

GREEN BUTTON STANDARD 2.0

Requirements for Corporate Due
Diligence Processes and Conditions
for Product Claims

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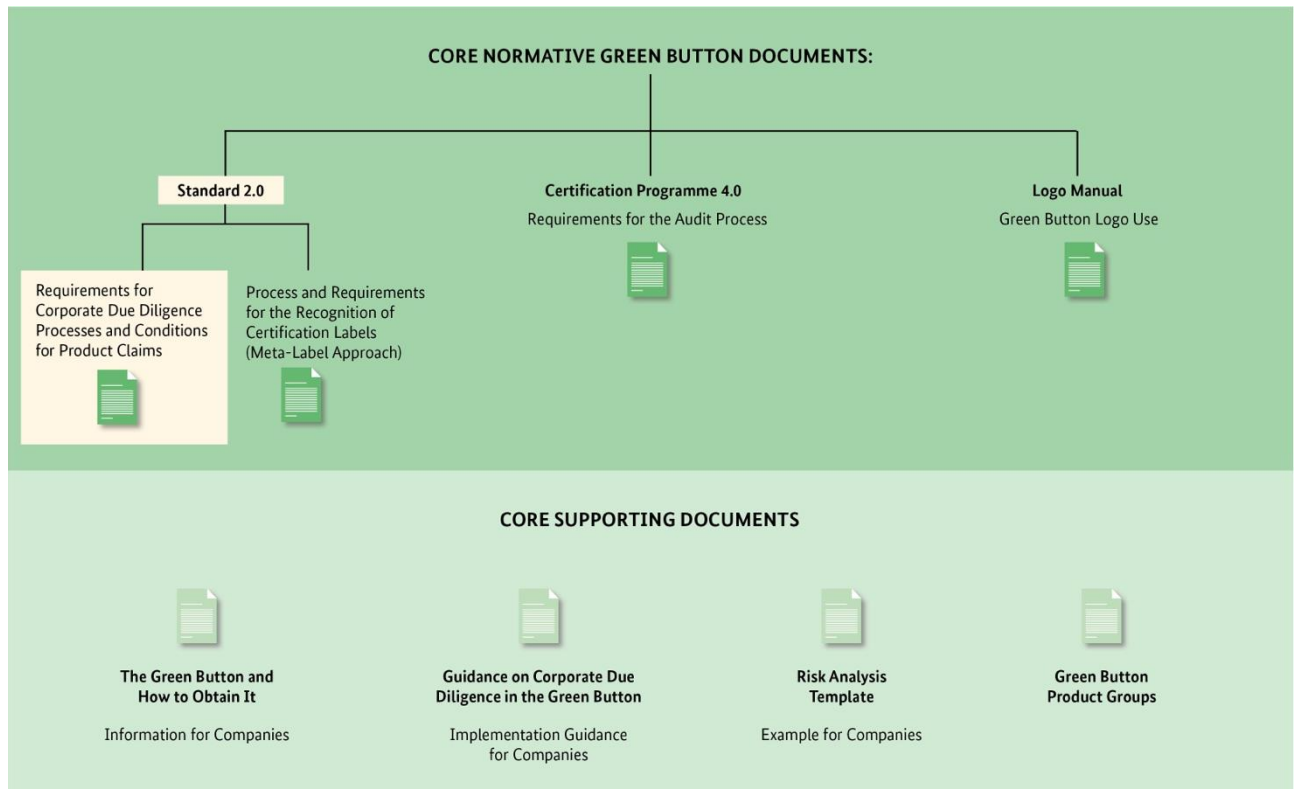
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Green Button 2.0 | Documents



Overview of the Green Button Standard's normative documents

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List of abbreviations

| | |
|-------|-----------------------------------------------------------------------------------------------------------------|
| BAT | Best available techniques |
| BMZ | German Federal Ministry for Economic Cooperation and Development |
| BSCI | Business Social Compliance Initiative |
| CE | Core element |
| CSR | Corporate Social Responsibility |
| EU | European Union |
| FOB | Freight on Board |
| ILO | International Labour Organisation |
| ISEAL | International Social and Environmental Accreditation and Labelling Alliance |
| ISO | International Organisation for Standardisation |
| KPI | Key Performance Indicator |
| LkSG | Germany's Act on Corporate Due Diligence Obligations in Supply Chains (Lieferkettensorgfaltspflichtengesetz) |
| MSI | Multi-Stakeholder Initiative |
| OECD | Organization for Economic Co-operation and Development |
| OHCHR | Office of the UN High Commissioner for Human Rights |
| SVHC | Substance of Very High Concern |
| TPU | thermoplastic Polyurethan |
| UN | United Nations |
| ZDHC | Zero Discharge of Hazardous Chemicals |

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1. Introduction

The Green Button (*Grüner Knopf*) is a government-run certification label for sustainable textiles and is awarded on behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ). It provides consumers as well as public and private procurement agencies with guidance when purchasing textiles.

To this end, the Green Button is awarded to textile products that are sold by responsibly operating companies, are made only from approved fibres and materials, and whose production processes at the stages of manufacturing, wet processes, and raw material extraction have been verified by recognised certification labels with regard to social and ecological criteria.

The Green Button started on 9 September 2019 with an introductory phase. With the help of an independent advisory board, the Green Button was further developed between 2020 and 2021 and improved in two public consultations based on numerous valuable responses from various stakeholders. In doing so, the Green Button has been informed by the best practices of the ISEAL (International Social and Environmental Accreditation and Labelling Alliance), the global membership initiative of sustainability systems. The result is the present version 2.0 of the Green Button Standard. In addition to the content revisions at the level of the requirements, the introduction of the accreditation of the Green Button certification bodies is a significant innovation in the verification process, which strengthens the robustness and credibility of the certification label.

This document presents the content requirements of the Green Button for corporate due diligence processes as well as the conditions for making product claims with the Green Button label. Together with the document *Process and Requirements for the Recognition of Certification Labels (Meta-Label Approach)* ([Link](#)), this document constitutes the Green Button Standard 2.0. Together with the *Green Button Certification Programme* ([Link](#)), the *Green Button Standard* forms the basis for Green Button certification (see Figure 1 above).

The Green Button sets 54 requirements for the corporate due diligence process. The due diligence requirements are based on international frameworks, in particular the United Nations Guiding Principles on Business and Human Rights (UN Guiding Principles) and the sector-specific supplements of the Organisation for Economic Co-operation and Development (*OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector*). For the Green Button Standard 2.0, a development logic was introduced by deepening the requirements of individual indicators, so that licensed companies must continuously improve their certified processes.

In addition, only products that are made of approved fibres and materials and that can be labelled with certification labels recognised by the Green Button may carry the Green Button (Meta-Label Approach, see [Chapter 5](#)). The standard and certification systems of the recognised certification labels credibly ensure that sustainability-related requirements are met in the production processes of manufacturing and wet processes as well as in the extraction of raw materials for the fibres and materials used.

The Green Button is a voluntary standard that does not replace the respective national regulations of a country. It is the responsibility of each company to comply with the applicable legal requirements.

The Green Button requirements are revised in regular revision processes. In the following table, you will find information on the respective valid version with the date of publication and implementation as well as an overview of the respective changes. When new full versions come into force, companies that have already labelled products according to a previous version of the Green Button must undergo

an evaluation according to the new standard within a period of twelve months. This Green Button Standard 2.0 has been published and will be introduced from August 2022.

The following mandatory transition period applies to the introduction: By 1 August 2023 at the latest, all companies participating in the Green Button must be (re-)certified according to the 2.0 version of the standard.

Prior to this date, companies that have a valid Green Button certificate at the time of publication of the 2.0 version can choose to have an evaluation carried out as follows:

- according to the Green Button Standard 2.0 (Requirements for Corporate Due Diligence Processes and Conditions for Product Claims) or
- according to the Green Button Standard 1.0 (Due Diligence and Product Requirements) or
- according to the "Requirements for Corporate Due Diligence Processes" from the 2.0 version and - for the product claims - according to the "Product Requirements" from the 1.0 version.

Companies that do not have a Green Button certificate at the time of publication of the 2.0 version of the standard must undergo the assessment of corporate due diligence processes according to the Green Button Standard 2.0 from 1 August 2022. During the one-year transition period, whether these companies fulfil the "Conditions for Product Claims" from the 2.0 version or the "Product Requirements" from the 1.0 version for labelling products with the Green Button logo is up to them.

As all companies must be (re-)certified according to the Green Button Standard 2.0 by 1 August 2023 at the latest, this may mean that some companies' certification cycle is shortened.

| Version | Publication | Date applicable | Changes |
|---------|-------------|-------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1.0 | May 2020 | Requirements applied from the start of the introductory phase in August 2019 in the form of indicator grids | Initial version (subsequent embedding of the requirements in a standard document) |
| 2.0 | June 2022 | August 2022 | <p>Separation for better readability of the label-related requirements and the label recognition process (formerly product criteria) into a separate standard document.</p> <p>Methodological-linguistic adaptations of the requirements for corporate due diligence processes - improvement of conciseness, consistency, and coherence of the requirements ¹</p> <p>Adjustment of the content of the requirements with the aim of:</p> <p>Establishing coherence with the requirements of the Partnership for Sustainable Textiles</p> |

¹ See [Appendix 2](#) for a detailed description of the adaptations of the Requirements for Corporate Due Diligence Processes.

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| | | | <p>Further aligning the requirements with international frameworks</p> <p>Deepening existing topics: Promoting effective grievance mechanisms; dialogue with affected stakeholders</p> <p>Integrating new issues: First steps toward living wages in the supply chain</p> <p>Improving the processuality of the indicators</p> |
|--|--|--|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

2. Scope of application

This standard contains the requirements for companies that wish to have the due diligence processes and systems related to their textile business certified according to the Green Button Standard (see [Chapter 4](#)). Companies holding a Green Button certificate fulfil the specific requirements for the implementation of corporate due diligence for human rights, the environment and integrity in their textile supply chains (certified process) as defined by the scheme owner.

The Green Button Standard can only be applied to processes of companies that are eligible to apply. Companies that manufacture and/or distribute end products covered by the standard as their own products are eligible to apply. This includes both manufacturers of such products, which are named as such on the product, and trading companies that offer third-party products under their own brands as their own products.²

A product can only be labelled with the Green Button certification label if the product is covered by the certified due diligence process and also fulfils the conditions for product claims (Meta-Label Approach, see [Chapter 5](#)). The Green Button's content requirements for certification labels as well as the process for evaluating and recognising labels are presented in the document *Green Button Standard 2.0 – Process and Requirements for the Recognition of Certification Labels (Meta-Label Approach)* ([Link](#))³.

² A regularly updated list of product groups that can be awarded the Green Button provides companies with orientation ([Link](#)).

³ The current list of recognised certification labels is published on the Green Button website (www.gruener-knopf.de/en).

3. References

The following documents, among others, serve as the basis for the development of this standard:

- United Nations Guiding Principles on Business and Human Rights
- OECD Guidelines for Multinational Enterprises
- OECD Due Diligence Guidance for Responsible Business Conduct
- OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector
- ILO Core Labour Standards

If no date or document version is given, the latest version of the referenced document shall apply.

4. Requirements for Due Diligence Processes

Due diligence describes the processes that companies systematically establish and implement to identify, assess, prevent, mitigate, and recover from risks and negative impacts related to human rights, the environment and integrity in their own company and in textile supply chains. This approach is not limited to individual production sites but pays attention to all textile supply chains as well as the business, procurement, and purchasing practices of the contracting company.

In most cases, the indicators target all stages of the textile supply chains. For some indicators, the minimum required coverage of supply chain stages was restricted. This is made clear by formulations such as "[...] *This includes at least suppliers at the level of manufacturing and wet processes*" (e.g., indicator 2.1.1). The indicator then refers to the defined stage(s) of the supply chain. Supply chain stages include: "manufacturing", "wet processes", "textile production" and "yarn production", or "raw material extraction".

The requirements for corporate due diligence processes are broken down into five core elements, 13 criteria, and 54 indicators at level A and 33 indicators at level B, with the indicators being relevant to the audit. Notes have been added to the indicators for better understanding. While indicators represent the mandatory requirement, the annotation is an additional explanation of the contents. Definitions of terms are listed in the glossary at the end of this document. The indicators are verified by certification bodies according to the Green Button Standard 2.0. In the first evaluation, all level A indicators are audited and monitored annually. In the second monitoring, after 24 months, all indicators of level B are additionally checked. In the re-certification, i.e., after 36 months, all Level A and Level B indicators are evaluated if no new version of the Green Button Standard is available by then.

Indicators can be assessed as "fulfilled", "sufficiently fulfilled" or "not fulfilled". If one or more indicators are assessed as "not fulfilled", no certification can take place (see *Green Button Certification Programme*, [Link](#)).

