



**RESPONSIBLE  
BUSINESS**

# Standard

## OEKO-TEX® RESPONSIBLE BUSINESS

Edition 2025

**OEKO-TEX®**  
**International Association for Research and Testing in**  
**the Field of Textile and Leather Ecology**  
Internationale Gemeinschaft für Forschung und Prüfung  
auf dem Gebiet der Textil- und Lederökologie

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## Terms and definitions

- **Adverse impact:**  
An adverse Impact is any negative incident that harms people (e.g., human rights violations, corruption, employment issues) or the environment. The business enterprise could have reasonably foreseen the risk that human rights or the environment may be affected, taking into account the circumstances of the specific case, including the nature and extent of the company's business operations and its Chain of Activities, the characteristics of the economic sector and the geographical and operational context.
- **Appropriate Actions**  
Means measures that are capable of achieving the objectives of due diligence by effectively addressing adverse impacts in a manner commensurate to the degree of severity and the likelihood of the adverse impact, and reasonably available to the company, taking into account the circumstances of the specific case, including the nature and extent of the adverse impact and relevant risk factors.
- **Assessment:**  
A systematic process of evaluating or measuring criteria to determine its quality or performance against defined criteria or standards. An assessment can take various forms such as gathering feedback and analysing data e.g. through audits, reviews etc. to make informed judgements and decisions. In the context of this document the term is used e.g. for supplier assessments.
- **Business enterprise:**  
A legal entity that is applying for OEKO-TEX® RESPONSIBLE BUSINESS, this covers Brands, Brand Groups, Retailers and Traders or textile or leather manufacturers along the Chain of Activities up to and including raw material extraction.
- **Chain of Activities:**
  - **Upstream:**  
The operations of a business enterprise's upstream partners involved in producing goods or services, such as design, extraction, sourcing, manufacturing, transport, storage, and supply of raw materials, products, or components.
  - **Downstream:**  
The operations of a business enterprise and its direct downstream partners involved in the distribution, transport, and storage of the company's products.
- **Comission Business:**  
A company (commission business) serves as a contracted service provider for another business (customer), with the primary objective of delivering a specific task or product. In this arrangement, the commission business commits to executing the required work, while the customer commits to compensating for the services rendered.
- **Converter**  
A company that purchases raw/greige materials or semi-finished products and arranges a production step toward the finished/modified product. The converter uses either the buyer's specification or its own.
- **Consulting:**  
In consulting, information is passed on from one instance to another.  
The aim of consulting is to influence the addressee to take certain action or omissions or to support him/her in clarifying issues or making decisions.

- **End Customer:**  
A customer who purchases a product either for personal use (consumer) or a distributor (dealer, retailer) who resells the product. In either case, however, there is a direct link between the end customer and the company.
- **Exclusion criteria:**  
Basic principles that are most important in determining the suitability for OEKO-TEX® RESPONSIBLE BUSINESS Certification. All exclusion criteria shall be fulfilled to be eligible for Responsible Business Certification (see annex 3).
- **Grievance mechanism:**  
Any routine process through which a complaint can be raised. It can be government or non-government based; judicial or non-judicial; national, regional, or international; operational or project level. It is a synonym for complaint mechanism.
- **Group:**  
'Group of companies' or 'group' means a parent company and all its subsidiaries.
- **National contact points (NCPs):**  
Set up by governments to further the effectiveness of the OECD Guidelines, NCPs undertake promotional activities, handle enquiries, and help resolve issues that may arise from alleged non-observance of the guidelines. NCPs assist enterprises and their stakeholders in observing of the Guidelines. They provide a mediation and conciliation platform for resolving practical issues that may arise while implementing of the Guidelines.
- **Non-conformity:**  
An irregularity against the OEKO-TEX® RESPONSIBLE BUSINESS Standard identified or detected during an OEKO-TEX® RESPONSIBLE BUSINESS audit. This could be any problem related to a critical process and/or procedure (not only exclusion criteria).
- **Principles:**  
Scale that guides the action or implementation.
- **Remediation:**  
'Remediation' means restoration of the affected person or persons, communities or environment to a situation equivalent or as close as possible to the situation they would have been in had an actual adverse impact not occurred, in proportion to the business enterprise's implication in the adverse impact, including by financial or non-financial compensation provided by the business enterprise to a person or persons affected by the actual adverse impact and, where applicable, reimbursement of the costs incurred by public authorities for any necessary remedial measures.
- **Responsible Business:**  
Responsible Business is an approach to obligate business enterprises to use their leverage on their Chain of Activities to reduce human rights and environmental risks. This approach was first defined in the United Nations Guiding Principles on Business and Human Rights and further developed by the OECD.  
More and more lawmakers adopt this approach into legislation.
- **Risks:**  
'Risks' or 'risk factors' means facts, situations or circumstances that relate to the severity and likelihood of an adverse impact, including business enterprise-level, business operations, geographic and contextual, product and service, and sectoral facts, situations, or circumstances.

- **Risk analysis (or scoping exercise according to OECD definition)**  
A risk analysis assesses potential human rights and environmental risks along the entire Chain of Activities, including impacts related to products, raw materials, sourcing countries and regions, production processes and purchasing practices. The aim is to identify risks at an early stage and develop measures to minimise or eliminate and stop risks.
- **Significant risks:**  
A significant risk is a risk which is defined by the severity of an adverse impact. The most severe the impact, the more severe the risk.
- **‘Severity of an Adverse Impact’:**  
‘Severe adverse impact’ means an adverse impact that is especially significant on account of its nature, such as an impact that entails harm to human life, health or liberty, or on account of its scale, scope or irremediable character, taking into account its gravity, including the number of individuals that are or may be affected, the extent to which the environment is or may be damaged or otherwise affected, its irreversibility and the limits on the ability to restore affected individuals or the environment to a situation equivalent to their situation prior to the impact within a reasonable period of time.
- **Shall:**  
The use of “shall” in the standard document indicates an obligation and identifies all criteria that must be fulfilled to achieve certification.
- **Should:**  
The use of “should” in this standard indicates requirements that reflect a recommendation for continuous improvement.
- **Stakeholder:**  
‘Stakeholders’ means the business enterprise’s employees, the employees of its subsidiaries, trade unions and workers’ representatives, consumers and other individuals, groupings, communities or entities whose rights or interests are or could be affected by the products, services and operations of the business enterprise, its subsidiaries and its business partners, including the employees of the business enterprise’s business partners and their trade unions and workers’ representatives, national human rights and environmental institutions, civil society organisations whose purposes include the protection of the environment, and the legitimate representatives of those individuals, groupings, communities or entities. Engagement with stakeholders that is characterised by two-way communication and depends on the good faith of the participants on both sides.
- **Supplier:**
  - **Direct supplier**  
An individual or organization with whom the business enterprise has a direct contractual relationship for the purchase of goods.
  - **Indirect supplier**  
An individual or organization within the Chain of Activities who contributes to the final purchased good but with whom the business enterprise has no direct contractual agreement.
- **Supplier assessments:**  
A company-specific assessment that evaluates suppliers based on human rights, environmental criteria, and additional factors such as quality. In the context of the OEKO-TEX RESPONSIBLE BUSINESS Standard, the assessment aims to determine how well suppliers meet the company’s human rights and environmental due diligence requirements within the Chain of Activities.
- **ToU:**  
OEKO-TEX® Terms of Use

# 1. Purpose

The OEKO-TEX® RESPONSIBLE BUSINESS standard is one of the testing, certification and licensing products offered by the International Association for Research and Testing in the Field of Textile and Leather Ecology, represented by OEKO-TEX Service GmbH (OEKO-TEX®). Further information on the product portfolio and a list of the institutes approved by OEKO-TEX® (according to Annex 1) can be found on the OEKO-TEX® website [www.oeko-tex.com](http://www.oeko-tex.com).

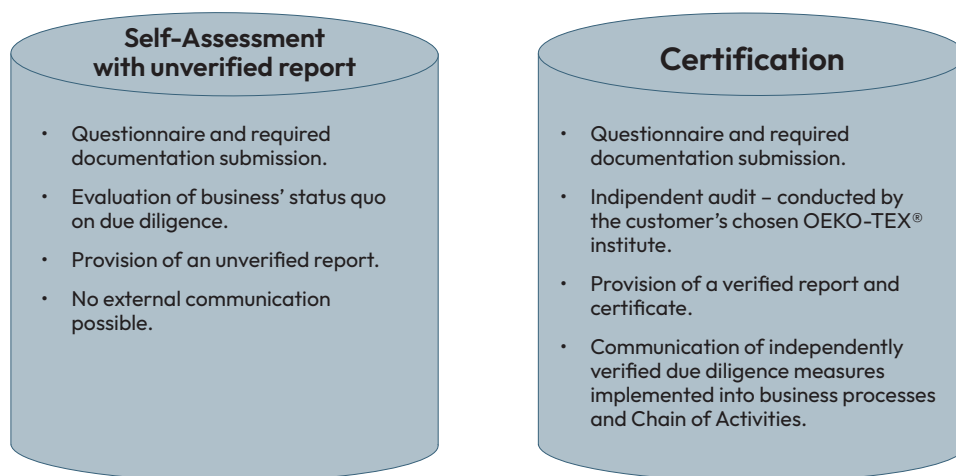
The OEKO-TEX® RESPONSIBLE BUSINESS standard is a normative document that defines the technical conditions for obtaining the OEKO-TEX® RESPONSIBLE BUSINESS certification and for the licensing of the OEKO-TEX® RESPONSIBLE BUSINESS trademark. The Terms of Use (ToU) for all OEKO-TEX® products (standards) defined in Annex II also apply.

The objective of the OEKO-TEX® RESPONSIBLE BUSINESS is to provide companies a tool to achieve responsible business conduct. All textile and leather Chain of Activities are subjected to due diligence on social and environmental aspects. Knowing Chain of Activities and individual suppliers, especially those with high risk, enables businesses to identify, understand, mitigate, and prevent risks. The results are documented, and proof of compliance is provided.

The OEKO-TEX® RESPONSIBLE BUSINESS certification also enables companies to communicate credible information and responsible action to consumers and other stakeholders.

**OEKO-TEX® RESPONSIBLE BUSINESS offers two different options:**

- OEKO-TEX® RESPONSIBLE BUSINESS Certification provides full, third-party certification and enables business enterprises to publicly communicate their certification (see 5.5.1). It includes a self-assessment, verification, and audit.
- Self-Assessment with unverified report enables business enterprises to understand their status quo on Chain of Activities on social and environmental performance. Results are permitted for internal company use only (see 5.5.2).



Pic.1 Modular Set Up of the OEKO-TEX® RESPONSIBLE BUSINESS product

## 2. Applicability

- Any business enterprise in the textile and leather industry, from retailer to raw material production, can apply for OEKO-TEX® RESPONSIBLE BUSINESS certification, including business enterprises acting as commission business as well as business enterprises acting as converter.



### Tier 0

Office, retail,  
distribution centers, etc.



### Tier 1

Finished product  
assembly



### Tier 2

Material production



### Tier 3

Raw material processing



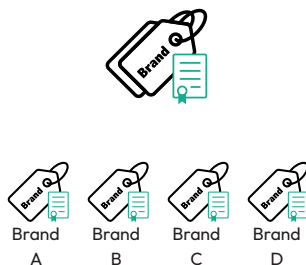
### Tier 4

Raw material  
extraction

- OEKO-TEX® RESPONSIBLE BUSINESS applies to all business processes of business enterprises that are within the scope of the textile and leather sector (considering pt.1).
- If a business enterprise manufactures or distributes products within other economic sectors, OEKO-TEX® RESPONSIBLE BUSINESS shall not apply to those products.
- OEKO-TEX® RESPONSIBLE BUSINESS refers exclusively to the due diligence measures that the business enterprise implements in its management processes and that apply for their textile and leather Chain of Activities.

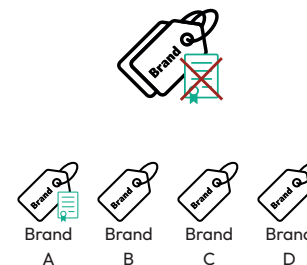
### Application at corporate groups:

- If a brand group produces or distributes products within the textile and leather sector by means of a specific brand, OEKO-TEX® RESPONSIBLE BUSINESS shall apply to that specific brand only and not to the entire brand group (see pic.3). The scope of the certification is shown on the respective certification.
- Since OEKO-TEX® RESPONSIBLE BUSINESS focuses also on the management structure, the certification is only possible if the applying business enterprise is organisationally independent from the group and a separate legal entity.
- If a brand group applies for certification, any textile and leather Chain of Activities within the relevant business enterprise(s) shall be considered (see pic.2).



Pic. 2 – Conditions for group structure certification

In the case of a group structure, OEKO-TEX® RESPONSIBLE BUSINESS can only apply to the group if every independent business unit has been certified by OEKO-TEX® RESPONSIBLE BUSINESS.



Pic. 3 – Conditions for brand certification only.

If a brand group distributes products in the textile and leather sector under one brand and seeks OEKO-TEX® RESPONSIBLE BUSINESS certification for this brand, the certification applies exclusively to this specific brand, not to the entire group.

- If a commission business shall be certified according to this standard, the business enterprise shall ensure that due diligence obligations are implemented along the Chain of Activities. This shall be made certain through e.g. signature of the business policy and further obligations as described in this standard.





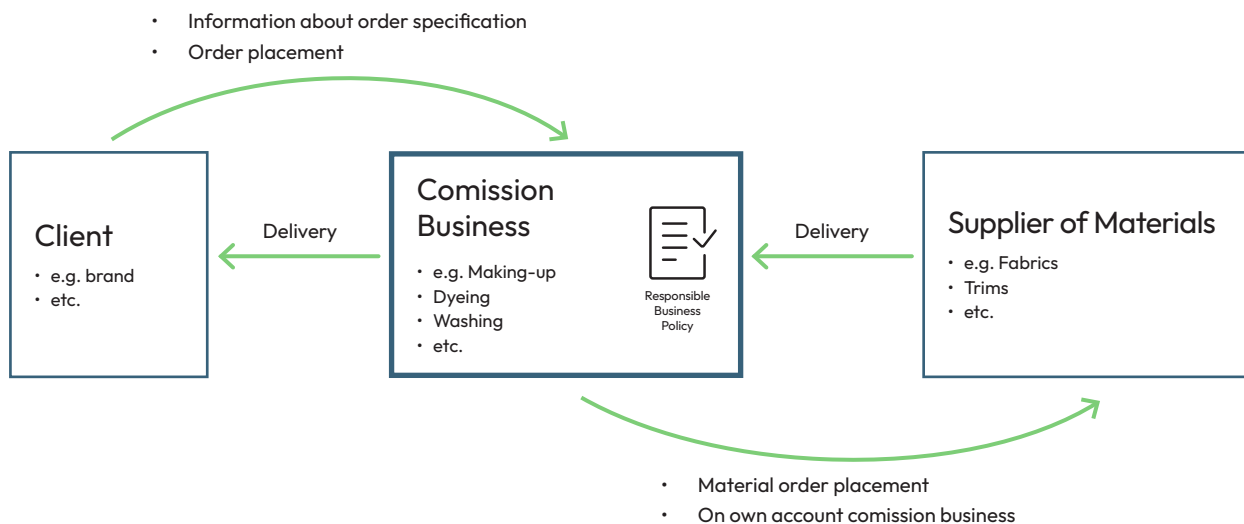
Pic. 4 –General procedure, comission business

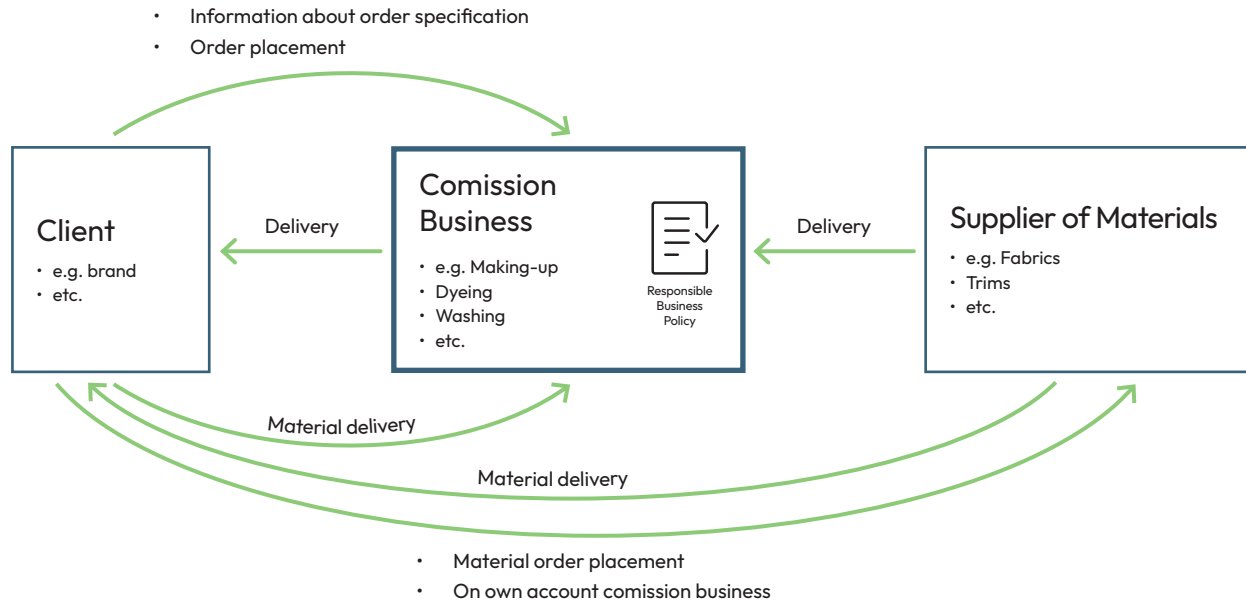
The Chain of Activities of a commission business can differ depending on if the commission business is responsible for supplying the materials itself or if the customer of the commission business supplies the materials.

In any case, all materials shall be accounted for in the Chain of Activities. Therefore, there are different ways how a commission business might interact with its customer:

- **Customer acting as a direct supplier towards the commission business (who applies for OEKO-TEX® RESPONSIBLE BUSINESS certification):**

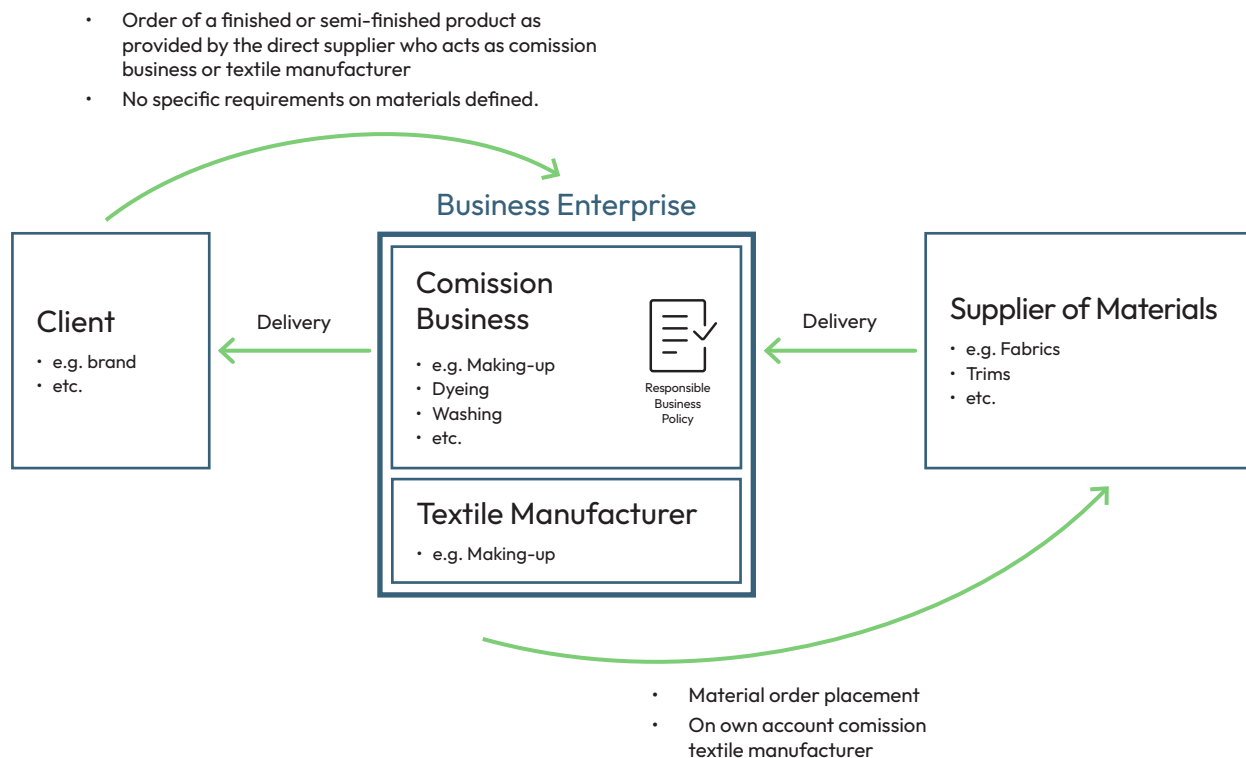
If the customer supplies the materials to the commission business or if the customer makes specific demands regarding the sourcing of the materials, the customer shall act as a direct supplier towards the commission business. This means, that the commission business shall treat the customer as a direct supplier in the sense of this standard document.





