

Due Diligence Criteria GK 2.0

Draft

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**GRÜNER
KN  PF**

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Preface

Thank you for your participation in the first public consultation of the draft Green Button 2.0 due diligence requirements.

As already explained in the survey, the proposed grid consists of 71 indicators along five core elements. An overview of the core elements (CE), criteria and indicators can be found on this page. If you click on the Indicators below, you will be taken to the corresponding place in the grid. In each of the tables you will find the indicators for each core element.

New for the Green Button 2.0 is the introduction of a logic of continuous improvement.

1.) For Green Button certification, companies must demonstrate compliance with the 71 indicators of development level A in the initial audit (year 1). These requirements can be found in column C.

2.) In the second surveillance audit, after 24 months, companies must demonstrate further improvements, i.e. compliance with 41 in-depth requirements of development level B in the indicator grid is verified (year 3). These requirements can be found in column D.

Additional understanding:

- (a), (b), (c), and bullets are "and" relationship (unless otherwise noted).
- Parent indicators refer to the following indicators in bullets a), b), c).; if the indicator in brackets are followed by an A or B, it is in reference to the level (either A or B) of the indicator
- Bullets are used within individual indicators for clarity

Thank You and Enjoy!

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NUMBER + NAME OF THE NEW INDICATOR	LEVEL A (INITIAL AUDIT)	LEVEL B (SECOND SURVEILLANCE AUDIT)
	CORE ELEMENT 1 POLICY ON RESPONSIBLE CORPORATE GOVERNANCE	
1.1.0.	COMPONENTS OF THE POLICY	
1.1.1 Existence of a policy	<p>The company has a policy on responsible corporate governance with regard to human rights, the environment and integrity. The policy may consist of one or more documents addressed to relevant internal and/or external target groups such as employees or producers.</p> <p>In terms of content, the policy contains the following components:</p> <ul style="list-style-type: none"> a) Commitment to international standards & instruments (1.1.2.) b) Commitment to living wages (1.1.3.) c) Expectations towards business partners and producers (1.1.4.) d) Specifications on subcontracting (1.1.5.) e) Description of own due diligence processes (1.1.6.) f) Description of the most severe risks (1.1.7.) g) Approach to dealing with vulnerable stakeholders or groups (1.1.8.) h) Approach to dealing with grievances and remedy (1.1.9.) 	<p>The policy contains the following additional components:</p> <ul style="list-style-type: none"> - Commitment to increased use of sustainable materials - Commitment to increase the recyclability of own products

1.1.2 Commitment to international standards & frameworks	The Policy contains a company's commitment to respect and implement relevant international standards and instruments. These include: - the International Charter of Human Rights and the ILO Rights and Labor Standards - internationally recognized standards or instruments in the environmental field (e.g. Detox, ZDHC).	The policy is supplemented by further commitments with regard to specific international standards and instruments that are particularly relevant to the business context or risk profile of the company.
1.1.3 Commitment to living wages	The policy contains a company's commitment to responsible procurement and purchasing practices and its commitment to work towards living wages in the textile supply chain.	The policy specifies how the company - works on the implementation of living wages in practice, - in which part of the supply chain and - which benchmark is used for the calculation of living wages.
1.1.4 Expectations toward business partners and producers	The policy places expectations on business partners and producers along textile supply chains to respect human rights as well as environmental and integrity standards and, in turn, implement appropriate due diligence processes.	The policy obliges direct contractual partners and upstream producers (if business partners are the direct contractual partners) to implement due diligence processes in the supply chain and foster effective grievance mechanisms in the supply chain.
1.1.5 Specifications on subcontracting	The policy requires direct contractors and upstream producers (if business partners are the direct contractors) to refrain from subcontracting through producer or sets out the conditions under which subcontracting is permitted.	
1.1.6 Description of own due diligence processes and objectives	The policy describes the company's own processes along the five core elements of due diligence in accordance with the UN Guiding Principles as well as goals that the company has set itself for the further development of these processes.	