Core Element 1: Policy on responsible business conduct

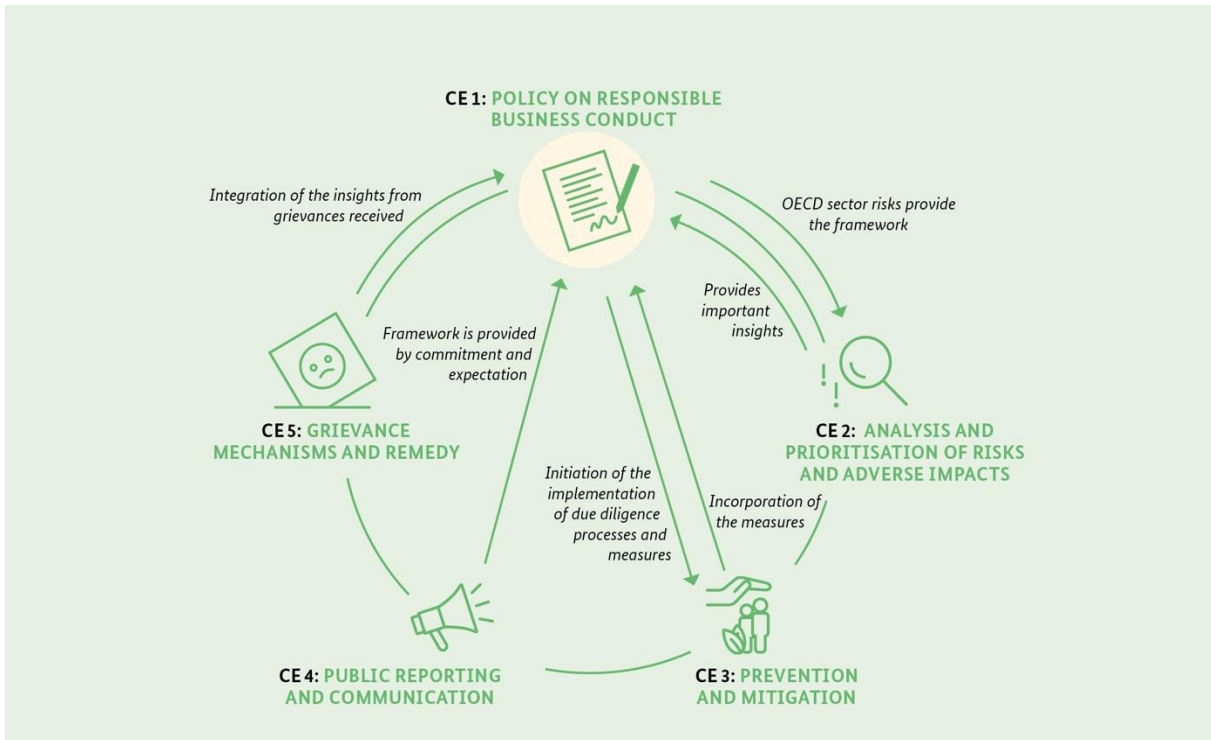


Figure 1: Interaction of the policy with other core elements

Criterion 1.1 Components of the policy

The company has a policy on responsible business conduct regarding human rights, the environment, and integrity, which delineates expectations of its own business activities as well as of suppliers.

| No. | Indicator | Development stage A (Initial evaluation, year 1) | Development stage B (2nd surveillance evaluation, year 3) |
|-------|------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1.1.1 | Commitment to international conventions & frameworks | <p>The company's policy includes a commitment to respect human rights in accordance with the UN Guiding Principles on Business and Human Rights and at least the following international conventions and frameworks:</p> <ul style="list-style-type: none"> - the International Bill of Human Rights and the ILO Core Labour Standards - internationally recognised environmental frameworks (e.g., BAT, Detox, ZDHC) - internationally recognised frameworks for dealing with integrity risks (e.g., OECD Guidelines for Multinational Enterprises, Chapter VII and OECD Due Diligence Guidance for the Garment and Footwear Sector, Module 11). | <p>The company has added further commitments to the policy that reflect its particular business context and specific risk profile (CE2).</p> <p><i>Note: This may include, for example, further commitments regarding the treatment of homework/ handwork or migrant workers.</i></p> |
| 1.1.2 | Commitment to living wages and the use of sustainable materials | <p>The policy contains a voluntary commitment</p> <ul style="list-style-type: none"> - to responsible procurement and purchasing practices - to the promotion of living wages - to continuously increasing the use of sustainable materials <p><i>Note: The commitment to responsible sourcing and purchasing practices is designed to ensure that the company's own practices do not contribute to adverse impacts on human rights, the environment, and integrity in textile supply chains. This includes, for example, equal and open price negotiations, proactive production planning, and responsible termination of business relationships.</i></p> <p><i>"Sustainable materials" are, for example,</i></p> <p><i>1) synthetic fibres made from mostly recycled raw materials or 2) natural</i></p> | |

| No. | Indicator | Development stage A (Initial evaluation, year 1) | Development stage B (2nd surveillance evaluation, year 3) |
|-------|-------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------|
| | | <i>fibres from demonstrably responsible production.</i> | |
| 1.1.3 | Expectations for suppliers | The policy contains expectations for suppliers along the company's textile supply chains to comply with international standards (1.1.1) in dealing with the sector risks listed in the OECD Guidance. | |
| 1.1.4 | Requirement on subcontracting | Where subcontracting is permitted by the company, the policy includes the expectation that the qualification of subcontractors is evaluated in the same way as with direct suppliers (3.1.1) prior to establishing a business relationship. If the company procures indirectly, the policy includes the expectation that agents or importers will implement the requirement accordingly with upstream suppliers. | |
| 1.1.5 | Description of the most severe risks and due diligence processes embedded in the company | In the policy, the company identifies its most severe risks in relation to human rights, the environment, and integrity (CE2) in its own textile supply chains and describes which due diligence processes it has embedded to avoid or mitigate these risks. | |
| 1.1.6 | Dealing with vulnerable stakeholders or groups | In the policy, the company identifies particularly vulnerable stakeholders or groups (2.1.3) and explains how their needs are considered in the implementation of its own due diligence processes. <i>Note: Particularly vulnerable groups include, for example, women, children, migrants, migrant workers, homeworkers, people with disabilities, etc.</i> | |

| No. | Indicator | Development stage A (Initial evaluation, year 1) | Development stage B (2nd surveillance evaluation, year 3) |
|-------|------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1.1.7 | Handling of complaints and remedy | <p>In the policy, the company explains how potentially affected stakeholders can contact the company in the event of violations. The company commits itself to:</p> <ul style="list-style-type: none"> - protecting complainants from retaliation to the extent it is able; and - taking corrective action and remedial measures, or cooperating in corrective action and remediation, in case of legitimate grievances or allegations of adverse human rights, environmental, and integrity impacts caused or contributed to by the company. <p><i>Note: A company can ensure the protection of complainants, for example, by preserving anonymity.</i></p> | |
| 1.1.8 | Formal requirements | <p>In preparing and/or updating the policy, the company has drawn on relevant internal and external expertise.</p> | <p>The company has revised the policy based on increasing knowledge of risks and adverse impacts on human rights, the environment, and integrity (CE2) in the textile supply chains, also considering changes in its own risk profile (2.1.6), where these have occurred.</p> <p><i>Note: Changes in the company's own risk profile may result, for example, from entering into new business relationships, entering a new sourcing country, or adding new product lines.</i></p> |

Criterion 1.2 Communication of the policy

The company has processes in place to communicate the policy publicly and to relevant target groups.

| No. | Indicator | Development stage A (Initial evaluation, year 1) | Development stage B (2nd surveillance evaluation, year 3) |
|-------|--------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------|
| 1.2.1 | Publication on the website | The company has published all components of the policy (1.1.1 - 1.1.7) on its own website. | |
| 1.2.2 | Communication to its own employees | The company has communicated the relevant parts of the policy statement to its own employees, either in the local language or in English. | |
| 1.2.3 | Mandates for suppliers and cascading into the supply chains | The company has required direct suppliers to implement the relevant parts of the policy and to share it with upstream suppliers. If German is not the business language, the policy is presented in English. If the company procures indirectly, it requires agents or importers to implement the requirements accordingly with upstream suppliers. | |

Criterion 1.3 Embedding the policy in the company

The company ensures that appropriate responsibilities, incentive structures, financial and human resources, and competencies are in place within its own organisation for the implementation of the policy.

| No. | Indicator | Development stage A (Initial evaluation, year 1) | Development stage B (2nd surveillance evaluation, year 3) |
|-------|---------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1.3.1 | Senior management's responsibilities | <p>Senior management has formally adopted the policy.</p> <p>Senior management is responsible for the fulfilment of the corporate due diligence obligations as set out in the policy and has defined corresponding responsibilities for the operational implementation of due diligence processes.</p> <p>These include at least the functional areas of sustainability/CSR, purchasing, procurement, design, product development, human resources, and compliance.</p> | <p>The company's progress in implementing due diligence processes and targets is discussed regularly by senior management (at least every 12 months).</p> <p>Progress in implementation is included in the performance evaluation of at least one member of senior management. The consideration in performance evaluation applies solely to an appointed senior management team.</p> <p>Owners who are responsible for the management themselves or managing partners are not covered by this.</p> <p>Senior management shall ensure that appropriate targets and KPIs for measuring implementation are formulated for the positions in charge of implementation.</p> |
| 1.3.2 | Internal awareness and expertise | <p>The company has ensured that the responsible employees (1.3.1) are aware of their own organisation's basic requirements regarding corporate due diligence and have the necessary knowledge to practically implement them in their function.</p> <p>If employees have direct contact with potentially affected stakeholders or their legitimate representatives, they have been sensitised accordingly to identify and assess possible grievances.</p> <p><i>Note: The expertise of the company's staff can be ensured, for example, by considering appropriate selection criteria during recruitment or through training.</i></p> | <p>The company has identified training needs and trained the relevant employees on specific sector risks and implementation challenges.</p> |
| 1.3.3 | Incentive structures | <p>The company has reviewed its own incentive and reward system to determine the extent to which it contributes to the implementation of corporate due diligence or sets the</p> | <p>The company's incentive and reward system includes targeted incentive structures for its own employees and decision-makers in the functional areas of purchasing, procurement,</p> |

| No. | Indicator | Development stage A (Initial evaluation, year 1) | Development stage B (2nd surveillance evaluation, year 3) |
|-------|----------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | <p>wrong incentives. Corresponding opportunities for improvement have been identified.</p> <p><i>Note: Depending on the organisational culture, this can include both financial incentives (e.g., bonuses or awards linked to the achievement of certain targets) and non-financial incentives (e.g., internal awards, incentives for further training, etc.) or both in combination.</i></p> | <p>product development, compliance, and design, which contribute to the implementation of corporate due diligence.</p> |
| 1.3.4 | Consideration in decision-making and strategy processes | <p>The company ensures that the results of the risk analysis and prioritisation, as well as the identified adverse impacts on human rights, the environment, and integrity (CE2) are considered in relevant decision-making processes throughout the company.</p> <p>Relevant decision-making processes are at least:</p> <ul style="list-style-type: none"> - entering a new procurement/production country - leaving an existing procurement/production country | <p>The company ensures that the results of the risk analysis and prioritisation, as well as the identified adverse impacts on human rights, the environment, and integrity (CE2) are considered in further relevant decision-making and strategy processes.</p> <p>In addition to the aspects mentioned in stage A, this also applies at least to:</p> <ul style="list-style-type: none"> - the product development strategy - the procurement and purchasing strategy <p><i>Note: The product development strategy includes, for example, decisions on new product lines, incorporation of new materials, etc. The procurement and purchasing strategy includes, for example, decisions on the company's own procurement model (indirect/direct), selection criteria for suppliers, strategic procurement goals, etc.</i></p> |

Core Element 2: Analysis und prioritisation of risks and adverse impacts

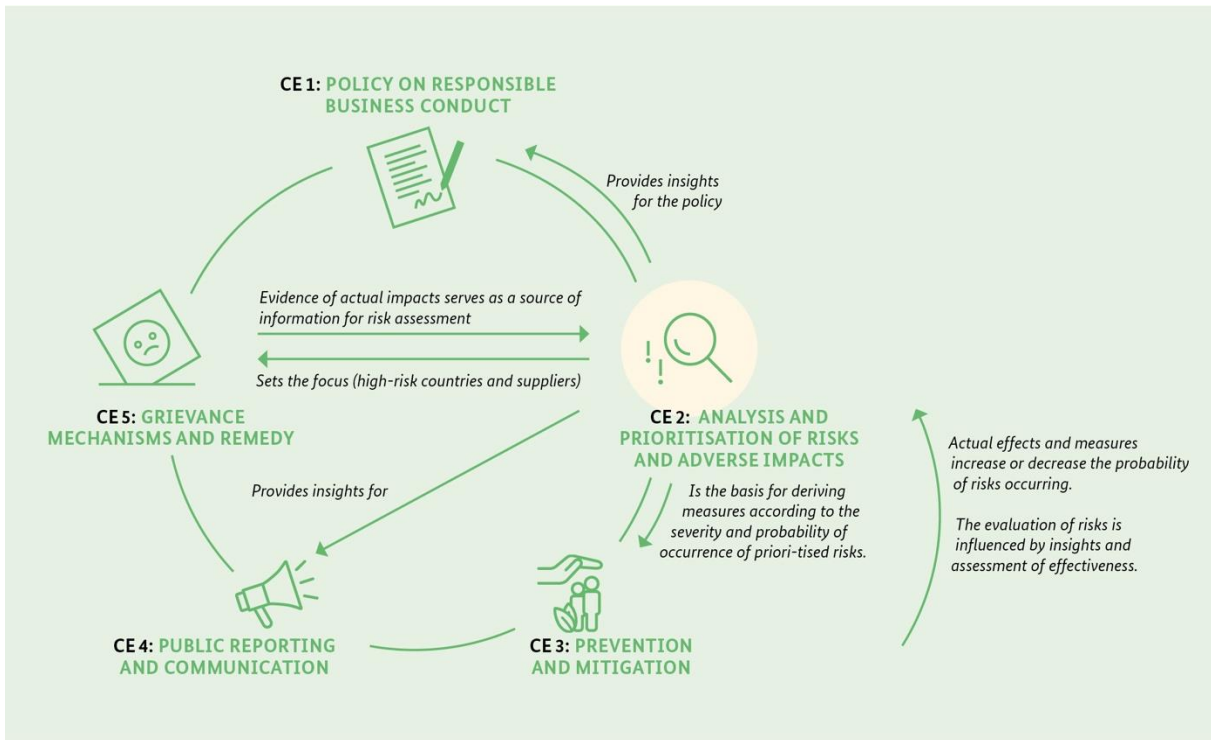


Figure 2: Interaction of risk and impact analysis with other core elements

Criterion 2.1 Analysis and prioritisation of risks

The company analyses and prioritises its human rights, environmental, and integrity risks ("risks") along its own textile supply chains, from raw material extraction to garment manufacturing. If the company has its own production facilities, these are also considered.