- **Customer not acting as a direct supplier towards the commission business (who applies for OEKO-TEX® RESPONSIBLE BUSINESS certification):**

If the customer does not supply the materials to the commission business and if materials are also sourced by the commission business itself without instructions of the customer, the customer shall not act as a direct supplier. This means, that the commission business shall not treat the customer as a direct supplier (and also not as an indirect supplier) in the sense of this standard document.



The OEKO-TEX® RESPONSIBLE BUSINESS Certification refers exclusively to the due diligence measures that the business enterprise implements for textile and leather Chain of Activities.

The OEKO-TEX® RESPONSIBLE BUSINESS Certification reflects the permeation of implemented due diligence obligations (100%, 80%, 50%) and a performance rating.

The OEKO-TEX® RESPONSIBLE BUSINESS framework is founded on the concept of ongoing enhancement in the integration of human rights and environmental due diligence within a business enterprise's operations and across its Chain of Activities. To attain re-certification in alignment with this standard, noticeable advancements in the execution of due diligence obligations are required. This progress is realised by attaining a higher level in at least one facet of due diligence.

#### **Performance Ratings:**

Level 1: Minimum implementation of due diligence within the Chain of Activities.

Level 2: Good implementation of due diligence within the Chain of Activities with further optimisation potential.

Level 3: Best Practice implementation of due diligence within the Chain of Activities.

#### **Permeation of due diligence:**

Implemented due diligence obligations that go beyond the minimum requirements (Level 1) are recognised according to their intensity of implementation and will be shown by a colour code on the final certificate.

The achievement of levels 2 and 3 are linked to an implementation of due diligence obligations at suppliers with which the business enterprise generates at least 80% of its order/trade volume in units.

**For the following tiers, the following minimum requirements have to be achieved to receive the respective level:**

#### **Tier 0, Brands/Brand Groups/Retailer/Trader**

Level 1, Minimum Requirement:

- Due Diligence obligations implemented within own business enterprise,
- And 100% direct suppliers (Tier 1, finished product assembly),
- Including transport/logistics downstream until end customer and upstream until direct suppliers.

Optional:

Level 2: Permeation of due diligence obligations until and inclusive Tier 2, raw material production.

Level 3: Permeation of due diligence obligations until and inclusive Tier 4, raw material extraction.

### **Tier 1, Finished Product Assembly**

#### **Level 1, Minimum Requirement:**

- Due Diligence obligations implemented within own business enterprise,
- And 100% direct suppliers (Tier 2, material production),
- Including transport/logistics downstream until end customer and upstream until direct suppliers.

#### **Optional:**

Level 2: Permeation of due diligence obligations until and inclusive Tier 3, raw material processing.

Level 3: Permeation of due diligence obligations until and inclusive Tier 4, raw material extraction.

### **Tier 2, Material Production**

#### **Level 1, Minimum Requirement:**

- Due Diligence obligations implemented within own business enterprise,
- And 100% direct suppliers (Tier 3, raw material processing).
- Including transport/logistics downstream until end customer and upstream until direct suppliers.

#### **Optional:**

Level 3: Permeation of due diligence obligations until and inclusive Tier 4, raw material extraction.

### **Tier 3, Raw Material Processing**

#### **Level 3, Minimum Requirement:**

- Due Diligence obligations implemented within own business enterprise,
- And 100% direct suppliers (Tier 4, raw material extraction).
- Including transport/logistics downstream until end customer and upstream until direct suppliers.

#### **Optional:**

No further due diligence implementation possible.

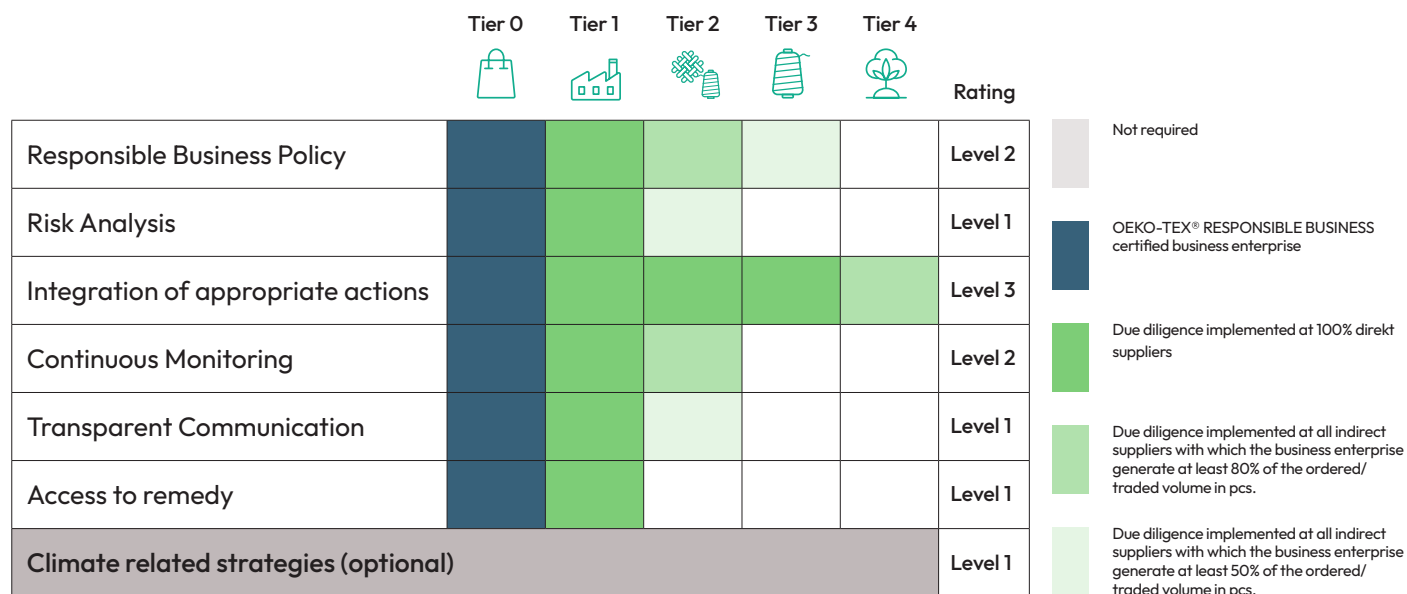
### **Tier 4, Raw Material Extraction**

#### **Level 3, Minimum Requirement:**

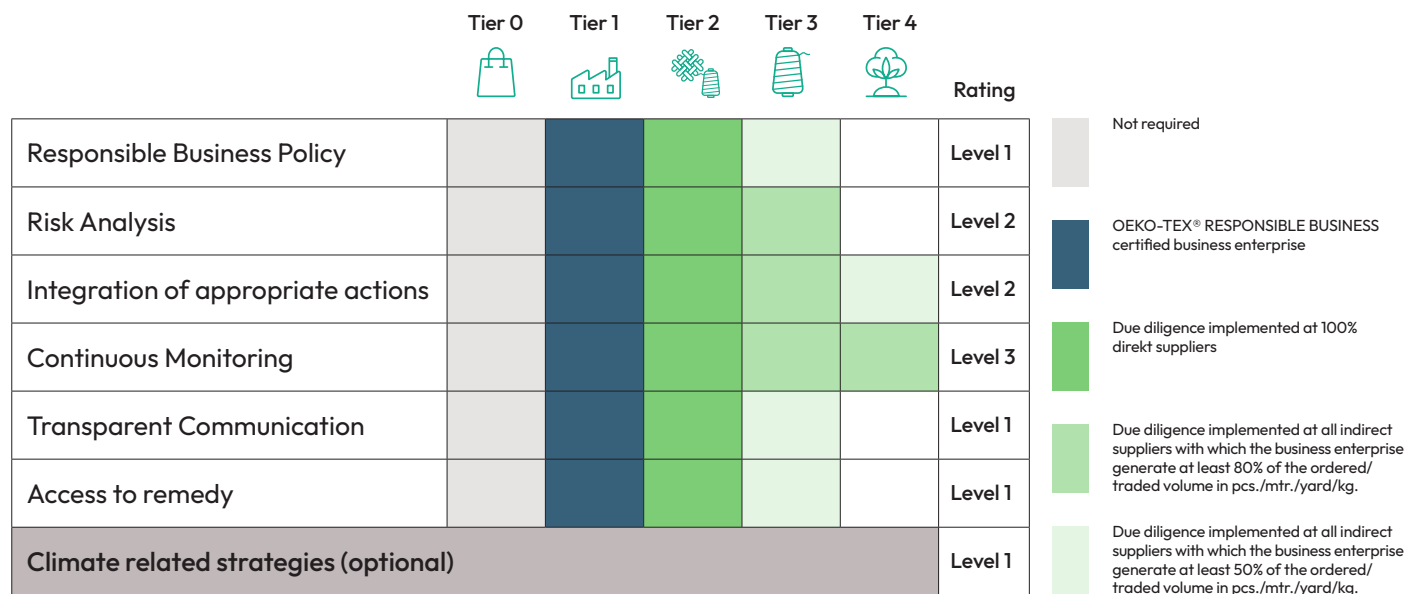
- Due Diligence obligations implemented within own business enterprise,
- Including transport/logistics downstream until end customer.

No further due diligence implementation possible.

The following graphic shows an exemplary illustration of achieved levels and implemented due diligence obligations on the certificate as an example:



Pic. 5 –Exemplary Illustration, Certification for Brands/Brand Groups/Retailer/Trader



Pic. 6 – Exemplary Illustration, Certification supply chain



## 3. OEKO-TEX® RESPONSIBLE BUSINESS Trademark

### 3.1 Trademark Protection

Registration of OEKO-TEX® RESPONSIBLE BUSINESS as a trademark on a worldwide basis is pending. To strengthen its legal protection, the word and figurative mark are being registered, in addition to separate protection of the word marks OEKO-TEX®, OEKOTEX and ÖKO-TEX and various design elements such as the logo and globe.

### 3.2 Trademark Licensing

The OEKO-TEX® RESPONSIBLE BUSINESS Trademark may be used only by those authorised in compliance with the OEKO-TEX® Terms of Use (ToU). Issuing of a certificate is a prerequisite for licencing. The licence and certificate are issued to the customer by the OEKO-TEX® institute.

The conditions for issuing a certificate are based on the OEKO-TEX® RESPONSIBLE BUSINESS standard, the OEKO-TEX® ToU (see II) and the Declaration of Conformity (see Annex I).

With an unverified self-assessment report, no certificate is issued. Therefore, no licence to use the OEKO-TEX® RESPONSIBLE BUSINESS Trademark or any other OEKO-TEX® trademarks is granted.

### 3.3 Trademark use

To use the OEKO-TEX® RESPONSIBLE BUSINESS Trademark, the regulations contained in the ToU, and the Labelling Guide must be complied with. The use of the trademark in any other type or form is explicitly prohibited.

Since OEKO-TEX® RESPONSIBLE BUSINESS certifies business enterprises and not products, using the OEKO-TEX® RESPONSIBLE BUSINESS Trademark on products is forbidden.

The OEKO-TEX® RESPONSIBLE BUSINESS Trademark can be used on marketing materials and websites to signal that the business enterprise has been certified by OEKO-TEX® RESPONSIBLE BUSINESS.

It is essential to comply with the principles for advertising defined in paragraph 11 of the ToU. Furthermore, ToU paragraph 12 requires the customer to contractually bind their business partners to the ToU and to inform them about the OEKO-TEX® labelling rules. OEKO-TEX® only permits the use of OEKO-TEX® trademarks by third parties in compliance with the ToU and the OEKO-TEX® labelling guide.

The omission of individual elements of the respective OEKO-TEX® label is strictly forbidden. In particular, the details regarding the certificate number and the Institute are mandatory and must match the corresponding certificate.

These obligations are essential. Violations may result in the withdrawal of the certificate and of the licence to use the trademark.

## 4. Corporate Due Diligence: Responsible Business Principles

In general, the human rights and environmental due diligence approach is a preventative, risk-based approach about identifying risks in one's own business enterprise as well as in the Chain of Activities, minimising these risks and remedying violations that have occurred.

The responsibility to fulfil due diligence obligations is in the responsibility of the business enterprise itself and cannot be passed on to business partners.

However, the extent to which a business enterprise has caused possible risks that have occurred, has contributed to the occurrence of a violation, or is linked to a violation through its business activities, influences the measures that the business enterprise shall take to mitigate or remedy the risk. Stakeholder engagement plays an important role when implementing appropriate actions to end violations and mitigate risks. In particular, at the unique position of women and how they might be affected shall be put an enhanced focus on.

The due diligence approach is not static. On one hand, by implementing due diligence as an integral part of decision making in the management processes, a constant examination of the information obtained takes place and allows for a continuous improvement of the business enterprise in these areas. On the other hand, the due diligence approach calls for a steady and successive extension of due diligence into the deeper Chain of Activities. Through a widespread penetration of the implemented due diligence obligations by many actors, a continuous improvement of compliance with human rights and environmental obligations in the global Chain of Activities is ensured.

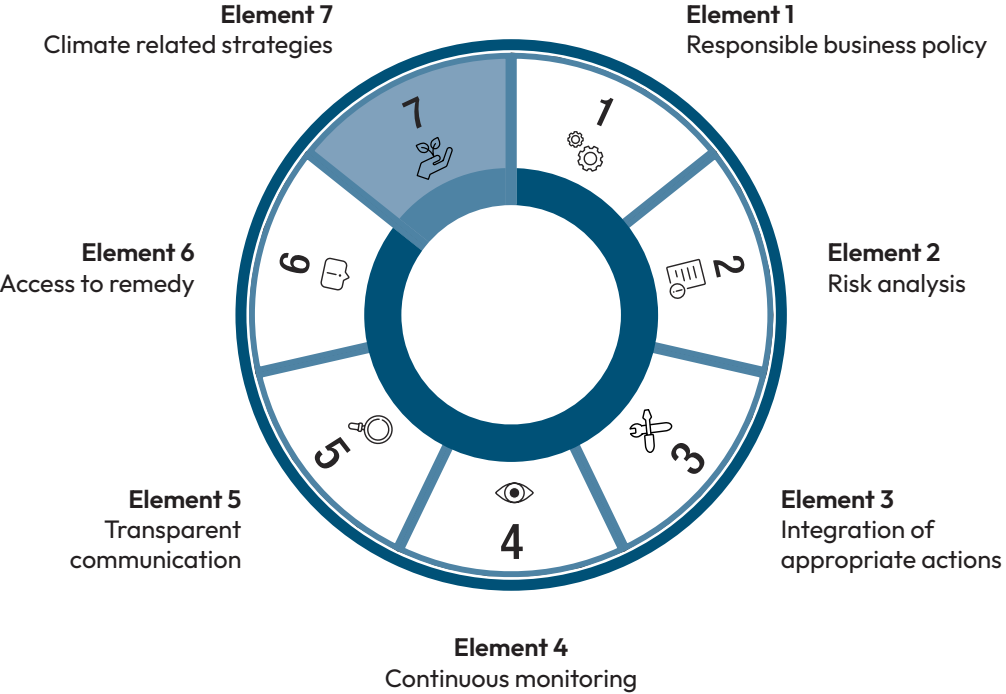
The mapping of Chain of Activities partners and the subsequent risk analysis are vital elements, as they enable potential and existing risks to be addressed at the first place.

In addition, transparency and communication play an important role in fulfilling due diligence. Only through them the exchange of relevant information with other important stakeholders is made possible.

Details on the individual due diligence requirements are described in the respective chapters of the standard document as well as in the implementation manual.

The Responsible Business Process is structured in 6 sections. 6 sections cover the due diligence approach based on the UN Guiding Principles and the OECD Guidelines. Optional section 7 is in relation to Climate:

1. Responsible Business Policy
2. Risk analysis
3. Integration of appropriate actions
4. Continuous monitoring
5. Transparent communication
6. Access to remedy
7. Climate related strategies



Pic.7 - OEKO-TEX® RESPONSIBLE BUSINESS Modules



## 4.1 Responsible Business Policy

The responsible business conduct describes the commitment to the principles of human rights and environmental due diligence, both in relation to the business enterprises own business activities and to its Chain of Activities and shall be reflected in a responsible business policy.

In order to fulfil corporate due diligence, responsible business conduct shall be embedded in the business enterprises corporate policy and management system and shall be an integral part of decision-making.

This should enable effective and efficient due diligence at all levels of the business and the feeding back of lessons learned into strategic and day-to-day decision-making.

In addition, the business policy shall include the description of the management system that defines how the core elements of due diligence will be embedded in the company.

### 4.1.1 Principles of the Responsible Business Policy

The goal of the responsible business policy is a public commitment by the business enterprise to take responsibility for direct and indirect impacts of the business enterprise on human rights, the environment and other risks in the Chain of Activities that arise through direct or de facto control of the business enterprise.

The responsible business policy shall be developed and informed by relevant internal and external expertise.

The following commitments and content shall be included into the Responsible Business Policy:

- Commitment to conduct due diligence on the business enterprise's most significant risks
- Commitment to conduct due diligence
  - In the enterprise's own operations and its Chain of Activities
  - In its own business enterprise, including own distribution centres and own retail
  - In transport, downstream through the end customer and upstream until direct suppliers
- Commitment (see Annex 4, 5) to respect applicable laws and international agreements according to risks (chapter 4.2):
  - Human Rights Risks:
    - International Bill of Human Rights:
      - Universal Declaration of Human Rights
      - International Covenant on Civil and Political Rights
      - International Covenant on Economic, Social and Cultural Rights
    - \*Convention on the Rights of the Child
    - ILO's Fundamental conventions:
      - Forced Labour Convention, 1930 (No.29)
      - Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87)
      - Right to Organise and Collective Bargaining Convention, 1949 (No. 98)
      - Equal Remuneration Convention, 1951 (No.100)

- Abolition of Forced Labour Convention, 1957 (No. 105)
  - Discrimination Convention, 1958 (No.111)
  - Minimum Age Convention, 1973 (No.138)
  - Worst form of Child Labour Convention, 1999 (No. 182)
- Environmental risks:
  - \*Convention on biological diversity, 1992
    - \*Cartagena Protocol
    - \*Nagoya Protocol
  - \*Convention on International Trade in Endangered Species of Wild Fauna and Flora, 3 March 1973
  - Minamata Convention on Mercury, 10 October 2013
  - Stockholm Convention of 22 May 2001 on Persistent Organic Pollutants
  - \*Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade (UNEP/FAO) of 10 September 1998
  - \*Vienna Convention for the Protection of the Ozone Layer, 1985,
    - \*incl. Montreal Protocol on Substances that Deplete the Ozone Layer, 1987
  - Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal of 22 March 1989
  - \*Convention Concerning the Protection of the World Cultural and Natural Heritage of 16 November 1972 (World Heritage Convention)
  - \*Convention on Wetlands of International Importance especially as Waterfowl Habitat of 2 February 1971 (Ramsar Convention)
  - \*International Convention for the Prevention of Pollution from Ships of 2 November 1973
    - \*See also the MARPOL Protocol of 1978
  - \*United Nations Convention of the Sea, 10 December 1982 (UNCLOS)
- Commitment to respect the OECD garment and footwear sector risks (chapter 4.2.2.1 Risk Analysis Scope)
- A description of the responsible business management system, describing how the due diligence core elements shall be anchored in the business enterprise
- Commitment to responsible sourcing practices (purchasing practices that prevent harmful impacts)
- Description of the purchasing practices that are subject to regular updates (according to regular risk analysis)
- Commitment on the prohibition of recruitment fees paid by workers, the prohibition of collecting deposits or security payments at recruiting and during further employment
- Commitment to meaningful stakeholder engagement, in particular the consideration of vulnerable groups (e.g. the specific situation of women and the fact that women can be disproportionately affected by negative impacts)
- Commitment to hear and address all complaints received against the business enterprise own operations
- Commitment to hear and address all substantiated complaints that the enterprise has caused or contributed to harms in its Chain of Activities and that have been raised through a legitimate process
- (Optional, unless certification including Module 7 / Climate related strategies is being applied for: The commitment to the goals as set in the Paris Agreement for Climate Change)



- Commitment to respect the five freedoms of animal welfare (if relevant for the business enterprise):
  - Freedom from hunger, malnutrition, and thirst
  - Freedom from fear and distress
  - Freedom from heat stress or physical discomfort
  - Freedom from pain, injury, and disease
  - Freedom to express normal patterns of behaviour
- Expectation on suppliers to conduct due diligence
- Statement about whether subcontracting is allowed or not allowed. If subcontracting is allowed the business enterprise shall define the conditions for allowed subcontracting
- Expectations on human rights and environmental due diligence obligations shall also be implemented and ensured within subcontracting agreements
- Expectations regarding the outsourcing at homeworkers and the use of handwork (if relevant for the business enterprise)
- List of all identified risks which shall be subject to regular updates, according to regular risk analysis

(Risks and conventions as marked with \* are recommendations and have been mentioned in alignment with the EU Corporate Sustainability Due Diligence Directive. The risks and conventions as marked with \* are not mandatory to obtain certification.)

## **4.1.2 Implementation of the Responsible Business Policy**

To implement processes that anchor responsible business in the business enterprise, aspects as described in the following shall be considered.