1.1.7 Description of severe risks	The policy describes the company's most severe risks and adverse impacts that have been analyzed and prioritized by the company (see KE2). The policy justifies when one or more sector risks listed in the OECD Due Diligence Guidance in the Garment and Footwear Sector are not applicable to the company (2.1.5.).	
1.1.8 Approach to dealing with vulnerable stakeholders or groups	Based on the results of the company's risk assessment (see KE2), the policy identifies particularly vulnerable stakeholders or groups that could be affected by adverse impacts of the company. The policy explains how the needs of these groups are taken into consideration during the implementation of a company's own due diligence processes.	
1.1.9 Approach to handling grievances and remedy	The policy explains how (potential) internal or external affected stakeholders can contact the company in case of violations of the company's commitments and expectations.	The policy contains a commitment to the provision of remedy or the participation therein, to resolve substantiated grievances about adverse impacts caused or contributed to by the company.
1.2.0.	FORMAL REQUIREMENTS	
1.2.1 Review and revision	The company ensures that all components of the policy (1.1.1.) are reviewed at least every two years and revised if necessary.	The company has reviewed all components of the policy (1.1.1.) and revised them as necessary. The company has taken the following aspects into account: - lessons learned from the implementation of its own due diligence processes - Feedback from business partners and/or producers on improvement potential.
1.2.2 Integrating expertise	In the creation and revision of the policy, the company draws on relevant internal and external expertise.	

1.3.0.	EMBEDDING DUE DILIGENCE WITHIN THE COMPANY	
1.3.1 Senior management level accountability and goals	<p>Senior management is responsible for the implementation of due diligence obligations as set forth in the Policy by</p> <ul style="list-style-type: none"> - approving the components of the policy at the most senior level; - assigning employees with relevant and necessary expertise with the implementation and it is clearly defined who/what team is responsible for which aspects of the implementation (3.1.0.). At the minimum, the areas on sustainability, purchasing, procurement, design and product development considered. In case that manufacturing takes place within the company, the human resources department is involved. 	<p>The company's progress in implementing its commitments (1.1.2., 1.1.3. and 1.1.9.B) and objectives (1.1.6) formulated in the policy is regularly discussed by senior management (at least every 12 months). Progress is included in the performance evaluation for at least one member of senior level management.</p> <p>Senior management ensures that relevant goals and KPIs are tied to the positions executing purchasing, procurement, design and product development.</p>
1.4.0.	COMMUNICATION	
1.4.1 Publication on website	The company publishes all components of its policy (1.1.1) on its own website.	
1.4.2 Communication to relevant target groups	<p>According to a fixed procedure, the company communicates its policy to relevant target groups for which responsibilities are clearly defined. This is actively communicated to at least the following target groups and includes the documentation of the receipt</p> <ul style="list-style-type: none"> a) own employees (1.4.3.) b) business partners or producers (1.4.4.) 	
1.4.3 Communication to own employees	The company communicates its policy and all its components to its own employees.	

<p>1.4.4 Communication to business partners and producers</p>	<p>The company communicates all parts of the policy addressed to business partners and producers to direct contractual partners and producers (directly upstream of them) in case business partners are the direct contractual partners. If German is not the business language, the policy is made available in English.</p>	<p>The company requires direct contractors and producers (directly upstream of them), in case business partners are the direct contractors, to share the components addressed to them with their employees and directly upstream producers (1.1.4.B).</p>
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NUMBER + NAME OF THE NEW INDICATOR	LEVEL A (INITIAL AUDIT)	LEVEL B (SECOND SURVEILLANCE AUDIT)
	CORE ELEMENT 2 ANALYSIS AND PRIORITIZATION OF RISKS AND IMPACTS	
2.1.0.	ANALYSIS AND PRIORITIZATION OF RISKS	
2.1.1 Mapping the supply chain	<p>For relevant internal processes (such as 2.1.2-2.1.8. und 5.1.1-5.1.2.), the company has relevant information on all current producers and production sites involved in the manufacturing and, if applicable, outsourced processes (printing, embroidery, washing) of its own products (location, production types or categories, parent company, product types, number of workers).</p> <p>The company documents information gaps along the textile supply chains. Based on this, the company has concrete goals and a corresponding action plan for the annual increase/deepening of data (2.1.1.B) along its own textile supply chain beyond the manufacturing stage of production</p>	<p>The company can prove an increase/decrease of the information base (2.1.1.A) on current producers and production sites in the production stage textile finishing, bleaching and dyeing.</p> <p>The company cooperates with business partners or producers as well as, if necessary, external stakeholders (civil society actors, other companies) in order to increase transparency in line with its own goals</p>
2.1.2 Scope of the risk analysis and prioritization	<p>The company analyzes and prioritizes its human rights, environmental and integrity risks ("risks") along the textile supply chain, from raw material extraction to garment manufacture or in-house production.</p> <p>This includes:</p> <ul style="list-style-type: none"> a) an analysis of the risks (2.1.3.) b) an assessment of the likelihood of occurrence (2.1.6.) c) a prioritization of the risks (2.1.7.) 	