| No. | Indicator | Development stage A (Initial evaluation, year 1) | Development stage B (2nd surveillance evaluation, year 3) |
|-------|-----------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2.1.1 | Mapping of the company's own textile supply chains | <p>The company has relevant information on suppliers along its own textile supply chains.</p> <p>This includes at least suppliers at the level of garment manufacturing and wet processes.</p> <p>The information includes at least location, production types or categories, parent company, product types, number of employees, type of employee representation.</p> <p>In case of missing data, the company documents and justifies information gaps for the listed process steps and demonstrates corresponding efforts to obtain data. Based on the results of the risk analysis (2.1.6), the company has set goals for increasing/deepening the data. The implementation of the goals is defined in an action plan.</p> <p><i>Note: Appropriate efforts to obtain information can be, for example, contacting direct suppliers by e-mail. The number of employees can be recorded using the following categories: fewer than 1000, 1001 to 5000, 5001 to 10000, more than 10000.</i></p> | <p>The company has further relevant information on suppliers along its own textile supply chains.</p> <p>This includes at least suppliers at the level of textile and yarn production</p> <p>The information includes at least location, production types or categories, parent company, product types, number of employees, type of employee representation.</p> <p>At the level of raw material extraction, the company has at least information on the country and region of origin.</p> <p>In case of missing data, the company documents and justifies information gaps for the listed process steps and demonstrates corresponding efforts to obtain data. Based on the updated results of the risk analysis (2.1.6), the company has set itself further goals to increase/deepen the data. The implementation of the goals is defined in an action plan.</p> |
| 2.1.2 | Country, sector, and specific material and product risks | <p>The company has identified and analysed social, environmental, and integrity risks along its own textile supply chains from raw material extraction to garment manufacturing. The following risks were considered:</p> <ul style="list-style-type: none"> - country-specific risks - the sector-specific risks from the OECD Guidance and other risk areas relevant to the company (in relation to its own material supply chains and business model) | |

| No. | Indicator | Development stage A (Initial evaluation, year 1) | Development stage B (2nd surveillance evaluation, year 3) |
|-------|----------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------|
| | | <p>- material- or product-specific risks</p> <p><i>Note: If suppliers in the deeper supply chains are not yet known, these stages can be analysed based on material-specific risks. In doing so, the company can consider similar materials together, but should make a distinction between natural fibres, fibres of animal origin, cellulose-based regenerated fibres, and synthetic man-made fibres. Ingredients and accessories do not need to be considered.</i></p> | |
| 2.1.3 | Vulnerable stakeholders and groups | The company has identified vulnerable stakeholders and groups that may be particularly affected by the company's business activities and relationships, as well as their needs. | |
| 2.1.4 | Assessment of the probability of occurrence | <p>The company has assessed the identified risks' probability of occurrence (2.1.2), considering the following aspects:</p> <ul style="list-style-type: none"> - the extent to which its own business model and sourcing and procurement practices influence the occurrence of risks (2.3.1); - the extent to which existing prevention or mitigation processes (CE3) reduce the occurrence of risks. This also includes information on the qualification of suppliers in dealing with these risks (3.1.1). <p>If the company procures through agents or importers, it also considers information on their qualification in dealing with risks in the supply chains (3.1.1).</p> | |

| No. | Indicator | Development stage A (Initial evaluation, year 1) | Development stage B (2nd surveillance evaluation, year 3) |
|-------|--------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2.1.5 | Prioritisation of risks | <p>The company has prioritised the identified risks according to their severity (scale, scope, and irremediable character) and probability of occurrence (2.1.4) in accordance with the OECD Guidance.</p> <p>As a result, the company has defined the following:</p> <ul style="list-style-type: none"> - its most severe risks - risk countries - high-risk suppliers - high-risk materials | |
| 2.1.6 | Formal requirements | <p>The company reviews and updates the risk analysis (2.1.2) and prioritisation (2.1.4 and 2.1.5) on a regular basis (at least annually) and on an ad hoc basis.</p> <p>The ad hoc review and update shall take place at least in case of:</p> <ul style="list-style-type: none"> - the opening up of a new procurement/production country, - a serious change in the risks in an existing procurement/production country (e.g., due to conflict, change in political circumstances). <p>In the risk analysis, the company has considered internal and external expertise (at least information from trade unions/workers' representatives or civil society actors) and documented the sources used. The results were communicated internally to key decision-makers.</p> | <p>The company has reviewed, updated, and expanded its risk analysis and prioritisation based on increasing knowledge of its own textile supply chain (2.1.1).</p> <p>The ad hoc review and update shall also take place in case of:</p> <ul style="list-style-type: none"> - the inclusion of new materials or product types in the company's own portfolio. |

Criterion 2.2 Identifying adverse impacts

The company identifies adverse impacts on human rights, the environment, and integrity along its own textile supply chains, from raw material extraction to garment production. If the company has its own production facilities, these are also considered.

| No. | Indicator | Development stage A (Initial evaluation, year 1) | Development stage B (2nd surveillance evaluation, year 3) |
|-------|------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2.2.1 | Identifying the company's own adverse impacts | <p>The company has identified its adverse impacts on human rights, the environment, and integrity on an ad hoc basis.</p> <p>Relevant occasions are at least:</p> <ul style="list-style-type: none"> - grievances received or information about incidents with suppliers or in the company that indicate a change in risks or concrete adverse impacts on the ground, and - lack of information on the most severe risks. <p><i>Note: A lack of information on severe risks may exist, for example, if there are indications of severe risks in deeper supply chains, but no further information is available on the probability of occurrence and the suppliers involved.</i></p> | <p>The company cooperates with external stakeholders, in particular other companies and/or suppliers, to identify adverse impacts on human rights, the environment, and integrity in supply chains on an ad hoc basis. In addition to the joint identification of adverse impacts, this also includes the sharing of results and the joint finding of solutions in the case of proven adverse impacts.</p> |
| 2.2.2 | Formal requirements | <p>In the analysis, the company has considered:</p> <ul style="list-style-type: none"> - internal expertise - the feedback and results of exchanges with (potentially) affected stakeholders and/or their legitimate representatives. <p><i>Note: Affected stakeholders and their local representatives may include, for example, child rights organisations or local communities and their representatives, in addition to workers and their representatives.</i></p> | <p>The company seeks feedback from external experts or stakeholders on the methodology and results of adverse impact assessments at least every two years.</p> |

Criterion 2.3 Business and procurement model and living wages

The company analyses the extent to which its own business model and its procurement and purchasing practices contribute to adverse impacts on human rights, the environment, and integrity. It records the wage differentials in all risk countries in which direct suppliers produce and thereby identifies wage gaps.

| No. | Indicator | Development stage A (Initial evaluation, year 1) | Development stage B (2nd surveillance evaluation, year 3) |
|-------|-------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2.3.1 | Risk factors related to the business and procurement model | <p>The company has analysed its own business model and procurement and purchasing practices and their influence on the occurrence of adverse impacts on human rights, the environment, and integrity in the supply chain (2.1.4). In doing so, the company has considered the following aspects:</p> <ul style="list-style-type: none"> - the perspective of different functions (at least purchasing, procurement, design, product development, compliance), - all relevant processes. These include at least procurement strategy, forecasting/planning, price calculations/negotiations, sample production/tech packs, order changes, lead times, payment terms, termination of business relationships. - if applicable, the cooperation with customers as well as with intermediary actors such as agents/importers. | <p>The company updates the analysis regularly (at least every two years).</p> <p>In the analysis, the company has also considered feedback from direct suppliers and compared this with its own results (3.2.2).</p> <p>If the company procures through agents or importers, it ensures that feedback is obtained not only from them but also from upstream suppliers (manufacturing).</p> |
| 2.3.2 | Wage gap analysis | <p>The company has analysed the gap between wages paid and available living-wage benchmarks at the manufacturing stage (excluding outsourced process steps) in risk countries or for high-risk suppliers (2.1.5) and thereby identified wage gaps.</p> <p>If the company procures through agents or importers, the requirement also applies to upstream suppliers at</p> | <p>The company regularly updates the gap analysis (at least every two years).</p> |

| No. | Indicator | Development stage A (Initial evaluation, year 1) | Development stage B (2nd surveillance evaluation, year 3) |
|-----|-----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------|
| | | <p>the manufacturing stage. For the analysis, the company uses common reference values for living wages. If no reference value is available for a risk country, the company uses reference values established on the basis of comparable criteria (Anker methodology, Asia Floor Wage (AFW) methodology, or trade union demands).</p> <p><i>Note: Common reference values are listed, for example, in the list published by the Partnership for Sustainable Textiles.</i></p> | |

Core Element 3: Prevention and mitigation

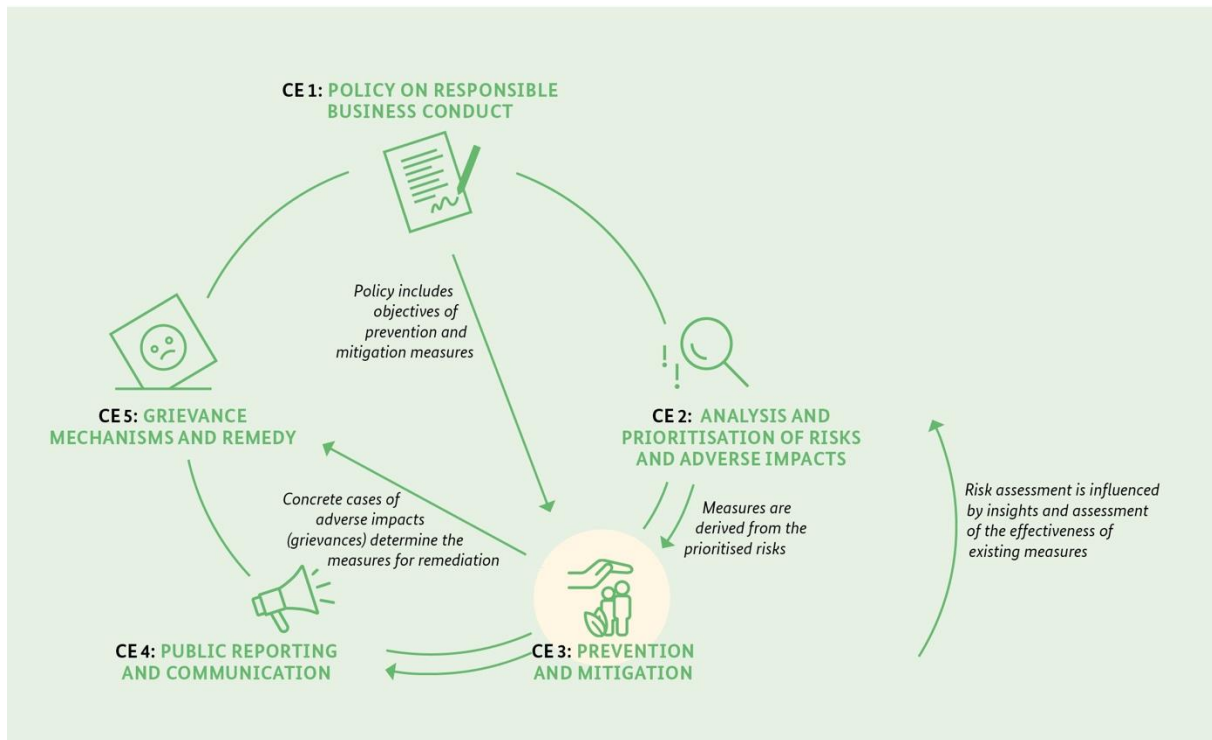


Figure 3: Interaction of prevention and mitigation measures with other core elements

Criterion 3.1 Internal prevention and mitigation measures

The company has taken internal measures aimed at addressing the identified most severe risks in its own textile supply chains and mitigating the identified adverse impacts on human rights, the environment, and integrity (CE2).

