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Dear readers.

Since 2019, consumers have been able to identify sustainable textiles more easily when shopping: by the Green Button. The Green Button has made its way into wardrobes, soccer stadiums, hospitals, and hotels – consumers can dress from head to toe in Green Button clothing. Public procurers are also increasingly using the Green Button, e.g., for outfitting railroad, police or hospital employees.

What is special about the Green Button? With the Green Button, a company can prove that it takes responsibility for the supply chain and thus fulfils its corporate due diligence obligations. In addition, there are requirements for the production of the product: credible certification labels are used as evidence of sustainable production. The Green Button serves to identify sustainable textiles and provides orientation directly on the product.

Corporate due diligence processes aim for continuous improvement. With this in mind, the Green Button Standard has been further developed since 2019 to protect both people and the environment even more extensively. The Green Button Standard 2.0 came into force on 1 August 2022. The changes in brief: In the new standard version, due diligence processes are embedded even better. The risk analysis covers the entire supply chain, and the first steps towards living wages are being taken. The label-related requirements for the products' production processes are directed at the raw material level in addition to manufacturing and wet processes. Furthermore, products will consist exclusively of approved fibres and materials in the future.

We are pleased that you would also like to make an active contribution to more sustainable textile supply chains.

In this document, we have summarised the most important information on the Green Button 2.0 and the evaluation process for you. Please do not hesitate to contact us if you have any questions. We look forward to exchanging information with you.

Your Green Button Team



General information on the Green Button

What is the Green Button?

The Green Button is a government-run textile certification label and marks textiles that have been produced in a socially and ecologically sustainable manner and that are sold by responsible companies. The Green Button thus combines requirements for corporate due diligence processes with requirements for sustainable production. The latter are verified via recognised certification labels.

Who is behind the Green Button?

The German Federal Ministry for Economic Cooperation and Development (Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung, BMZ) owns the Green Button certification scheme. It stipulates the criteria and requirements of the Green Button certification.

The Green Button Secretariat is the central contact point for all stakeholders. It coordinates and supports the scheme owner, the issuing body, the expert advisory council, and the certification bodies in their activities. In addition, the Secretariat advises companies on the evaluation process and, after successful licensing, on communication activities for the Green Button.

The issuing body, represented by RAL gGmbH, assists companies interested in applying for a Green Button licence during the application process and supports them through the subsequent certification process. The issuing body also conducts an initial eligibility assessment and is responsible for managing the Green Button logo and licences.

Who evaluates the Green Button requirements?

Independent auditors evaluate compliance with the Green Button Standard's requirements. The audits are conducted by authorised certification bodies, which are assessed for suitability by the Green Button Secretariat by means of an authorisation procedure and must undergo an intensive and comprehensive training programme on the Green Button requirements. The Green Button Secretariat also accompanies audits on a random basis. The authorisation of the certification bodies takes place in close coordination with and under the supervision of the German Accreditation Body (Deutsche Akkreditierungsstelle, DAkkSs).

Which companies can apply for a Green Button certification?

The Green Button certification label is aimed at all companies that produce and/ or sell textiles. This includes both manufacturers and trading companies that sell third-party products under their own brand name. However, the certification scheme is not open to companies that merely act as agents for third-party products without appearing as the responsible party for the product. For any questions concerning eligibility, please feel free to contact the issuing body.



What requirements does the Green Button place on companies and production?

As a government-run certification label, the Green Button places requirements both on the company and on production. Companies must demonstrate that they take responsibility for their actions in their supply chains and that sustainability criteria have been met in the production of textile products. To do this, the company as a whole must demonstrate compliance with its due diligence obligations in its textile supply chains. These due diligence requirements are based on the UN Guiding Principles on Business and Human Rights and on the sector-specific recommendations of the Organisation for Economic Co-operation and Development (OECD). Existing, credible certification labels that are recognised by the Green Button are used to determine whether the requirements for the sustainable production of products have been fulfilled (meta-label approach, more information below).



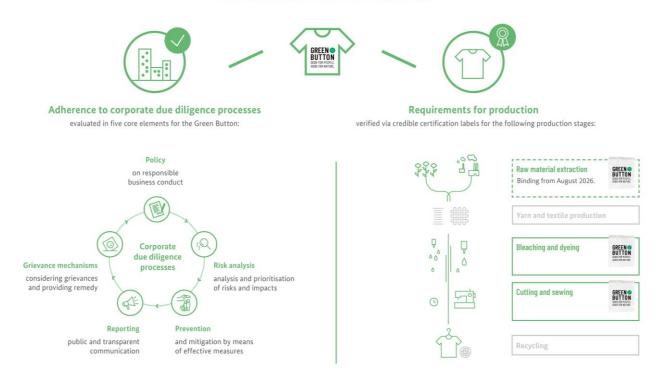
All documents for the Green Button Standard 2.0 can be found in the download area of the <u>website</u> under Standard and Certification Processes or in the <u>online portal</u> after submitting an application.