2.1.3 Analysis of risks	The company analyzes the risks to people and the environment that may be associated with its own business activities and relationships. In doing so it ensures that: a) it takes into account country and sector-specific risks (2.1.4.A) b) it identifies particularly vulnerable stakeholders and groups (2.1.5.)	In the analysis, the company additionally ensures c) that it takes into account material- and product related risks (2.1.4.B)
2.1.4 Country, sector and specific material and product risks	The company considers in the risk analysis: - country risks due to political, legal and socio-economic conditions in the current and possible new procurement countries; on the basis of this, the company determines the countries in which severe risks exist (risk countries) - Sector risks; these include all risks identified in the OECD Due Diligence Guidance for responsible supply chains in the garment and footwear sector and other risk areas relevant to the company. The latter can vary depending on the material supply chains or business model. If the risks identified in the OECD Guidance are not applicable to the company, a plausible explanation is given (1.1.7.).	The company analyzes material- or product-related risks along all textile material supply chains. It can combine similar materials (e.g. using natural fibers, synthetic fibers). The company evaluates the results in combination with country-specific risks.
2.1.5 Vulnerable stakeholders and groups	The company analyses which persons and groups could be affected by the company's business activities and relationships. It identifies vulnerable stakeholders and groups that are exposed to particularly high risks and their particular needs.	

2.1.6 Likelihood assessment	<p>The company evaluates the likelihood of occurrence of identified risks. In doing so, it takes into account:</p> <ul style="list-style-type: none"> - the extent to which the company's own business model and procurement and purchasing practices may increase the occurrence of risks (2.3.1.); - the extent to which existing prevention or mitigation processes (KE3) reduce the occurrence of risks. The latter comprises existing information on the maturity level of the management systems of business partners and producers (3.2.4.). 	
2.1.7 Prioritization of risks	<p>The company prioritizes its most severe risks according to the OECD Guidance. For this purpose, the company evaluates the results from 2.1.3 and 2.1.6 with regard to the severity and likelihood of occurrence of risks. As a result, the company defines:</p> <ul style="list-style-type: none"> - its most severe risks - those producers where, when taking into account the country and/or indications of adverse impacts or incidents on site and available information on the probability their occurrence, the most severe risks exist (high-risk producers). 	<p>The company also prioritizes:</p> <ul style="list-style-type: none"> - the materials that pose severe risks, taking into account the country and/or indications of local impact or incidents and available information on the likelihood of occurrence (high-risk materials).

2.1.8 Formal requirements	<p>The company ensures that:</p> <ul style="list-style-type: none"> - the risk analysis is systematic. - the risk analysis and prioritization is reviewed and updated regularly (at least every two years) and as necessary at least when relevant circumstances arise. The latter includes at least <ul style="list-style-type: none"> ◦ the establishment of a new sourcing country; and ◦ a serious change of the risks in an existing sourcing country due to a conflict, a catastrophe or a change in political conditions. ◦ the establishment of new relevant business relations (at least with business partners or producers). - internal and external expertise, especially from industry initiatives or civil society actors, is taken into consideration when analyzing risks. The company regularly documents and updates the sources it uses, and also documents where there are possible information gaps. 	<p>The risk analysis is also reviewed and updated when the following circumstances arise:</p> <ul style="list-style-type: none"> - new materials or products are introduced to the company's own portfolio. <p>When revising the risk analysis and prioritization, the company takes lessons learned and feedback from external stakeholders into account.</p>
2.2.0.	IDENTIFICATION AND PRIORITIZATION OF IMPACTS	
2.2.1 identification of own impacts	<p>Based on the prioritized risks, the company determines its adverse impacts on people and the environment as necessary at least when relevant circumstances arise (2.2.3). The company ensures that the analysis of the impacts is based on feedback and exchange with (potentially) affected stakeholders on site and their representatives (e.g. workers and their representatives, local child rights organizations, representatives of local communities).</p>	<p>The company cooperates with external stakeholders and in particular other companies and/or producers to analyze impacts in the supply chain. This includes jointly identifying impacts, sharing results and finding joint solutions when adverse impacts are proven.</p>

2.2.2 Prioritization of impacts	The company prioritizes its impacts according to their severity in accordance with OECD Guidance and derives appropriate measures for the mitigation and remediation of impacts to which it has contributed or which it has caused (KE 3 + 5).	At least every two years, the company seeks feedback from external experts or stakeholders on the methodology and results of impact assessments.
2.2.3 Formal requirements	The company ensures that the analysis of adverse impacts: <ul style="list-style-type: none"> - takes place as necessary, at least when relevant circumstances arise <ul style="list-style-type: none"> ◦ received grievances or indications of incidents or problems at producers/business partners or in the company which indicate a change in risks or concrete adverse impacts on site and ◦ a lack of information on severe risks (e.g. indications of severe risks along the supply chains for which no further information on the likelihood of occurrence and the producers involved is available). - takes internal and external expertise into account. 	
2.3.0.	PURCHASING PRACTICES AND LIVING WAGES	
2.3.1 Analysis of own procurement and purchasing practices	The company has analyzed its own procurement and purchasing practices and their possible influence on the occurrence of risks and impacts in the supply chain (2.1.6.)	