| No. | Indicator | Development stage A (Initial evaluation, year 1) | Development stage B (2nd surveillance evaluation, year 3) |
|-------|--------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 3.1.1 | Evaluation of the qualification of suppliers | <p>The company evaluates the extent to which direct suppliers meet its own communicated expectations (1.1.3) and what measures they have taken to prevent and mitigate adverse impacts on human rights, the environment, and integrity.</p> <p>If subcontracting is permitted, the company also evaluates subcontractors. If the company procures indirectly, it requires agents or importers to evaluate their upstream suppliers and, where applicable, subcontractors (1.1.4).</p> | <p>The company has information on the extent to which suppliers in deeper supply chains (2.1.1) meet its own communicated expectations (1.1.3) and what measures they have taken to prevent and mitigate adverse impacts on human rights, the environment, and integrity.</p> |
| 3.1.2 | Formal requirements for evaluation of suppliers | <p>The evaluation of qualification:</p> <ul style="list-style-type: none"> - takes place in all cases at least before entering into a new business relationship and once a year for existing business relationships. - considers country-specific risks (2.1.2) and other possible indications of problems or incidents on site (2.2.1). - in high-risk countries and for high-risk suppliers (2.1.5), additionally includes an interview with potentially affected stakeholders on site (at least workers) by qualified personnel to learn about their rights and adverse impacts, problems, and/or incidents. The staff is appropriately qualified to identify and assess human rights, environmental and integrity risks, and adverse impacts. <p>The outcome of the assessment is considered on an equal footing with commercial factors such as price or delivery times in contract decisions.</p> <p>If subcontracting is permitted, the company sets clear minimum requirements for the qualification of</p> | |

| No. | Indicator | Development stage A (Initial evaluation, year 1) | Development stage B (2nd surveillance evaluation, year 3) |
|-------|-----------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | subcontractors. If the company procures indirectly, it sets clear minimum requirements for the qualification of upstream suppliers. | |
| 3.1.3 | Incentives for suppliers | <p>The company provides incentives for direct suppliers (in high-risk countries or for high-risk suppliers (2.1.5)) to continuously upgrade their qualifications in terms of responsible business conduct (3.1.1).</p> <p><i>Note: Incentives can be provided, for example, in the form of longer-term contracts and/or an increased order volume, but also through financial support, for example, for certain certifications or for technological upgrading. Incentives can also be provided through participation in capacity-building formats or excellence programmes.</i></p> | <p>The company rewards the continuous improvement of direct suppliers (in risk countries or for high-risk suppliers (2.1.5)) at least through longer-term contracts and/or increased order volume. Continuous improvement is assessed jointly by purchasing and the supplier at least annually with reference to the current evaluation of the supplier's qualification (3.1.1).</p> |
| 3.1.4 | Ending of business relationships | <p>The company has a procedure for responsible ending of business relationships with direct suppliers if adverse impacts on human rights, the environment, and integrity cannot be remedied after multiple attempts. It also covers the cancellation and suspension of orders for economic reasons.</p> <p>The procedure includes at least</p> <ul style="list-style-type: none"> - the provision of detailed information explaining the business decision and sufficient lead time (proportional to the volume of the order) to suppliers, - payment for work already done and materials already ordered; and - requiring suppliers to comply with wage and severance payment requirements under national laws, international labour standards, and collective agreements. <p><i>Note: The lead time between announcement and actual termination of the business relationship should be proportional to the company's</i></p> | <p>The company continuously reviews the implementation of its own procedure for responsible ending of business relationships and resulting measures, where agreed with suppliers.</p> <p>Potentially affected stakeholders and/or their legitimate representatives have the opportunity to report problems or incidents in the implementation of this procedure (CE5).</p> |

| No. | Indicator | Development stage A (Initial evaluation, year 1) | Development stage B (2nd surveillance evaluation, year 3) |
|-----|-----------|-------------------------------------------------------|-----------------------------------------------------------------|
| | | <i>percentage order volume with the supplier.</i> | |

Criterion 3.2 Prevention and mitigation measures in supply chains

The company has taken measures in its own textile supply chains with the aim of addressing the identified most severe risks in its own textile supply chains and mitigating the identified adverse impacts on human rights, the environment, and integrity (CE2).

| No. | Indicator | Development stage A (Initial evaluation, year 1) | Development stage B (2nd surveillance evaluation, year 3) |
|-------|-----------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 3.2.1 | Cooperation with external stakeholders | <p>The company has identified further systemic causes for its most severe risks (2.1.5) and identified adverse impacts (2.2.1) in addition to its own procurement and purchasing practices (2.3.1). It works specifically in cooperation with external stakeholders to address these through joint measures. In doing so, it uses existing formats, initiatives, or associations or initiates such.</p> <p><i>Note: External stakeholders can include suppliers, potentially affected stakeholders such as workers, civil society, workers' representatives, other companies, as well as sectoral and/or multi-stakeholder initiatives (MSI).</i></p> | <p>The company continuously evaluates the effectiveness of the measures in cooperation with external stakeholders and develops them further or expands them in a targeted manner.</p> |
| 3.2.2 | Dialogue with suppliers | <p>The company exchanges information at least once a year with suppliers in high-risk countries or high-risk suppliers (2.1.5) on implementation challenges and the possible contribution of its own business or purchasing practices to these (2.3.1).</p> <p>This includes at least suppliers at the level of garment manufacturing and wet processes.</p> <p>The dialogue also includes the implementation of the company's own strategy to promote living wages (3.3.3).</p> <p>If the company procures indirectly, this is directed at upstream suppliers at the level of manufacturing and wet processes and also includes dialogue with agents or importers.</p> <p><i>Note: The dialogue with suppliers can be conducted via existing formats (e.g. annual meetings between purchasing and suppliers).</i></p> | <p>The findings from the dialogue with suppliers have been incorporated into the further development or improvement of measures in the supply chains (3.2).</p> |

| No. | Indicator | Development stage A (Initial evaluation, year 1) | Development stage B (2nd surveillance evaluation, year 3) |
|-------|-----------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 3.2.3 | Support for suppliers | <p>Based on the identified most severe risks (2.1.5) and identified adverse impacts (2.2.1) and the information from the evaluation of the qualification of suppliers (3.1.1), the company supports suppliers in risk countries or high-risk suppliers (2.1.5) in meeting its own communicated expectations (1.1.3).</p> <p>This includes, at a minimum, suppliers at the level of garment manufacturing and wet processes.</p> <p>If the company procures indirectly, this is directed at upstream suppliers at the level of garment manufacturing and wet processes and also includes support for agents or importers.</p> <p><i>Note: Support for suppliers can be implemented, for example, in the form of training programmes or consulting offers.</i></p> | <p>Learning experiences from the implementation of measures at the level of garment manufacturing and wet processes as well as findings on their effectiveness have been incorporated into the further development or improvement of these measures.</p> <p>Analogous to the increased transparency regarding suppliers in high-risk countries or high-risk suppliers in the deeper supply chains (2.1.1 / 2.1.5), the company supports suppliers at the level of textile and yarn production as well as raw material extraction.</p> <p>Potentially affected stakeholders and/or their legitimate representatives are involved in activities to develop measures, review implementation, and evaluate effectiveness.</p> |
| 3.2.4 | Formal requirements for measures | <p>The measures taken by the company in the supply chains are proportionate to the severity of the prioritised risks or adverse impacts.</p> <p>The company has an appropriate monitoring system, including KPIs, to check the implementation of the measures in the textile supply chains and to measure their effectiveness.</p> | <p>The changes in the company's own risk profile/the most severe risks (2.1.6) have been incorporated into the further development or improvement of the company's own measures.</p> |

Criterion 3.3 Purchasing practices and living wages

The company has taken steps to ensure that its own purchasing and procurement practices do not contribute to adverse impacts on human rights, the environment, and integrity in its own textile supply chains and is actively working to promote living wages in its supply chains.

| No. | Indicator | Development stage A (Initial evaluation, year 1) | Development stage B (2nd surveillance evaluation, year 3) |
|-------|---------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 3.3.1 | Capturing KPIs on procurement and purchasing practices | <p>The company records at least the following KPIs on its own procurement and purchasing practices:</p> <ul style="list-style-type: none"> - shares of direct versus indirect procurement - average utilisation of direct suppliers - length of business relationships with direct suppliers, and - lead times for cancelling or changing orders. <p>If a company does not have information on the average utilisation of individual suppliers, it shall provide a justification.</p> <p>If the company procures through agents or importers, the company also records the average utilisation rate and the length of relationships with upstream suppliers.</p> <p><i>Note: The average utilisation of suppliers means the percentage of utilisation by the company's own orders in relation to the total capacity of the factory.</i></p> | <p>The company additionally records the following KPIs on its own procurement and purchasing practices:</p> <ul style="list-style-type: none"> - Utilisation at peak and off-peak times - Average number of days between order placement and start of production - Average number of changes per order after sample acceptance/confirmation of technical documentation (tech pack) - Percentage of orders sanctioned for poor quality or late delivery |
| 3.3.2 | Improvement of procurement and purchasing practices | <p>The company has implemented measures with the aim of reducing adverse impacts on human rights, the environment, and integrity in connection with its own procurement and purchasing practices (2.3.1). The company has evaluated successes and challenges in implementation.</p> | <p>The company has formulated clear goals to improve its own procurement and purchasing practices and defined KPIs to track the implementation of these goals.</p> <p>For direct suppliers, this includes at least the following aspects:</p> <ul style="list-style-type: none"> - higher weighting of supplier qualifications (3.1.2) when awarding contracts; - price negotiations and payment terms that take into account suppliers' labour and wage costs; |

| No. | Indicator | Development stage A (Initial evaluation, year 1) | Development stage B (2nd surveillance evaluation, year 3) |
|-------|---------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | | <ul style="list-style-type: none"> - improving forecasting and avoiding last-minute order changes; - improving the dialogue with suppliers (3.2.2). |
| 3.3.3 | Strategy for the promotion of living wages | <p>The company has a strategy to promote living wages at the level of garment manufacturing (excluding outsourced process steps) and has started to implement it.</p> <p>The strategy shows at least:</p> <ul style="list-style-type: none"> - how the company plans to build necessary internal capabilities and structures for implementation; - how it intends to gain a better understanding of the relationship between its own purchase prices and wages paid; - what specific targets and improvements it aims to achieve based on the gap analysis (2.3.2) at supplier level; this includes: <ul style="list-style-type: none"> - what funding options it sees for higher wages that provide for equitable distribution of costs; - how it plans to ensure that measures contribute to real wage increases for workers and that possible side-effects are taken into account; - how it plans to contribute to a positive environment for improved social dialogue/relationships between employers and workers at suppliers' facilities. <p>Where meaningful and appropriate, the company has joined appropriate initiatives or initiated new collaborations to improve the systemic conditions for paying higher wages.</p> <p>Companies that produce themselves have focused their strategy on concrete goals and improvements in their own production facilities, including a concrete timetable by when these are to be achieved. If the</p> | <p>The company demonstrates concrete progress in the implementation of its strategy, both in terms of internal requirements and concrete targets and improvements at the supplier level (in cooperation with at least one supplier).</p> <p>The company supports direct suppliers with targeted offers of support in the context of the implementation of its living wage strategy.</p> <p>The company has a system, including concrete KPIs, to monitor the implementation of the strategy and measure the effectiveness of the actions taken.</p> <p>Based on the learning experiences from the implementation and the progress made, the company has reviewed its strategy and developed it further. The company has formulated concrete targets and KPIs to promote living wages at the level of garment manufacturing for the next five years.</p> <p>Companies that produce themselves demonstrate concrete progress in implementation in their own production facilities. If the company procures indirectly, it demonstrates progress at the level of upstream suppliers or supports them in a targeted manner.</p> |

| No. | Indicator | Development stage A (Initial evaluation, year 1) | Development stage B (2nd surveillance evaluation, year 3) |
|-----|-----------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------|
| | | <p>company procures indirectly, the strategy addresses upstream suppliers at the level of garment manufacturing.</p> <p><i>Note: The meaningful and appropriate participation of companies in relevant initiatives/cooperation projects (e.g., Action, Collaboration, Transformation) is measured according to the size and influence of the company.</i></p> | |

Core Element 4: Public reporting and communication

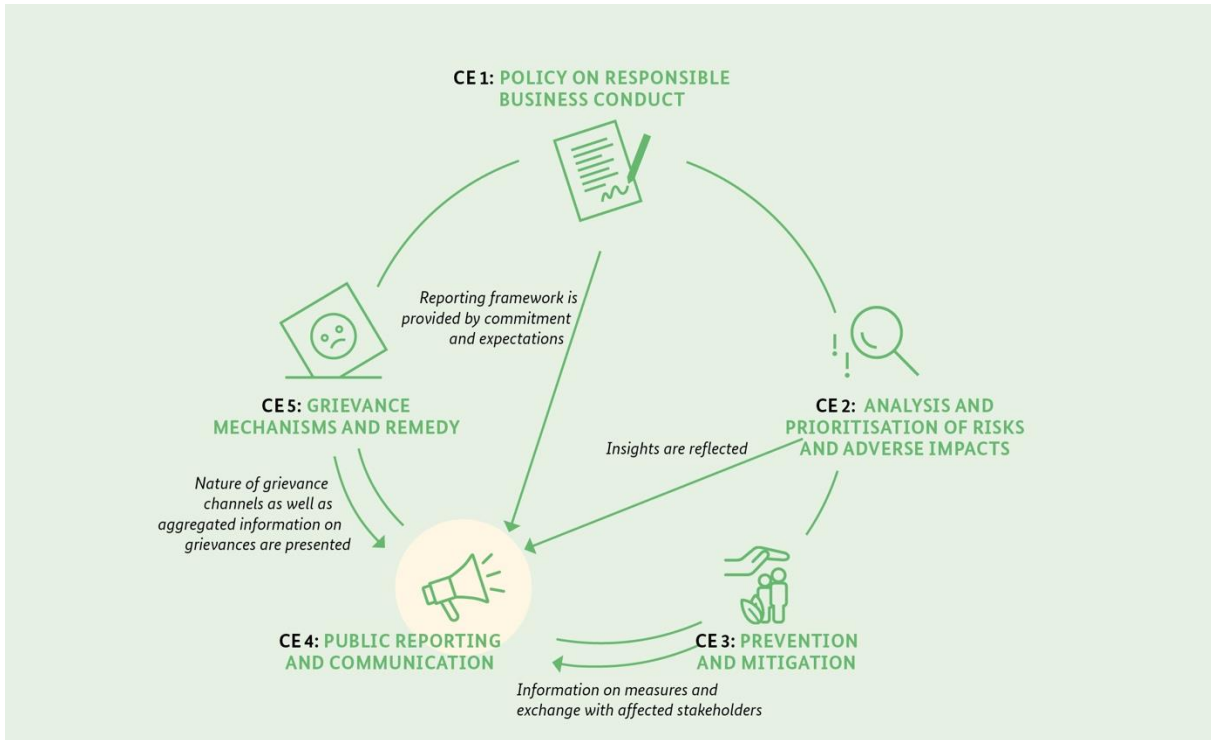


Figure 4: Interaction of reporting and communication with other core elements

Criterion 4.1 Formal requirements for reporting

The company communicates publicly on a regular basis and in a manner appropriate to the target group about the implementation of its corporate due diligence obligations in its own textile supply chains.