### **4.1.2.1 Embedding the Responsible Business Policy into the Business:**

- The Responsible Business Policy may consist of a single policy, several stand-alone policies or be integrated into other governance documents of the business enterprise (e.g., the code of conduct).
- The Responsible Business Policy shall be adopted and must be recognised and approved by the highest corporate level.
- The Responsible Business Policy (with all connected documents if it is not a single policy only) shall be publicly available (e.g. business enterprise's website) and easily accessible to ensure full transparency.
- The Responsible Business Policy shall be communicated to all employees, suppliers and other relevant third parties to ensure awareness.
- To ensure that the Responsible Business Policy, information about the grievance mechanism and supplier code of conduct are communicated to the Chain of Activities, the company shall include a pass-on clause (chapter 4.1.4) in its contractual documents that regulates the transfer of documents to the deeper Chain of Activities.
- The Responsible Business Policy shall be reviewed annually and updated on an iterative process based on the increasing knowledge about risks and harms in the business enterprise own operations and Chain of Activities.

#### 4.1.2.2 Embedding the Responsible Business Management System into the Business:

The company shall implement responsible business as an integral part into regular business processes and into all relevant decision-making processes (e.g., product development, purchasing, etc). Therefore, following criteria shall be ensured:

- The provision of adequate resources (e.g., financial resources, adequate staff, time, etc.) and support to allow the implementation of human rights and environmental due diligence and to maintain the necessary infrastructure.
- The appointment of a responsible business person who is responsible for carrying out the corporate due diligence (employees, team, external parties, etc.). This person shall have adequate and sufficient knowledge of this area (see chapter 4.1.3 Responsible Person).
- The exchange of feedback, learnings, and information on due diligence across teams and business units in order to allow alignment.
- That adequate and appropriate information related to due diligence is provided to relevant decision makers.
- The establishment of an information system which allows collection and storage of accurate information, such as:
  - Listing of all products the business enterprise buys and sells and the associated risks of harm related to production and sale of those products.
  - Mapping of all countries from which the business enterprise is sourcing from, and the associated risks of harm linked to.
  - Mapping of suppliers and other business partners the business enterprise is sourcing from, and the associated risks of harm linked to.
  - Listing of all stages in Chain of Activities which have a higher likelihood of employing homeworkers.
  - Listing of all stages in Chain of Activities which have a higher likelihood of subcontracting.
  - The results of the risk analysis.
  - The results of individual supplier assessments.
  - Listing of the commitments of all suppliers with whom a Corrective Action Plan has been developed and agreed.
  - List of suppliers and subcontractors who are identified as prequalified (those who are already conducting human rights and environmental due diligence or those who are willing to collaborate and engage with the business enterprise on prevention of harm).
  - Optional: Choke points or strategic points of influence in the upstream Chain of Activities for products linked to severe harm (e.g. processing stages and suppliers that have a greater impact on their upstream Chain of Activities because they may be one of just a few processors/suppliers carrying out a particular process).
- The information that is foundational for the implementation of decisions and measures (results of the risk analysis, etc.) shall be documented in a comprehensible manner and stored for 7 years.
- For retailers:
  - List of brands that the business enterprise sells and the associated products.
  - Information on whether the listed brands are conducting due diligence.

### 4.1.3 Responsible Person

A responsible person shall be nominated, who:

- Has a comprehensive understanding of the international treaties on:
    - Human rights
    - Environment and climate
  - Coordinates all responsible business activities, especially if delegation of tasks is established.
  - Manages the operational implementation of responsible business processes and ensures that responsible business is implemented in all areas of the business enterprises activities. This includes the development and implementation of appropriate purchasing strategies and practices.
  - Has authority while decision making to decrease certain risks within own business enterprise and its Chain of Activities.
  - Ensures that employees receive appropriate training and incentives to comply with the business enterprise Responsible Business Policy.
  - Is responsible for ensuring that Chain of Activities can be mapped (e.g. must ensure that systems or methods are put in place that allow the Chain of Activities to be mapped transparently, etc.).
  - Is in contact with suppliers and other business partners to ensure the business enterprise's responsible business expectations and policies are met. The Responsible Business Policy shall be communicated to the suppliers and other relevant business partners and included in written agreements. Trainings and incentives shall be provided to ensure that the responsible business policy is understood and installed.
  - Has a regular reporting obligation (e.g. biannually) to the executive board and meets regularly with the heads of any departments with Chain of Activities responsibility (e.g. purchasing depts, product management, quality management, etc.).
  - Ensures that the risk analysis is properly carried out (chapter 4.2).
  - Makes recommendations for appropriate actions (chapter 4.3) by creating a report on which sourcing decisions are based. The report shall include defined goals, timetables, milestones, and the risk analysis results. Management settles any conflicts, considering all relevant information. If management decides against the recommendation of the responsible person, the reason for the decision shall be documented.
  - Coordinates the establishment of a supplier code of conduct and inclusion of responsible business in contractual agreements (chapter 4.3).
  - Oversees the continuous monitoring process (chapter 4.4).
  - Ensures transparent communication of the responsible business-related actions to all stakeholders (chapter 4.5).
  - Establishes and/or oversees the complaint process (chapter 4.6).
- Responsible business does not have to be the only task of this person, but adequate time to work on Chain of Activities due diligence shall be secured.
- Depending on the size of the business enterprise, additional responsible persons might be appointed at the various management levels and across teams and business units.

#### 4.1.4 Pass-On Clause

Embedding the Responsible Business Policy into the upstream + downstream Chain of Activities through the Pass-On-Clause:

##### 4.1.4.1 Direct Supplier

The Pass-On clause is a contractual obligation in which the following is agreed upon between the business enterprise and the direct supplier:

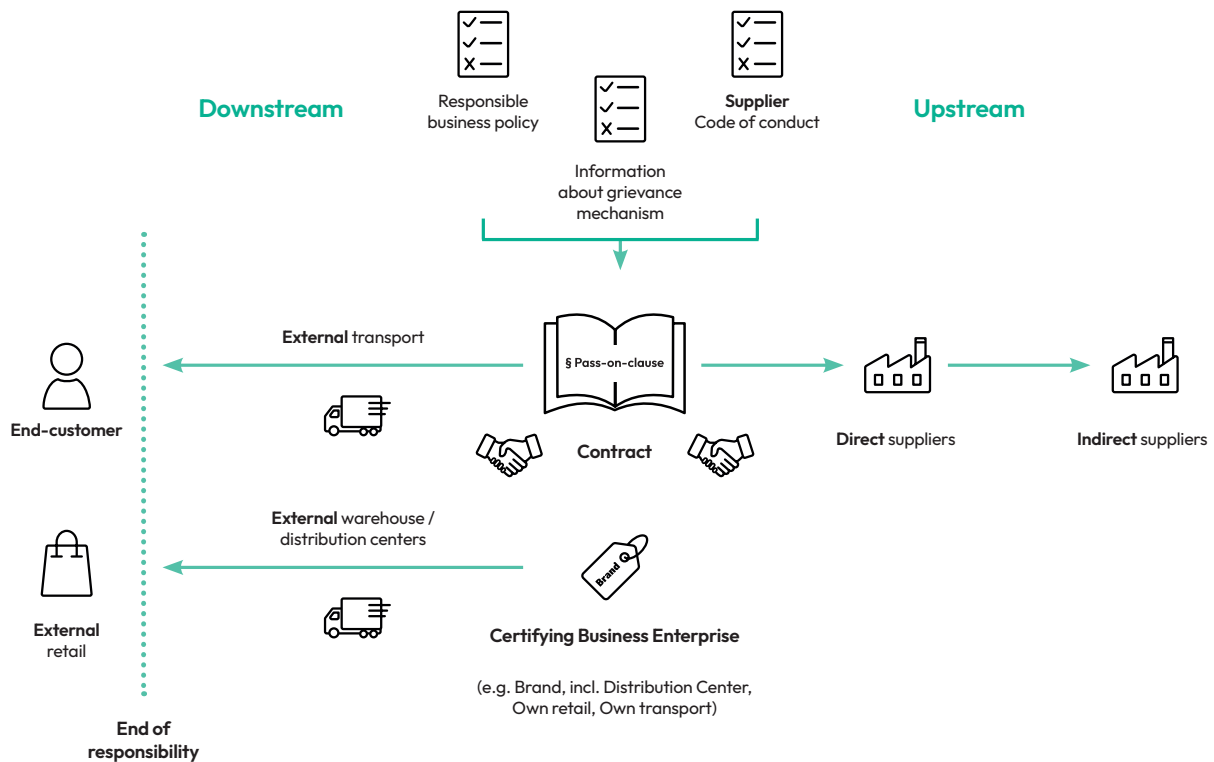
- Compliance with the Responsible Business Policy statement
- Compliance with the supplier code of conduct
  - The supplier code of conduct, in alignment with the business enterprise's business policy, shall include a commitment to addressing human rights and environmental risks, an obligation to comply with relevant conventions, and clearly defined requirements for subcontracting:
    - If subcontracting is not authorised by the Responsible Business Policy of the business enterprise, it shall be prohibited throughout the whole Chain of Activities.
    - If subcontracting is authorised by the Responsible Business Policy of the business enterprise the following shall be adhered to by the direct supplier:
      - Any purchasing, outsourcing, or subcontracting of goods, materials or services shall be controlled to ensure that all purchased goods/services meet the Responsible Business Policy regarding human rights and environmental risks.
      - The supplier who is subcontracting shall, therefore, contractually bind their subcontractors to this supplier code of conduct and obligate their subcontractors to comply with this supplier code of conduct.
      - The supplier who is subcontracting shall communicate their subcontracting partners to the ordering business enterprise.
- Contractual training measures
  - The business enterprise shall conduct initial and future trainings with the direct supplier to ensure compliance with the contract.
- Grievance mechanism information & implementation
  - The following information shall be publicly available:
    - Contact information for the grievance mechanism,
    - Contact information for the person responsible for the grievance mechanism at the certified business enterprise,
    - Description of the complaint process,
    - Obligation of each supplier to take note of the information and access points of the grievance mechanism (as outlined in the pass-on clause) and to make the grievance mechanism known to the relevant stakeholders of the business partner.

#### 4.1.4.2 Contractual Obligation to Pass-On & Acknowledgement

- The Pass-On Clause includes the obligation that the business policy, supplier code of conduct and all information of the grievance mechanism shall be contractually passed on to the suppliers of the direct supplier (indirect suppliers to the business enterprise).
- This obligation is only fulfilled when the direct supplier submits the indirect supplier 's acknowledgement to the business enterprise.
- The indirect supplier's written acknowledgment declares compliance with the obligations (see also acknowledgement template).
- The Pass-On Clause includes this obligation to be passed through all tiers of the whole Chain of Activities, in a cascading manner.

#### 4.1.4.3 Indirect Supplier

- The Pass-On Clause contains the obligation and requires every direct supplier to pass-on the original business policy statement, the supplier code of conduct and all information of the grievance mechanism to their subsequent suppliers (e.g. tier 1 to tier 2 to tier 3, and so forth).
- Indirect suppliers shall be obliged to make the grievance mechanism accessible to their relevant stakeholders, especially workers. The grievance mechanism shall be made accessible in locations at the stakeholder's discretion (e.g. restrooms).



Pic. 8 – Illustration of Pass-on Clause

## 4.2 Risk Analysis

Based on a formalised process, the business enterprise shall identify the risks and negative impacts of its business activities on its own operations and on their Chain of Activities and shall prioritise them according to their significance for further prevention and mitigation.

The risk analysis is the cornerstone of all due diligence activities. The risk analysis shall cover the following areas:

- Own business operations
- Own retail and distribution centres
- Own and external transport and logistics until their end customer
- Full Chain of Activities, upstream and downstream until their end customer

### 4.2.1 Risk Analysis Principles

The business enterprise shall conduct a risk analysis to identify and understand human rights and environmental risks in the own business enterprise as well as in the Chain of Activities to prevent adverse impacts by not causing or contributing to them and to understand where the business enterprise might be linked to risks of harm.

Following aspects shall be taken into consideration when conducting the risk analysis:

- The business enterprise shall consider specific sector risks as well further risks as mentioned in chapter 4.2.2.1.
- The business enterprise shall analyse whether those risks are present or potentially might occur in its own business enterprise and in its Chain of Activities.
- The business enterprise shall also take into consideration actual harm it might identify through its own provided grievance mechanism.
- The identified risks shall be evaluated according to their severity and likelihood.
- The identified risks shall then be prioritised. The prioritisation shall focus on most significant risks.
- The risk analysis shall be conducted periodically, at least once a year.
- The risk analysis shall be thoroughly researched and documented.
- Additional risk analysis shall be conducted if a risk situation is significantly changed or expanded.
- Any changes of purchasing practices, country risks, product changes, etc. shall be considered.
- The results of the risk analysis shall be communicated in a timely manner to the relevant decision-making employees and management.

Information on identified risks of harm related to specific production processes, countries, sourcing models, etc. shall be shared by business enterprises publicly or at the industry level. This is particularly important in order to provide, communicate and address emerging risks of harm at industry level.



## 4.2.2 Risk Analysis Implementation

### 4.2.2.1 Risk Analysis Scope

The scope of the risk assessment shall include

- The business enterprise's own operations,
- Their full Chain of Activities
- External transport and logistics until end customer (see also chapter 2).

The following sector and potential further risks shall be taken into consideration when conducting the risk analysis:

- **Human Rights/Social**
  - \*Right to life (due to a lack of control or instruction by the business enterprise)
  - Torture, cruel or degrading treatment (due to a lack of control or instruction by the business enterprise)
  - \*Right to liberty and security.
  - \*The prohibition of arbitrary or unlawful interference with a person's privacy, family, home or correspondence and unlawful attacks on their honour or reputation
  - \*The prohibition of interference with the freedom of thought, conscience, and religion
  - \*Housing and facilities
  - Child labour and worst forms of child labour
  - \*The right of the child to the highest attainable standard of health
  - Forced or compulsory labour (includes recruitment fees paid by workers is prohibited and compliance must be monitored)
  - Slavery
  - Freedom of association, of assembly, and the rights to organise and collective bargaining,
  - Unequal treatment in employment
  - Land grabbing
  - Sexual harassment and sexual and gender-based violence in the workplace
  - Working time
  - Occupational health and safety
  - Fair and adequate living wages
  - Bribery and corruption
  - Responsible sourcing from homeworkers

- Environmental Risks
  - \*Biological diversity
  - \*Endangered species
  - Mercury
  - Hazardous and other waste
  - Persistent Organic Pollutants
  - Hazardous chemicals
  - Water
  - \*Wetlands
  - Greenhouse gas emissions / Air pollution
  - \*Natural Heritage
  - Soil degradation
  - Harmful noise emissions
  - Deforestation
  - Animal welfare
  
- Further risks

The above listed risks relate to the references as specified in Annex 4 of this standard document.

Risks and conventions as marked with \* are recommendations and have been mentioned in alignment with the EU Corporate Sustainability Due Diligence Directive. The risks and conventions as marked with \* are not mandatory in order to obtain certification.

#### 4.2.2.2 Complexity

The complexity of the risk analysis is determined by the complexity of the business enterprise (size, operational context, product complexity, Chain of Activities, and structure).

The risk analysis is made more complex with higher levels of human rights and environmental impacts. The more complex a business enterprise is, and the more serious identified human rights and environmental risks are, the more extensive and detailed the documentation shall be (chapter 4.2.2.3).

#### 4.2.2.3 Documentation

A structured approach and documentation support a systematic implementation of the risk analysis. It might be helpful to follow the ISO 31000 approach for the risk analysis documentation. In any case, the business enterprise shall ensure that the data and information on which the risk analysis is based are comprehensible and accessible. The risk analysis and the data used for it shall be kept for a period of at least 7 consecutive years.

The following describes a step-by-step procedure towards the risk analysis. As a first step, the countries and regions the business enterprise sources from, the products, the actual and potential suppliers, the business model, and the purchasing practices shall be considered. These contexts influence the presence of risks and, ultimately, their rating and prioritisation in the risk analysis. For this analysis,

- Third party documentation from international organisations, multi-stakeholder initiatives and NGO's (e.g. Partnership for Sustainable Textiles, annual reports on the OECD Guidelines for Multinational Enterprises, UNICEF, IUTC Global Rights Index, etc.),
- The business enterprise advisory board,
- As well as potentially affected and most vulnerable stakeholders, shall be consulted.

In case the business enterprises notices lack of information to identify and evaluate risks, the business enterprise shall engage with experts to gain missing information.

Different external resources are available per individual risks and those are often mapped in different evaluation metrics, depending on the source. Together with the internal information available to the business enterprise, the business enterprise must create an individual analysis matrix for the classification and comparability of the risks. This requires a certain degree of judgement on the part of the business enterprise in order to adequately evaluate and rate the risks.

#### Countries and Regions

The risk analysis documentation shall reflect all countries and regions from where actual and potential sourcing partners are considered. Accordingly, those risks that arise from these countries and regions shall be assessed according to the applicable laws and regulations that are applicable there.

If labour laws in these countries and regions diverge from the Fundamental ILO Conventions, UN Human Rights Convention, specific focus shall be put on suppliers from these countries and regions. This is achieved, among other instruments, through contracts that contain clauses that address certain issues. In addition, audits conducted by the business enterprise can further strengthen due diligence.

### **Suppliers**

- All direct suppliers shall be mapped.
- All indirect suppliers, through raw material production, shall be listed based on available information. The business enterprise can use external mapping tools or create its own. The key is transparent documentation.
- The documentation shall include current suppliers as well as suppliers considered in the future.
- The business enterprise shall structure direct supplier relationships in a proper manner. It shall be forbidden to circumvent due diligence obligations regarding direct suppliers. For a comprehensive overview of the Chain of Activities levels and the requirements on implemented due diligence obligations, see chapter 2.

### **Products/Raw Materials**

- All articles containing textiles and leather are to be considered in the risk analysis.
- Products and their raw materials shall be assessed according to their human rights and environmental risks. For example, overtime, high water consumption and energy requirements for a wide variety of production processes are typical risks in the textile and leather Chain of Activities, to name a few.

### **Purchasing Practices**

- The purchasing practices have a significant impact on the risks of harm in the enterprise's Chain of Activities. E.g., the existence of many suppliers may increase potential risks, indirect sourcing may decrease effective influence and control possibilities, frequently changing suppliers may hinder the business enterprise's ability to identify, prevent or mitigate harm in its Chain of Activities.
- Accordingly, the business enterprise shall consider its purchasing practices when conducting the risk analysis.

### **Business Model**

- The business model that the business enterprise pursues also has an influence on existing and potential risks. The following aspects shall be considered in the risk analysis:
  - Number of product lines and how often those are changed (e.g., season per year).
  - Whether high diversity of product lines (e.g., as complexity of materials, processes, etc. increases) is present.
  - Numerous product cycles or seasons (e.g., might lead to short lead-times, overtime, etc.).
  - The extend of a business enterprise's foreign operations (e.g., reduced control of conditions in production, purchasing practices, etc.).

Based on the analysed risks, their likelihood and severance shall be evaluated. Based on this allocation of risks, a prioritisation shall be conducted. The prioritisation aims to handle first the most relevant risks of harm prior to handling less severe risks of harm.

Accordingly appropriate actions for the elimination and reduction of risks shall be assessed and defined by the business enterprise (see chapter 4.3).

#### **4.2.2.4 Frequency and Evolving Nature of Risk**

The business enterprise shall implement the general risk analysis as an ongoing and continuous process that reflects the evolving nature of risk in the industry. Therefore, an annual update shall be performed. Anyway, changing circumstances (e.g., new suppliers, emerging risks in a particular country, etc.) shall be immediately assessed in the responsible business process.

#### **4.2.2.5 Business Enterprise's Relationship to Impacts**

After having conducted above mentioned processes related to the comprehensive risk analysis, the business enterprise shall identify whether it has caused, contributed to, or is linked to the identified impacts. This is important in order to take the appropriate and necessary measures. Further information to the concept of caused, contributed, and linked to can be found in chapter 4.3.

#### **4.2.3 Assessing the Location Linked to Identified Risks/Understanding Actions Needed**

After the risk analysis, risk identification and prioritisation, the business enterprise will understand where certain risks are located. This might be in

- the own business enterprise operations
- as well as at multiple stages within the Chain of Activities.

Accordingly, the business enterprise shall conduct assessments of the site associated with the identified risk. The assessment aims to understand what strategies, systems, and measures, etc. are already in place or may be lacking to prevent or mitigate the occurrence of the identified risks. The identification of lacks will determine what further measures (prevention and mitigation measures) the business enterprise shall introduce to mitigate the identified risks.

##### **4.2.3.1 Assessment – Own Operations**

If the business enterprise has identified risks of harm in the own business enterprise operations, the enterprise shall engage with potentially affected stakeholders. This might include employees, workers, trade unions, etc. to better understand lack of prevention and mitigation measures and to adjust the same. For that purpose workers shall be provided with complete and accurate information and given the opportunity to raise concerns and provide input. Enterprises may also partner directly with trade unions to facilitate worker input.

Beside stakeholder engagement the business enterprise shall review its policies and systems to understand whether those already support prevention or mitigation of the detected risks.