2.3.2 Formal requirements	<p>In the analysis:</p> <ul style="list-style-type: none"> - the perspective of different relevant departments/employees (at least purchasing, procurement, design, product development) is considered. - the entire critical path is considered. This covers at least the following aspects: procurement strategy, forecast/planning, price calculations/negotiations, sample production/Tech Packs, order changes, lead times, payment terms, termination of business relationships. <p>The analysis takes place regularly (at least every two years).</p>	<p>The company regularly obtains (at least every two years) feedback from direct contractors and their upstream producers (if business partners are the direct contractors) on its own procurement and purchasing practices and compares this with its own analysis results.</p>
2.3.3 Recording of wage levels	<p>The company is working on the recording of wage levels at the manufacturing stage of production (excluding outsourced steps) at least in risk countries (2.1.4.) and for high-risk producers (2.1.7.). If the company has its own production facilities for the manufacturing stage of production, an overview of the wage levels is submitted.</p>	<p>The company has provided an overview of wage levels at the level of manufacturing (excluding outsourced production steps) in risk countries (2.1.4.) and with high-risk producers (2.1.7.) and analyzed these in relation to selected Living Wage benchmarks. The company is working on the recording of wage levels at the level of outsourced production steps.</p>
2.3.4 Gap analysis	<p>Based on the results of the analysis of its own purchasing practice (2.3.1.) and the recording of wage levels (2.3.3.) the company has identified gaps, main necessities and starting points for the promotion of living wages.</p>	

NUMBER + NAME OF THE NEW INDICATOR	LEVEL A (INITIAL AUDIT)	LEVEL B (SECOND SURVEILLANCE AUDIT)
	CORE ELEMENT 3 PREVENTION AND MITIGATION OF RISKS AND IMPACTS	
3.1.0.	EMBEDDING AND PLANNING	
3.1.1 Embedding and planning	The company embeds the implementation of all five due diligence core elements within its business. This includes: a) ensuring the necessary expertise (3.1.2.) b) the planning of targeted measures (3.1.3.) c) the provision of adequate financial and time resources (3.1.5.) d) the creation of incentive structures (3.1.6.) e) the collection of relevant key data (3.1.7.) f) their consideration in decision and strategy processes (3.1.8.)	
3.1.2 Expertise	The responsible personnel (1.3.1.) knows the due diligence requirements and the goals of the company. They have the necessary expertise to put these into practice within the company and to support other employees in their implementation. If internal personnel have contact with workers, their representatives and/or those potentially affected stakeholders on site, they must be appropriately sensitized to identify and assess possible grievances. The expertise of internal personnel is ensured by appropriate measures such as selection criteria for recruitment or training.	The company uses target group-specific training formats to ensure that relevant personnel at management and operational level are aware of the influence of their own actions on risks and impacts and have the necessary knowledge to implement due diligence. This includes at least relevant employees from purchasing, procurement, design and product development.

3.1.3 Planning of measures	For severe risks (2.1.7.) and impacts (2.2.1.), the company, alone or in cooperation with other stakeholders, has developed targeted measures to avoid or mitigate adverse impacts on people and the environment.	Where the company identifies structural or systemic causes, it cooperates with external stakeholders (civil society/trade union actors, other companies, producers) in order to eliminate them together. In doing so, it uses existing formats, initiatives or associations or establishes them.
3.1.4 General requirements for measures	When developing preventive and mitigating measures (see 3.1.3), the company ensures that <ul style="list-style-type: none"> - it first analyzes the causes for the occurrence of the risks and their effects. - it takes into account the results of the analysis of its own procurement and purchasing practices (2.3.1.) - the scope of the measures is appropriate to the severity of the prioritized risks or impacts. - it develops new measures or adjusts/extends existing ones depending on changes to its own risk profile/severe risks (2.1.7.). 	
3.1.5 Financial and time resources	The company provides adequate time and financial resources to manage and implement preventive and mitigating measures (KE3 + 5) that match the company's risk profile and priorities (KE2).	
3.1.6 Incentive structures	The company has targeted incentive structures for decision-makers in purchasing and procurement. The incentive structures are aimed at avoiding or mitigating negative effects on people and the environment.	The company has targeted incentive structures for decision-makers in design and product development.