| No. | Indicator | Development stage A (Initial evaluation, year 1) | Development stage B (2nd surveillance evaluation, year 3) |
|-------|--------------------------------------------|------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 4.1.1 | Regularity | The company communicates at least annually. | |
| 4.1.2 | Comprehensibility and accessibility | The company provides information (4.2) in a user-friendly way and publishes it on its website. | The company provides relevant parts of the reporting in English for suppliers as well as international stakeholders, unless German is the business language. |

Criterion 4.2 Contents of the reporting

The company publicly provides information that allows external stakeholders to learn about and assess the adequacy of the company's due diligence processes and the management of risks and adverse impacts on human rights, the environment, and integrity in its own textile supply chains.

| No. | Indicator | Development stage A (Initial evaluation, year 1) | Development stage B (2nd surveillance evaluation, year 3) |
|-------|-------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 4.2.1 | Reference to the policy | The company makes specific reference to its own voluntary commitments as well as formulated expectations in its own policy (1.1.1-1.1.7). | |
| 4.2.2 | Most severe risks | The company identifies its most severe risks (CE2) in its own textile supply chains. | The company reports on the processes and methodology it has used to identify and prioritise its most severe risks. <i>Note: This includes, at a minimum, a description of the sources and information used, the extent to which internal and external stakeholders and, in particular, affected stakeholders and/or their legitimate representatives have been involved in the process, and what information has been taken into account in the assessment and prioritisation of risks.</i> |
| 4.2.3 | Prevention, mitigation, and corrective action | The company reports on which prevention, mitigation, and corrective action (CE3 + CE5) have been used to address the most severe risks and adverse impacts (CE2) and illustrates the effectiveness of the measures at least with individual examples. | The company reports on progress and the effectiveness of its prevention, mitigation, and corrective action (CE3 + CE5) using specific KPIs. |
| 4.2.4 | Learning experiences, progress, and challenges | The company reports on learning experiences and progress made on actions taken (CE3) and describes how these and existing challenges will be considered in future implementation. | The company reports on its strategy to promote living wages (3.3.3). The company describes how it works practically on the implementation, what the focus and goals of its own strategy are, and which reference value is used for the calculation of living wages. The company reports on concrete progress in implementing the strategy and improving its own procurement and purchasing practices. |

| No. | Indicator | Development stage A (Initial evaluation, year 1) | Development stage B (2nd surveillance evaluation, year 3) |
|-------|----------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 4.2.5 | Grievance channels and grievances received | The company reports on existing grievance mechanisms for potentially affected stakeholders (5.1.2, 5.1.3) as well as aggregated information on the number and topics of grievances received (5.2.2). | The company additionally reports on corrective action and remedial measures taken and on its learning experiences in dealing with grievances and developing and implementing corrective action. |
| 4.2.6 | Involvement of external and potentially affected stakeholders | The company reports on how it has involved relevant external stakeholders, in particular (potentially) affected stakeholders and suppliers, in the implementation of its due diligence obligations. This also includes the dialogue with suppliers (3.1.6). <i>Note: In addition to potentially affected stakeholders and/or their legitimate representatives, external stakeholders can also include suppliers, civil society, and workers' representatives.</i> | The company reports on how the needs of particularly vulnerable stakeholders and groups have been considered in the implementation of corporate due diligence (1.1.6) and in what form they or their legitimate representatives have been consulted. In addition, the company reports on the results and topics of existing exchange or cooperation formats with national or international workers' representatives, (multi-stakeholder) initiatives, civil society actors, and other companies. |
| 4.2.7 | Increasing supply chain transparency | The company publishes a list of all sourcing countries for the level of garment manufacturing (including outsourced process steps printing, embroidery, washing) and wet processes (process steps finishing, bleaching, and dyeing) on its website. The company also lists the regions per country from which it procures and identifies general information gaps. <i>Note: A region is understood to be an administrative unit within a country (e.g. a state, a province).</i> | The company publishes a list of all sourcing countries up to raw material extraction on its website. The company also names per country the regions from which it procures and identifies general information gaps. <i>Note: A region is understood to be an administrative unit within a country (e.g. a state, a province).</i> |

Core Element 5: Grievance mechanisms and remedy

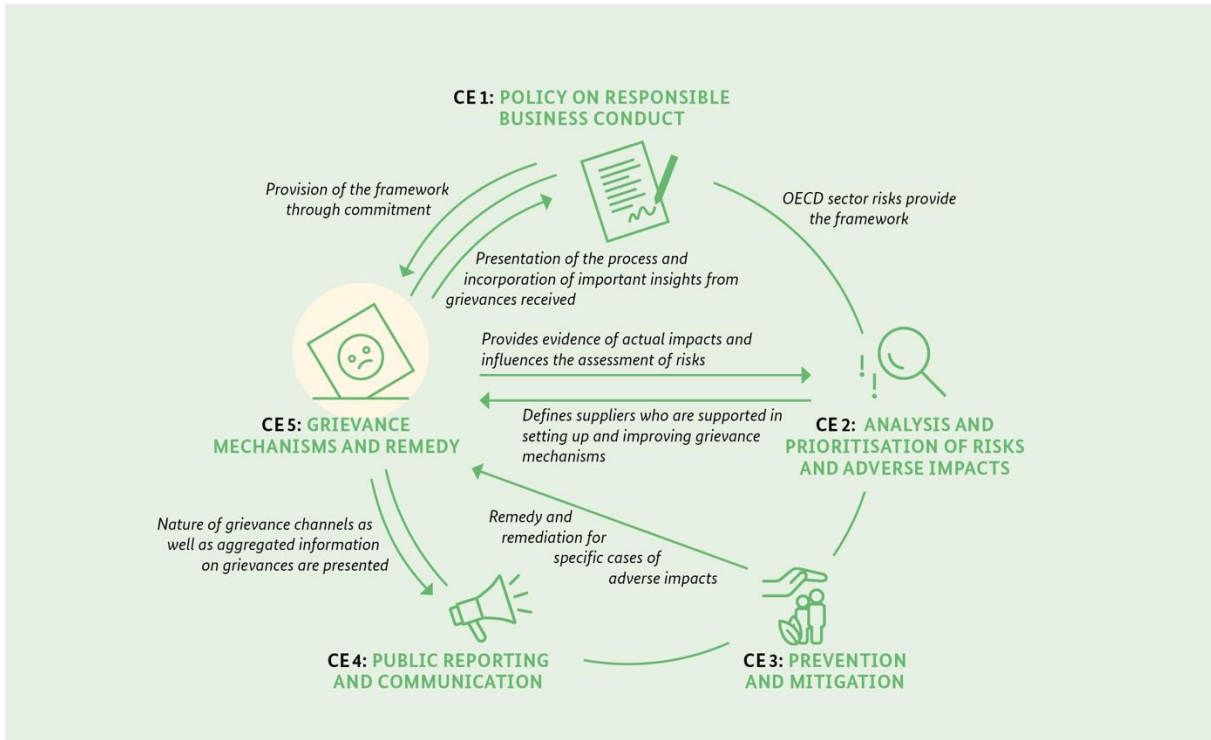


Figure 5: Interaction of grievance mechanisms and remedy with other core elements

Criterion 5.1 Access to effective grievance mechanisms

The company actively promotes access to effective grievance mechanisms in its own textile supply chains. This includes both factory-level/local and back-up mechanisms.

Note: Factory-level/local mechanisms refer to mechanisms that workers at suppliers' facilities can access locally, both inside and outside the production facilities, e.g., grievance boxes, workers' representative bodies, (non-) government agencies. Back-up mechanisms, on the other hand, refer to channels that contracting companies provide or are involved in and that workers can access.

| No. | Indicator | Development stage A (Initial evaluation, year 1) | Development stage B (2nd surveillance evaluation, year 3) |
|-------|---------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 5.1.1 | Gap analysis of grievance mechanisms | <p>The company has an overview of existing grievance mechanisms at the level of garment manufacturing (excluding outsourced process steps) in risk countries or with high-risk suppliers (2.1.5). This includes:</p> <ul style="list-style-type: none"> - Back-up grievance mechanisms (mechanisms at international/regional, national, and industry/sector level) - factory-level mechanisms at direct suppliers' facilities. <p>The company has identified potential gaps in the effectiveness and scope of these mechanisms. For factory-level mechanisms, the assessment can generally be based on the type of mechanism. The overall assessment of effectiveness is based on the effectiveness criteria of the UN Guiding Principles.</p> <p><i>Note: According to the UN Guiding Principles, effective grievance mechanisms should be legitimate, transparent, predictable, accessible, rights-compatible, equitable, dialogue-based and a source of continuous learning.</i></p> | <p>The company updates the overview of grievance mechanisms and the analysis of effectiveness on a regular basis (at least every two years), considering new information and insights (2.1.1, 2.1.2, 2.2.1).</p> |
| 5.1.2 | Back-up grievance mechanisms | <p>Based on the overview and identified gaps (5.1.1) to existing back-up mechanisms, the company has identified needs for improvement and:</p> <ul style="list-style-type: none"> - examines participation in existing effective mechanisms and/or - works to improve existing mechanisms and/or | <p>The company:</p> <ul style="list-style-type: none"> - participates in existing mechanisms and/or - demonstrates progress in improving and/or establishing mechanisms in at least one risk country at the level of garment manufacturing (2.1.5). <p>The company has concrete objectives to further promote access to back-up</p> |

| No. | Indicator | Development stage A (Initial evaluation, year 1) | Development stage B (2nd surveillance evaluation, year 3) |
|-------|-------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | <p>- explores possibilities to build new mechanisms together with external stakeholders. Potentially affected stakeholders and/or their legitimate representatives are involved.</p> <p>The establishment and/or improvement of these mechanisms is designed to make them effective (5.1.1).</p> <p><i>Note: External stakeholders can include, for example, suppliers, civil society, workers' representatives, other companies as well as sectoral and/or multi-stakeholder initiatives (MSI).</i></p> | <p>mechanisms at the level of garment manufacturing.</p> |
| 5.1.3 | Factory-level grievance mechanisms | <p>Based on the overview and the identified gaps (5.1.1) of factory-level mechanisms, the company supports suppliers in high-risk countries or high-risk suppliers (2.1.5) in improving factory-level mechanisms. Potentially affected stakeholders and/or their legitimate representatives are involved.</p> <p>The support is designed to improve the effectiveness of factory-level mechanisms in line with the effectiveness criteria of the UN Guiding Principles.</p> <p>Companies that produce themselves have effective factory-level grievance mechanisms in place for their own production facilities for potentially affected stakeholders. If the company procures indirectly, the company's support is directed at upstream suppliers at the level of garment manufacturing.</p> | <p>Learning experiences from the implementation of measures at the level of garment manufacturing as well as findings on their effectiveness have been incorporated into the further development or improvement of these measures.</p> |
| 5.1.4 | Formal requirements | <p>The company:</p> <ul style="list-style-type: none"> - focuses on ensuring that, where possible, mechanisms are available where they can be accessed locally and used anonymously by | |

| No. | Indicator | Development stage A (Initial evaluation, year 1) | Development stage B (2nd surveillance evaluation, year 3) |
|-----|-----------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------|
| | | <p>potentially affected stakeholders, and that its own measures do not undermine the role of local grievance mechanisms, in particular those of trade unions and workers' representative bodies.</p> <ul style="list-style-type: none"> - considers whether potentially affected stakeholders are protected from retaliation. <p><i>Note: Local accessibility includes, in particular, adequate announcement to potential users and availability of the mechanism in their local languages.</i></p> | |

Criterion 5.2 Handling of grievances, remedy, and remediation

The company addresses and corrects, and, where appropriate, remediates grievances raised by affected stakeholders and adverse impacts on human rights, the environment, and integrity in its own textile supply chains.

Note: The indicators in this criterion cover both grievances brought to the company's attention and the company's overall handling of adverse impacts identified through other processes and channels (CE2). This also covers grievances/ adverse impacts with suppliers with whom the company no longer has an active business relationship, but with whom such a relationship existed until less than six months ago.

| No. | Indicator | Development stage A (Initial evaluation, year 1) | Development stage B (2nd surveillance evaluation, year 3) |
|-------|----------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------|
| 5.2.1 | Conditions | <p>The company creates the internal conditions for dealing with grievances, as well as for taking corrective action and remedial measures for adverse impacts on human rights, the environment, and integrity.</p> <p>The company ensures that:</p> <ul style="list-style-type: none"> - its own employees who receive complaints on behalf of the company are able to assess them according to their severity and urgency. - responsibilities, decision-making processes, and possible funding for remedy and remediation are clarified internally. <p><i>Note: This refers to all grievances that can be brought to the company's attention through different channels, not only its own mechanisms.</i></p> | |
| 5.2.2 | Handling grievances | <p>The company documents all grievances received. For grievances received by the company itself, it evaluates them in terms of their factual accuracy. Legitimate grievances/ adverse impacts are subsequently assessed according to their severity and urgency.</p> <p>The company assesses the extent to which it caused, contributed to, or is linked to them.</p> <p><i>Note: For example, the company should consider whether and to what extent it has contributed to the grievance/ adverse impact through its own business and purchasing practices.</i></p> | |

| No. | Indicator | Development stage A (Initial evaluation, year 1) | Development stage B (2nd surveillance evaluation, year 3) |
|-------|------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 5.2.3 | Corrective action and remedial measures | <p>Where the company has caused or contributed to legitimate grievances/ adverse impacts, it shall develop and implement appropriate corrective action and, where appropriate, provide or participate in remediation.</p> <p>Appropriate action shall be based on the severity and urgency of the grievance/adverse impact. In cases of particularly severe adverse impacts on human rights, the environment, and integrity, the company shall take immediate action to prevent further harm. This includes at least child/forced labour, violation of freedom of association, and gender-based violence.</p> <p>Note: Particularly severe adverse impacts are those where the harm to the person is particularly high or difficult to reverse, or where a large number of people are affected.</p> | |
| 5.2.4 | Formal requirements | <p>When developing and implementing corrective action and remedial measures (5.2.3), the company shall ensure that:</p> <ul style="list-style-type: none"> - affected stakeholders and/or their legitimate representatives, involved suppliers, as well as other parties involved are consulted and informed about measures ultimately decided upon. - the causes of any incidents or problems that have occurred are analysed to prevent further wrongs. | |
| 5.2.5 | Follow-up on the measures | <p>The company follows up on and reviews the implementation of corrective action and remedial measures.</p> | <p>The company has established processes involving affected stakeholders and/or their legitimate representatives to evaluate and ensure that corrective action and remedial measures are effective and satisfactory from the perspective of affected stakeholders. Based on these findings, the handling of grievances is continuously developed.</p> |

5. Conditions for product claims (meta-label approach)

Applicant companies can only make a product claim with the Green Button logo if, in addition to certification of compliance with the requirements for corporate due diligence processes, the Green Button requirements for products and production processes are met. Companies demonstrate this by proving their eligibility to label products according to the certification labels recognised by the Green Button.⁴

After a transition period of one year from the introduction of the Green Button Standard 2.0, i.e., from August 2023, the following shall apply without restriction:

- a) The product is entitled to be labelled with a certification label recognised by the Green Button for the production stages of manufacturing and wet processes; AND
- b) the product is made exclusively of fibres and material (blends) approved according to the *List of approved fibres and materials* (see [Annex 1](#) and [Link](#)), as indicated by the specification of the material composition on the product. If required by the list, the product is entitled to be labelled with a Green Button approved certification label for the fibres/materials used.

