13 October 2015

Outcomes of the G7 Employment and Development Ministerial: “Action for Fair Production” - 12 -13 October 2015

Dear Members, Partners and Colleagues,

Following our previous communications on the G7 initiative on promoting decent work through sustainable supply chains (please see the links in the side panel), we are pleased to report on the outcomes of the 12 and 13 October G7 Employment and Development Ministers in Berlin.

The meeting aimed to operationalize the decision taken by G7 leaders on supply chains in June this year. The IOE was represented by BDA Managing Director Renate Hornung-Draus and IOE Secretary-General Linda Kromjong. Key outcomes of the meeting were that the G7 will:

• help to develop a common understanding of due diligence and responsible supply chain management for MNEs and SMEs in conjunction with the OECD, ILO and social partners

• support due diligence application within the general discussion on “decent work in global supply chains” of the 105th Session of the International Labour Conference (ILC) in 2016

• host a forum of relevant stakeholders from G7 countries to exchange best practices in social and environmental information vehicles (e.g. labelling and standard systems)

• encourage, cooperate with or develop multi-stakeholder initiatives or seek the creation of a G7-wide approach in the textile and ready-made garment sector with the aim of developing measures for convergence and better implementation of labour, social and environmental standards along the entire supply chain

• better coordinate support among the G7 on sustainable textiles and garment production by sharing experience and by
committing to integrate and support the implementation, wherever feasible, of one of the existing international sustainable standards in cotton production (“Cotton Made in Africa”; “Better Cotton Initiative”; “Fair Trade Cotton” and “Organic Cotton”) when starting new bilateral programmes or pilot projects on cotton in Africa or Asia

- work towards creation of an enabling environment for the development of SMEs and to support businesses operating in the informal economy to improve social and environmental conditions and increase incentives to transition to the formal sector

- seek to encourage support from companies in G7 countries to join the Vision Zero Fund and to provide a contribution to the Fund

- pilot the Vision Zero Fund with a focus on the ready-made garment sectors of selected countries

- promote company-based practices including the development of occupational safety and health management systems, training of management and workers on health and safety procedures or the creation of company-based safety and health committees

- improve public frameworks entailing capacity building for OSH regulatory frameworks and inspection institutions or the provision of know-how for the establishment of national work-related injury insurance schemes

- pro-actively support the existing OECD peer review process, through participation in peer review teams, and all G7 NCPs will endeavour to have completed peer review processes by 2018

- support OECD outreach to governments not yet adhering to the OECD Guidelines for Multinational Enterprises, and actively contribute G7 expertise to these processes

The full G7 Employment and Development Ministers' Declaration may be downloaded via the link in the side panel.

The IOE appreciates that the Vision Zero Fund has developed into a multi-donor fund which seeks to improve the OSH conditions irrespective of whether companies are part of a global supply chain or not. The IOE also welcomes the commitment of the G7 to work towards the creation of an enabling environment for SME development. These commitments must now be followed up with concrete initiatives.

The Declaration goes far beyond the Vision Zero Fund.
commitment of the G7 to help develop a common understanding of due diligence and responsible supply chain management thereby **threatens to duplicate** the extensive work the OECD is already undertaking in this area. Similarly, it is unclear what the creation of a G7-wide approach in the textile and ready-made garment sector actually means and whether such an initiative duplicates others such as the EU flagship project on responsible supply chain management in the textile and ready-made garment sector.

Next steps: The German G7 Presidency will establish the **Governance System for the Vision Zero Fund within the ILO**. The **IOE** will be a member of the Advisory Council of the Vision Zero Fund.

We will keep you informed of all further developments. Please do not hesitate to contact me if you have any questions in the meantime.

Yours sincerely

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Senior Adviser

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