3.1.7 Recording of key data	<p>The company records at least the following key data on its own procurement and purchasing practice:</p> <ul style="list-style-type: none"> - share of direct versus indirect procurement - average capacity utilization of producers - length of business relations and - lead times for cancellation or modification of orders. 	<p>Based on results of the analysis of its own procurement and purchasing practices (2.3.1.) the company has defined and records further relevant key data.</p>
3.1.8 Consideration in decision-making and strategy processes	<p>The company considers the results of the analysis and prioritization of risks and impacts (KE2) in relevant decision-making processes throughout the company in order to avoid or mitigate impacts on people and the environment.</p> <p>Relevant decision-making processes are at least:</p> <ul style="list-style-type: none"> - the establishment of a new business relationship with business partners and possibly upstream producers (focus on manufacturing stage of production and outsourced processes such as printing, embroidery, washing) - the establishment of a new sourcing country - withdrawal from an existing sourcing country - if the company is responsible for the manufacturing itself, the establishment of/ withdrawal from a sourcing country <p>The company documents the sequence and results of the decision-making processes.</p>	<p>The company has extended the need to consider the results of the analysis and prioritization of risks and impacts (KE2) to further relevant decision and strategy processes (3.1.8.A).</p> <p>This applies to all areas of the core business whose processes have an influence on the presence of risks, but at least</p> <ul style="list-style-type: none"> - Product development strategy (decisions on new product lines, introduction of new materials, etc.) - Procurement and purchasing strategy, including the cancellation and modification of orders (focus on producers in the textile supply chain)

3.2.0.	IMPLEMENTATION OF MEASURES	
3.2.1 Implementation of measures	<p>The company implements the developed prevention and mitigation measures (3.1.3.) The measures include at least:</p> <ul style="list-style-type: none"> a) Improvement of the own purchase and procurement practices (3.2.2.) b) Strategy to promote living wages (3.2.3.) c) Evaluation of the due diligence processes of business partners and producers (3.2.4.) d) Setting incentives for business partners and producers (3.2.6.) e) Regular dialogue with business partners and producers (3.2.7.) f) Support of business partners and producers (3.2.8.) g) Responsible termination of business relationships (3.2.9.) 	
3.2.2 Improving purchasing and procurement practices	<p>The company implements measures with the aim of reducing adverse impacts on people and the environment in connection with its own purchasing and procurement practices (3.1.4.). The company documents successes and challenges their implementation and evaluates them.</p>	<p>The company has formulated clear goals to improve its own purchasing and procurement practices and defined KPIs to track the implementation of these goals. This includes at least the following aspects:</p> <ul style="list-style-type: none"> - Consideration of the sustainability performance of producers when awarding contracts; - Fair price negotiations and payment terms that take into account producers' labor and wage costs; - Improving forecasting and avoiding short-term order changes; - Improvement of the dialogue with producers.

<p>3.2.3 Strategy to promote living wages</p>	<p>Based on the gap analysis (2.3.4.), the company presents a strategy for the promotion of living wages at the manufacturing stage of production and begins to implement it. The strategy includes at least the following components:</p> <ul style="list-style-type: none"> - Development of necessary internal and external capabilities, adaptation of own purchasing practices (3.2.2.) including incentives for producers (3.2.6.) and purchasing agents (3.1.6.); - Determination of the share of wage cost in selected products; - targeted improvements at producer level in relation to a selected Living Wage benchmark; - Strengthening of social dialogue/employer-employee relations on site. <p>During the strategy development, the company seeks dialogue with local/international trade unions in order to understand the systemic conditions for negotiating and paying living wages and to integrate them into its own strategy.</p>	<p>The company can demonstrate progress in the implementation of its strategy and comprehensible wage increases at at least one high-risk producer for which a need for improvement has been identified (2.3.3.). Within the scope of the business relationship, the company contributes to ensuring that the wage increase is sustainable.</p> <p>Based on the implementation experience, the company formulates concrete goals and KPIs for the promotion of living wages at the packaging level for the next five years.</p> <p>The company actively involves international and/or local unions in measures/projects to implement its own strategy in order to improve the systemic conditions for negotiating and paying living wages.</p>
<p>3.2.4 Due diligence processes of business partners and producers</p>	<p>The company assesses the due diligence processes of business partners and, if applicable, upstream producers involved in the manufacturing stage of production as well as outsourced processes (printing, embroidery, washing). This is done at least:</p> <ul style="list-style-type: none"> - before entering into a new business relationship - once a year for existing business relationships <p>The result of the evaluation is equally as important in order decisions as commercial factors like price or delivery times.</p>	