During a transitional period ending on 1 August 2023, the following applies as an alternative to a) and b):

- c) The company fulfils the "Product Requirements" of the Green Button Standard 1.0 ([Link](#)).

The following applies to a), b) and c): Proof can be provided both by means of a single certification label as well as by means of various recognised certification labels which are recognised for all relevant areas. The decisive factor is that the end product must be entitled to be labelled with the recognised certification label. If the end product is not entitled to be labelled with a recognised certification label despite the certification of individual supply chain stages by one of the recognised labels, the conditions for making product claims with the Green Button are not fulfilled.

"Recognised" certification labels are those which, upon application in accordance with the process for the recognition of labels, can demonstrate compliance with the Green Button's sustainability-related requirements for certification labels in a transparent recognition procedure. Recognition is granted for at least one of the above-mentioned areas (manufacturing, wet processes, use of fibres and materials). In addition, certification labels must meet the credibility requirements of the German Federal Government as applied on the platform [Siegelklarheit.de](#). The content requirements of the Green Button for certification labels are presented in the document *Green Button Standard 2.0 - Process and Requirements for the Recognition of Certification Labels (Meta-Label Approach)* ([Link](#)). This also sets out the process for evaluating and recognising certification labels.⁵

⁴ The current list of recognised certification labels is published on the Green Button website (<https://www.gruener-knopf.de/en>).

⁵ It should be noted that certification labels for the supply chain levels of manufacturing and wet processes, which are recognised at the time of publication of the Green Button Standard 2.0, must have received a renewed recognition for the Green Button according to the requirements of the *Green Button Standard 2.0 - Process and Requirements for the Recognition of Certification Labels (Meta-Label Approach)* ([Link](#)) by August 2023.

To ensure that the Green Button logo only appears on eligible products, the company implements effective processes for the following purposes:

- for registering suppliers that are verified to the standard of a recognised certification label and are authorised to make product claims with the recognised label;
- for the periodical verification of the continuing validity of this authorisation;
- for the purchasing of goods through suppliers verified to the standard of a recognised certification label;
- for recording the material compositions of the products.

The evaluation of these processes by certification bodies is regulated in the document *Green Button Certification Programme* ([Link](#)).

6. References

- International Labor Organization. Abolition of Forced Labour Convention (No. 105). 1957
- International Labor Organization. Discrimination (Employment and Occupation) Convention (No. 111). 1958
- International Labor Organization. Equal Remuneration Convention (No. 100). 1951
- International Labor Organization. Forced Labour Convention (No. 29). 1930
- International Labor Organization. Freedom of Association and Protection of the Right to Organise Convention (No. 87). 1948
- International Labor Organization. Minimum Age Convention (No. 138). 1973
- International Labor Organization. Right to Organise and Collective Bargaining Convention (No. 98). 1949
- International Labor Organization. Worst Forms of Child Labour Convention (No. 182). 1999
- OECD. OECD Due Diligence Guidance for Responsible Business Conduct. 2018
- OECD. OECD Guidelines for Multinational Enterprises. 2011
- OECD. OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector. 2017
- United Nations. Guiding Principles on Business and Human Rights. 2011
- Germany's Act on Corporate Due Diligence Obligations in Supply Chains (Lieferkettensorgfaltspflichtengesetz (LkSG)). 2021

7. Glossary

| Term | Definition | Reference source |
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| Accessories | Accessories are additional decorative elements attached to a product that do not directly contribute to its function (e.g. patches, sequins, etc.). | Green Button definition |
| Adverse impact | One or more specific incidents in which people, the environment or integrity have actually suffered harm. | UN Guiding Principles (13), cf. p. 14 OECD Guidance , cf. p. 13, 65 ff |
| Affected stakeholders | Persons or groups that are or could be directly or indirectly affected by the actions of a company and its business partners. (Potentially) affected stakeholders are an important subgroup of the external stakeholders of a company. | OECD Guidance , cf. p. 15 UN Guidng Principles Reporting Framework , cf. p. 109 |
| Agent | A business partner located in or near the country of production who sells textile products that they have not produced themselves to the company. The agent is the direct business partner of the ordering company and not the producing/selling supplier. This is indirect sourcing according to the Green Button definition. | Green Button definition |
| Business relationships | Economic relations of a company with other organisations or persons in connection with its business activities, products, or services. | Green Button definition |
| Complainant | <u>Affected stakeholders</u> or their <u>legitimate representatives</u> communicating a <u>grievance</u> through a <u>grievance mechanism</u> . | Green Button definition |
| Core element | Categorisation of the requirements for corporate due diligence processes, based on the UN recommendations on elements of corporate due diligence. | Green Button definition |
| Corrective Action Plan | Time-bound, actionable and targeted plan to prevent or mitigate adverse impacts of a production or supplier facility. | OECD Guidance , cf. p. 13 |
| Due diligence | Responsibility of companies to establish structures, processes and measures to prevent and mitigate adverse impacts of their own operations, relationships and products with regard to human rights, the environment and integrity and, if necessary, to provide <u>remedy</u> and <u>remediation</u> . | UN Guiding Principles (11), cf. p. 13 OECD Guidance , cf. p. 23 ff. |
| Eligible product | A product that meets the requirements for product claims according to the Green Button Standard, cf. <i>Green Button Standard 2.0 - Process and Requirements for the Recognition of Certification Labels (Meta-Label Approach)</i> . | Green Button definition |
| External stakeholder | A person, group or organisation that has an interest in the company and can both be influenced by the company and in turn exert influence over the company. This includes, e.g., <u>suppliers</u> , potentially <u>affected stakeholders</u> such as <u>workers</u> , civil society, local, national or international government representatives, workers' representatives, other companies as well as associations, sectoral and/or multi-stakeholder initiatives. | UN Guidng Principles Reporting Framework , cf. p. 111 |
| Grievance | An expression of inadequacies or concerns by (potentially) affected stakeholders or their legitimate representatives about their rights, freedoms or other entitlements based on contractual terms, | OECD Guidance , cf. p. 95 |

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| | arrangements, practices or a general understanding of fairness. Inadequacies or concerns relate to adverse impacts on human rights, the environment and integrity. | Partnership for Sustainable Textiles Complaints Mechanisms , cf. p. 4 |
| Grievance mechanism, - back-up - local/ factory-level | <p>A tool and/or process that provides a formalised way for an individual or group to raise concerns (see grievance) or express concern about adverse impacts that a company is having or that they perceive. This refers to adverse impacts on human rights, the environment and integrity. A grievance mechanism also provides the opportunity to seek appropriate remedy.</p> <p>Back-up grievance mechanism: A tool or procedure that purchasing companies provide or participate in and that workers can access to address grievances and allegations of human rights violations.</p> <p>Local (or factory-level) grievance mechanism: Tool or procedure that workers at suppliers' facilities can access locally to address grievances and information on human rights violations, both inside and outside the production facilities, e.g. grievance boxes, workers' representatives, (non-)government bodies.</p> | OECD Guidance , cf. p. 95 |
| High-risk material | Material used in the manufacture of the textile product (excl. ingredients and accessories) that poses the most severe risks , taking into account the country context and/or evidence of impacts or incidents on the ground and available information on the likelihood of occurrence. | Green Button definition |
| High-risk suppliers | A company's suppliers with the highest most severe risks , taking into account the country context and/or evidence of impacts or incidents on the ground, as well as available information on the likelihood of occurrence. | Green Button definition |
| Homeworker | A person who is employed by an employer but does not work on that employer's premises but at another mutually agreed location, often at home. | SA8000 International Standard , cf. p. 6 GOTS Version 6.0 , cf. p. 31 |
| ILO Core Labour Standards | <p>Fundamental labour rights formulated by the International Labour Organisation (ILO) and recognised as international minimum standards. The eight core labour standards include the following conventions:</p> <ul style="list-style-type: none"> - Convention 29: Forced Labour - Convention 87: Freedom of Association and Protection of the Right to Organise - Convention 98: Right to Organise and Collective Bargaining - Convention 100: Equal Remuneration - Convention 105: Abolition of Forced Labour - Convention 111: Discrimination in Respect of Employment and Occupation - Convention 138: Minimum Age for Admission to Employment - Convention 182: Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour | ILO Declaration on Fundamental Principles and Rights at Work and its Follow-up |
| Importer | A business partner who sells textile products to the company that he has not produced himself. The importer is the direct business partner of the ordering company and not the producing/selling supplier. | BSCI amfori Glossary , cf. p. 8 |

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| | According to the Green Button definition, this is indirect procurement. | |
| Incentive and reward system | System to encourage a desired behaviour that is rewarded with something in return. Incentives or rewards can be non-financial or financial in nature | Green Button definition |
| Indicator | Audit-relevant specification of the requirements for corporate due diligence processes. | Green Button definition |
| Indirect procurement | The procurement of textile products (e.g. raw materials or finished goods) via an intermediary, e.g. <u>importer</u> or <u>agent</u> . | Green Button definition |
| Ingredients | Production materials that are additionally required for the production of a textile end product and that are added directly to the product during production (e.g. thread, buttons, zippers, liners, batting). | Green Button definition |
| Integrity risks | <u>Risks</u> of bribery or corruption. Corruption is the abuse of entrusted power for private gain or advantage. Bribery is a special type of corruption, which can be defined as a pecuniary advantage that is voluntarily granted to a public official with the aim of inducing him or her to perform an unlawful act or to refrain from an act that he or she would be obliged to perform within the scope of his or her official position. | OECD Guidance , cf. p. 177 OECD Bribery Awareness Handbook , cf. p. 16 |
| International Bill of Human Rights | The International Bill of Human Rights includes: <ul style="list-style-type: none"> - The Universal Declaration of Human Rights - The International Covenant on Civil and Political Rights (and its Optional Protocols) - The International Covenant on Economic, Social and Cultural Rights (and an optional protocol thereto). - The International Bill of Human Rights and the rights formulated therein also form the basis for companies to implement their human rights responsibilities. | OHCHR Universal Declaration of Human Rights |
| Key Performance Indicator (KPI) | A defined indicator that can be used to measure progress in implementing a measure and/or achieving a set target. | Green Button definition |
| Legitimate grievance | A <u>grievance</u> that has been deemed authentic and admissible in terms of the <u>grievance mechanism</u> used. | Fair Wear Foundation, The FWF Complaints Procedure , p. 8 |
| Legitimate representatives | Persons or organisations that are freely elected by (potentially) affected stakeholders or otherwise recognised by them and the public and can therefore communicate credibly and authentically on the concerns of (potentially) affected stakeholders. | OHCHR, The Corporate Responsibility to Protect Human Rights: An Interpretive Guide , cf. p. 43 |
| Living wage | Remuneration for a worker for a week's work necessary to achieve an adequate standard of living for a household. Elements of an adequate standard of living include: Food, water, housing, education, health care, transportation and clothing, as well as further reserves for unexpected situations. | Partnership for Sustainable Textiles - Implementing Living Wages , cf. p. 5 |
| Local | Physical and geographical context in the textile supply chain where human rights, environmental or integrity risks and/or related adverse impacts may occur. | Green Button definition |