For the self-assessment, the business enterprise shall consult credible guidance for employers which has been published e.g. by the ILO and shall seek for external support in case the detected impact may cause severe harm if not properly prevented or if the prevention of measures require technical expertise that is not available in house (e.g. technical support might be needed for occupational health and safety measures, etc.).

#### **4.2.3.2 Assessment – Suppliers**

Depending on where in the Chain of Activities risks of harm have been detected and its defined priority, the related suppliers or processing steps shall be selected by the business enterprise for assessment.

Following criteria shall be taken into consideration for the supplier assessment:

- Measures that the supplier has implemented to prevent harm (e.g. policies, trainings, etc.)
- Whether there are actual risks of harm (e.g., no wastewater treatment, air pollution, etc.)
- If and to what extent workers have an understanding about their rights in relation to human rights and labour rights.
- In case the supplier provides an operational-level grievance mechanism, it shall be checked to which extent it meets the recommendations of the OECD on criteria for operational-level grievance mechanisms.

It might be difficult for business enterprises to identify and assess individual suppliers in the upstream Chain of Activities. Particularly in the deeper Chain of Activities, it might become difficult to obtain detailed information.

In those cases, business enterprises shall understand where choke points, or strategic points of influence, within their Chain of Activities are located and using their leverage to further implement required due diligence objectives down the Chain of Activities.

- “Choke points” are key points of transformation in the Chain of Activities,
- Are stages within the Chain of Activities that include generally few actors only who process the majority of commodity.
- “Choke points” have greater visibility and leverage over circumstances of upstream Chain of Activities partners.

If a business enterprise can be reasonably certain that companies operating at bottlenecks in its Chain of Activities are conducting due diligence on their upstream suppliers, then the business enterprise can be equally reasonably certain that risks are being prevented and mitigated for their own linked Chain of Activities.

#### **4.2.3.3 Assessment Approach and Methodology**

The approach and nature to the assessment and its methodology shall always be selected considering the individual context. Different risks do require different forms of assessments. E.g. the risk of workplace safety requires different assessment methods compared to assess the risk of sexual harassment in the workplace.

Further, the local operating context at the supplier shall influence the way how the assessment is conducted as power dynamics and cultural norms shall be considered in the design and implementation of the assessments.

The evaluation of risks of harm in the Chain of Activities requires a certain level of subjective determination. Therefore, it shall be ensured that multiple data points are being considered to assess a certain risk and allow credible and defensible results.

Likewise, the business enterprise shall adjust its assessment methodology when actual findings do not correspond to the expected findings.

#### 4.2.3.4 Assessment Team

Generally, those who are conducting the assessments shall be qualified and shall have expertise and knowledge of the relevant risks and shall have an understanding about what methodology for identifying actual and potential harms related to the risk within the local context. The persons involved in the assessment shall have the following competencies:

- Extensive knowledge about the relevant risks.
- Understanding of the best methodology for identifying potential harms and risks.
- Knowledge of international and national standards related to the risks.
- Capacity to carry out the assessment in the local context.

Since the person conducting the assessments is unlikely to possess all the required competencies, collaboration within a team that collectively has the necessary skills shall be facilitated.

#### 4.2.3.5 Frequency of the Assessments

It shall be carefully decided whether an assessment shall take place in order not to add to the problem of audit fatigue. Following criteria shall be taken into consideration:

- New suppliers shall be assessed prior to order placement to understand whether the supplier has the necessary prerequisites that allow responsible engagement with the supplier.
- The supplier assessment can be conducted by the business enterprise or by relying on already existing credible assessments. If the business enterprise relies on existing assessments, care shall be taken to ensure that the assessment has taken place within a reasonable period of time so that the reflected data and information still represents reliable input.
- Supplier assessments shall not substitute or replace an ongoing monitoring of the suppliers (ongoing monitoring includes an ongoing tracking of the situation on the ground related to specific risks and provides a more detailed picture vs. individual assessments).
- In case an unsuccessful assessment is foreseeable (e.g. circumstances are too difficult to obtain reliable data), the business enterprise can instead work directly with the supplier to directly stop or mitigate the identified risk.

#### 4.2.4 Transport and Logistics

As mentioned above, human rights and environmental due diligence shall also be applied to transport/logistics that is part of the business enterprises Chain of Activities.

The logistics sector (transport and warehousing) is not only often linked to precarious and un-protected working conditions along the upstream Chain of Activities, but also near to the Chain of Activities level of brands, retailers and traders, there are often violations of social standards in the transport sector.

Workers on ships, at ports and truck drivers are often poorly qualified and have little or no knowledge of their rights.

Therefore, logistics shall also be included in the risk analysis, especially in the case of direct suppliers upstream, but also in the case of existing substantiated knowledge of risks along the Chain of Activities up to delivery to the end customer.

Common risks in these areas can be:

- Corruption
- Forced labour (e.g. on ships)
- Health risks (due to hard work, high temperatures, accident risks, etc., e.g. when loading and unloading goods)
- Irregular income
- Too low incomes
- Fraud
- Withholding of social benefits
- Insufficient supply of food and fresh water to workers on ships
- Sexual harassment
- Etc.

It shall be investigated exactly which risks are to be located where so that they can be addressed accordingly. Information on risks in the transport sector can be found at [itf.org](http://itf.org), the International Transport Workers' Federation, which works to improve working conditions in the transport sector. The study on logistics published by the Südwind Institute, Human Rights Risks in the Transport and Logistics Sector, can also serve as a guide.

Measures to avoid the occurrence of risks in the logistics sector can be:

- Improve transparency in transport Chain of Activities - which carriers do suppliers work with?
- Contracting authorities shall obtain written assurances from their logistics partners that they will comply with social standards in accordance with the transport sectors in question (ship, truck, rail).
- The complaints mechanism provided by the company shall also be made available to the logistics partners in the Chain of Activities.

In order to promote the implementation of due diligence in the logistics sector, the expectations of companies shall be clearly communicated when contracting logistics companies, and companies should check whether the contracted logistics companies themselves are already committed to implementing human rights and social standards.

In particular, the alliance of several business enterprises and cross-sectoral cooperation can facilitate to improve social standards at different logistic sectors (e.g. port authorities).



### 4.2.5 Responsible Sourcing and Practices

This chapter presents relevant aspects of responsible procurement practices. The explanations refer to a selection of topics listed in the Responsible Business Policy and the risk analysis that companies should consider when implementing their due diligence obligations. These explanations do not cover all relevant risks but focus on a subset and are not intended to be exhaustive. Explanations of the individual risks, as shown in the following chapter, will be added successively as the standard is further developed.

#### Workers paid a living wage

##### Minimum Wage Compliance

All employees and workers at the business enterprise and at direct business partners in their Chain of Activities shall be paid the legal minimum wage, or the industry or collectively agreed wage if higher, in line with ILO Conventions 26 and 131. The business enterprise should investigate their chain of activities partners and should ensure to adapt same principles for their business partners.

##### Living Wage

Business enterprises should pay wages to their own workers and employees that cover basic living costs, allowing employees and workers to meet essential needs such as food, housing, healthcare, clothing, transportation, education, and savings, based on regional standards. These wages shall be attainable within regular working hours and without reliance on bonuses.

Same wage principles should apply to their direct business partners of their Chain of Activities and should apply for their business partners located in the deeper Chain of Activities.

##### Strategy and Roadmap for Living Wages

Business enterprises shall establish a clear strategy or roadmap to achieve living wages for all employees and direct business partners, setting measurable goals, such as incremental wage increases or reaching living wage targets within a defined period (e.g., 3 to 5 years). Agreements with buyers (e.g., brands) that support living wage bench-marks through pricing or commitments should form part of this strategy.

##### Support for Implementation and Monitoring

Monitoring of living wages should be conducted internally or with external support. Implementation should be supported, where applicable, by the Asia Floor Wage Alliance, the Global Living Wage Coalition or NGOs (e.g., Clean Clothes Campaign), and through negotiations with trade unions and other stakeholders. Companies are encouraged to keep monitoring wage standards, considering social and local conditions.

##### Non-Wage Benefits and Wage Transparency

Wages and benefits shall meet legal requirements for severance, overtime, holiday pay, and bonuses. Wage deductions for disciplinary reasons are prohibited unless compliant with regional laws and shall be documented with written notice to employees and workers. All employees and workers shall receive pay slips detailing wages, payment periods, overtime premiums, and, if applicable, piecework calculations. The company should also provide training on wage components, including non-wage benefits and overtime.

### **Social Insurance and Accident Coverage**

Social insurance, covering medical care, health services, and income security (including illness, unemployment, injury, maternity, family responsibilities, retirement, and old age), shall be provided to all employees and workers. Contributions and taxes shall be handled through the company and displayed on pay slips. Additionally, the company shall provide accident insurance or an equivalent compensation mechanism to cover incidents at work.

### **Direct and Timely Wage Payment**

Wages shall be paid directly to employees by cheque, bank transfer, or a similar method, on a regular and timely basis (at least monthly).

## **Sanction Lists**

Sanctions lists are official records of individuals, organizations, or companies that are subject to economic or legal penalties. These sanctions, which can include asset freezes, travel bans, and trade restrictions, are imposed by governments or international bodies like the UN, USA, or EU to influence behaviour, punish illegal activities, or prevent harmful actions such as terrorism and human rights violations.

There is no direct legal obligation to review or check sanction lists. However, countries impose provision bans that must be adhered to by law. A provision ban encompasses measures commonly referred to as sanctions or embargoes. These sanctions or embargoes are documented in what are known as "Sanction Lists." As a result, checking Sanction Lists is the tool to comply with the legal requirement to ensure that no prohibited transactions or activities are conducted with sanctioned individuals, entities, or organizations.

There are different ways to implement a provision ban. It can be directed against individuals, organisations, institutions, or an entire country. In addition, different goods, products, services, or financial transactions in general can be affected or certain groups of goods, such as weapons or military equipment, can be subject to a supply ban. Therefore, checking sanction lists is a suitable tool to comply with the provision bans as defined by countries. The intention is to withdraw the economic basis from companies and individuals on these lists. Any business enterprises must respect and comply with national or international sanctions / provision bans to avoid legal, economic, or reputational risks.

Which sanction lists shall be respected depends on the country in which the company is located. If a business enterprise has an independent subsidiary in another country, the subsidiary shall respect the legal requirements regarding sanction lists according to the law that is applicable in the respective country the subsidiary is located.

For example, companies based in the European Union are required to check the CFSP list (Common Foreign and Security Policy list), while companies based in the United States shall check the SDN list (Specially Designated Nationals and Blocked Persons List).

The U.S. takes an extraterritorial approach to its sanctions policies. This means that companies outside the U.S. are also expected to check the SDN list, particularly regarding secondary sanctions, which apply to non-U.S. entities engaging in certain transactions with sanctioned parties. This extraterritorial reach ensures that specific U.S. trade laws are observed worldwide. As a result, all companies, regardless of their location, shall verify their compliance with U.S. sanctions regulations to avoid potential penalties, loss of access to the U.S. financial system, or restrictions on trade with U.S. companies.

Generally, the consequences of failing to comply with provision bans can be severe, ranging from heavy fines and criminal charges to the loss of business licenses and serious damage to a business enterprises reputation. This, in turn, can hinder the company's ability to operate and grow in global markets, making compliance a crucial aspect of international business.

#### **Who shall be checked**

Business enterprises shall check their direct contractual business partners. Those are customers, suppliers, service providers or employees, etc.

#### **Frequency of the sanctions list check**

Sanctions lists are frequently updated at irregular intervals. The updating of sanctions lists depends on political developments or, in the case of UN sanctions lists, on the decisions of the Security Council. To stay continuously up to date with sanctions lists, several measures may be necessary, such as:

- Regularly checking official websites of relevant authorities and institutions, and setting up monitoring services if needed (e.g., RSS feeds).
- Subscribing to newsletters and updates on sanctions lists from relevant government authorities.
- Utilising databases and software solutions.
- Joining industry associations and expert groups.
- Regular training of employees—relevant staff must be made aware of the existence and compliance with sanctions lists and receive appropriate training.
- Collaboration with external consultants. This can include leveraging specialised compliance advisory services for high-risk regions or sectors.

#### **Who and when to check**

The sanctions list check does not only affect the export department. The purchasing department shall also check that goods are not procured from listed persons or companies. In customer contact, the sales department checks that the persons or companies involved are not mentioned on a sanctions list. In addition, the finance department shall also check whether financial sanctions have been imposed on companies, organisations, or individuals.

The timing of when a sanctions list screening should take place shall be adjusted to the specific business process: for example, before the registration of a new customer or supplier, before preparing a quotation, before hiring new employees (in this case, data protection regulations may need to be considered), etc.

#### **What to do in the event of a “hit”**

When using online solutions, not only exact matches between the listed and searched entities are displayed, but also similar names. Therefore, such hits shall always be manually reviewed afterwards. If, upon review, it is determined to be an exact match, a legal assessment of the individual case shall always be conducted, and experts shall be consulted.

It is also important to note that both exact and similar matches shall always be documented. Further the decisions regarding the approach to handling individual hits shall be recorded.

#### **Implementation**

Effectively implementing a sanctions list check within a company requires a structured, thorough approach, as monitoring and complying with various sanctions lists can be complex—especially for business enterprises operating across borders.

#### Conducting a Risk Analysis

Initially a comprehensive risk analysis to identify applicable sanctions shall be conducted. This involves:

- Assessing national restrictions in the primary jurisdiction (e.g., the CSFP list for EU-based businesses) and
- Identifying any additional restrictions that may apply due to sanctions laws in other jurisdictions (e.g., the U.S. SDN List, including secondary sanctions).
- The risk analysis also includes pinpointing high-risk business activities, geographic regions, and business partners, ensuring that the screening process is tailored to the company's specific risk profile.

#### Utilizing Compliance Software

Compliance software is essential for efficient sanctions screening. Software solutions like World-Check ([www.world-check.com](http://www.world-check.com)) or LexisNexis ([www.lexisnexis.com](http://www.lexisnexis.com)) allow companies to continuously scan updated sanctions databases, with automated alerts for new listings or changes. Integrating such tools into existing IT systems and establishing secure access controls ensures that only authorised personnel handle sensitive compliance tasks.

#### Employee Training and Partner Awareness:

Employee training is critical to ensure that all team members understand the importance of sanctions compliance and are familiar with screening procedures. Training shall cover how to identify individuals or entities that may be subject to sanctions. Additionally, increasing awareness among business partners helps build a culture of compliance within and around the organization, encouraging consistent adherence to regulations.

#### Involving External Advisors:

For complex cases, consulting external legal or compliance advisors can provide valuable support with risk analysis and tailored compliance strategies. External advisors bring insights on specific regional risks, interpreting sanctions laws across different jurisdictions, and can recommend best practices for sanctions compliance.

#### Developing an Escalation Procedure:

In cases where a potential match with a sanctions list is detected, a clear escalation procedure shall be in place. This ensures that positive matches are promptly and thoroughly investigated by compliance officers or legal counsel, following a structured approach for verification and resolution.

#### Regular Audits and Reviews:

Conducting regular assessments of the sanction's compliance process is essential to maintain its effectiveness. Periodic reviews help ensure that the company's procedures reflect current regulations and identify any areas for improvement, adapting to evolving sanctions laws and maintaining compliance.

#### Recordkeeping and Documentation:

Thorough records shall be maintained. Keeping detailed documentation of all sanction checks and compliance measures is vital to ensure transparency and traceability of the sanction list check.



Sources for Analysing and Complying with Sanctions Lists

To support compliance efforts, companies may consult the following sources for reliable, up-to-date information on sanctions lists:

Germany, Federal Office for Economic Affairs and Export Control:

BAFA Website [https://www.bafa.de/DE/Aussenwirtschaft/Ausfuhrkontrolle/Embargos/embargos\\_node.html](https://www.bafa.de/DE/Aussenwirtschaft/Ausfuhrkontrolle/Embargos/embargos_node.html)

EU, EU Sanctions Map: <https://www.sanctionsmap.eu/#/main>

US, US Department of the Treasury:

SDN List, <https://home.treasury.gov/policy-issues/financial-sanctions/specially-designated-nationals-list-sdn-human-readable-lists>

## Conflict-Affected and High-Risk Areas

Conflict-Affected and High-Risk Areas are characterized by armed conflict, significant violence, or serious threats to the safety of individuals. Armed conflicts, as defined by international humanitarian law, can take various forms, including internal or international disputes, clashes between multiple states, or movements like insurgencies and liberation struggles, etc.

Business enterprises shall have special attention on business relationships with business partners in their Chain of Activities acting in high-risk and conflict affected areas.

Typical risks in conflict-affected and high-risk areas are:

- Torture
- Forced labour
- Worst forms of child labour
- Money laundering

In general, severe human rights violations, abuses, crimes against humanity, and genocide—offenses defined under international law, including the Rome Statute of the International Criminal Court—may occur in those regions.

As described in chapter 2, the due diligence process is ongoing and evolving. As such, it shall always be reflected, whether political/military contexts might have changed over time and if those possibly require a heightened due diligence approach, no matter if a business relationship is established or if the business enterprise intends to start business with a new business relationship in those regions.

### Heightened human rights due diligence

There is not a different type of due diligence for contexts affected by armed conflicts and other situations of widespread violence, but they are built around a concept of proportionality: the higher the risk, the more complex the processes.

Heightened human rights due diligence considers the principles of humanitarian law where applicable and shall strengthen the understanding of the context in which companies operate, ensuring that their activities do not contribute to violence by identifying crisis areas, potential triggers of violence, or the forces driving the conflict.

Conflict actors are often connected to companies, working for them, investing in them, or running them. Therefore, it is crucial for companies to understand whether their business partners are in any way linked to past or current conflicts.

With enhanced due diligence, not only is it investigated which potential and current negative impacts a business relationship has on its stakeholders, but also how this business relationship may affect the conflict itself. Companies are thus expected to understand to what extent their business activities may negatively impact the conflict and how they can avoid or reduce the use of violence resulting from their activities.

This also involves understanding whether business activities have caused or contributed to a conflict, or if they may be linked to the negative effects associated with it.

### Implementation of heightened due diligence

The implementation of heightened due diligence shall consist of a series of interconnected processes built around four core components:

- Identifying and assessing:
  - Identifying potential or actual negative impacts on conflicts and human rights caused by the company. Business enterprises shall engage with local communities and affected stakeholders to gather insights on risks and impacts. This can involve conducting interviews, focus groups, or community meetings to better understand the local context and any potential human rights concerns. Engaging stakeholders not only builds trust but also informs better decision-making.
  - Assessing the extent to which the company contributes to these negative impacts.
  - Examining whether these impacts are directly linked to the company's activities, products, or services through business relationships.
- Acting:
  - Training: Just as with the implementation of traditional due diligence obligations, business enterprises shall inform their employees about the content and relevance of enhanced due diligence obligations. This may include workshops, seminars, or online courses to ensure that employees understand the importance of respecting human rights in all business activities and can identify potential risks.
  - Actions and measures (based on the impact assessment findings across relevant functions and company processes):
    - If the business enterprise is causing or at risk of causing an impact on the conflict, it shall take steps to stop or prevent it, including avoiding involvement from the beginning in pre-investment situations.
    - If the business enterprise is contributing or at risk of contributing to the impact, it shall stop or prevent its contribution and use its influence to lessen the remaining impact.

If the business enterprise has not contributed to the impact but it is directly or potentially linked to conflicts through its operations, products, or services, it shall seek and use influence to prevent and reduce the impact as much as possible (please see Chapter 4.3.2 for the principle auf cause, contribute to or directly linked to).

- Tracking:
  - Business enterprises shall evaluate the effectiveness of measures and processes designed to address adverse conflict and human rights risks or impacts, in order to determine whether they are effective.
  - Evaluating whether company actions align with principles of humanitarian law.
- Communicating: Business enterprises shall communicate how risks or impacts are being managed. Further they shall demonstrate to stakeholders, especially those directly affected, that there are sufficient policies and processes in place to ensure the practical respect for human rights.

### **Conclusion**

The unclear boundaries of contexts impacted by armed conflicts and widespread violence should not present a major barrier to companies striving for responsible conduct. The essential message of the United Nations Guiding Principles is that due diligence, including heightened due diligence, serves as an operational approach aimed at improving business standards and human rights practices to achieve tangible benefits for affected individuals and communities.

Detailed information can be found in the United Nations Guideline on “Heightened Human Rights Due Diligence for Business in Conflict-Affected Contexts”.

### **Reduce Pre-Consumer Waste, and Strengthen Recycling Practices**

Overproduction, waste, and the lack of recycling strategies in the textile and apparel industries have severe negative impacts on people and the environment, particularly in countries in the Global South. Therefore, companies are urged to address these issues, especially in light of existing and forthcoming legal regulations.

#### **Measures to reduce pre-consumer waste may include:**

- More precise demand forecasting at the time of production orders, using approaches such as:
- Closer collaboration with suppliers to ensure more flexible production capacities that can adapt to actual order volumes
- Nearshoring to reduce transportation distances (thereby shortening lead times and increasing forecasting accuracy)
- Reducing product and material complexity (to meet minimum order quantities)
- Using the same materials (and colours) across multiple collections
- Zero-waste pattern optimization
- Alternative distribution channels to market finished goods through secondary sales channels
- Avoiding single-use plastics (e.g., in packaging, etc.)