<p>3.2.5 Formal requirements</p>	<p>The assessment of the due diligence processes includes</p> <ul style="list-style-type: none"> - an evaluation of the maturity level of the management systems of business partners and, if applicable, upstream producers in light of a company's own expectations (1.1.4.), country-specific risks (2.1.4.) and other possible indications of problems or incidents on site (2.2.1.). - in risk countries (2.1.4.) and for high-risk producers (2.1.7.) additionally a survey of possible affected stakeholders on site (at least workers) by qualified personnel on the knowledge of their rights, adverse impacts and/or problems and the actual application of the existing management systems in practice The personnel is appropriately qualified to identify and assess human rights, environmental and integrity risks and impacts. 	<p>Analogous to the increased transparency towards producers along the textile supply chain (2.2.1.), the company is experimenting with different approaches to ensure that the due diligence processes of producers along the supply chain meet their own expectations. In doing so, it also cooperates with external stakeholders (civil society actors, other companies, producers), for example within multi-stakeholder/industry initiatives.</p>
<p>3.2.6 Incentives for business partners and producers</p>	<p>The company provides incentives for business partners and, if applicable, upstream producers to implement requirements for entrepreneurial diligence and to develop continuously. This includes at least the level of clothing manufacture (including outsourced process steps) in risk countries or with high-risk producers (2.1.7.).</p> <p>The implementation of corresponding requirements and compliance with standards (1.1.4.) are</p> <ul style="list-style-type: none"> - equivalent component of the requirements - Performance targets within the business relationship - Part of the contract documents. 	<p>The company rewards the continuous improvement of due diligence processes by producers at the clothing manufacturing level (including outsourced process steps) through long-term contracts and increased order volumes. Progress is evaluated at least annually between purchasing staff and producers with reference to current assessments of the producers' due diligence processes.</p>

3.2.7 Dialogue with business partners and producers	At least once a year, the company exchanges information with business partners and producers in risk countries (2.1.7.) or with high-risk producers (2.1.4.) on implementation challenges and the possible share of its own business or purchasing practices in these.	Based on the feedback on its own purchasing practices (2.3.1.), the company takes up other relevant topics in a dialog.
3.2.8 Support of business partners and producers	Based on the results of the analysis and prioritization of risks and impacts (KE2) and information on existing due diligence processes (3.2.5.), the company supports business partners and (possibly upstream) producers in risk countries or high-risk producers (2.1.7.) in complying with the requirements for the implementation of due diligence processes at the manufacturing stage of production (including outsourced process steps).	The company can demonstrate the implementation and effect of concrete and risk-based support measures for producers or business partners at the manufacturing stage of production (including outsourced process steps).
3.2.9 Responsible disengagement	The company has a procedure for the responsible disengagement from business relationships (focus on business partners and producers). This also covers the cancellation and suspension of orders. The procedure includes at least <ul style="list-style-type: none"> - sufficient lead time for the producers, - the payment of work already done, and materials already ordered, and - monitoring compliance with regulations on salary and severance payments. 	The company has suitable instruments at its disposal to track the implementation of the process and any agreed measures. This includes, for example, dialogue with affected stakeholders or their representatives or communication of effective grievance channels through which those affected can report problems.

3.3.0.	MEASURING EFFECTIVENESS	
3.3.1 Measuring effectiveness	<p>The company defines appropriate targets and KPIs to track the effectiveness of the prevention and mitigation measures taken.</p> <p>In doing so, the company ensures that:</p> <ul style="list-style-type: none"> - internal and external information is collected and evaluated to measure progress. This includes information from the exchange with affected stakeholders - the results of the evaluation are incorporated into internal processes. The company uses this information to further develop its own processes. 	<p>The company exchanges views with external stakeholders including other companies and experts on the indicators used and integrates lessons learned in the further development of the indicators.</p>

NUMBER + NAME OF THE NEW INDICATOR	LEVEL A (INITIAL AUDIT)	LEVEL B (SECOND SURVEILLANCE AUDIT)
	CORE ELEMENT 4 REPORTING AND COMMUNICATION	
4.1.0.	FORMAL REPORTING REQUIREMENTS	
4.1.1 Formal requirements	The company communicates publicly about its goals and due diligence activities carried out with regard to the textile supply chain. The reporting: a) takes place regularly and systematically (4.1.2.) b) refers to commitments and expectations from the policy (4.1.3.) c) is clearly formulated and easily accessible (4.1.4.)	
4.1.2 Regularity and defined systematic	The company communicates at least once a year using a defined systematic approach.	
4.1.3 Reference to Policy	The company makes concrete reference to its own voluntary commitments and expectations formulated in its own policy (1.1.1.)	
4.1.4 Clarity and accessibility	The company makes information available in a precise, clear and user-friendly manner and publishes or links to it in a central location on its own corporate website.	The company provides relevant parts of its reporting to business partners and producers as well as international stakeholders in English if German is not the business language.