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| Manufacturing | In the Green Button, this refers to the cutting and sewing of final textile goods, and thus the last production step before introduction into retail. | Green Button definition |
| Migrant worker | Person who migrates from one region/country to another with a view to being employed or taking up work. This includes persons who are regularly registered as migrant workers. | GOTS Version 6.0 , cf. p. 31 |
| Most severe risks | Potential impacts that are assessed as severe (see severe adverse impacts) and are highly likely to occur. | OECD Guidance , cf. p. 51 |
| Order volume | Total volume of all textile products ordered by a company from a supplier within one year. The order volume can be expressed as a monetary value or number of pieces. The monetary value is measured by the FOB price (Freight on Board = price paid by the company for the textile products being loaded for export). | Green Button definition |
| Policy (statement) | Collective term for all the means used by a company to make public commitments and expectations of its own company and of suppliers with regard to respect for human rights, protection of the environment and integrity. | UN Guiding Principles (16), cf. p. 16 |
| Procurement | <ul style="list-style-type: none"> - Overarching term for all processes a purchasing company carries out to acquire goods and services from business partners in order to fulfil its corporate purpose. This includes strategic, long-term or continuous considerations of competition and market positioning, identification of needs, choice of sourcing countries and (indirect or direct) sourcing model, supplier management, contract design, purchasing. - Functional area in the company responsible for procurement. | Green Button definition |
| Procurement country | Country from which a procuring company/supplier sources its products or materials (excl. ingredients and accessories). | Green Button definition |
| Product | Manufactured textile end product. A product can be purchased by a consumer. | Green Button definition |
| Production country | Country in which a production step has taken place. | Green Button definition |
| Production facility | Place where preliminary or final products or materials are manufactured or raw materials are produced, for which labour and machinery, tools, chemical and/or biological processing methods or formulations are used. | BSCI amfori Glossary , p. 12 |
| Purchasing | Business processes of purchasing goods and services. This includes strategic (determining purchasing needs, pricing) and operational processes (planning and forecasting, price negotiations, placing orders, payment and payment terms). Purchasing is a sub-area within procurement. Functional area in the company responsible for purchasing. | Green Button definition |
| Qualification (of suppliers) | The extent to which suppliers fulfil the requirements of a purchasing company in terms of corporate due diligence. | Green Button definition |
| Raw material extraction | Describes different methods for obtaining textile fibres (natural and man-made fibres) | Green Button definition |
| Region | Administrative unit within a country (e.g. a federal state, a province). | Green Button definition |

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| Remediation | (The taking of) measures to remedy harm to affected stakeholders in the case of <u>adverse impacts</u> on human rights, the environment or integrity that have already occurred. Remediation is an important component of <u>remedy</u> . | Green Button definition based on UN Guiding Principles (25), cf. p.27 ff. |
| Remedy (also “corrective action”) | (Taking) actions to address <u>adverse impacts</u> that have already occurred, to protect affected stakeholders from further harm and to provide <u>remediation</u> for harm that has already occurred. | Green Button definition based on the UN Guiding Principles (25), cf. p. 27 ff. |
| Risk(s) | Potential <u>adverse impacts</u> or possible damage or grievances for people (individuals, organisations, population groups) or the environment that have not yet materialised but may do so in the future. They do not relate to the financial or business risks of the company as such, but may be connected to them. | OECD DD- Guidance cf. p. 148 |
| Risk country | Country with high <u>risks</u> to human rights, the environment and integrity due to political, legal and socio-economic conditions. In particular, characterised by the lack of effective institutions such as trade unions, worker representation, environmental and labour law and workplace inspections that can ensure compliance with national and international standards, as well as increased levels of corruption. | Based on FWF Brand Performance Check Guide 2020 , p. 114 |
| Risk profile | Describes the extent to which a company is currently exposed to human rights, environmental or integrity risks due to its size, structure, business model, portfolio, orientation and/or business relationships, among other factors. Each company has a unique risk profile. | OECD Guidance , cf. p. 46 ff. OHCHR, The Corporate Responsibility to Protect Human Rights: An Interpretive Guide , cf. p. 34 |
| Severe adverse impacts | An <u>adverse impact</u> on human rights, the environment and/or integrity that has occurred/will occur with a comparatively large scale and scope and that is severely irremediable. <ul style="list-style-type: none"> - The scale refers to the gravity of the adverse impact; - The scope concerns the (high) number of individuals that are or will be affected; - Irremediable character refers to the limited possibility of restoring those affected to a situation that is at least equivalent to their situation before the adverse impact. | OECD Guidance , cf. p. 51 |
| Subcontracting | Situation in which a person or company performs a service or activity that is necessary for the fulfilment of another company's contract. Subcontracting of production orders without the permission of the purchasing company is called unauthorised or unpermitted subcontracting. | OECD Guidance , cf. p. 15 FWF Brand Performance Check Guide 2020 , cf. p. 12 |
| Supplier | Actor who directly or indirectly provides a company/supplier with textile products or services that are necessary for the creation of the final textile product. | OECD Guidance , cf. p. 15 SA8000 International Standard , cf. p. 7 |
| Supply chain | Textile supply chain from raw material cultivation to manufacturing. | Green Button definition |
| Sustainable materials | Materials used in textile production that are made from raw materials that have a lower environmental impact than | |

conventionally produced materials. These include 1) synthetic fibres that are degradable, recyclable and/or already recycled, or 2) natural fibres from demonstrably responsible production.

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| Textile production | Textile production refers to processes that produce textiles such as woven, crocheted, knitted or non-woven fabrics from fibres and/or yarn by means of textile-forming technology. | Green Button definition based on <i>Textile Fertigungsverfahren: Eine Einführung</i> by Gries, Veit and Wulfhorst (2018) |
| Vulnerable groups | Individuals belonging to particular groups or segments of the population who are or may be, in a particular context or frequently, at particular <u>risk</u> of exclusion or vulnerability. | OECD Guidance , cf. p. 53 |
| Wet processes | Comprise the work processes that finish fibres, yarns and fabrics, i.e. chemically treat, bleach and/or dye them. Processes referred to as wet processes include washing, bleaching, dyeing, printing, finishing. | Green Button definition |
| Worker | A person who performs work but does not hold a higher management position. This includes persons in salaried employment, self-employed workers and any other form of contract. | BSCI amfori Glossary , cf. p. 10 GOTS Version 6.0 , cf. p. 31 ISO 26000 Guidance on social responsibility , cf. Section 2.27 |
| Yarn production | In yarn production, the process steps of spinning and twisting are addressed. | Green Button definition based on <i>Textile Fertigungsverfahren: Eine Einführung</i> by Gries, Veit and Wulfhorst (2018) |

Appendix 1: Approved fibres and materials

Principle of the list of approved fibres and materials

The following list contains all fibres and materials that are authorised for products to be labelled in accordance with the Green Button Standard 2.0. A fibre or material that is not included in this list will not be considered as a source material. The requirements apply to all fibres and materials that are identified in the textile label (usually in the care label) according to the EU labelling regulation.* Weight percentages (according to the textile label) refer to the components listed.

Fibres and materials generally are allowed if they a) are recycled or b) are as new fibres/materials in principle recyclable. A recyclability is assumed to be given if

- a low SVHC content can be proven for fibres and materials, as well as
- a basic recyclability is given (i.e., melting point is below the point for thermal decomposition of the polymer), or
- a biodegradability is possible (The biodegradability of the fibre material is given according to ISO 14851 or Standard EN 13432).

Selected animal fibres are only permissible if the extraction conditions are demonstrably justifiable from the point of view of animal ethics.

Application-related exemptions for the use of fibres

Non-approved fibres are only allowed to be included in Green Button products in defined exceptional cases. Companies must be able to declare that a product is to be classified within the scope of one of the areas of application defined in the "Exception" column. The respective defined exceptions for the approval of fibres and materials then apply. Proof of eligibility for an exemption must be provided or can be demonstrated accordingly during product inspection in the evaluation and/or during registration of products between evaluations.

Proof of compliance with sustainability requirements through certification labels (approval condition)

For some of the approved fibres and materials, there is an additional requirement: they must follow the Green Button Standard 2.0 requirements for their sustainable extraction, which are fulfilled via recognised certification labels. Accordingly, for these fibres and materials it is required that the recognised certification label is present on the product to be awarded (see column "Approval condition" in the table). The process and requirements for recognition of a certification label are defined in the separate document *Green Button Standard 2.0 – Process and Requirements for the Recognition of Certification Labels (Meta-Label Approach)* ([Link](#)).

* Should products not fall under the EU labelling regulation, the company must be able to prove the material composition.

List of approved fibres and materials

| Type of Fibre | Proportion in End Product | Approval Condition | Definition of Exception |
|-------------------------------------------------------------|-------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------|
| Explanation | <i>Specification according to textile label</i> | <p><i>For some fibre types, it is required that the product is eligible to be labelled with a Green Button recognized certification label for the fibres/materials used.</i></p> <p><i>In some cases, this requirement only applies if a certain percentage by weight is exceeded.</i></p> | <i>For certain fibres, exceptions can be defined in limited areas of application (business model and/or product type).</i> |
| Man-made fibres | | | |
| Man-made fibres from natural polymers (regenerated): | | | |
| Type of Fibre | Proportion in End Product | Approval Condition | Definition of Exception |
| Lyocell (CLY) | >0% | Allowed with recognised certification label | - |
| Modal | >0% | Allowed with recognised certification label | - |
| Regenerated protein fibres from milk | >0% | Allowed without requirements | - |
| Regenerated protein fibres from soy | >0% | Allowed without requirements | - |
| Viscose | >0% | Allowed with recognised certification label | - |

| Man-made fibres from artificial polymers (synthetics): | | | |
|--------------------------------------------------------------|---------------------------|---------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Type of Fibre | Proportion in End Product | Approval Condition | Definition of Exception |
| Virgin Man-made fibres from artificial polymers (synthetics) | Up to max. 30% | Only allowed in exceptional cases | <p>If the end product consists of at least 70% recycled material with a recognised certification label, the synthetic fibres without certification (virgin) listed in this listing may be used.</p> <p>Special regulation:</p> <ul style="list-style-type: none"> • Elastane is excluded from this and may only be used up to max. 10% • For virgin polyester (>0%), a recognised certification label must still be on hand. |
| Aramid | >0% | Only allowed in exceptional cases | <p>Use of fibre possible (without certification label) if the product fulfils at least one of the following characteristics:</p> <ul style="list-style-type: none"> • Protective firefighting clothing in accordance with EN 469. • Protective vests that must comply with the Technical Guidelines "Ballistic Protective Vest" • Clothing to protect against heat and flame in accordance with ISO 11612:2015 • Protective clothing for use in welding and allied processes in accordance with EN ISO 11611:2015 Kl. 1-A1+A2 |
| Carbon fibres | >0% | Only allowed in exceptional cases | <p>Use of fibre possible (without certification label) if the product fulfils at least one of the following characteristics:</p> <ul style="list-style-type: none"> • Electrostatic dissipative capacity to meet the anti-static standard EN 1149-3 (charge dissipation) • EN 1149-5:2018 Protective clothing - Electrostatic properties • EN ISO 11612:2015 Protective clothing against heat and flame • EN ISO 11611:2015 Class 1-A1+A2 Protective clothing for welding and allied processes • EN 13034:2005 + A1:2009 Type 6 Protective clothing against liquid chemicals • EN 14058 Cool environment • EN 342 Protection against cold |
| Elastane | Up to max. 10% | Allowed without requirements | - |
| Elastolefin | >0% | Allowed with recognised certification label | - |
| Modacryl (MAC) | >0% | Only allowed in exceptional cases | <p>Use of fibre possible (without certification label) if the product fulfils at least one of the following characteristics:</p> |

| | | | |
|------------------------------------------|-----|---------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | | <ul style="list-style-type: none"> • EN ISO 11612:2015 Protective clothing against heat and flame. • EN ISO 11611:2015 Cl. 1-A1+A2 Protective clothing for welding and allied processes • EN 13034:2005 + A1:2009 Type 6 Protective clothing against liquid chemicals |
| Polyacryl (PAC) | >0% | Only allowed in exceptional cases | <p>Use of fibre possible (without certification label) if the product fulfils at least one of the following characteristics:</p> <ul style="list-style-type: none"> • UV protection according to EN 13758-1 or UV Standard 801 |
| Polyacrylnitrile | >0% | Only allowed in exceptional cases | <p>Use of fibre possible (without certification label) if the product fulfils at least one of the following characteristics:</p> <ul style="list-style-type: none"> • UV protection according to EN 13758-1 or UV Standard 801 |
| Polyamide 6.6. (Nylon) | >0% | Allowed with recognised certification label | - |
| Other polyamides (PA 6, PA11 and others) | >0% | Allowed with recognised certification label | - |
| Polyester (recycled) | >0% | Allowed with recognised certification label | - |
| Polyester (virgin) | >0% | Only allowed in exceptional cases and with recognised certification label | <p>Use of fibre possible (with certification label) if the product fulfils at least one of the following characteristics:</p> <p>Commercial use according to:</p> <ul style="list-style-type: none"> • one of the standards to be fulfilled in the catalogue of requirements for textiles suitable for leasing according to the Hohenstein Quality Standard 701 ff. <p>OR</p> <p>Compliance with the requirements for product or material properties according to:</p> <ul style="list-style-type: none"> • ENV 14237:2002 Textiles in the healthcare system. OR • Suitable for industrial laundering according to ISO 15797 OR • EN 469 Protective clothing for firefighters |
| Polyethylene | >0% | Allowed with recognised certification label | - |
| Polyurea | >0% | Allowed with recognised certification label | - |

| | | | |
|---------------|-----|---------------------------------------------|---|
| Poly lactide | >0% | Allowed with recognised certification label | - |
| Polypropylene | >0% | Allowed with recognised certification label | - |
| Polyurethane | >0% | Allowed with recognised certification label | - |

| Type of Fibre | Proportion in End Product | Approval Condition | Definition of Exception |
|---------------------------------|-------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------|
| Explanation | <i>Specification according to textile label</i> | <i>For some fibre types, it is required that the product is eligible to be labelled with a Green Button recognised certification label for the fibres/materials used.</i> <i>In some cases, this requirement only applies if a certain percentage by weight is exceeded.</i> | <i>For certain fibres, exceptions can be defined in limited areas of application (business model and/or product type).</i> |
| Natural fibres | | | |
| Plant-based fibres | | | |
| Type of Fibre | Proportion in End Product | Approval Condition | Definition of Exception |
| Cotton | >0% | Allowed with recognised certification label | - |
| Abaca fibre (banana fibre) | >0% | Allowed without requirements | - |
| Alfa | >0% | Allowed without requirements | - |
| Bast fibre (ramie, sisal, sunn) | >0% | Allowed without requirements | - |
| Broom | >0% | Allowed without requirements | - |
| Coconut | >0% | Allowed without requirements | - |
| Hemp | >0% | Allowed without requirements | - |
| Henequen (Agave) | >0% | Allowed without requirements | - |
| Jute | >0% | Allowed without requirements | - |
| Kapok | >0% | Allowed without requirements | - |
| Linen | >0% | Allowed without requirements | - |
| Maguey (Agave) | >0% | Allowed without requirements | - |

