

Higg Brand & Retail Module Guidance: Understanding Environmental Due Diligence

Apparel, footwear and textile companies that are conducting environmental due diligence should do so by implementing the process according to the [OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector](#).

The guidance explores how a company can practically analyse and address their risks as part of a wider due diligence process designed to mitigate or prevent harm within the value chain.

The Organization for Economic Cooperation and Development (OECD) due diligence process is intended to align with the United Nations Guiding Principles on Business and Human Rights (UNGP) and defines practical due diligence—including garment and footwear sector specific—guidance, in alignment with the UNGP.

The characteristics of due diligence are:

1. Due diligence is preventative
2. Due diligence involves multiple processes and objectives and is an integrated part of decision making
3. Due diligence is risk based
4. Due diligence is dynamic (ongoing, responsive and changing)
5. Due diligence does not shift responsibilities
6. Due diligence is informed by meaningful stakeholder engagement
7. Due diligence involves ongoing communication
8. Due diligence is appropriate to the circumstances

OECD focuses on 11 common - environmental and human rights issues - to the garment and footwear sector (environmental issues are highlighted in blue):

- Child Labor
- Forced Labor
- Sexual Harassment
- Engagement with Trade Unions
- Wages
- **Health & Safety**
- **Hazardous Chemicals**
- **Water**
- **GHG Emissions**
- Bribery & Corruption
- Responsible Sourcing from Homeworkers

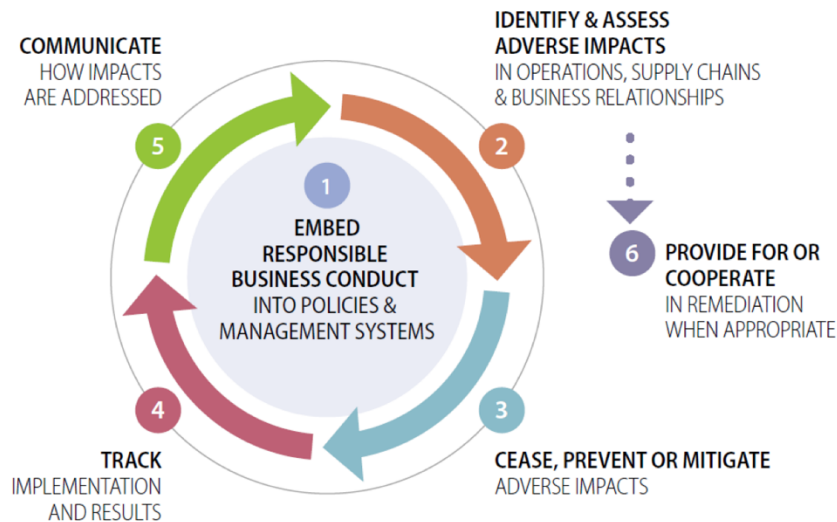
The effectiveness of due diligence process is measured by the extent to which actual and potential harm is prevented and mitigated in the company's own operations and in its supply chain.



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Companies should conduct due diligence across its own operations and supply chains by applying the 6 steps as outlined by OECD below.

FIGURE. DUE DILIGENCE PROCESS AND SUPPORTING MEASURES



The due diligence process and supporting measures for responsible supply chain

Step	How
Step 1: Embed responsible business conduct into policies and management systems	<ul style="list-style-type: none"> Adopt a policy that articulates the enterprise's commitments to responsible business conduct in its own operations and in its supply chain. Strengthen management systems in order to conduct due diligence on risks of harm in the enterprise's own operations and in its supply chain.
Step 2: Identify & Assess Adverse impacts in operations, supply chains & business relationship	<ul style="list-style-type: none"> Scope the risks of harm in the enterprise's own operations and in its supply chain Conduct a self-assessment of the enterprise's own operations Assess suppliers associated with higher-risks at the site-level Assess the enterprise's relationship to impacts
Step 3: Cease, prevent or mitigate adverse impacts	<ul style="list-style-type: none"> Cease, prevent or mitigate harm in the enterprise's own operations Seek to prevent or mitigate harm in the enterprise's supply chain
Step 4: Track implementation and results	<ul style="list-style-type: none"> Verify, monitor and validate progress on due diligence and its effectiveness in own operations* Verify, monitor and validate progress on due diligence and its effectiveness in the enterprise's supply chain
Step 5: Communicate how impacts are addressed	<ul style="list-style-type: none"> Communicate publicly on the enterprise's due diligence processes, including how the enterprise has addressed potential and actual harm Communicate with affected stakeholders
Step 6: Provide for or cooperate in remediation when appropriate	<ul style="list-style-type: none"> Establish a process to enable remediation in the enterprise's own operations Commit to hearing complaints against the enterprise that are raised through legitimate processes