

## HIGHLIGHTS FROM THE 2022 OECD FORUM ON DUE DILIGENCE IN THE GARMENT AND FOOTWEAR SECTOR

On 23-24 February 2022, the OECD Centre for Responsible Business Conduct hosted the [8th OECD Forum on Due Diligence in the Garment and Footwear Sector](#), in virtual format.

Each year, the Forum convenes actors from across the value chain to share learnings on implementing labour and human rights, environmental and integrity due diligence in the sector across geographies, as well as to address endemic and emerging risks and issues, through collective action.

This year, the Forum brought together more than 800 representatives of government, business, trade unions and civil society. The theme of the 2022 Forum was *Rethinking the Business Model for Responsible Supply Chains*. This theme was explored in the [OECD Deputy Secretary General's speech](#) and [the high-level opening session](#) with a focus on four key areas of transformational change for achieving due diligence at scale in the sector: responsible business models, due diligence legislation and policy coherence, business and supply chain financing, and worker empowerment. The panel featured speakers from the European Commission, the IFC, Barclays, Ellen MacArthur Foundation and IndustriALL Global Union. Speakers shared views on the main roadblocks and presented their vision of effective collaboration for scalable industry-wide due diligence:

### FORUM AT A GLANCE



60 speakers, 64% Female, 36% male, from government, business, trade unions and civil society from across the garment and footwear sector value chain.



More than 800 participants and 2177 registrations. Among participants, 33% were representing businesses, 28% governments and IOs, 26% civil society and NGO and 8% trade unions, academia and independent experts.



Forum panel sessions on topics of strategic importance, also available on replay, and 51 partner side sessions covering a wide range of due diligence topics in the sector.

### Takeaways from the opening session: Towards scalable industry-wide due diligence action.

#### Worker engagement:

International collective agreements provide the cheapest and most effective way to collaborate on addressing sector risks.

#### Legislation and policy coherence:

Voluntary uptake of due diligence is not far-reaching enough, while in a smart mix with mandatory due diligence it can lead to coherent action.

#### Business models

Governments have a key role to play in supporting the transition to sustainable and circular value chains.

#### Supply chain and business financing

Better informed RBC linked supplier financing depends on standardised data corporate reporting data.

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## SCALING RESPONSIBLE PURCHASING PRACTICES

Awareness and action towards more responsible purchasing practices is seeing slow progress in this sector. The 2022 Forum explored three key factors that are driving the uptake and impact of responsible purchasing practices: collaboration among manufacturers, living wages and reporting.

### Collaboration among manufacturers as a key driver for achieving responsible purchasing practices

This session focused on the emergence of a set of core principles on the minimum terms of trade for responsible purchasing practices as defined and agreed by manufacturers, and explored what might be the next steps to make these terms standard practice. Key findings included:

- Manufacturer dialogue with brands is crucial. Trade unions have a key role for accountability, but also can bring strong negotiation experience via multi-stakeholder dialogue.
- Need to prioritise the most severe issues to get started on specific actionable steps (e.g pricing) in accordance with the OECD Garment Guidance.
- Regarding implementation and accountability, experience shows that commitments by parties to an agreement containing binding requirements is a key component of systemic change and towards joint ownership of responsibilities.

[Watch the session here on replay.](#) Further reading: [Background notes, p.2](#)

### Different approaches to the enabling of living wages through responsible purchasing practices

This session discussed known linkages between responsible purchasing practices and living wages, and explored key gaps and opportunities for scaling up effective due diligence on purchasing practices. Key findings include:

- Commitments to living wages should be backed up with a clear implementation plan including supplier support. Examples include putting wages as itemised costs in price negotiation, guaranteeing fair terms, and making efforts to improve forecasting, including through the provision of targeted staff training.
- Fair price negotiation and data transparency are necessary elements for progress, but are currently lacking. Businesses need to have an accountability and monitoring framework with clear targets to ensure effective improvement of purchasing practices and track their impact on wage growth. Stakeholder dialogue, particularly with unions, is essential.
- Businesses can refer to existing practice and tools, e.g. factory assessments, surveys; scalable tools e.g. dashboard model, Anker methodology, benchmarks; vendor financing programmes to incentivise suppliers and within collective bargaining agreements including aspects of purchasing practices.

[Watch the session here on replay.](#) Further reading: [Background notes, p.2](#)

### Major barriers still exist to industry-wide reporting on responsible purchasing practices indicators

Focusing on the low uptake by companies of meaningful reporting on purchasing practices, a varied panel including three reporting benchmarking organisations highlighted major barriers and areas for action. Key findings included:

- Reporting on purchasing practices is low and particularly challenging given the lack of available data and agreed indicators to report on.
- With respect to purchasing practices, consensus is needed on the key issues that companies should report on and specific data points to measure them. For example, it is recommended to establish 3 to 5 key performance indicators for sector-wide tracking of the issue.
- There are several areas where internal and external collaboration is welcomed, including for instance, on data collection, development of indicators and verification approaches.