Which parts of the supply chain does the Green Button cover?

Due diligence processes relate to a company's entire supply chain(s) - as is the case with the Green Button. For example, a risk analysis must cover all stages of the textile supply chain. The Green Button requirements for production, which you demonstrate via recognised certification labels, were expanded for the Green Button 2.0: In the introductory phase (Green Button 1.0), the Green Button applied to the production stages 'cutting and sewing' (manufacturing) and 'bleaching and dyeing' (wet processes). With the Green Button Standard 2.0, requirements for sustainable raw material extraction have now been added. In the future, products may only be made from approved fibres and materials.



THE GREEN BUTTON AT A GLANCE



The Green Button requirements are described in more detail below, divided into the two pillars of requirements for corporate due diligence processes and production requirements.



Requirements for corporate due diligence processes

Corporate due diligence describes the processes that a company has implemented to identify, prevent, and mitigate risks and adverse impacts on human rights, the environment, and integrity in its own company and in its supply chains. This approach does not focus unilaterally on individual production sites but encompasses the company's entire supply chains as well as its business model and purchasing practices of the contracting company.

The approach is particularly relevant when production takes place in countries where human rights and legal principles are not or insufficiently enforced. Here, it is particularly important that companies live up to their responsibility for people and the environment. The Green Button Standard always examines the entire company to determine whether it takes responsibility for its textile supply chain. Only a company that meets these requirements can receive the Green Button.

These requirements are divided into five core elements, each of which is substantiated by criteria and indicators.





The five core elements underlying the Green Button Standard are:

1. Aligning corporate policy (Policy on responsible business conduct):

The corporate policy requirements refer to a public commitment by your company to take responsibility for its conduct in relation to the direct and indirect impacts of its business activities on human rights and the environment in textile supply chains. This public commitment informs employees as well as business partners and suppliers about your company's expectations. It also commits the company to improving sustainability in its own operations and in textile supply chains. Most companies have documents that address their own operations as well as one or more documents that describe requirements for business partners and suppliers. Hence, if your company does not have just one central document, the Green Button also understands 'policy' as a collective term for several documents that complement each other.

- 2. Identifying and prioritising risks (Analysis and prioritisation of risks and adverse impacts): Knowing the risks and adverse impacts for people and the environment of business activities in textile supply chains is the first step and prerequisite for fulfilling your own due diligence obligations. Therefore, your company is expected to systematically identify, analyse, and prioritise risks and adverse impacts of its own business activities as well as within the entire textile supply chains on a regular basis. This is done by means of a risk analysis.
- 3. Taking effective action (Prevention and mitigation):

You should integrate the findings from the risk analysis into all relevant company processes to effectively counter potential and actual adverse impacts on people, the environment, and integrity in the supply chains. This includes, for example, clear responsibilities as well as the monitoring of your own purchasing practices and the consideration of social and ecological aspects in product development. But also training for your own employees on social and environmental risks or supporting suppliers in the implementation of measures. The measures taken should be risk-based, regularly evaluated, and adjusted if necessary. They should also be developed and implemented together with your partners.

4. **Reporting transparently** (Public reporting and communication):

As part of public reporting, your company is expected to systematically present how you are meeting your voluntary commitment to corporate due diligence and what progress you have made in achieving the goals you have set for yourself. This includes, among other things, communication on your sourcing countries and regions as well as the most severe risks identified. It is also important to report on the prevention and mitigation measures you are taking to address risks and violations. It is important to report on your interaction with potentially affected stakeholders or their representatives, as this plays a key role in exercising due diligence.



5. **Considering grievances** (Grievance mechanisms and remedy):

Effective human rights grievance mechanisms are an essential contribution to strengthening the rights of workers in textile supply chains. In principle, companies are required to provide effective grievance mechanisms for all those who may be directly affected by adverse impacts related to their own business relationships or operations or products. Within the framework of the Green Button, the requirements for grievance mechanisms are specified at the manufacturing level. In addition to specific requirements for the grievance mechanisms themselves, the necessary internal requirements must be in place to respond appropriately to grievances received and to provide adequate remedy in the event of adverse impacts. After developing corrective actions and consulting with affected stakeholders/legitimate representatives, suppliers and possibly other stakeholders, your company must ensure that the actions are implemented on the ground.