#### **To ensure recycling of post-consumer waste, examples of strategies include:**

- Design for disassembly (to facilitate the disassembly after the use phase, for easy and clear material separation before the recycling process)
- Modular design (to enable and simplify the replacement of parts of a product and its reparability)
- Provision of spare parts
- Development adoption of mono-material products
- Establishment of product return channels
- Establishing high-quality recycling processes to maintain fibre quality
- Using recycled fibres for new products
- Using recycled material for packaging or taking back packing material for re-use



Companies should view waste reduction and recyclability as integral components of their sustainability strategies. Both aspects are closely connected to other circular economy criteria, such as promoting regenerative agricultural practices, extending product lifespans through design and material selection, and establishing infrastructure for reuse and refurbishment. Measures to reduce microfiber pollution, avoid single-use plastics, and support business models for reuse and resale of products represent further essential pillars. These approaches enable more sustainable Chain of Activities that conserves resources and minimises negative environmental impacts.

## **Biodiversity**

Biodiversity is becoming increasingly important in corporate responsibility, as healthy ecosystems are a crucial basis for long-term economic stability and success. Biodiversity loss threatens the natural resources that many business models rely on, such as clean water, fertile soils, and pollinators for agriculture. In addition, societal and regulatory expectations are increasing that companies take responsibility for preserving the environment and adopt sustainable business practices to protect future generations and the ecological balance. Biodiversity is thus becoming a key issue in the sustainability strategy. As biodiversity becomes part of corporate due diligence, the following introduction aims to provide a brief overview of the topic and suggests resources for business enterprises to address related risks within the framework of management systems.

### **What is Biodiversity**

According to the Convention on Biological Diversity (CBD), biological diversity refers to the variability among living organisms from all sources, including terrestrial, marine, and other aquatic ecosystems, as well as the ecological complexes of which they are a part. This includes diversity within species (e.g. plants, animals, fungi, micro-organisms, and others), between species, and across ecosystems.

Additionally, safeguarding and maintaining genetic diversity is a crucial component of preserving biodiversity. The diversity of ecosystems and habitats (biotopes) also plays a significant role in this context.

Essentially, it is about the integrity of biodiversity and ecosystems.

### **Drivers for biodiversity loss**

According to the definition of biodiversity, there are a number of factors that are responsible for its decline. These include the destruction of ecosystems, the excessive use and exploitation of natural resources, environmental pollution, climate change, and invasive species.

A significant example from the textile and leather industry is the extensive use of water and chemicals in the production processes. For instance, the tanning of leather often involves harmful substances such as chromium, which can pollute waterways and damage aquatic ecosystems. Furthermore, the cultivation of cotton, a major raw material for textiles, often leads to the depletion of water resources and soil degradation due to monoculture farming practices and heavy pesticide use.

Another key aspect exacerbating biodiversity loss is the continued underestimation of the importance of nature for human well-being and the global ecosystem. This is particularly evident in the textile and leather industry, where large-scale deforestation occurs to create grazing land for cattle used in leather production. This practice not only leads to the destruction of valuable habitats and threatens numerous species, but also accelerates climate change through the release of CO<sub>2</sub>. Moreover, it directly impacts indigenous communities that rely on these forests for their livelihoods. The disregard for the ecological and social significance of these natural habitats results not only in irreversible environmental damage but also endangers the well-being and cultural existence of these communities and the well-being of humankind in general.

### **Why is biodiversity important**

Preserving biodiversity is crucial for businesses under the concept of double materiality. On one hand, biodiversity loss directly affects the environment on which business enterprises depend. Biodiversity plays a vital role in ecosystem services such as clean water, fertile soil, and pollination, which are essential for many industries, such as agriculture and forestry. As these natural resources diminish due to biodiversity loss, business enterprises face rising costs and increased business risks.

On the other hand, biodiversity loss also has financial and reputational impacts that indirectly affect businesses. Consumers and investors are increasingly prioritising sustainability and expect business enterprises to take responsibility for environmental protection. Businesses that neglect biodiversity conservation risk losing trust and may face regulatory sanctions, which could weaken their market position and jeopardise long-term profitability. Therefore, preserving biodiversity is not only ecologically important but also economically and strategically essential.

Understanding the impact a business enterprise has with its business activities on biodiversity, business enterprises are required to collect data as they also need to comply with many new standards on biodiversity that are directly or indirectly required by multiple national laws and policies, e.g.:

- EU Corporate Sustainability Due Diligence Directive (Convention on Biological Diversity, Nagoya Protocol, Kunming-Montreal Protocol, RAMSAR Convention)
- EU Corporate Sustainability Reporting Directive
- EU Sustainable Finance Disclosure Regulation
- Global Reporting Initiative
- Carbon Disclosure Project (CDP)
- Etc.

### **Biodiversity in the textile and leather sector**

Biodiversity is often challenging to quantify and to compare, leading many businesses to underestimate the impact of their land use. To address this, it is crucial to focus on the primary drivers of biodiversity loss. By adopting relevant metrics and indicators, business enterprises can better monitor and mitigate their impact on these drivers.

Effective risk prioritisation and increased transparency across the value chain are key to reducing biodiversity loss. Business enterprises should identify the raw materials and processes with the greatest biodiversity impact and focus their efforts there. Some of the most impactful textile and leather raw materials include:

- Cotton: e.g. conventional cotton farming contributes to biodiversity loss through excessive chemical use, water scarcity, and monoculture practices.
- Man-made Cellulosic Fibres: e.g. the production of these fibres often involves deforestation due to unsustainable logging, toxic chemicals in the process, and excessive water use.
- Wool: e.g. wool production can lead to overgrazing, disrupting ecosystems and contributing to land degradation.
- Leather: e.g. the cattle ranching industry, central to leather production, drives deforestation, water pollution from harmful tanning chemicals, and methane emissions contributing to climate change.
- Synthetics: the production of synthetic fibres relies on fossil fuels, leading to greenhouse gas emissions, the use of hazardous chemicals, and changes in land use, particularly for bio-based synthetics.

In order to approach the individual biodiversity strategy, the Fashion Pact provides multiple different tools for business enterprises that facilitate its development <https://biodiversitystrategytoolnavigator.thefashionpact.org/> and provides useful insights on the area of biodiversity.

### Biodiversity Strategy

An effective and dynamic biodiversity strategy is needed to integrate the topic of biodiversity in the company and take appropriate actions to ensure long-term success and progress. Major milestones in the development of a biodiversity strategy are:

#### Step 1: Understand your impacts and dependencies on biodiversity.

This includes understanding the materials used by the organisation and how these materials are grown or produced. In addition, it is important to identify the regions or ecosystems that play a crucial role in the supply of these materials. Transparency in supply chains also plays an important role here.

If relevant certification standards exist, it is important to consider how they address potential risks to biodiversity. Finally, it should be checked whether these practices are in line with the brand's expectations and sourcing policy.

Useful tools:

- Possible resources to consult about traceability, visit:  
<https://biodiversitystrategytoolnavigator.thefashionpact.org/traceability/>
- Conduct a risk analysis to understand major impacts on biodiversity related to business enterprises business activities and raw material sourcing (e.g. WWF Risk Filter)
- Science Based Targets Network (SBTN) <https://sciencebasedtargetsnetwork.org/>
- The Integrated Biodiversity Assessment Tool (IBAT)  
<https://www.ibat-alliance.org/biodiversity-disclosure?locale=en>

#### Step 2: Develop a strategy and plan

The driving factors that motivate an organization to take action to protect biodiversity should be clearly defined. It is also important to understand how the company's values align with the goals for biodiversity and sustainability, and to harmonise them. Key stakeholders must be identified and actively involved in the process. To successfully implement biodiversity measures, it is crucial to ensure internal approval and support early on.

#### Step 3: Do you already have indirect measures in place to protect biodiversity?

It is important to understand what sustainability initiatives your company or organisation is already implementing that benefit or reduce negative impacts on biodiversity. Even if these measures do not cover all aspects of biodiversity protection, they provide a valuable starting point for recognising the areas in which progress has already been made. Existing activities should be systematically recorded and clearly presented. AR3T Framework (SBTN) provides a tool to map existing activities.

#### Step 4: Measure progress and report results

In contrast to climate protection, there are no standardised metrics for biodiversity. Measuring impacts and results should always be context specific. It is crucial to understand the ecosystems in the environment in which the company operates. Collaboration with local communities and stakeholders plays a key role in jointly identifying appropriate outcomes and measures.

#### Step 5: Share successes and challenges

Collective action approaches are essential to drive the sector forward and enable brands to engage actively and effectively. The exchange of knowledge and the joint development of new approaches strengthens the entire sector. Only through close collaboration can the necessary change be achieved on a broad scale.

An effective biodiversity strategy is based on continuous improvement. As our understanding of the biodiversity crisis grows, the approach must also be constantly refined. Advances in data collection, scientific knowledge and the dynamic nature of ecosystems require ongoing monitoring and flexible adaptation of management. Transparent communication about existing data gaps and assumptions is crucial but must not be an obstacle to decisive action. A willingness to talk openly about challenges strengthens trust and promotes joint progress towards sustainable solutions.

### **Environmental management systems**

Integrating biodiversity data management into corporate strategies and systems is essential to understand and mitigate environmental risks and to comply with regulatory requirements. The integration of an environmental management system shall involve all departments and stakeholders to ensure a coordinated and comprehensive approach. Additionally, businesses should allocate adequate resources and personnel to effectively manage biodiversity-related challenges.

Examples of environmental management systems include the Eco-Management and Audit Scheme (EMAS), which also contains requirements from the ISO 14001 environmental management system. EMAS is the first environmental management system that explicitly identifies biodiversity as a key area.

In accordance with the EMAS environmental audit, business enterprises must analyse the direct and indirect effects of their activities. The focus here is on the use of natural raw materials and resources, including energy. Furthermore, proof must also be provided that significant environmental aspects in connection with the company's procurement processes are identified and that significant environmental impacts resulting from these are taken into account in the management system. Precise details on data collection and reporting can be found at [https://green-business.ec.europa.eu/emas\\_en](https://green-business.ec.europa.eu/emas_en).

The following other guidelines and standards are related to biodiversity and provide information on the management of aspects of biodiversity:

ISO 26000 – Guidance on social responsibility

ISO 14002 Series – Guidelines for applying the ISO 14001 by environmental topic areas.

ISO 14007 Guidelines for determining environmental costs and benefits

ISO 14008 Monetary valuation of environmental impacts and related aspects.

ISO 331/TC Biodiversity

### **General / Conclusion**

Biodiversity is the foundation of our ecosystems, influencing everything from climate stability to human health and economic prosperity. As described, the decline of biodiversity poses significant risks not only to the natural world but also to the very businesses that depend on it. It is imperative that organizations recognize their role in this crisis and take proactive measures to protect and restore biodiversity.

By adopting comprehensive biodiversity strategies, engaging with stakeholders, and leveraging sustainable practices, businesses can mitigate their impacts on the environment while enhancing their resilience and long-term success.

## 4.3 Integration of Appropriate Actions

In general, a distinction is made between prevention and mitigation measures.

**Prevention measures** are those measures that are taken to avoid a violation of the due diligence obligations at the first place. They are therefore an important integral part of the management system and shall be applied within the business enterprise as well as in the Chain of Activities.

**Mitigation measures** are taken to prevent or to stop violations that have occurred already or to reduce their impact. If the business enterprise has identified a violation of human rights and environmental obligations, it shall provide remediation if the business enterprise has contributed to the violation (see chapter 4.6). However, the expectation on how the business enterprise shall respond to the violation depends on whether the business enterprise has caused, contributed, or is linked to the respective violation.

Both types of measures shall be applied in the own business enterprise as well as in the Chain of Activities according to the given context.

### 4.3.1 Principles and Implementation

The results of the risk analysis of potential risks as well as the information obtained from the grievance mechanism (chapter 4.6) on violations that have occurred, shall be made available to the affected business units and the associated processes in a timely manner. They shall implement measures to prevent, mitigate and end negative impacts resulting from risks related to their own business enterprise, their upstream and downstream Chain of Activities until end customer. These measures shall be:

- Specific,
- Measurable,
- Accountable,
- Realistic,
- Timebound,

(SMART) to enable a committed implementation and to measure its effectiveness.

Management processes shall be continuously reviewed and adjusted based on the defined measures and KPI results to ensure ongoing improvement of business and management operations in line with the due diligence approach.

#### **4.3.1.1 Prevention and Mitigation Measures at the Business Enterprise:**

- The business enterprise shall take immediate action to stop any past, current, or imminent risk detected within its own operations.
- If the risk violation cannot be fixed in foreseeable future, the business enterprise shall draw up and implement a corrective action plan (CAP) for ending or minimising the violation immediately.
- Stakeholders such as workers, trade unions and worker representative organisations shall be engaged during the development of the corrective action plan and its implementation.
- Corrective actions within the own business enterprise shall consider according to applicability:
  - Revision and/or update of the own business policy and relevant commitments.
  - Revision and/or update of the supplier code of conduct.
  - Alignment of purchasing practices, considering risk analysis findings, and identified risks.
  - Training of employees and workers shall cover information on the risk, the rights of the workers, their role on preventing or mitigating harms, etc. – any information and content that is relevant to prevent and mitigate future harm.
  - Upgrading of the business enterprise/facility such as the further implementation of occupational health & safety measures, investments in state-of-the-art technology to minimise environmental risks, etc.
  - Strengthening management systems to improve tracking of risk related information to flag those prior to their occurrence or to establish systematic measures to mitigate risks of harm in the beginning.
  - Allowing workers the right to form or join a trade union, and to bargain collectively, etc. Generally, granting the provision of the enabling rights.

#### **4.3.1.2 Prevention and Mitigation Measures at Direct and Indirect Suppliers:**

The business enterprise shall ensure that the human rights and environmental expectations it has defined are also communicated in a binding manner to its Chain of Activities. This is to be done through a Pass-On Clause with direct Chain of Activities partners that ensures that

- the business policy,
- the supplier code of conduct and
- information on the grievance mechanism

are communicated to all upstream Chain of Activities partners and its receipt and understanding is available to the business enterprise by means of a written confirmation.

Further to passing on relevant documents and information, the business enterprise shall also enable its direct business partners through collaboration to actively implement these due diligence measures with their indirect suppliers to reduce risks and potential incidents.

The business enterprise shall gradually expand the knowledge of its indirect supply chain partners to strengthen the implementation of due diligence obligations and to reflect continuous improvement in its due diligence efforts.

In addition, the business enterprise can use choke points in the Chain of Activities to check and manage compliance with their human rights and environmental expectations for the upstream Chain of Activities.

Choke points are key suppliers within the Chain of Activities that, due to their role and position, can exert greater influence on the upstream Chain of Activities (e.g. raw material processors, etc.) and thus better ensure human rights and environmental expectations in these areas.

If the business enterprise identifies violations in its Chain of Activities (through risk analysis, information from internal or external sources, etc.), the business enterprise shall define an internal plan to seek to prevent and mitigate harm in its Chain of Activities such as following:

- Prevent contributing to harm, e.g.:
  - Through provision for or cooperation in the remediation of harm,
  - Through reviewing and adapting purchasing practices in the business enterprises' own product development (e.g. raw materials, production/finishing processes, etc.), buying and planning (e.g. order placement deadlines, capacity planning, etc.), develop and establish pricing models to account for the cost of wages, benefits and investments that are reflected in buying prices (e.g. fob). Generally the alignment of purchasing practices to prevent and mitigate the risk analysis findings.
  - Further the business enterprise shall seek supplier input about how it contributed to harm and what might be possible solutions.
  - Suppliers shall be engaged in the understanding of how the business enterprise has contributed to harm and the development of solutions.
- Implement internal measures to mitigate risks, such as:
  - Prequalify suppliers (supplier assessments to evaluate their qualification prior to engagement)
  - Consolidate suppliers
  - Expanding knowledge about the business enterprise suppliers and Chain of Activities to better understand the individual suppliers, the associated risk and to develop outcome-oriented solutions.
  - Establishing incentives for suppliers such as:
    - Developing and maintaining long term relationship with suppliers
    - Integrating suppliers' expectations into business enterprise supplier contracts
    - Increase of orders to the benefit of well performing suppliers in relation to quality and due diligence expectations.
- The business enterprise shall use its leverage together with other business enterprises and/or industry initiatives to use its influence on the direct suppliers to prevent and mitigate risks and to encourage the supplier to implement its corrective action plan. This might be done e.g. through common trainings and capacity building at the suppliers, common and shared audits of suppliers through the buyers, consolidated material planning and buying, etc. any activity that promotes the acceptance of prevention and mitigating measures at suppliers.
- The business enterprise shall define red-flags or indicators for upcoming risks. These indicators are intended to initiate procedures to promptly avoid the impending risks or reduce their impact.
- The business enterprise shall support the supplier in the prevention and mitigation of harm, e.g. through technical guidance in form of training, upgrading of management systems, facilitate access to financing, etc.

- Disengage from suppliers, e.g. if several attempts at preventing or mitigating risk failed. A termination of the business relationship with any violating supplier shall only be considered as very last resort and only if:
  - The violation is defined as very serious, or
  - The measures do not remedy the situation according to the defined timetable, or
  - The business enterprise has already fully leveraged all other less severe means to end the adverse impact of risks, or
  - The influence pressure has no prospect of success.
- Possible disengagement shall than be done responsibly. In that case the business enterprise shall:
  - Comply with national laws, international labour standards and the terms of collective bargaining agreements.
  - Provide detailed information explaining the business decision to the supplier's management and of applicable also the related workers union.
  - Flag the decision of ending the business relationship with sufficient notice to the supplier.

#### 4.3.1.3 Generally

In principle, regardless of whether the risk was identified within the business enterprise's own operations or at business partners in the Chain of Activities, efforts shall focus on

- Strengthening management systems. This will improve the tracking of risk-related information, allowing for early detection of potential risks and enabling the establishment of systematic measures to mitigate them from the very beginning.
- The more complex the risk, the more the business enterprise shall seek expert advice when developing an appropriate response.
- Any preventive or mitigating actions taken shall be proportionate to the severity of the potential harm.

In addition, the measures applied shall be regularly checked for their effectiveness. The review interval and measures to improve the effectiveness of the defined measures will depend on the severity of any violations that have occurred or may occur (chapter 4.4).



### 4.3.2 Cause, Contribute, Linked to

Once the business enterprise has identified a violation within its Chain of Activities as part of the due diligence process, it shall assess whether it has caused, contributed to, or is linked to the violation. The outcome will determine the expectations for the business enterprise on how to respond to the violation.

#### **Cause**

If the business enterprise has caused a violation, its business activities, products, or its services have directly caused the violation. In other words, a direct correlation can be established between the business enterprise, its activities, or omissions.

- Any action that is causing the harm shall be stopped.
- Possible remaining harm shall be mitigated.
- The harm shall be remedied.
- Future harm shall be prevented or mitigated.

#### **Contribute**

A business enterprise contributes to a violation if, through its activities or omissions, it causes or encourages another enterprise to commit a violation or facilitates the violation by the other enterprise.

- Any action that is causing the harm shall be stopped.
- Possible remaining harm shall be mitigated.
- The harm shall be remedied.
- Future harm shall be prevented or mitigated.
- Leverage of the business enterprise shall be used to prevent or mitigate the harm.

#### **Linked to**

The link is defined through the relationship between the harm and a business enterprises products, services, or its operations. If a business enterprise is linked to the harm, the harm is caused through another entity/business relationship.

- Prevent or mitigate harm through different measures (e.g. adapting purchasing practices, etc.)
- Use of leverage to influence the Chain of Activities partners.

## 4.4 Continuous Monitoring

The business enterprise shall check, review, and communicate on the effectiveness of the implemented measures (chapter 4.3).

During the review process, the actions verification, monitoring, and validation are playing an important role and are relevant to determine the effectiveness of the defined measures.

- Verification: the business enterprise obtain confirmation that all requirements/measures as set have been fulfilled.
- Monitoring: the ongoing tracking of the situation on the ground - measuring qualitative and quantitative indicators of success. Monitoring provides a comprehensive picture of the situation (rather than one-time assessments).
- Validation: Verification and monitoring data are feeding into validation. Validation determines whether the actions taken to prevent risks are effective in preventing.

### 4.4.1 Progress and Effectiveness of Measures - Business Enterprise's Own Operations

As a first step, the business enterprise shall ensure that the defined measures have actually been implemented within the defined timeframe.

Furthermore, qualitative and quantitative indicators shall be checked that provide information on how well or how effective the respective measure has contributed to the desired goal and result. The indicators to be checked can already be determined when defining the measures (according to SMART criteria, Chapter 4.3 ) and are compared with the situation on the ground at the time of measurement.

For this purpose, all known and available information shall be used for validation. For example, this includes information from the grievance mechanism, new results and findings from the risk analysis or data from regularly conducted evaluations.

If the business enterprise is not in a position to verify the prevention of injuries by its measures taken through internal data and resources and if the risk of serious damage is very high, should the risk occur, the business enterprise shall consult external expertise.

If harm occurs despite verification of the measures, the reasons for harm shall be examined. It is possible that the measures in themselves were not the reason for the breach, but it might be as an example that insufficient time was allocated for the implementation of measures, or insufficient resources were allocated for a corrective action plan.

