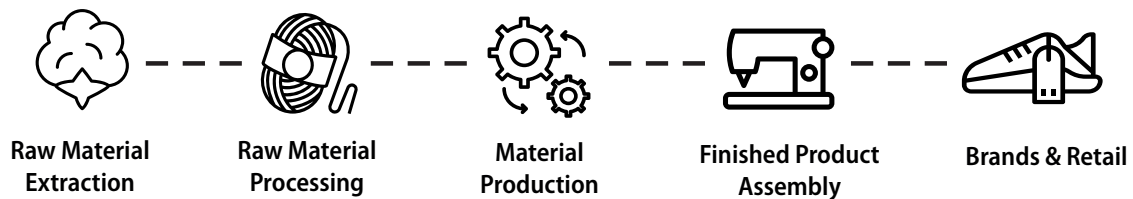


# Practical actions for companies to identify & address climate change risks in garment and footwear supply chains

The garment and footwear industry accounts for an estimated 4% of the world's greenhouse gas (GHG) emissions.<sup>1</sup> Based on largely linear supply chains, the sector is resource intensive. Within the garment sector in particular, the dyeing and finishing stages are major contributors of GHG emissions, housing energy intensive processes in countries that largely rely on coal and natural gas for electricity and heat production.<sup>2</sup>

The raw materials phase is also highly impactful, as a result of land conversion and deforestation, heavy use of chemicals, and energy use for irrigation and production processes.

## Stages of the Supply Chain



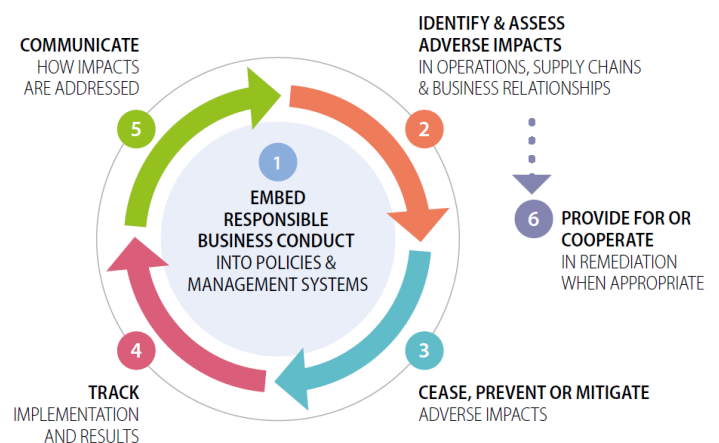
In recent years, garment and footwear sector actors have established a number of sector-wide initiatives seeking to drive climate action to bring the sector in line with the 2015 Paris Agreement. These include the [Fashion Industry Charter for Climate Action](#) and the Global Climate Action Pathways' [Decarbonising Fashion Milestones Document](#), establishing joint commitments and signposting resources and information for companies in the sector.

However, despite growing ambitions and pledges to reach net zero by business, the 26th Conference of Parties to the United Nations Framework Convention on Climate Change (COP 26) highlighted that many state and non-state actors are failing to set sufficiently ambitious near term targets or establish and implement concrete implementation plans.

## OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector (OECD Garment Guidance)

Due diligence guidance can support all companies in working-toward and demonstrating steps taken in mitigating climate-related risks, and progress against climate targets.

The OECD Garment Guidance recognises climate change as a particular and prevalent due diligence challenge for the industry, associated with severe adverse impacts across the supply chain, use phase and end of life of garments and footwear, and provides guidance on how companies can apply due diligence to identify, address and account for these impacts.<sup>3</sup>



<sup>1</sup> Based on annual GHG emissions of 49.4 Gt. WRI. 2020. "World Greenhouse Gas Emissions: 2016," February 3. <https://www.wri.org/data/world-greenhouse-gas-emissions-2016>

<sup>2</sup> Specifically, China, India and Bangladesh comprise the sector's largest manufacturers but also rely heavily on fossil fuels.

<sup>3</sup> OECD (2018) Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector, Section II Module 10, Greenhouse Gas Emissions, accessible at <http://mnequidelines.oecd.org/responsible-supply-chains-textile-garment-sector.htm>

# A practical handbook to identify and address climate risks in the garment and footwear sector

Building on the collaboration between the United Nations Environment Programme ([UNEP](#)), the [United Nations Framework Convention on Climate Change \(UNFCCC\) Secretariat](#) and the [Organisation for Economic Cooperation and Development \(OECD\)](#) on the private sector's role related to responsible climate action, the same organisations will develop a Technical Handbook to provide targeted practical actions to support business in implementing due diligence in the context of climate change risks and adverse impacts in the garment and footwear sector.

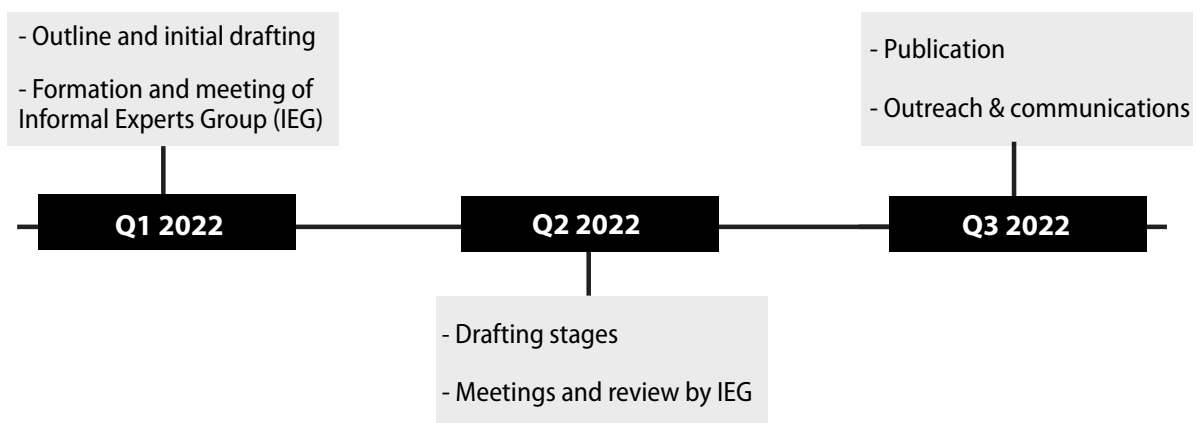
The Technical Handbook will:

- Illustrate how due diligence can be implemented in the context of climate change risks and adverse impacts, drawing from the relevant OECD guidance and other source material.
- Provide sector-specific considerations and good practice examples.
- Highlight existing initiatives that provide support or guidance to businesses to conduct due diligence on their climate change risk in line with OECD recommendations.
- Explore key linkages between climate change and other areas of responsible business conduct (RBC) related risks and responsibility (e.g. human rights, labour rights, consumer interests – as well as biodiversity and circular economy) in the context of implementing supply chain due diligence.
- Identify gaps in the sector-wide collective or prevailing responses to climate change within the context of the OECD Guidance on due diligence and international responsible business conduct expectations.

## Technical Handbook development and timeline

To ensure a participatory process and stakeholder buy-in, the OECD, UNEP and the UNFCCC Secretariat are establishing an Informal Experts Group (IEG) to support the development of the handbook.

The role of the IEG will be to provide constructive and technical inputs to support the development of an effective and useful resource for business, consult with relevant constituents in their stakeholder group, and promote and disseminate the handbook when completed.



For more information or to express interest in joining the informal experts group, please contact [dorothy.lovell@oecd.org](mailto:dorothy.lovell@oecd.org)