After submitting your application, you will receive a detailed list of the five core elements with the associated criteria and indicators. You will also receive a guide with additional descriptions of the requirements and practical examples of their implementation.

The Secretariat will gladly assist you with advice. The Partnership for Sustainable Textiles can also support you in implementing the requirements for corporate due diligence processes.





Partnership for Sustainable Textiles

Like the Green Button, the Partnership for Sustainable Textiles (Textiles Partnership) was initiated by the German Federal Ministry for Economic Cooperation and Development (BMZ), and its Secretariat is also run by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH. As a multi-actor partnership, the Textiles Partnership brings together representatives from business, politics, civil society, trade unions, and standards organisations to jointly improve conditions in global textile production. Supporting its corporate members in exercising corporate due diligence is a central component of the Textiles Partnership. It offers a broad network and support, and has developed, for example, a sector-specific implementation framework and reporting format. In joint Partnership Initiatives in production countries, Partnership members engage in particular in the areas of living wages and purchasing practices, grievance mechanisms and remedies, climate and circular economy, as well as gender equality.

On the website of the Textiles Partnership, you can find additional information and helpful materials on corporate due diligence and the work of the Textiles Partnership. A membership application is also available there: <u>Textilbündnis.com (EN)</u>





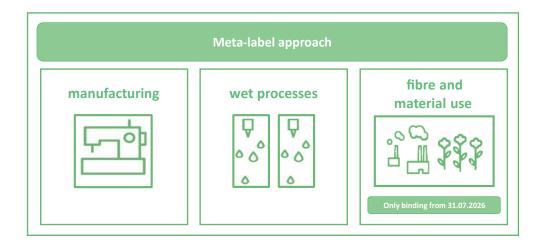
Requirements for products and production processes (meta-label approach)

Companies demonstrate the compliance with production requirements through recognised certification labels. For products to be labelled with the Green Button, companies must provide evidence of recognised labels for the respective production levels. In this way, the value of the preparatory work carried out by the companies and particularly credible certification labels is enhanced. The Green Button does not replace any existing certification labels but builds on them in its meta-label approach.

To be recognised, the certification labels must meet government-defined minimum requirements regarding credibility, as well as the requirements for the production stages of manufacturing, wet processes, and raw material extraction. An independent process (benchmarking process) is used to evaluate which certification labels meet the requirements of the Green Button 2.0 and can be recognised. The results of the evaluation process are published continuously on the Green Button portal and website; the latest version can be found in the download area under Standard and Certification Processes:

Overview of recognised certification labels

Production steps to be covered by the Green Button 2.0 meta-label approach:



The Green Button 2.0 can only be awarded to products that

- originate from certified due diligence processes and
- show certification labels for all three production stages mentioned above and
- consist exclusively of approved fibres and materials.

If you need or are interested in certification with one of the recognised labels, the issuing body can provide an overview with the contact details.





There is a **transitional period until 31.07.2026** for the requirements for fibres and materials, after which they will become mandatory. Before then, only the Green Button 2.0 requirements for manufacturing and wet processes are binding.



What are the product and production process requirements based on?

The requirements are based on the conventions and recommendations of the International Labour Organisation (ILO) as well as the requirements for building safety and fire protection that have come into focus in the wake of the Rana Plaza factory disaster. They are also derived from EU-wide legal requirements (REACH Regulation), the Globally Harmonised System for hazard labelling (GHS), and sector-wide guidelines (ZDHC Wastewater Guidelines, OECD methods for biodegradability testing). In addition, requirements apply to the fibres used (e.g., EU regulation on producing and labelling organic products, residue measurement according to the Stockholm and Rotterdam Conventions, cellulose fibres according to FAO guidelines for sustainable forestry).



Which products can be labelled with the Green Button?

In principle, all textiles or products made of textile material that consist of approved fibres and materials and have been awarded the required recognised certification labels can be labelled with the Green Button. However, products such as toys and fabrics are excluded.

Examples:



 Garments: Women's clothing, men's clothing, unisex clothing, children's and baby clothing, underwear, socks and stockings, sportswear and outdoor clothing, swimwear, workwear.



 Home and household textiles: Bedding (bed linen, mattresses, pillows), bathroom textiles (bathmats), kitchen textiles, table linen, curtains.



Technical textiles: Textiles for medicine and hygiene (dressings, bandages), automotive technology (airbags, seat belts), shipping, transport, and storage technology, occupational safety.



• Textile shoes and accessories: Textile shoes, bags and backpacks, headwear and face coverings, scarves and shawls, gloves.