#### 4.4.2 Progress and Effectiveness of Measures - Business Enterprise's Supply Chain of Activities

In addition to measuring the effectiveness of implemented measures for their own business enterprise operations, the business enterprise shall also validate the effectiveness of implemented measures for their Chain of Activities as described above.

In particular, for implemented measures in the Chain of Activities, the more severe the impact of violations and risks, the more the business enterprise shall review the effectiveness of the implemented measures, adjust them if necessary and consult external expertise if the severity of violations is expected to be particularly high.

However, in order not to overload suppliers with audits and at the same time to verify measures and their compliance, it is recommended to maintain a balance between on-site audits and continuous, supportive remote monitoring of the implementation of measures.

#### 4.4.3 General

- The timetable for reviewing, monitoring, or confirming the effectiveness of remedial actions shall be commensurate with the severity and nature of the harm.
- Business enterprises shall take into account the time needed to implement the measures and provide appropriate resources.
- Where international or national standards on harm prevention or mitigation exist, confirmation of compliance towards these standards can be understood as an indicator of harm prevention.
- Whenever possible, direct (e.g. how much water was consumed, etc.) and indirect indicators (e.g. do workers understand what a violence is? etc.) shall be monitored to confirm that negative effects have been or are being avoided.
- Information and reports from workers or their representative organisations shall be part of ongoing monitoring.
- If no improvement is identified through the implemented measures, it shall be verified whether the measure was implemented at all.
- If the business enterprises rely on the implementation of due diligence at choke points in the Chain of Activities, the business enterprise shall conduct audits at these points.
- The business enterprise shall document the evaluation of the measures taken in a comprehensible manner.
- The results of the review of the effectiveness of the defined measures shall be included in the communication on the due diligence measures implemented, which the business enterprise publishes regularly.

## 4.5 Transparent Communication

The business enterprise shall communicate publicly and transparent about its implemented due diligence obligations on an annual basis and its human rights impact.

Therefore, and in order track and trace the progress of the due diligence process, the business enterprise shall continuously document their implemented due diligence obligations internally and use it for public communication.

### 4.5.1 Content and Implementation

The subject of communication and its implementation is described in the following chapter. However, a business enterprise shall always take into consideration what their employees, workers and/or their representatives deem to be material information to report regarding the business enterprises own operations and incorporate the same into business enterprise communication.

Elements of a transparent communication shall be:

- The business policy itself or comparable value statements.
- A description about the business enterprises due diligence management system, incl. how due diligence is incorporated into decision-making processes.
- Explanation of the business enterprise's grievance mechanism and remediation process for this business enterprise own operations and its Chain of Activities,
- An annual report regarding implemented due diligence obligations, as described above and below, to reflect performance and progress in this regard.

The report shall:

- Reflect the performance and progress of the business enterprise related to human rights and environmental due diligence of the past fiscal year.
- Whether or not the business enterprise engages in multi-stakeholder initiatives.
- Be publicly available latest 4 month after the past fiscal year at the website of the business enterprise.
- Shall be accessible to anyone interested.
- Be available for 7 consecutive years and accessible without any cost.
- Shall be precise, comprehensible, and reader-friendly through sufficient information (e.g., actual examples).
- Reflect if any human rights and environmentally related risks or violations the business enterprise has been identified:
  - Total number of grievances received and within the scope of the grievance mechanism
  - Aggregated information on all grievances received by sector risk, country, grievance channel and type of grievance resolution.

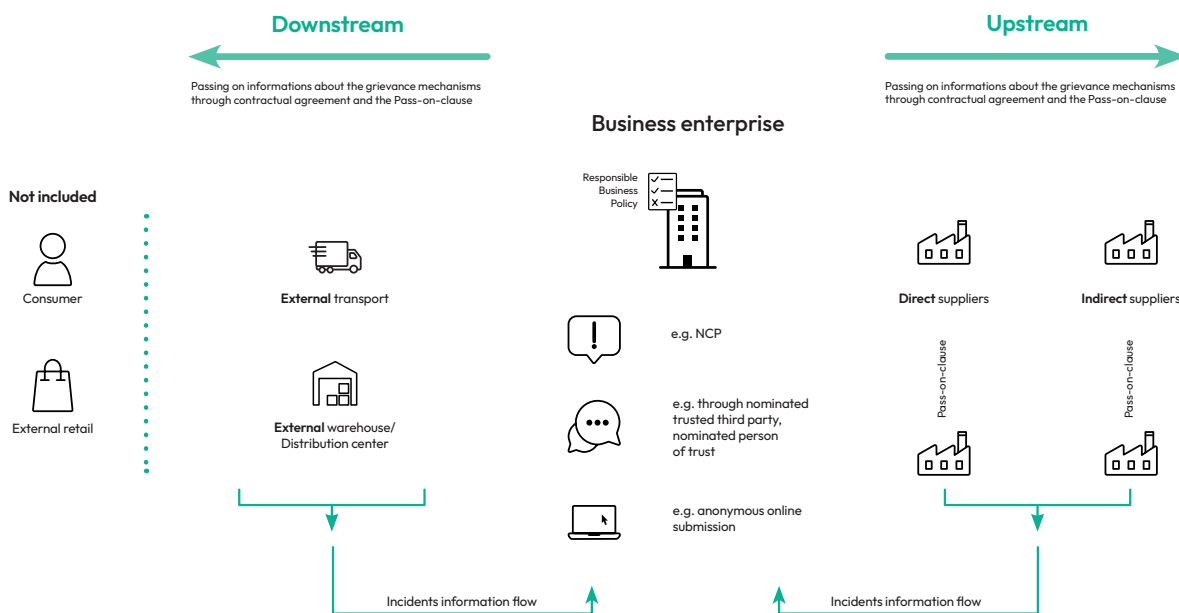
- Reflect the risk analysis process.
- Reflect the risk prioritisation process and why some risks have been prioritised over others. Accordingly the extend of the business enterprises communication shall be proportionate to the risks of harm.
- Reflect what measures it has set
  - related to the risk management,
  - the risk analysis,
  - regarding prevention measures and
  - mitigation measures, both for the own business enterprise operations as well as for their Chain of Activities (downstream and upstream, see chapter 2)
  - possible adjustments on the grievance mechanism.
  - possible adjustments on the business policy
  - in order to manage the identified risks and/or violations for their own business enterprise operations and its Chain of Activities.
- Reflect what the business enterprise has done to remedy violations reported through the grievance mechanism or other channels of information and lessons-learned (impact on adapting measures).
- Reflect how the business enterprise determine the effectiveness of its set measures.
- Reflect what conclusion it draws from the assessment of measures for future measures.
- How the business enterprise addresses human rights impacts.
- Provide sufficient information, so that the reader is able to evaluate the adequacy of an enterprise's response to human rights.
- Plausibly reflect if no human rights and/or environmental risks or violations have been identified.
- How the business enterprise engages meaningfully with affected stakeholders (It can contain specific examples and cases handled by the business enterprise, however, affected stakeholders shall not be exposed and anonymity shall be ensured.)
- Take into consideration the protection of business and trade secrets.
- Further the business enterprise shall ensure that channels of communication are appropriate for potentially affected stakeholders.
- The report can be a standalone communication or published as an integral part of other business enterprise channels (e.g., sustainability report).

## 4.6 Access to Remedy

If the business enterprise has caused or contributed to a violation against human rights, labour rights and/or the environment, the business enterprise shall provide for or cooperate in appropriate remedy that aims to restore the harmed individuals or groups. Therefore, the business enterprise shall have processes in place to enable remediation in the first place.

Part of the process is an accessible and functional grievance and reporting mechanism that allows potentially affected stakeholders to raise and submit a complaint regarding violations of due diligence along the Chain of Activities, including violations within the own business operations.

Therefore, the business enterprise shall establish its own grievance and reporting mechanisms (operational-level grievance mechanism) or shall cooperate with an external grievance mechanism that covers the effectiveness criteria for non-state based, non-judicial grievance mechanisms of the UNGPs (e.g., mechanisms of industry associations). Access to effective grievance mechanisms (internal, local, back-up) for those potentially affected and their representatives shall be continuously expanded.



Pic. 9 – Grievance Mechanism

#### 4.6.1 Grievance Mechanism Principles

1. The business enterprise shall establish rules of reporting procedure and how complaints are handled within the business enterprise in text form that are available publicly. These rules of procedure shall provide stakeholders full transparency to the grievance mechanism process and procedures.
2. The business enterprise shall nominate a person or persons who will be entrusted to the process. These persons shall offer a guarantee of impartiality; in particular, they shall be independent and not bound by instructions and bound to secrecy.
3. The business enterprise shall publish clear and comprehensible information on accessibility and responsibility regarding the complaints procedure in an appropriate manner. This includes as well to adapt the accessibility of the grievance mechanism to the different stakeholders and their access barriers.
4. The complaints procedure shall
  - be accessible to potential parties involved,
  - maintain confidentiality of identity,
  - ensure effective protection of the complainant against disadvantage or punishment as a result of the complaint.
5. The business enterprise shall establish its own complaint mechanism or can cooperate in an external grievance mechanism, e.g.:
  - engaging in multi-stakeholder initiatives that provide Chain of Activities grievance mechanisms,
  - enter into agreements to mediation with possible MSI's,
  - agreements with trade unions,
  - agreeing to enter into mediation with the OECD National Contact Points.
  - The business enterprise might also combine both in order to cover possible gaps. Anyway, the business enterprise is required to consult existing guidance on establishing the grievance mechanism.
6. The business enterprise shall ensure that the provided grievance mechanisms does not preclude access to judicial recourse for victims of human rights violations. The business enterprise should further not interfere with civil or criminal investigations or human rights examinations.
7. The effectiveness of grievance mechanisms shall be strengthened through the transfer of relevant knowledge (training of workers and employees of direct suppliers to the business enterprise).
8. The effectiveness of the grievance mechanism must be reviewed at least once a year. If the enterprise expects a significant expanded risk situation in its own business area or at its Chain of Activities, the effectiveness of the grievance mechanism shall be reviewed on an ad hoc basis.

## 4.6.2 Types of Grievance Mechanisms

### Operational-Level Grievance Mechanisms

Operation-level grievance mechanisms are a formalised tool through which individuals or groups can raise concerns about negative impacts of the business enterprise, including issues regarding human and labour rights and the environment, and seek for remedy.

Those grievance mechanisms are often the first point of contact for a worker or a community member to raise a complaint. Therefore, those operational-level grievance mechanisms act as well as an early-warning system and can help to prevent the escalation of issues.

### External Grievance Mechanisms

External grievance mechanisms might be provided through e.g. Multi-Stakeholder-Initiatives (MSI). Those grievance mechanisms might provide only restricted access to stakeholders only (e.g. due to obligatory membership) and it shall be reviewed to what degree the external grievance mechanism is useful and appropriate when the business enterprise decides what type of grievance mechanism it will provide. In any case, however, the provision of an external grievance mechanism can fill gaps in the accessibility of the business enterprise own grievance mechanism and thus represents a useful tool for use in the wider Chain of Activities.

Both types of grievance mechanisms shall fulfil the core-criteria of grievance mechanisms as described through the OECD Due Diligence Guideline for the garment and footwear sector (see chapter 4.6.3) and allow legitimate processes of the complaint procedure:

- These processes shall allow for the affected stakeholders or its representatives to raise a complaint against a business enterprise.
- The process shall not undermine or interfere with the role of local grievance mechanisms.
- The process shall be managed by trusted parties.

### National Contact Points (NCPs)

Countries that have signed the OECD Guidelines for Multinational Enterprises have committed to establishing National Contact Points. These contact points support affected stakeholders and business enterprises in hearing complaints, their further processing, and facilitate exchanges with business enterprises.



### 4.6.3 Core Criteria of the Grievance Mechanism

The grievance mechanism shall fulfil the core criteria of the OECD Due Diligence Guidance for Textile and Footwear. The grievance mechanism shall be:

- **Legitimate:** The processes shall be fair, transparent, accessible, and anonymous. The grievance mechanism shall be developed and updated under consultation of all relevant stakeholders.
- **Accessible:** The grievance mechanism shall be accessible to all those affected by the enterprise's sphere of influence. Adequate assistance shall be provided for those who may face barriers to access (e.g. illiteracy, language barriers, etc.).
- **Predictable:** The business enterprise shall define the internal process for the grievance mechanism and shall make it transparent (e.g. organisational requirements, contact person, processing, timetable).
- **Equitable:** The business enterprise shall be mindful of any power imbalances and ensure equal access to the grievance mechanism.
- **Transparent:** The business enterprise shall publish the existence of the mechanism and a publicly available, formalised procedure for dealing with complaints. The mechanisms and processes shall be communicated to employees and all potentially affected stakeholders (e.g., suppliers, sub-suppliers, etc.) to ensure building trust in its effectiveness.
- **Rights-compatible:** The business enterprise shall ensure that outcomes and remedies accord with internationally recognised human rights.
- **A source of continuous learning:** The business enterprise shall define key indicators for use of new knowledge in continuously improving the grievance mechanism.
- **Dialogue-based:** Solutions shall be developed in mutual agreement instead of top-down. If the business enterprise participates in an external grievance mechanism, they shall define the interface process (e.g., responsible person, communication flow, etc.).

The business enterprise shall implement appropriate actions for the internal and external grievance mechanism to remediate justified complaints (chapter 4.3) and continuously monitor its efficiency (chapter 4.4). Justified complaints shall be material and substantiated and must demonstrate that the business enterprise in fact has caused the harm or is the beneficiary of the violation.

#### 4.6.4 Provide Remedy

As mentioned, business enterprises shall provide for or co-operate in the remediation of adverse impacts they have caused or contributed to.

Once a complaint has been received, is verified and substantiated, the business enterprise should determine the appropriate form of remedy. There are different forms of remediation, such as:

- An apology,
- Rehabilitation,
- Restitution,
- Provision to ensure the harm cannot recur,
- Compensation (e.g. financial),
- Punitive sanctions,
- Cessation of particular activities or relationships,
- Any further remediation that might be agreed upon within the involved parties.

Principles of remediation are:

- Reparation shall always be proportionate to the severity and extent of the negative effect.
- Where possible, the persons affected should be restored to the situation they were in before the harm occurred.
- Remediation should, as far as possible, comply with national laws and international guiding principles. Otherwise, the business enterprise shall be guided by remediation of similar cases.
- The stakeholders shall be involved in determining the remedy and the business enterprise shall seek a mutually agreeable and amicable settlement.
- After remediation of the harm, the company shall investigate the extent to which complainants are satisfied with the process offered and its results.

## 4.7 Climate-related Strategies

Module 4.7 allows business enterprises to map their progress toward CO2 emission targets – strategy development, implementation, and goal achievement.

Where “Chain of Activities levels” in chapters 4.1 to 4.6 refers to the depth of implementation into the Chain of Activities, module 4.7 tracks the degree of development and implementation of a climate strategy for the overall business enterprise.

OEKO-TEX® RESPONSIBLE BUSINESS certificate is not dependent upon achievement of a certain level within module 4.7. Module 4.7 is an internal benchmark representing progress toward implementation.

This independent module will help business enterprises with the voluntary development and implementation of climate strategy in relation to the Paris Climate Agreement.

To achieve the goals of the Paris Climate Agreement and limit global temperature rise to well below 2°C, business enterprises should reduce their greenhouse gas emissions by 45% by 2030 (based on the UN) and to net zero by 2050.

Signing the United Nations Fashion Industry Charter for Climate Action enables business enterprises to collaborate with other Charter signatories in working groups, benefit from exchanges with stakeholders and experts and make greater progress towards the targets.

This chapter and the related assessment questions are based on the:

- Paris Agreement
- United Nations Fashion Charter for Climate Change
- Climate Action Playbook of the UN Fashion Industry Charter for Climate Action
- Climate Protection Road Map of the Alliance for Sustainable Textiles
- Corporate Standard of the GHG Protocol
- Science Based Target Guideline for Apparel and Footwear
- Carbon Disclosure Project (CDP)

The listed documents should be referenced for definitions of emission reduction targets and the development and implementation of a climate strategy.

- **GHG Emission Scope 1,2,3**

In the development of a climate strategy and the definition of measurement points, different scopes of GHG emissions are considered and defined. The “Climate-related Strategies” module refers to the definition of the GHG emission scopes of the Greenhouse Gas Protocol – Corporate Standard:

- Scope 1 emissions (direct GHG emissions)
  - Direct GHG emissions from sources owned or controlled by the business enterprise (e.g. from vehicles, process equipment, boilers, etc.)
  - Scope 2 emissions: (indirect emissions from consumption of electricity)
  - All emissions caused by the generation of electricity purchased and consumed by the business enterprise
  - Scope 3 emissions: (indirect emissions)
  - Originate from all sources not owned or controlled by the business enterprise, related to the upstream and downstream value chain. Scope 3 reflects the emissions caused in scope 1&2 emissions of the producers in the Chain of Activities
- **Setting the baseline:**  
First, define a reporting framework to view and measure emissions. To ensure comparability over time, the chosen approach should not be changed.
    - Equity-share approach:  
Emissions are considered and measured in relation to the share that a company operates or owns in a facility. For example, if a company owns 50% of a facility, only 50% of the total emissions are counted
    - Control approach:  
All emissions from operations for which the company is responsible or over which the business enterprise has control are always considered
  - **Responsibility:**  
Assign and empower a responsible person. To avoid errors, one person should determine all operational data. If necessary, define other necessary responsibilities in the business enterprise.

**Measuring:**

The Corporate Accounting and Reporting Standard of the GHG Protocol provides guidance on how to determine GHG emissions inventories for all three scopes

- Choose which scope(s) on which to focus. The main focus differs by company type, for example:
  - Brands and retailers – Scope 3 (Chain of Activities)
  - Making-up (cut and sew) facilities – Scope 1 and 2
- Ensure Chain of Activities transparency and cooperation – vital to determining emissions in total and on the product and scope levels. Realistic emissions data can be mapped and used as a reference point for reducing GHG emissions
- Measure GHG emissions monthly (at least quarterly).
- Use the data, measured over a 12-month period, as a basis for comparison with subsequent 12-month periods

#### Scopes 1 & 2: Define, Identify, Measure:

- Appoint the responsible person
- Determine all sites for which emissions need to be measured
- Identify operational data for all sites
  - What is consumed?
  - Natural gas, oil, electricity, coolant, etc. -> see also purchase receipts, account for loss quantity (e.g. for coolants)
  - Which CO2 factor must be considered per energy source?
  - Size/Square meters of the site, office, warehouse, etc.
- Determine period of data collection
- Set up management systems and tools for data collection

#### Scope 3 identify and measure

In addition to all upstream and downstream activities, scope 3 includes, for example, the transport of finished products to the end customer, the product's use phase and end-of-life treatment. The data to be included for this scope are extensive and relevant data is determined differently than for Scope 1 and 2.

The business enterprise can choose from four ways to calculate the emissions for purchased goods and services:

- **Supplier-specific:**  
Collect product-level data across all process steps involved; from raw material extraction to the finished product
- **Hybrid:**  
Use a combination of different data collection methods and sources: Collect the known data (for example, per process step), then add missing data from Life Cycle Assessment databases to complete
- **Averaged:**  
Use average data. For example, evaluate emissions by the mass (or other relevant unit) of the purchased goods or services by using external sources (such as Quantis WALDB)
- **Spend-based:**  
Use data on emission factors from external data sources (e.g. Quantis WALDB). However, the basis for this is the economic value of the purchased goods and services, which is multiplied by the emission factor of the respective material/process used

#### Reporting

Depending on whether a company has signed the UN Fashion Charter for Climate Action, there are different reporting options.

- Charter signatories commit to reporting on their baselines and progress, aligned with the Carbon Disclosure Project (CDP)
- If a business enterprise is not a Charter signatory, it should still report publicly on its targets and progress through its sustainability report and/or corporate website. The CDP or the Global Reporting Initiative (GRI) can be used to guide reporting

## 5 Verification and Certification Process

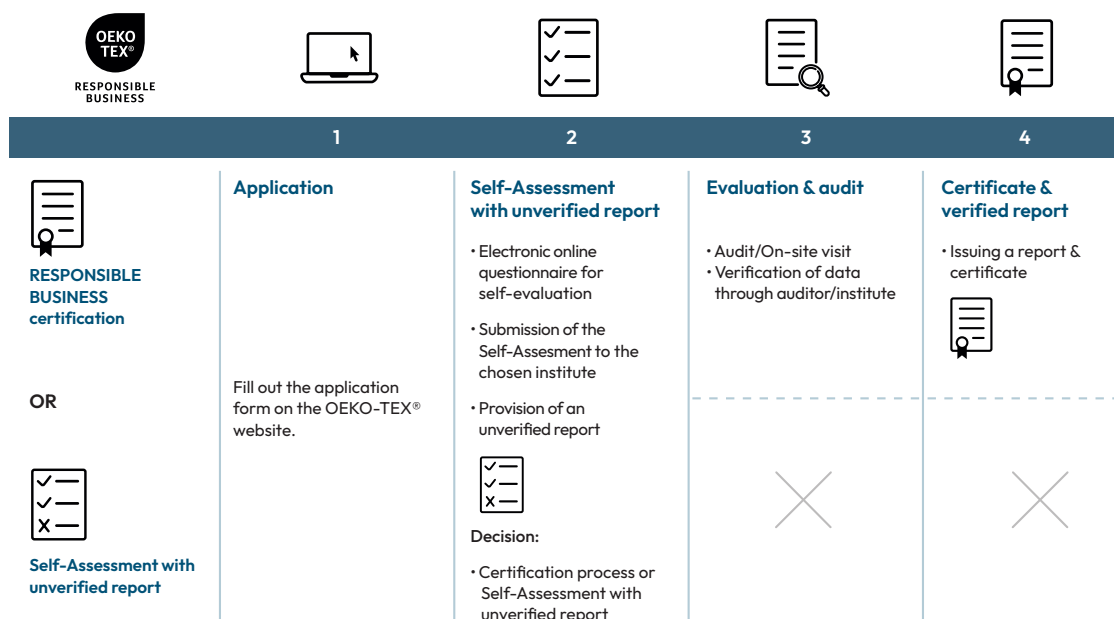
The OEKO-TEX® RESPONSIBLE BUSINESS process depends on the goal: certification or conducting a self-assessment for an un-verified report only.