4.2.0.	CONTENT OF REPORTING	
4.2.1 Content	<p>In its public reporting, the company reports on its progress in implementing due diligence in light of its requirements and goals.</p> <p>This includes at least:</p> <ul style="list-style-type: none"> a) Progress on goals and challenges in implementation (4.2.2.) b) Implemented prevention, mitigation and remedial measures (4.2.3.) c) Lessons learned and their consideration in the future (4.2.4.) d) Grievance channels and grievances received (4.2.5.) e) Involvement of potentially affected persons and/or groups and external stakeholders (4.2.6.) f) Progress in increasing the transparency of its own supply chains (4.2.7.) 	
4.2.2 Progress and challenges	In its public reporting, the company reports on its progress in implementing due diligence in light of requirements and goals (KE 1) as well as on challenges in implementation.	
4.2.3 Prevention, mitigation and remedial measures	The company reports which prevention, mitigation and remedial measures (KE3 + KE5) have addressed the severe risks and impacts (KE2).	In addition to reporting on the results of the exchange with external stakeholders, the company reports on the methodology and the results of risk analysis, as well as on the prioritization of its severe risks.
4.2.4 Lessons learned	The company reports on lessons learned and describes how these are taken into account in future implementation.	

4.2.5 Grievance mechanisms and grievances received	The company reports on existing grievance mechanisms for potentially affected stakeholders (1.1.9.) as well as aggregated information on grievances received.	The company also reports on corrective and remedial measures taken and on its lessons learned in handling grievances received and developing appropriate remedial measures.
4.2.6 Involvement of external stakeholders and potentially affected stakeholders	The company reports on how it involves relevant external stakeholders and in particular (potentially) affected stakeholders in the implementation of its due diligence activities. In doing so, it reports at least on surveys of workers (3.2.5.) as well as exchange or cooperation formats with business partners and (possibly upstream) producers.	<p>The company also reports how the needs of particularly vulnerable stakeholders were taken into account in the implementation of the due diligence processes (1.1.8.) and in what form the identified groups or their representatives were consulted.</p> <p>The company reports in addition to existing exchange or cooperation formats with national or international trade unions, (multi-stakeholder) initiatives, civil society actors and other companies.</p>
4.2.7 Increasing supply chain transparency	The company demonstrates progress in the implementation of its goals and action plan to increase transparency in the supply chain (2.1.1.) and identifies implementation challenges.	

NUMBER + NAME OF THE NEW INDICATOR	LEVEL A (INITIAL AUDIT)	LEVEL B (SECOND SURVEILLANCE AUDIT)
	CORE ELEMENT 5 GRIEVANCE MECHANISMS AND REMEDY	
5.1.0.	ACCESS TO EFFECTIVE GRIEVANCE MECHANISMS	
5.1.1 Access to effective grievance mechanisms	<p>The company actively promotes access to effective grievance mechanisms. This includes at least:</p> <ul style="list-style-type: none"> a) an overview of existing grievance mechanism and their effectiveness (5.1.2.) b) identification of gaps and measures for improvement (5.1.2.) <p>and based on this</p> <ul style="list-style-type: none"> c) the promotion of effective factory-level grievance mechanisms (5.1.5.) d) the promotion of effective back-up grievance mechanisms (5.1.6.) <p>where</p> <ul style="list-style-type: none"> e) general requirements for improvement measures (5.1.4) are met. 	

<p>5.1.2 Overview and effectiveness analysis</p>	<p>The company has an overview of existing grievance mechanisms and their effectiveness at the manufacturing stage of production (excluding outsourced production processes) in risk countries (2.1.4.) or with high-risk producers (2.1.7.). This includes:</p> <ul style="list-style-type: none"> - both factory internal, local and external back-up mechanisms - an analysis of the effectiveness of these mechanisms based on the UN Guiding Principles Effectiveness Criteria (see UN Guiding Principle 31). <p>In case that manufacturing takes place entirely within the company, only indicators 5.1.2. and 5.1.5. are relevant.</p>	<p>In case that manufacturing takes place entirely within the company: the company has an overview, as defined in 5.1.2.A, of existing grievance mechanisms at the next upstream supply chain level in risk countries (2.1.4.) respectively at high-risk producers (2.1.7.).</p>
<p>5.1.3 Identification of gaps and improvements measures</p>	<p>Based on the overview (5.1.2.A) and further information on the local/country context (building on 2.1.4.), the company identifies gaps and prioritizes areas for improvement. Based on this, the company works on the improvement and/or establishment of:</p> <ul style="list-style-type: none"> a) effective factory-level grievance mechanisms (5.1.5.) b) effective back-up grievance mechanisms (5.1.6.) 	
<p>5.1.4 General requirements for improvement measures</p>	<p>In the development and implementation of measures for improvement (5.1.3.):</p> <ul style="list-style-type: none"> - the company examines possibilities of cooperation with other purchasing agents; - the company focuses on making mechanisms locally accessible and - potential users/affected stakeholders are protected from retaliation 	<p>The company shares lessons learned from implementation with external stakeholders at least every two years.</p>