You can find a detailed list of the product groups here.



How does the certification process work?

1. Information and application - Issuing body

Your company sends the issuing body <u>an inquiry or an application</u> for certification. The issuing body provides you with additional information and answers your questions about the certification process. It also checks your eligibility to apply.



2. Consultation - Secretariat

After a positive review of your application, helpful documents for audit preparation and implementation of the Green Button Standard requirements are available to you in the online portal, so that you can prepare for the evaluation independently. These include, for example, a guide with implementation examples, a template for risk analysis, and the 'Self-assessment' document, in which you can record your company's compliance with the label-related requirements. In addition, the Green Button Secretariat will gladly advise you in a confidential and non-binding meeting.



3. Certification evaluation - Certification body

Your company arranges an evaluation appointment with one of the authorised certification bodies. You conclude a contract with the certification body to carry out the initial evaluation. The evaluation usually takes place at your company's headquarters. The duration is determined by the size of the company and usually comprises one to two days. The certification body checks the fulfilment of all Green Button Standard requirements. If the evaluation is passed, a certificate is issued.



4. Licensing - Issuing body

After issuing the certificate, your company makes a licensing agreement with the issuing body. During the term of the licensing agreement (3 years), it entitles your company to label approved products with the Green Button. Details on labelling and advertising can be found in the 'Green Button Logo Manual'. You can register further textile products for labelling at any time. At the end of the three-year period, recertification is required to renew the licensing agreement. A surveillance evaluation takes place annually.



Details on the certification process can be found in the overview 'Certification process – An Overview', which is available to you in the online portal and on the <u>website</u>.



Joint communication

Together with you, we would like to inform about sustainable consumption and support consumers in finding sustainable products. For this purpose, the Green Button Secretariat runs a variety of press and public relations measures and regularly involves companies in various formats.

- We provide you with various **communication materials** for the Green Button, such as online banners, share-pics, hangtags, and much more.
- Wherever possible, companies will be invited to participate in **public appearances**, such as trade fairs, panel discussions, and many other events.
- In the context of the communication campaign, there will also be opportunities to get involved in **cooperation arrangements with the media**.
- The licensed companies also receive information via a regular **newsletter**.
- In addition, the Green Button Secretariat addresses different target groups through its own channels, such as the <u>website</u>, <u>Instagram</u>, or <u>LinkedIn</u>, in order to make sustainable textiles and the Green Button even more visible to the public.

If you have ideas for further joint communication opportunities, please feel free to contact us!



Trade fair SEEK



International Green Week





Poster







Online banner Hangtag



Green Button certification costs and cost coverage

A wide range of services are available to you free of charge in connection with your certification. These include, for example, **consultation services** by the Green Button Secretariat, the provision of **communication material** on the Green Button as well as the **integration in communication measures** by the Green Button Secretariat.

The scheme owner (BMZ) provides further budget to cover the costs for initial evaluation since 1 August 2023. The following requirements must be fulfilled for you to benefit from the cost coverage:

- The requirements of the Green Button Standard 2.0 have been implemented.
- The date for the initial evaluation has been set with one of the authorised certification bodies.
- The certification body has created the evaluation plan and submitted the evaluation time calculation to the Green Button Secretariat for approval.

The Green Button Secretariat will review the submitted application. The certification body informs you of the decision. The budget made available by the scheme owner allows the costs of a total of approximately ten initial evaluations to be covered. There is no entitlement to cost coverage.

Note: The following costs are to be budgeted by the company:

- Costs for surveillance evaluations, which are to be carried out every 12 months.
- Additional costs may be incurred by you as a licensee at the following points, without any claim to completeness:
 - o For any special audits, if ordered by the certification body,
 - o in the case of potential further services by certification bodies, such as a certificate extension.

Detailed information on costs can be requested from the authorised certification bodies.

• For Green Button 2.0, the issuing body will charge a **processing fee** for its services. These costs amount to 400.00€ for each company upon conclusion of a licensing agreement and cover the three-year term of the agreement.

Disclaimer: The information provided in this document is without guarantee and does not claim to be complete. The right to make changes is reserved.



Contact

Green Button Secretariat

Reichpietschufer 20 10785 Berlin, Germany

Phone: +49 (0) 228 44603249 info@gruener-knopf.de www.green-button.de

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Issuing Body (RAL gGmbH)

Fränkische Straße 7 53229 Bonn, Germany

Phone: +49 (0) 228 68895 0 vergabestelle@gruener-knopf.de https://vergabestelle.gruener-knopf.de/