| | | | |
|--------------------------|----------------------------------|----------------------------------------------|--------------------------------|
| Nettle | >0% | Allowed without re-quirements | - |
| All other natural fibres | Up to max. 30% | Allowed without re-quirements | - |
| Animal fibres | | | |
| Type of Fibre | Proportion in End Product | Approval Condition | Definition of Exception |
| Alpaca wool | >30% | Allowed with recog-nised certification label | - |
| Alpaca wool | Up to max. 30% | Allowed without re-quirements | - |
| Angora (rabbit) | >0% | Not allowed | - |
| Camel hair | >0% | Allowed without re-quirements | - |
| Cashmere wool | >0% | Allowed without re-quirements | - |
| Llama wool | >0% | Allowed without re-quirements | - |
| Mohair | >30% | Allowed with recog-nised certification label | - |
| Mohair | Up to max. 30% | Allowed without re-quirements | - |
| Sheep wool | >30% | Allowed with recog-nised certification label | - |
| Sheep wool | Up to max. 30% | Allowed without re-quirements | - |
| Silk | >0% | Allowed without re-quirements | - |
| Yak wool | >0% | Allowed without re-quirements | - |
| All other animal fibres | >0% | Allowed without re-quirements | - |

| Other materials | | | |
|--------------------------------------------------|---------------------------|---------------------------------------------|-------------------------|
| Type of Material | Proportion in End Product | Approval Condition | Definition of Exception |
| Down and feathers | >30% | Allowed with recognised certification label | - |
| Down and feathers | Up to max. 30% | Allowed without requirements | - |
| Fur | >0% | Not allowed | - |
| Leather | >0% | Not allowed | - |
| Natural rubber | >0% | Allowed without requirements | - |
| Natural latex | >0% | Allowed without requirements | - |
| Spelt husks | >0% | Allowed without requirements | - |
| TPU (membrane) | >0% | Allowed without requirements | - |
| All other fibres and materials not listed | Up to max. 3% | Allowed without requirements | - |

Appendix 2: Overview of the most important changes compared to the Green Button 1.0

| Core Element 1: Policy on responsible business conduct | | Most important changes in content to Green Button 1.0 |
|---------------------------------------------------------|-------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1.1 Components of the policy | <u>1.1.1</u> Commitment to international conventions & frameworks* | <ul style="list-style-type: none"> - Clearer requirements for commitment to international minimum standards, especially for addressing environmental and integrity risks (new) - New: Commitment to the promotion of living wages - Clearer differentiation between (internal) commitment and expectations for suppliers - Clear connection to CE 2 (description of most severe risks and identification and consideration of vulnerable groups) and CE 5 (Handling of grievances) - New: Commitment to provide or contribute to remediation |
| | <u>1.1.2</u> Commitment to living wages and the use of sustainable materials | |
| | <u>1.1.3</u> Expectations for suppliers | |
| | <u>1.1.4</u> Requirement on subcontracting | |
| | <u>1.1.5</u> Description of the most severe risks and due diligence processes embedded in the company | |
| | <u>1.1.6</u> Dealing with vulnerable stakeholders or groups | |
| | <u>1.1.7</u> Handling of grievances and remedy | |
| | <u>1.1.8</u> Formal requirements* | |
| 1.2 Communication of the policy | <u>1.2.1</u> Publication on the website | <ul style="list-style-type: none"> - New: Commitment of suppliers to cascading into the supply chains - New: Application to indirect procurement |
| | <u>1.2.2</u> Communication to its own employees | |
| | <u>1.2.3</u> Mandates for suppliers and cascading into the supply chains | |
| 1.3 Embedding the policy in the company | <u>1.3.1</u> Senior management's responsibilities* | <ul style="list-style-type: none"> - Concretisation of the requirements - New: Sustainability is included in the performance evaluation of senior management - New: Establishment of incentive structures within the company - Deletion: audit-relevant requirements for providing adequate resources (replaced with alternative operationalisations) |
| | <u>1.3.2</u> Internal awareness and expertise* | |
| | <u>1.3.3</u> Incentive structures* | |
| | <u>1.3.4</u> Consideration in decision-making and strategy processes* | |
| = in total, 15 Indicators for stage A and 6 for stage B | | |

* Indicators with two stages: stage A (initial audit) und stage B (2nd surveillance audit)

| Core Element 2: Analysis und prioritisation of risks and adverse impacts | | Most important changes in content to Green Button 1.0 |
|--------------------------------------------------------------------------|--------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2.1 Analysis and prioritisation of risks | <u>2.1.1</u> Mapping of the company's own textile supply chains* | - <i>New: Mapping of the company's own supply chains</i> |
| | <u>2.1.2</u> Country, sector, and specific material and product risks | - <i>Expansion of the risk analysis to the entire supply chain (raw material extraction to manufacturing)</i> |
| | <u>2.1.3</u> Vulnerable stakeholders and groups | - <i>Concretisation of basic methodological requirements and clearer guidance for the approach</i> |
| | <u>2.1.4</u> Assessment of the probability of occurrence | - <i>New: Prioritisation of risk countries, high-risk suppliers, and materials</i> |
| | <u>2.1.5</u> Prioritisation of risks | - <i>New: Ad hoc updating of the risk analysis</i> |
| | <u>2.1.6</u> Formal requirements* | |
| 2.2 Identifying impacts | <u>2.2.1</u> Identifying the company's own adverse impacts* | - <i>Concretisation of relevant occasions for the identification of the company's own impacts</i> |
| | <u>2.2.2</u> Formal requirements* | |
| 2.3 Business and procurement model and living wages | <u>2.3.1</u> Risk factors related to the business and procurement model* | - <i>Concretisation of requirements for analysis of risk factors related to the business and procurement model, incl. consideration of feedback from suppliers</i> |
| | <u>2.3.2</u> Wage gap analysis* | - <i>New: Analysis of wage gaps for direct suppliers</i> |
| = in total, 10 Indicators for stage A and 6 for stage B | | |

* Indicator with two stages: stage A (initial audit) und stage B (2nd surveillance audit)

| Core Element 3: Prevention and mitigation | | Most important changes in content to Green Button 1.0 |
|----------------------------------------------------------------|----------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 3.1 Internal prevention and mitigation measures | <u>3.1.1</u> Evaluation of the qualification of suppliers * | <ul style="list-style-type: none"> - <i>New: Evaluation of subcontractors</i> - <i>Deletion: explicit requirement for conducting audits (requirement for evaluation remains) New: Application to indirect procurement</i> - <i>Concretisation of incentives for suppliers for stage B</i> - <i>New: Specifications for ending business relationships</i> |
| | <u>3.1.2</u> Formal requirements for evaluation of suppliers | |
| | <u>3.1.3</u> Incentives for suppliers* | |
| | <u>3.1.4</u> Ending of business relationships* | |
| 3.2 Prevention and mitigation measures in supply chains | <u>3.2.1</u> Cooperation with external stakeholders* | <ul style="list-style-type: none"> - <i>Clearer requirement for cooperation with external stakeholders to address systemic causes</i> - <i>Strengthening of the dialogue with suppliers</i> - <i>Extension of support for suppliers to the entire supply chain (raw material extraction to manufacturing)</i> - <i>New: Involvement of affected stakeholders in the development, review, and evaluation of the effectiveness of measures</i> - <i>Further development of measures based on learning experiences from implementation (stage B)</i> - <i>Deletion: Participation in a MSI or sector initiative (requirement for cooperation with external actors remains)</i> |
| | <u>3.2.2</u> Dialogue with suppliers* | |
| | <u>3.2.3</u> Support for suppliers* | |
| | <u>3.2.4</u> Formal requirements for measures* | |
| 3.3 Purchasing practices and living wages | <u>3.3.1</u> Capturing KPIs on procurement and purchasing practices* | <ul style="list-style-type: none"> - <i>Concretisation of relevant KPIs for procurement and purchasing practices</i> - <i>Concretisation of the improvement of the company's own procurement and purchasing practices</i> - <i>New: Strategy for the promotion of living wages</i> |
| | <u>3.3.2</u> Improvement of procurement and purchasing practices* | |
| | <u>3.3.3</u> Strategy for the promotion of living wages* | |
| = in total, 11 Indicators for stage A and 10 for stage B | | |

* Indicator with two stages: stage A (initial audit) und stage B (2nd surveillance audit)

| Core Element 4: Public reporting and communication | | Most important changes |
|--------------------------------------------------------|-----------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|
| 4.1 Formal requirements for reporting | <u>4.1.1</u> Regularity | - <i>Concretisation of accessibility for suppliers and international stakeholders (in English)</i> |
| | <u>4.1.2</u> Comprehensibility and accessibility* | |
| 4.2 Contents of the reporting | <u>4.2.1</u> Reference to the policy | - <i>Reference to the policy is clarified</i> |
| | <u>4.2.2</u> Most severe risks* | - <i>New: mandatory explanation of processes and methodology for the prioritisation of risks</i> |
| | <u>4.2.3</u> Präventions-, Milderungs- und Abhilfemaßnahmen* | - <i>New: Communication on challenges in the implementation and effectiveness of the company's own measures</i> |
| | <u>4.2.4</u> Learning experiences, progress, and challenges* | - <i>Deepening of communication on remedy and remediation</i> |
| | <u>4.2.5</u> Grievance channels and grievances received | - <i>New: Communication on the implementation of the strategy for the promotion of living wages</i> |
| | <u>4.2.6</u> Involvement of external and potentially affected stakeholders* | - <i>New: Communication on supply chain transparency</i> |
| | <u>4.2.7</u> Increasing supply chain transparency* | |
| = in total, 9 Indicators for stage A and 7 for stage B | | |

* Indicator with two stages: stage A (initial audit) und stage B (2nd surveillance audit)

| Core Element 5: Grievance mechanisms and remedy | | Most important changes |
|------------------------------------------------------------|------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------|
| 5.1 Access to effective grievance mechanisms | <u>5.1.1</u> Gap analysis of grievance mechanisms* | - <i>Deletion: Provision of a grievance mechanism (by the company)</i> |
| | <u>5.1.2</u> Back-up grievance mechanisms* | - <i>Adaptation to the reality of implementation</i> |
| | <u>5.1.3</u> Factory-level grievance mechanisms* | - <i>Stronger focus on process indicators: implementation of measures based on analysis of gaps and effectiveness</i> |
| | <u>5.1.4</u> Formal requirements | - <i>Strengthening of local structures/ factory-level grievance mechanisms</i> - <i>Addition of formal requirements</i> |
| 5.2 Handling of grievances, remedy, and remediation | <u>5.2.1</u> Conditions | - <i>Concretisation of internal conditions, incl. competence of the company's own employees</i> |
| | <u>5.2.2</u> Handling grievances | - <i>Stronger focus on connection to grievances and determination of causes</i> |
| | <u>5.2.3</u> Corrective action and remedial measures | - <i>Concretisation of requirements for remediation</i> |
| | <u>5.2.4</u> Formal requirements | - <i>New: Review of the effectiveness of remediation from the perspective of the affected stakeholders</i> |
| | <u>5.2.5</u> Follow-up on the measures* | |
| = in total, 9 Indicators for stage A and 4 for stage B | | |

* Indicator with two stages: stage A (initial audit) und stage B (2nd surveillance audit)

Essential methodological-linguistic adjustments

- Notes have been added to the indicators for better understanding. While indicators represent the mandatory requirement, the note is an additional explanation of the content.

E.g., 4.2.2 (stage B) The company reports on the processes and methods it has used to identify and prioritise its most severe risks.

Note: This includes, at a minimum, a description of the sources and information used, the extent to which internal and external stakeholders and, in particular, affected stakeholders and/or their legitimate representatives have been involved in the process, and what information has been taken into account in the assessment and prioritisation of risks.

- Linguistic streamlining of indicators in terms of coherence, simplicity/comprehensibility, and auditability

E.g., 3.3.1 (stage A) The company records at least the following KPIs on its own procurement and purchasing practices:

- Shares of direct versus indirect procurement
- average utilisation of direct suppliers
- length of business relationships with direct suppliers, and
- lead times for cancelling or changing orders.
[...]

- Partial adjustment to past tense for the sake of auditability.

E.g., 1.2.2 (stage A) The company **has** communicated the relevant parts of the policy statement to its own employees, either in the respective local language or in English.

- Linguistic standardisation of which supply chain levels the indicators refer to and whether they are only to be applied to direct business relationships or also beyond.
- Clarification of how indicators are to be applied to indirect procurement models.

E.g., 1.2.3 (stage A) The company has required **direct suppliers** to implement the relevant components of the policy and to share it with upstream suppliers. If German is not the business language, the policy is presented in English.

If the company procures indirectly, it requires agents or importers to implement the requirement accordingly with upstream suppliers.

- Merging of content and corresponding deletion of individual indicators.

E.g., 2.2.2 (stage A) In the analysis, the company has considered:

- internal expertise
- the feedback and results of exchanges with (potentially) affected stakeholders and/or their legitimate representatives.

Note: Affected stakeholders and their local representatives may include, for example, child rights organisations or local communities and their representatives, in addition to workers and their representatives.