<p>5.1.5 Effective factory-level mechanisms</p>	<p>The company works together with producers and potential users/affected stakeholders on site to improve factory-level mechanisms with the aim of making them more effective (5.1.2.). Where these are not available or ineffective, the company supports producers in establishing an effective grievance mechanism.</p> <p>For companies manufacturing their own goods: all of their own production facilities/factories must have effective factory-level mechanisms for potentially affected stakeholders.</p>	<p>On the basis of the measures taken (5.1.5.A), the company can demonstrate that producers in all risk countries (2.1.4.) have effective factory-level grievance mechanisms in place, where improvement needs have been identified (5.1.3.).</p> <p>For companies that manufacture their own goods: the company can prove that producers at the upstream supply chain level have effective factory-level grievance mechanisms in place, where improvement needs have been identified.</p>
<p>5.1.6 Effective back-up grievance mechanisms</p>	<p>The company works together with external stakeholders (including potential users / those affected on site) to improve back-up grievance mechanisms with the aim of making them more effective (5.1.2.) and complementing factory-level mechanisms. Where these do not exist or are ineffective, the company works together with external stakeholders to establish an effective back-up grievance mechanism.</p>	<p>Based on the measures taken (5.1.6.A), the company can prove that</p> <ul style="list-style-type: none"> - an effective back-up grievance mechanism has been improved or established in at least one risk country (2.1.4.). - it has formulated concrete goals for the improvement of back-up mechanisms in other risk countries (2.1.4.)

5.2.0.	HANDLING OF GRIEVANCES AND REMEDY	
5.2.1 Handling grievances and remedy	<p>For the handling of grievances as well as to provide remedy if necessary, the company ensures that it:</p> <ul style="list-style-type: none"> a) creates the necessary internal conditions (5.2.2.) b) develops remedial measures (5.2.3.) and c) implements these with the appropriate care (5.2.4.) and d) monitors the implementation (5.2.5.) 	
5.2.2 Requirements	<p>The company creates the internal conditions for dealing with grievances, as well as for providing remedy if necessary.</p> <p>The company ensures that:</p> <ul style="list-style-type: none"> - A formal process for dealing with grievances is established. This includes the establishment of a procedure for processing the grievance, personal responsibilities and (local) contact persons for affected stakeholders/their legitimate representatives and a timetable (including the implementation of remedial measures) 	<p>The company ensures that:</p> <ul style="list-style-type: none"> - local contact persons or those in charge of receiving grievances are able to assess incidents and grievances based on their severity and urgency (e.g. local staff conducting producer visits, auditors) - Responsibilities, decision-making processes and possible funding for provision of remedy are clarified. This applies to actual adverse impacts on people or the environment to which the company has caused or contributed to.

<p>5.2.3 Corrective and remedial measures</p>	<p>The company shall develop and implement appropriate measures to stop the action causing or contributing to the identified adverse impacts (2.2.1) and, if necessary, provide for remedy. The same accounts for grievances that refer to identified actual adverse impacts caused or contributed to by the company.</p> <p>Appropriate measures are based on the severity and urgency of the impact or grievance. In the case of particularly severe impacts (at least child labour/forced labour/ freedom of association and gender-based violence), remedial action must be taken immediately.</p>	<p>The company cooperates with other purchasing agents and stakeholders to address the (systemic) causes of recurring incidents or grievances in the textile supply chains. To this end, companies provide information on the nature of the joint commitment and the (initial) results.</p>
<p>5.2.4 Implementation of measures</p>	<p>When developing and implementing corrective and remedial measures (5.2.3.), the company shall ensure that</p> <ul style="list-style-type: none"> - Affected stakeholders/their legitimate representatives, producers and other parties (also) involved in the adverse impacts are consulted. - the causes of any incidents or problems that have occurred are analyzed in order to prevent further abuses. 	
<p>5.2.5 Follow-up on measures</p>	<p>The company tracks and monitors the implementation of corrective and remedial measures.</p>	<p>The company has established processes involving stakeholders to evaluate and ensure that remedial measure is effective and satisfactory from the perspective of those affected. Based on this knowledge, the handling of grievances is continuously being developed.</p>