### 5.1 OEKO-TEX® RESPONSIBLE BUSINESS Certification

During the certification process, the auditor will check which Chain of Activities level the business enterprise has credibly reached with their documented and integrated due diligence obligations, as described in the standard document chapter 4.1 - 4.6.

An evaluation and consideration of chapter 4.7 is optional and not mandatory for achieving a certification. However, the performance of a business enterprise according to chapter 4.7 can be reflected on the certificate according to the customer's request. Accordingly, the certification will reflect the obtained certification level.

### 5.2 Application



Pic. 10 – Application process



- OEKO-TEX® RESPONSIBLE BUSINESS applications and self-assessments are made through the application form available on the OEKO-TEX® website
- With the submission of the application form and signed ToU, the applicant accepts the fees for assessment tool usage and, if applying for certification, the evaluation and audit costs
- When the application is received, the chosen OEKO-TEX® institute will send the offer
- Once offer is accepted by the customer, the OEKO-TEX® institute will supply the login for self-assessment on the platform.

### 5.3 Self Assessment

The information provided in the self-assessment by the business enterprise is the basis of the verified or unverified report and potential certification.

**Assessment question types:**

Questions not relevant to certification and certification –relevant questions (exclusion criteria)

Exclusion criteria: The exclusion criteria must be fulfilled in order to obtain certification according to OEKO-TEX® RESPONSIBLE BUSINESS.

**Self-Assessment only:**

If a customer opts for self-assessment at the phase of application, the institute will provide an unverified report only. Based on the unverified report, the business enterprise may decide to implement further due diligence obligations or proceed with the certification process (including audit and data verification).

**Certification:**

If a customer opts for certification at the phase of application, the institute will provide a verified report after the audit.

### 5.4 Audit and Verification

- The audit and data verification will only be conducted if the business enterprise applies for OEKO-TEX® RESPONSIBLE BUSINESS certification
- The audit and certification process includes:
  - Verification of data provided by the customer
  - Further obligations and recommendations identified by the auditor and communicated within the report
- The conditions for the rights of the auditors and the audit procedure are based on the Terms of Use
- As the certification shall be validated annually, the chosen institute carries out a compliance audit every 12 months. For the compliance audits, the business enterprise must update any existing assessment data on the dedicated data platform and remove any invalid documents and add new documents, if necessary.

## 5.5 Final Report and Certificate

Depending on whether the customer chose the Responsible Business Certification or the self-assessment only, the business enterprise will receive a verified report and certificate or an unverified report only.

### 5.5.1 Verified Report and Certificate

- After successful completion of the audit, OEKO-TEX® creates a verified report and certificate
- The conditions for the validity period, renewal and possibly withdrawal of the certificate are based on the Terms of Use
- When a Responsible Business Certificate is issued, the certificate holder receives a license to use the corresponding OEKO-TEX® label. With the license, the business enterprise is granted the right to use the OEKO-TEX® RESPONSIBLE BUSINESS label for communication (chapter 3.3)
- The certificate will reflect the obtained level per due diligence obligation
- The certificate will reflect if and what climate strategy level (module 4.7) has been achieved



**Certificate**

	Tier 0	Tier 1	Tier 2	Tier 3	Tier 4	Rating
Responsible Business Policy	✓	✓	✓	✓	✓	Level 2
Risk Assessment	✓	✓	✓	✓	✓	Level 1
Integration of appropriate actions	✓	✓	✓	✓	✓	Level 3
Continuous Monitoring	✓	✓	✓	✓	✓	Level 2
Transparent Communication	✓	✓	✓	✓	✓	Level 1
Access to remedy	✓	✓	✓	✓	✓	Level 1
Climate related strategies (optional)	✓	✓	✓	✓	✓	Level 1

OEKO-TEX Service GmbH, Grenacherstrasse 21, CH-8002 Zurich

Pic. 11 – Example Certificate

### 5.5.2 Unverified Self Assessment Report

- A business enterprise choosing to perform only the self-assessment will receive an unverified report
- The unverified self-assessment report can be used for self-evaluation only. It will clearly state that the report was not verified by OEKO-TEX® and OEKO-TEX® therefore does not ensure correctness of data
- The business enterprise must not perform any communication with this report (chapter 3.3)



## 6 Legal Relationship between Customer and OEKO-TEX®

### 6.1 OEKO-TEX® RESPONSIBLE BUSINESS Document and ToU

The OEKO-TEX® Terms of Use (ToU) apply for all OEKO-TEX® products (Annex II). The ToU can be found at [www.oeko-tex.com/ToU](http://www.oeko-tex.com/ToU). The customer shall sign the ToU.

### 6.2 Application

The basis for the legal relationship between the business enterprise and OEKO-TEX® is an application request (ToU section 4). The business enterprise submits their application to an OEKO-TEX® institute of their choice (Annex I) – a request to certify their business enterprise in accordance with the OEKO-TEX® RESPONSIBLE BUSINESS standard.

### 6.3 Code of Conduct and Declaration of Conformity

By submitting the application, the business enterprise agrees to comply with the OEKO-TEX® Code of Conduct (ToU section 6.2). The business enterprise shall sign the OEKO-TEX® Code of Conduct.

The OEKO-TEX® RESPONSIBLE BUSINESS applicant shall sign a declaration of conformity (ToU Section 6). This form is provided by OEKO-TEX® and submitted to the responsible testing institute.

### 6.4 Quality Assurance

OEKO-TEX® quality assurance measures shall apply (ToU section 13). The quality of each OEKO-TEX® RESPONSIBLE BUSINESS label is assured by an internal validation process.

### 6.5 Misuse and Withdrawal of Licence

Withdrawal and misuse of certificates (ToU section 7.5), licenses and regulations for the use of the OEKO-TEX® trademarks (ToU section 11) shall apply. Access to the OEKO-TEX® RESPONSIBLE BUSINESS dashboard can be revoked if a customer fails to meet the OEKO-TEX® RESPONSIBLE BUSINESS requirements in an orderly manner.

### 6.6 Third Parties

The certificate holder shall contractually bind its partners to the labelling rules and other regulations (ToU section 12.2) related to the use of the OEKO-TEX® brands as well as to the OEKO-TEX® ToU. In case contract partners violate the labelling rules, the certificate holder shall require the partner to comply with the labelling rules.

### 6.7 Disclaimer

According to the OEKO-TEX® RESPONSIBLE BUSINESS STANDARD, it is checked whether companies recognize the UN Guiding Principles on Business and Human Rights (“UN Guiding Principles”) as well as the OECD Guidelines for Responsible Corporate Conduct (OECD Guidelines) as a benchmark in the production, transport, and financing of their products, also with reference to their Chain of Activities. Certification does not guarantee that a certified company actually complies with these guidelines. The audit is carried out on the basis of the information provided by the certified company and only concerns the functionality of the company’s processes in place to ensure compliance with these guidelines. Therefore, OEKO-TEX® does not warrant that the certified company has in fact complied with the UN Guiding Principles, the OECD Guidelines and/or any national or international Due diligence regulations, and/or that specific products of the certified company have in fact been manufactured in compliance with these guidelines or regulations. OEKO-TEX® accepts no liability in this respect. In addition, the General Terms and Conditions of Use of OEKO-TEX® apply, in particular Section 17 (Liability).



## Annex 1: OEKO-TEX® Institutes

The International OEKO-TEX® Association consists of independent institutes in Europe and Japan, with offices around the globe.

The testing and research institutes offering certification and licensing according to MADE IN GREEN, STANDARD 100, ORGANIC COTTON, LEATHER STANDARD, STeP, ECO PASSPORT and / or RESPONSIBLE BUSINESS can be found on the OEKO-TEX® homepage (OEKO-TEX® locations worldwide).

## Annex 2: Labelling

With the issue of an OEKO-TEX® RESPONSIBLE BUSINESS certificate, the certificate holder receives a licence to use the corresponding OEKO-TEX® label.

The OEKO-TEX® Labelling Guide includes rules and guidelines that govern the use of the OEKO-TEX® trademark and the OEKO-TEX® labels. It defines the guidelines for a uniform appearance of the OEKO-TEX® labels. It helps companies, brands, retailers, distributors, and all OEKO-TEX® partners to use the label correctly and to develop marketing materials to communicate the company's efforts.

OEKO-TEX® Labelling Guide

[https://www.oeko-tex.com/fileadmin/user\\_upload/Marketing\\_Materialien/Labelling\\_Guide/OT\\_Labelling\\_Guide\\_EN.pdf](https://www.oeko-tex.com/fileadmin/user_upload/Marketing_Materialien/Labelling_Guide/OT_Labelling_Guide_EN.pdf)

## Annex 3: Exclusion Criteria

Chapter	Exclusion Criteria
4.1 Responsible Business Policy	The responsible business conduct describes the commitment to the principles of human rights and environmental due diligence, both in relation to the business enterprises own business activities and to its Chain of Activities and shall be reflected in a responsible business policy.
	In order to fulfil corporate due diligence, responsible business conduct shall be embedded in the business enterprises corporate policy and management system and shall be an integral part of decision-making.
	This should enable effective and efficient due diligence at all levels of the business and the feeding back of lessons learned into strategic and day-to-day decision-making.
	In addition, the business policy shall include the description of the management system that defines how the core elements of due diligence will be embedded in the company.
4.1.1 Principles of the Responsible Business Policy	The responsible business policy shall be developed and informed by relevant internal and external expertise.
	The following commitments and content shall be included into the Responsible Business Policy:
	<ul style="list-style-type: none"> <li>• Commitment to conduct due diligence on the business enterprise's most significant risks</li> <li>• Commitment to conduct due diligence in the enterprise's own operations and in its Chain of Activities <ul style="list-style-type: none"> <li>• In its own business enterprise, including own distribution centres and own retail</li> <li>• In transport through the end customer</li> </ul> </li> </ul>
	<ul style="list-style-type: none"> <li>• Commitment (see Annex 4, 5) to respect applicable laws and international agreements according to risks (chapter 4.2): <ul style="list-style-type: none"> <li>• Human Rights Risks: <ul style="list-style-type: none"> <li>• International Bill of Human Rights: <ul style="list-style-type: none"> <li>• Universal Declaration of Human Rights</li> <li>• International Covenant on Civil and Political Rights</li> <li>• International Covenant on Economic, Social and Cultural Rights</li> </ul> </li> <li>• *Convention on the Rights of the Child</li> <li>• ILO's Fundamental conventions: <ul style="list-style-type: none"> <li>• Forced Labour Convention, 1930 (No.29)</li> <li>• Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87)</li> <li>• Right to Organise and Collective Bargaining Convention, 1949 (No. 98)</li> <li>• Equal Remuneration Convention, 1951 (No.100)</li> <li>• Abolition of Forced Labour Convention, 1957 (No. 105)</li> <li>• Discrimination Convention, 1958 (No.111)</li> <li>• Minimum Age Convention, 1973 (No.138)</li> <li>• Worst form of Child Labour Convention, 1999 (No. 182)</li> </ul> </li> </ul> </li> </ul> </li> </ul>

Chapter	Exclusion Criteria
	<ul style="list-style-type: none"> <li>Environmental risks: <ul style="list-style-type: none"> <li>*Convention on biological diversity, 1992 <ul style="list-style-type: none"> <li>*Cartagena Protocol</li> <li>*Nagoya Protocol</li> </ul> </li> <li>*Convention on International Trade in Endangered Species of Wild Fauna and Flora, 3 March 1973</li> <li>Minamata Convention on Mercury, 10 October 2013</li> <li>Stockholm Convention of 22 May 2001 on Persistent Organic Pollutants</li> <li>*Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade (UNEP/FAO) of 10 September 1998</li> <li>*Vienna Convention, *incl. Montreal Protocol</li> <li>Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal of 22 March 1989</li> <li>*Convention Concerning the Protection of the World Cultural and Natural Heritage of 16 November 1972 (World Heritage Convention)</li> <li>*Convention on Wetlands of International Importance especially as Waterfowl Habitat of 2 February 1971 (Ramsar Convention)</li> <li>*International Convention for the Prevention of Pollution from Ships of 2 November 1973 <ul style="list-style-type: none"> <li>*See also the MARPOL Protocol of 1978</li> </ul> </li> <li>*United Nations Convention of the Sea, 10 December 1982 (UNCLOS)</li> </ul> </li> <li>Commitment to respect the OECD garment and footwear sector risks (chapter 4.2.2.1 Risk analysis Scope)</li> </ul> <p>(* = optional / voluntary)</p>
	<ul style="list-style-type: none"> <li>A description of the responsible business management system, describing how the due diligence core elements shall be anchored in the business enterprise.</li> </ul>
	<ul style="list-style-type: none"> <li>Description of the purchasing practices that are subject to regular updates (according to regular risk analysis)</li> </ul>
	<ul style="list-style-type: none"> <li>Commitment on the prohibition of recruitment fees paid by workers, the prohibition of collecting deposits or security payments at recruiting and during further employment.</li> </ul>
	<ul style="list-style-type: none"> <li>Commitment to meaningful stakeholder engagement, in particular the consideration of vulnerable groups (e.g. the specific situation of women and the fact that women can be disproportionately affected by negative impacts).</li> </ul>
	<ul style="list-style-type: none"> <li>Commitment to hear and address all substantiated complaints that the enterprise has caused or contributed to harms in its Chain of Activities and that have been raised through a legitimate process.</li> </ul>
	<ul style="list-style-type: none"> <li>Commitment to respect the five freedoms of animal welfare (if relevant for the business enterprise): <ul style="list-style-type: none"> <li>Freedom from hunger, malnutrition, and thirst</li> <li>Freedom from fear and distress</li> <li>Freedom from heat stress or physical discomfort</li> <li>Freedom from pain, injury, and disease</li> <li>Freedom to express normal patterns of behaviour</li> </ul> </li> </ul>

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	<ul style="list-style-type: none"> <li>• Expectation on suppliers to conduct due diligence</li> </ul>
	<ul style="list-style-type: none"> <li>• Statement about whether subcontracting is allowed or not allowed. If subcontracting is allowed the business enterprise shall define the conditions for allowed subcontracting</li> </ul>
	<ul style="list-style-type: none"> <li>• Expectations on human rights and environmental due diligence obligations shall also be implemented and ensured within subcontracting agreements</li> </ul>
	<ul style="list-style-type: none"> <li>• Expectations regarding the outsourcing at homeworkers and the use of handwork (if relevant for the business enterprise)</li> </ul>
	<ul style="list-style-type: none"> <li>• List of all identified risks which shall be subject to regular updates, according to regular risk analysis</li> </ul>
4.1.2 Implementation of the Responsible Business Policy	To implement processes that anchor responsible business in the business enterprise, aspects as described in the following shall be considered.
4.1.2.1 Embedding the Responsible Business Policy into the Business	<ul style="list-style-type: none"> <li>• The Responsible Business Policy may consist of a single policy, several stand-alone policies or be integrated into other governance documents of the business enterprise (e.g., the code of conduct).</li> </ul>
	<ul style="list-style-type: none"> <li>• The Responsible Business Policy shall be adopted and must be recognised and approved by the highest corporate level.</li> </ul>
	<ul style="list-style-type: none"> <li>• The Responsible Business Policy shall be publicly available (e.g. business enterprise's website) and easily accessible to ensure full transparency.</li> </ul>
	<ul style="list-style-type: none"> <li>• The Responsible Business Policy shall be communicated to all employees, suppliers and other relevant third parties to ensure awareness.</li> </ul>
	<ul style="list-style-type: none"> <li>• To ensure that the Responsible Business Policy, information about the grievance mechanism and supplier code of conduct are communicated to the Chain of Activities, the company shall include a pass-on clause (chapter 4.1.4) in its contractual documents that regulates the transfer of documents to the deeper Chain of Activities.</li> </ul>
	<ul style="list-style-type: none"> <li>• The Responsible Business Policy shall be reviewed annually and updated on an iterative process based on the increasing knowledge about risks and harms in the business enterprise own operations and Chain of Activities.</li> </ul>
4.1.2.2 Embedding the Responsible Business Management System into the Business:	<ul style="list-style-type: none"> <li>• The company shall implement responsible business person as an integral part into regular business processes and into all relevant decision-making processes (e.g., product development, purchasing, etc). Therefore, following criteria shall be ensured:</li> </ul>
	<ul style="list-style-type: none"> <li>• The provision of adequate resources (e.g., financial resources, adequate staff, time, etc.) and support to allow the implementation of human rights and environmental due diligence and to maintain the necessary infrastructure.</li> </ul>
	<ul style="list-style-type: none"> <li>• The appointment of a responsible business person who is responsible for carrying out the corporate due diligence (employees, team, external parties, etc.). This person shall have adequate and sufficient knowledge of this area.</li> </ul>

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	<ul style="list-style-type: none"> <li>The exchange of feedback, learnings, and information on due diligence across teams and business units in order to allow alignment.</li> </ul>
	<ul style="list-style-type: none"> <li>That adequate and appropriate information related to due diligence is provided to relevant decision makers.</li> </ul>
	<ul style="list-style-type: none"> <li>The establishment of an information system which allows collection and storage of accurate information, such as: <ul style="list-style-type: none"> <li>Listing of all products the business enterprise buys and sells and the associated risks of harm related to production and sale of those products.</li> <li>Mapping of all countries from which the business enterprise is sourcing from, and the associated risks of harm linked to.</li> <li>Mapping of suppliers and other business partners the business enterprise is sourcing from, and the associated risks of harm linked to.</li> <li>Listing of all stages in Chain of Activities which have a higher likelihood of employing homeworkers.</li> <li>Listing of all stages in Chain of Activities which have a higher likelihood of subcontracting.</li> <li>The results of the risk analysis.</li> <li>The results of individual supplier assessments.</li> <li>Listing of the commitments of all suppliers with whom a Corrective Action Plan has been developed and agreed.</li> <li>List of suppliers and subcontractors who are identified as prequalified (those who are already conducting human rights and environmental due diligence or those who are willing to collaborate and engage with the business enterprise on prevention of harm).</li> <li>Optional: Choke points or strategic points of influence in the upstream Chain of Activities for products linked to severe harm (e.g. processing stages and suppliers that have a greater impact on their upstream Chain of Activities because they may be one of just a few processors/suppliers carrying out a particular process).</li> </ul> </li> </ul>
	<ul style="list-style-type: none"> <li>The information that is foundational for the implementation of decisions and measures (results of the risk analysis, etc.) shall be documented in a comprehensible manner and stored for 7 years.</li> </ul>
	<ul style="list-style-type: none"> <li>For retailers: <ul style="list-style-type: none"> <li>List of brands that the enterprise sells and the associated products.</li> <li>Information on whether the listed brands are conducting due diligence.</li> </ul> </li> </ul>
4.1.3 Responsible Person	<ul style="list-style-type: none"> <li>A responsible person shall be nominated, who: <ul style="list-style-type: none"> <li>Has a comprehensive understanding of the international treaties on: <ul style="list-style-type: none"> <li>Human rights</li> <li>Environment and climate</li> </ul> </li> </ul> </li> </ul>
	<ul style="list-style-type: none"> <li>Coordinates all responsible business activities, especially if delegation of tasks is established.</li> </ul>
	<ul style="list-style-type: none"> <li>Manages the operational implementation of responsible business processes and ensures that responsible business is implemented in all areas of the business enterprises activities. This includes the development and implementation of appropriate purchasing strategies and practices.</li> </ul>
	<ul style="list-style-type: none"> <li>Has authority while decision making to decrease certain risks within own business enterprise and its Chain of Activities.</li> </ul>