[Watch the session here on replay.](#) Further reading: [Background notes, p.2](#)

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## OTHER TOPICS COVERED

### Addressing the sector's contribution to climate change

Companies, the UNFCCC Secretariat and stakeholders reflected on how to turn high-level policy on climate agreed at COP26 into clear and tangible steps for action. Key findings included:

- 2022 will be a crucial year to turn pledges into meaningful action and generate the blueprints needed for change. Action should be context specific, not one size fits all.
- Businesses must work with their suppliers. It will be important to: allocate sufficient budget for innovation; scale-up pilots and reduce implementation time; create incentive and training support to shift mindsets of suppliers; work with suppliers for needed resources (access to finance, supportive policy and regulatory environment, especially for smaller companies).
- Data supports a systematic approach: to identify and address issues, measure and assess impacts, monitor effectiveness of implementation. Yet, lack of data should not stop action.
- The approach to climate risks must be holistic and integrated with other social and environmental issues such as water management, workers' rights, pollution and biodiversity. [Watch the session here on replay](#). Further reading: [Background notes, p.9](#)

### Sectoral initiatives: their role in mandatory due diligence

A diverse panel discussed how the OECD alignment assessments can bring order and clarity to the role of MSI and industry initiatives in due diligence, and help governments appraise the quality of due diligence carried out in the context of these schemes. Key findings were:

Consensus that due diligence regulatory frameworks should avoid any "safe harbor" regulation for initiatives and that actual responsibility should remain with companies.

Their role can contribute to interpretation of terminology, support "non-eligible" companies that are nevertheless affected by the law, increase collaborative action and support by providing tools and guidance, as well as facilitating access to remedy where needed.

Alignment of initiatives with the OECD Guidance is crucial for ensuring they best contribute to address sectoral impacts. Government should play a role in monitoring and ensuring accountability as well as measuring their impact on the ground [Watch the session here on replay](#). Further reading: [Background notes, p.13](#)

### Issues and opportunities around uptake of RBC in garment and footwear supply chains in the LAC region

A multi-stakeholder panel discussed priorities for due diligence implementation in the garment and footwear sector in Latin American and Caribbean supply chains, sharing examples and best practices. Key findings include:

- Barriers to increased due diligence uptake are mainly linked to lack of understanding and awareness as well as a lack of available data on supply chain risks, not currently being monitored and measured.
- Improved policymaking is contributing to increased uptake, but policies and accompanying support must also ensure meaningful engagement with stakeholders to harmonise and streamline due diligence action and monitoring. [Watch the session here on replay](#).

### Effectiveness and implications of policy tools on forced labour risk

The session enabled dialogue about the different forced labour policy tools adopted by governments, particularly trade or marketing bans on goods made with forced labour and the implications for businesses and for forced labour mitigation. Key findings included:

- Acknowledgement of the need of a comprehensive policy approach and complementary support to ensure effective impact and redress of forced labour risks in global supply chains, but also remediation where needed.
- Enforcement mechanisms are still being determined, such as the articulation of a threshold regarding the nature and extent of proof needed to demonstrate compliance.
- Companies are asking for additional support, such as guidance, best practices, RBC risks information and transparency on decision-making. Speakers agreed the OECD due diligence framework provides a good basis for action. [Watch the session here on replay](#). Further reading: [Background notes, p.15](#)

### Integrating OECD risk-based due diligence in public procurement

Pioneering steps to integrate RBC Due Diligence into public procurement of garments were presented with the launch of a new report: "[Pilot on integrating OECD due diligence into Public Procurement in the Garment sector](#)". Key findings include:

- The pilot showed the need for reconciling traditional procurement expectations with social and environmental considerations and to seize the opportunity for increased leverage on RBC in the sector by governments requiring due diligence as part of their procurement.
- Public buyers need specific guidance adapted to their circumstances since they also need to follow strict legal procurement requirements
- In some cases, the inclusion of RBC requirements in the bidding process has been successful, with increased competition beyond prices, attracting new bidders. [Watch the session here on replay](#). Further reading: [Background notes, p.22](#)

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## Manufacturers Network

This year's Forum provided the framework for the 4<sup>th</sup> annual OECD Manufacturers Network meeting, convening 21 garment, footwear, leather and textile associations from across the garment and footwear world. Together, they explored topics that had been selected by the group as priorities for this network. At the meeting, participants identified opportunities for collaboration on emerging issues, with renewed focus on information sharing and good practice exchange, including on due diligence policies and legislation. [Read more about the Manufacturers Network.](#)

## Policy Makers Roundtable

The 4<sup>th</sup> annual Policy Maker Roundtable convened government officials from key economies across the value chain to share relevant policy updates for responsible supply chains in the sector. A focus was on collecting different perspectives on accompanying support measures that are necessary to ensure due diligence laws lead to greater engagement of in-scope companies with upstream suppliers, and more capacity building in producer countries. [Read more about the Policy Makers Roundtable.](#)

Here you can find the [2022 Roundtable Agenda and background note.](#)

## Piloting of regional hubs

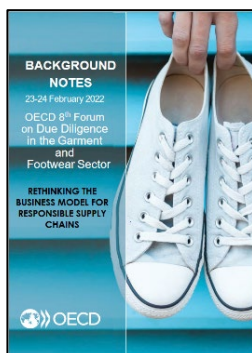
In a successful pilot of a hybrid format, 60 representatives from Moroccan businesses, trade unions and the government participated in the forum via an in-person regional hub event, including a side session on social dialogue, hosted by IndustriALL Global Union and the Moroccan National Contact Point for Responsible Business Conduct, held in Casablanca on 23-24 February. English-Arabic interpretation was provided. See [IndustriALL Global Union write up.](#)

## Forum Side Sessions

The OECD Garment Forum week included a diverse agenda of 51 side sessions organised by partners. Topics ranged from addressing prevalent risks in the sector, including freedom of association and wages, to improving due diligence practices such as conducting due diligence beyond the first tier and taking a gender lens, and many more. [Please see the Side Session Agenda for more information and find some available on replay.](#)

## Forum Publications at a glance

Forum 2022  
Background Notes



Pilot due diligence into Public Procurement



Portuguese translation of the Garment e Guidance



OECD e-Learning Academy on Responsible Business Conduct: Garment course



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