Handbook

The Handbook will build on the recommendations of the [OECD Guidelines for Multinational Enterprises](#) (2011), the [OECD-FAO Guidance for Responsible Agricultural Supply Chains](#) (2016), the [OECD Due diligence Guidance for Responsible Supply Chains in the Garment and Footwear sector](#) (2018) and the [OECD Due Diligence Guidance for Responsible Business Conduct](#) (2018).

The OECD risk-based due diligence framework provides a step-by-step approach for companies to integrate due diligence into their operations and supply chains and recommends specific actions to mitigate risks.

By implementing risk-based due diligence tailored to the nature of their business and the context in which they operate, companies can systematically identify, prevent, assess, mitigate and account for how they address the actual and potential adverse impacts on incomes and wages in their operations, supply chains and business relationships.

With a focus on the agricultural and garment and footwear sectors, this Handbook will draw on current good practices, tools and data in due diligence on living incomes and living wages. It will compile practical examples to support companies in working towards ensuring living incomes and living wages in their own operations and supply chains in these two sectors.

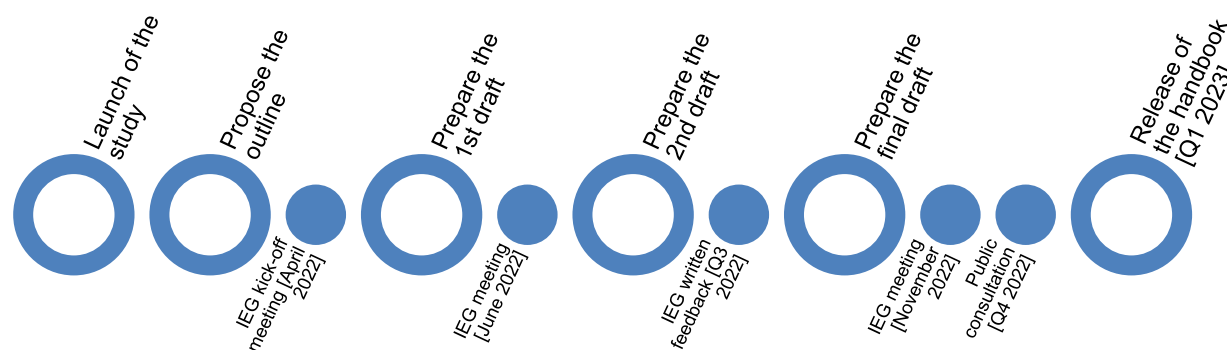
How can you get involved?

A participatory process is key to designing a pragmatic Handbook. The OECD will convene an informal multi-stakeholder group that consists of experts in living income and living wage issues and sector specialists including from trade unions, civil society, policy makers and international organisations, as well as expected end-users of this Handbook such as business practitioners from upstream, downstream, large, small- and medium-sized enterprises to help its development. Three informal expert group (IEG) meetings will take place virtually to help shaping the Handbook. An online public consultation for written comments to the draft Handbook will be organised in late 2022 to collect constructive feedback broadly and inclusively.

For inquiries on or to express your interest in taking part in the IEG by 4 March 2022, please contact rbc@oecd.org.

Indicative timeline

The development of the Handbook take place in 2022-23. It is expected to be published in 2023.



For more information

Organisation for Economic Cooperation and Development (OECD)

Centre for Responsible Business Conduct | rbc@oecd.org | <https://mneguidelines.oecd.org/>

Key references

- OECD (2011) [OECD Guidelines for Multinational Enterprises](#)
- OECD/FAO (2016) [OECD-FAO Guidance for Responsible Agricultural Supply Chains](#)
- OECD (2018) [OECD Due diligence Guidance for Responsible Supply Chains in the Garment and Footwear sector](#)
- OECD (2018) [OECD Due Diligence Guidance for Responsible Business Conduct](#)

Suggested references

- OECD (2017) [Practical actions for companies to identify and address the worst forms of child labour in mineral supply chains](#)