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	<ul style="list-style-type: none"> <li>Ensures that employees receive appropriate training and incentives to comply with the business enterprise Responsible Business Policy.</li> </ul>
	<ul style="list-style-type: none"> <li>Is responsible for ensuring that Chain of Activities can be mapped (e.g. must ensure that systems or methods are put in place that allow the Chain of Activities to be mapped transparently, etc.).</li> </ul>
	<ul style="list-style-type: none"> <li>Is in contact with suppliers and other business partners to ensure the business enterprise's responsible business expectations and policies are met. The Responsible Business Policy shall be communicated to the suppliers and other relevant business partners and included in written agreements. Trainings and incentives shall be provided to ensure that the responsible business policy is understood and installed.</li> </ul>
	<ul style="list-style-type: none"> <li>Has a regular reporting obligation (e.g. biannually) to the executive board and meets regularly with the heads of any departments with Chain of Activities responsibility (e.g. purchasing depts, product management, quality management, etc.).</li> </ul>
	<ul style="list-style-type: none"> <li>Ensures that the risk analysis is properly carried out (chapter 4.2).</li> </ul>
	<ul style="list-style-type: none"> <li>Makes recommendations for appropriate actions (chapter 4.3) by creating a report on which sourcing decisions are based. The report shall include defined goals, timetables, milestones, and the risk analysis results. Management settles any conflicts, considering all relevant information. If management decides against the recommendation of the responsible person, the reason for the decision shall be documented.</li> </ul>
	<ul style="list-style-type: none"> <li>Coordinates the establishment of a supplier code of conduct and inclusion of responsible business in contractual agreements (chapter 4.3).</li> </ul>
	<ul style="list-style-type: none"> <li>Oversees the continuous monitoring process (chapter 4.4).</li> </ul>
	<ul style="list-style-type: none"> <li>Ensures transparent communication of the responsible business-related actions to all stakeholders (chapter 4.5).</li> </ul>
	<ul style="list-style-type: none"> <li>Establishes and/or oversees the complaint process (chapter 4.6).</li> </ul>
4.1.4 Pass-On Clause 4.1.4.1 Direct Supplier	<p>Embedding the Responsible Business Policy into the upstream + downstream Chain of Activities through the Pass-On-Clause: The Pass-On clause is a contractual obligation in which the following is agreed upon between the business enterprise and the direct supplier:</p> <ul style="list-style-type: none"> <li>Compliance with the Responsible Business Policy statement</li> <li>Compliance with the supplier code of conduct</li> </ul>
	<ul style="list-style-type: none"> <li>The supplier code of conduct, in alignment with the business enterprise's business policy, shall include a commitment to addressing human rights and environmental risks, an obligation to comply with relevant conventions, and clearly defined requirements for subcontracting:</li> </ul>

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	<ul style="list-style-type: none"> <li>• If subcontracting is not authorised by the Responsible Business Policy of the business enterprise, it shall be prohibited throughout the whole Chain of Activities.</li> <li>• If subcontracting is authorised by the Responsible Business Policy of the business enterprise the following shall be adhered to by the direct supplier: <ul style="list-style-type: none"> <li>• Any purchasing, outsourcing, or subcontracting of goods, materials or services shall be controlled to ensure that all purchased goods/services meet the Responsible Business Policy regarding human rights and environmental risks.</li> <li>• The supplier who is subcontracting shall, therefore, contractually bind their subcontractors to this supplier code of conduct and obligate their subcontractors to comply with this supplier code of conduct.</li> <li>• The supplier who is subcontracting shall communicate their subcontracting partners to the ordering business enterprise.</li> </ul> </li> </ul>
	<p>Contractual training measures</p> <ul style="list-style-type: none"> <li>• The business enterprise shall conduct initial and future trainings with the direct supplier to ensure compliance with the contract.</li> </ul>
	<p>Grievance mechanism information &amp; implementation</p> <p>The following information shall be publicly available:</p> <ul style="list-style-type: none"> <li>• Contact information for the grievance mechanism,</li> <li>• Contact information for the person responsible for the grievance mechanism at the certified business enterprise,</li> <li>• Description of the complaint process,</li> <li>• Obligation of each supplier to take note of the information and access points of the grievance mechanism (as outlined in the pass-on clause) and to make the grievance mechanism known to the relevant stakeholders of the business partner.</li> </ul>
4.1.4.2 Contractual Obligation to Pass-On & Acknowledgement	<ul style="list-style-type: none"> <li>• The Pass-On Clause includes the obligation that the business policy, supplier code of conduct and grievance mechanism shall be contractually passed on to the suppliers of the direct supplier (indirect suppliers to the business enterprise).</li> <li>• This obligation is only fulfilled when the direct supplier submits the indirect supplier 's acknowledgement to the business enterprise.</li> <li>• The indirect supplier's written acknowledgment declares compliance with the obligations (see also acknowledgement template).</li> <li>• The Pass-On Clause includes this obligation to be passed through all tiers of the whole Chain of Activities, in a cascading manner.</li> </ul>
4.1.4.3 Indirect Supplier	<ul style="list-style-type: none"> <li>• The Pass-On Clause contains the obligation and requires every direct supplier to pass-on the original business policy statement, the supplier code of conduct and all information of the grievance mechanism to their subsequent suppliers (e.g. tier 1 to tier 2 to tier 3, and so forth).</li> <li>• Indirect suppliers shall be obliged to make the grievance mechanism accessible to their relevant stakeholders, especially workers. The grievance mechanism shall be made accessible in locations at the stakeholder's discretion (e.g. restrooms).</li> </ul>



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4.2 Risk Analysis	<p>Based on a formalised process, the business enterprise shall identify the risks and negative impacts of its business activities on its own operations and on their Chain of Activities and shall prioritise them according to their significance for further prevention and mitigation.</p> <p>The risk analysis is the cornerstone of all due diligence activities. The risk analysis shall cover the following areas:</p> <ul style="list-style-type: none"> <li>• Own business operations</li> <li>• Own retail and distribution centres</li> <li>• Own and external transport and logistics until their end customer</li> <li>• Chain of Activities, upstream and downstream until their end customer</li> </ul>
4.2.1 Risk Analysis - Principles	<p>The business enterprise shall conduct a risk analysis to identify and understand human rights and environmental risks in the own business enterprise as well as in the Chain of Activities to prevent adverse impacts by not causing or contributing to them and to understand where the business enterprise might be linked to risks of harm.</p> <p>Following aspects shall be taken into consideration when conducting the risk analysis:</p>
	<ul style="list-style-type: none"> <li>• The business enterprise shall consider specific sector risks as well further risks as mentioned in chapter 4.2.2.1.</li> </ul>
	<ul style="list-style-type: none"> <li>• The business enterprise shall analyse whether those risks are present or potentially might occur in its own business enterprise and in its Chain of Activities.</li> </ul>
	<ul style="list-style-type: none"> <li>• The business enterprise shall also take into consideration actual harm it might identify through its own provided grievance mechanism.</li> </ul>
	<ul style="list-style-type: none"> <li>• The identified risks shall be evaluated according to their severity and likelihood.</li> <li>• The identified risks shall then be prioritised. The prioritisation shall focus on most significant risks.</li> </ul>
	<ul style="list-style-type: none"> <li>• The risk analysis shall be conducted periodically, at least once a year.</li> </ul>
	<ul style="list-style-type: none"> <li>• The risk analysis shall be thoroughly researched and documented.</li> </ul>
	<ul style="list-style-type: none"> <li>• Additional risk analyses shall be conducted if a risk situation is significantly changed or expanded.</li> </ul>
	<ul style="list-style-type: none"> <li>• Any changes of purchasing practices, country risks, product changes, etc. shall be considered.</li> </ul>
	<ul style="list-style-type: none"> <li>• The results of the risk analysis shall be communicated in a timely manner to the relevant decision-making employees and management.</li> </ul>
	<p>Information on identified risks of harm related to specific production processes, countries, sourcing models, etc. shall be shared by business enterprises publicly or at the industry level. This is particularly important in order to provide, communicate and address emerging risks of harm at industry level.</p>
<p>4.2.2 Risk Analysis - Implementation</p> <p>4.2.2.1 Risk Analysis Scope</p>	<p>The scope of the risk analysis shall include</p> <ul style="list-style-type: none"> <li>• The business enterprise's own operations,</li> <li>• Their full Chain of Activities</li> <li>• External transport and logistics until end customer (see also chapter 2).</li> </ul>

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4.2.2 Risk Analysis - Implementation  4.2.2.1 Scope	<p>The following sector and potential further risks shall be taken into consideration when conducting the risk analysis:</p> <p>Human Rights / Social</p> <ul style="list-style-type: none"> <li>• *Right to life (due to a lack of control or instruction by the business enterprise)</li> <li>• Torture, cruel or degrading treatment (due to a lack of control or instruction by the business enterprise)</li> <li>• *Right to liberty and security.</li> <li>• *The prohibition of arbitrary or unlawful interference with a person's privacy, family, home or correspondence and unlawful attacks on their honour or reputation</li> <li>• *The prohibition of interference with the freedom of thought, conscience, and religion</li> <li>• *Housing and facilities</li> <li>• Child labour and worst forms of child labour</li> <li>• *The right of the child to the highest attainable standard of health</li> <li>• Forced or compulsory labour (includes recruitment fees paid by workers is prohibited and compliance must be monitored)</li> <li>• Slavery</li> <li>• Freedom of association, of assembly, and the rights to organise and collective bargaining,</li> <li>• Unequal treatment in employment</li> <li>• Land grabbing</li> <li>• Sexual harassment and sexual and gender-based violence in the workplace</li> <li>• Working time</li> <li>• Occupational health and safety</li> <li>• Fair and adequate living wages</li> <li>• Bribery and corruption</li> <li>• Responsible sourcing from homeworkers</li> </ul> <p>(* = optional / voluntary)</p>
	<p>(The following sector and potential further risks shall be taken into consideration when conducting the risk analysis:)</p> <p>Environmental Risks</p> <ul style="list-style-type: none"> <li>• *Biological diversity</li> <li>• *Endangered species</li> <li>• Mercury</li> <li>• Hazardous and other waste</li> <li>• Persistent Organic Pollutants</li> <li>• Hazardous chemicals</li> <li>• Water</li> <li>• *Wetlands</li> <li>• Greenhouse gas emissions / Air pollution</li> <li>• *Natural Heritage</li> <li>• Soil degradation</li> <li>• Harmful noise emissions</li> <li>• Deforestation</li> <li>• Animal welfare</li> </ul> <p>Further risks (* = optional / voluntary)</p>
4.2.2.2 Complexity	<p>The complexity of the risk analysis is determined by the complexity of the business enterprise (size, operational context, product complexity, Chain of Activities, and structure).</p>

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	The risk analysis is made more complex with higher levels of human rights and environmental impacts. The more complex a business enterprise is, and the more serious identified human rights and environmental risks are, the more extensive and detailed the documentation shall be (chapter 4.2.2.3).
4.2.2.3 Documentation	In any case, the business enterprise shall ensure that the data and information on which the risk analysis is based are comprehensible and accessible.
	The risk analysis and the data used for it shall be kept for a period of at least 7 consecutive years.
	The following describes a step-by-step procedure towards the risk analysis. As a first step, the countries and regions the business enterprise sources from, the products, the actual and potential suppliers, the business model, and the purchasing practices shall be considered. These contexts influence the presence of risks and, ultimately, their rating and prioritisation in the risk analysis.
	For this analysis, <ul style="list-style-type: none"> <li>• Third party documentation from international organisations, multi-stakeholder initiatives and NGO's (e.g. Partnership for Sustainable Textiles, annual reports on the OECD Guidelines for Multinational Enterprises, UNICEF, IUTC Global Rights Index, etc.),</li> <li>• The business enterprise advisory board,</li> <li>• As well as potentially affected and most vulnerable stakeholders,</li> </ul> shall be consulted.
	In case the business enterprises notices lack of information to identify and evaluate risks, the business enterprise shall engage with experts to gain missing information.
Countries and Regions	The risk analysis documentation shall reflect all countries and regions from where actual and current sourcing partners are considered. Accordingly, those risks that arise from these countries and regions shall be assessed according to the applicable laws and regulations that are applicable there.
	If labour laws in these countries and regions diverge from the Fundamental ILO Conventions, UN Human Rights Convention, specific focus shall be put on suppliers from these countries and regions. This is achieved, among other instruments, through contracts that contain clauses that address certain issues. In addition, audits conducted by the business enterprise can further strengthen due diligence.
Suppliers	<ul style="list-style-type: none"> <li>• All direct suppliers shall be mapped.</li> <li>• All indirect suppliers, through raw material production, shall be listed based on available information. The business enterprise can use external mapping tools or create its own. The key is a transparent documentation.</li> <li>• The documentation shall include current suppliers as well as suppliers considered in the future.</li> <li>• The business enterprise shall structure direct supplier relationships in a proper manner.</li> </ul> It shall be forbidden to circumvent due diligence obligations regarding direct suppliers. For a comprehensive overview of the Chain of Activities levels and the requirements on implemented due diligence obligations, see chapter 2.
Products/Raw Materials	<ul style="list-style-type: none"> <li>• All articles containing textiles and leather are to be considered in the risk analysis.</li> <li>• Products and their raw materials shall be assessed according to their human rights and environmental risks. For example, overtime, high water consumption and energy requirements for a wide variety of production processes are typical risks in the textile and leather Chain of Activities, to name a few.</li> </ul>
Purchasing Practices	<ul style="list-style-type: none"> <li>• Accordingly, the business enterprise shall consider its purchasing practices when conducting the risk analysis.</li> </ul>

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Business Model	<ul style="list-style-type: none"> <li>• The business model that the business enterprise pursues also has an influence on existing and potential risks. The following aspects shall be considered in the risk assessment risk analysis: <ul style="list-style-type: none"> <li>• Number of product lines and how often those are changed (e.g., season per year).</li> <li>• Whether high diversity of product lines (e.g., as complexity of materials, processes, etc. increases) is present.</li> <li>• Numerous product cycles or seasons (e.g., might lead to short lead-times, overtime, etc.).</li> <li>• The extend of a business enterprise's foreign operations (e.g., reduced control of conditions in production, purchasing practices, etc.).</li> </ul> </li> </ul> <p>Based on the analysed risks, their likelihood and severance shall be evaluated. Based on this allocation of risks, a prioritisation shall be conducted. The prioritisation aims to handle first the most relevant risks of harm prior to handling less severe risks of harm. Accordingly appropriate actions for the elimination and reduction of risks shall be assessed and defined by the business enterprise (see chapter 4.3).</p>
4.2.2.4 Frequency and Evolving Nature of Risk	<p>The business enterprise shall implement the general risk analysis as an ongoing and continuous process that reflects the evolving nature of risk in the industry. Changing circumstances (e.g., new suppliers, emerging risks in a particular country, etc.) shall be immediately assessed in the responsible business process.</p>
4.2.2.5 Business Enterprise's Relationship to Impacts	<p>After having conducted above mentioned processes related to the comprehensive risk analysis, the business enterprise shall identify whether it has caused, contributed to, or is linked to the identified impacts. This is important in order to take the appropriate and necessary measures. Further information to the concept of caused, contributed, and linked to can be found in chapter 4.3.</p>
4.2.3 Assessing the Location Linked to Identified Risks/ Understand Actions Needed	<p>After the risk analysis, risk identification and prioritisation, the business enterprise will understand where certain risks are located. This might be in</p> <ul style="list-style-type: none"> <li>• the own business enterprise operations</li> <li>• as well as at multiple stages within the Chain of Activities.</li> </ul> <p>Accordingly, the business enterprise shall conduct assessments of the site associated with the identified risk. The assessment aims to understand what strategies, systems, and measures, etc. are already in place or may be lacking to prevent or mitigate the occurrence of the identified risks. The identification of lacks will determine what further measures (prevention and mitigation measures) the business enterprise shall introduce to mitigate the identified risks.</p>
4.2.3.1 Assessment – Own Operations	<p>If the business enterprise has identified risks of harm in the own business enterprise operations, the enterprise shall engage with potentially affected stakeholders. This might include employees, workers, trade unions, etc. to better understand lack of prevention and mitigation measures and to adjust the same. For that purpose workers shall be provided with complete and accurate information and given the opportunity to raise concerns and provide input. Enterprises may also partner directly with trade unions to facilitate worker input.</p> <p>Beside stakeholder engagement the business enterprise shall review its policies and systems to understand whether those already support prevention or mitigation of the detected risks.</p> <p>For the self-assessment, the business enterprise shall consult credible guidance for employers which has been published e.g. by the ILO and shall seek for external support in case the detected impact may cause severe harm if not properly prevented or if the prevention of measures require technical expertise that is not available in house (e.g. technical support might be needed for occupational health and safety measures, etc.).</p>

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4.2.3.2 Assessment – Suppliers	<p>Depending on where in the Chain of Activities risks of harm has been detected and its defined priority, the related suppliers or processing steps shall be selected by the business enterprise for assessment. Following criteria shall be taken into consideration for the supplier assessment:</p> <ul style="list-style-type: none"> <li>• Measures that the supplier has implemented to prevent harm (e.g. policies, trainings, etc.)</li> <li>• Whether there are actual risks of harm (e.g., no wastewater treatment, air pollution, etc.)</li> <li>• If and to what extent workers have an understanding about their rights in relation to human rights and labour rights.</li> <li>• In case the supplier provides an operational-level grievance mechanism, it shall be checked to which extent it meets the recommendations of the OECD on criteria for operational-level grievance mechanisms.</li> </ul>
	<p>It might be difficult for business enterprises to identify and assess individual suppliers in the upstream Chain of Activities. Particularly in the deeper Chain of Activities, it might become difficult to obtain detailed information. In those cases, business enterprises shall understand where choke points, or strategic points of influence, within their Chain of Activities are located and using their leverage to further implement required due diligence objectives down the Chain of Activities.</p> <ul style="list-style-type: none"> <li>• “Choke points” are key points of transformation in the Chain of Activities,</li> <li>• Are stages within the Chain of Activities that include generally few actors only who process the majority of commodity.</li> <li>• “Choke points” have greater visibility and leverage over circumstances of upstream Chain of Activities partners.</li> </ul>
4.2.3.3 Assessment Approach and Methodology	<p>The approach and nature to the assessment and its methodology shall always been selected considering the individual context. Different risks do require different forms of assessments. E.g. the risk of workplace safety requires different assessment methods compared to assess the risk of sexual harassment in the workplace</p> <p>Further, the local operating context at the supplier shall influence the way how the assessment is conducted as power dynamics and cultural norms shall be considered in the design and implementation of the assessments.</p> <p>The evaluation of risks of harm in the Chain of Activities requires a certain level of subjective determination. Therefore, it shall be ensured that multiple data points are being considered to assess a certain risk and allow credible and defensible results.</p> <p>Likewise, the business enterprise shall adjust its assessment methodology when actual findings do not correspond to the expected findings.</p>
4.2.3.4 Assessment Team	<p>Generally, those who are conducting the assessments shall be qualified and shall have expertise and knowledge of the relevant risks and shall have an understanding about what methodology for identifying actual and potential harms related to the risk within the local context.</p> <p>The persons involved in the assessment shall have the following competencies:</p> <ul style="list-style-type: none"> <li>• Extensive knowledge about the relevant risks.</li> <li>• Understanding of the best methodology for identifying potential harms and risks.</li> <li>• Knowledge of international and national standards related to the risks.</li> <li>• Capacity to carry out the assessment in the local context.</li> </ul> <p>Since the person conducting the assessments is unlikely to possess all the required competencies, collaboration within a team that collectively has the necessary skills shall be facilitated.</p>

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<p>4.2.3.5 Frequency of the Assessments</p>	<p>It shall be carefully decided whether an assessment shall take place in order not to add to the problem of audit fatigue. Following criteria shall be taken into consideration:</p> <ul style="list-style-type: none"> <li>• New suppliers shall be assessed prior to order placement to understand whether the supplier has the necessary prerequisites that allow responsible engagement with the supplier.</li> <li>• The supplier assessment can be conducted by the business enterprise or by relying on already existing credible assessments. If the business enterprise relies on existing assessments, care shall be taken to ensure that the assessment has taken place within a reasonable period of time so that the reflected data and information still represents reliable input.</li> <li>• Supplier assessments shall not substitute or replace an ongoing monitoring of the suppliers (ongoing monitoring includes an ongoing tracking of the situation on the ground related to specific risks and provides a more detailed picture vs. individual assessments).</li> <li>• In case an unsuccessful assessment is foreseeable (e.g. circumstances are too difficult to obtain reliable data), the business enterprise can instead work directly with the supplier to directly stop or mitigate the identified risk.</li> </ul>
<p>4.2.4 Transport and Logistics</p>	<p>As mentioned above, human rights and environmental due diligence shall also be applied to transport/logistics that is part of the business enterprises Chain of Activities.</p> <p>The logistics sector (transport and warehousing) is not only often linked to precarious and unprotected working conditions along the upstream Chain of Activities, but also near to the Chain of Activities level of brands, retailers and traders, there are often violations of social standards in the transport sector. Workers on ships, at ports and truck drivers are often poorly qualified and have little or no knowledge of their rights. Therefore, logistics shall also be included in the risk analysis, especially in the case of direct suppliers upstream, but also in the case of existing substantiated knowledge of risks along the Chain of Activities up to delivery to the end customer.</p> <p>Common risks in these areas can be:</p> <ul style="list-style-type: none"> <li>• Corruption</li> <li>• Forced labour (e.g. on ships)</li> <li>• Health risks (due to hard work, high temperatures, accident risks, etc., e.g. when loading and unloading goods)</li> <li>• Irregular income</li> <li>• Too low incomes</li> <li>• Fraud</li> <li>• Withholding of social benefits</li> <li>• Insufficient supply of food and fresh water to workers on ships</li> <li>• Sexual harassment</li> <li>• Etc.</li> </ul> <p>It shall be investigated exactly which risks are to be located where so that they can be addressed accordingly.</p> <p>Measures to avoid the occurrence of risks in the logistics sector can be:</p> <ul style="list-style-type: none"> <li>• Improve transparency in transport Chain of Activities - which carriers do suppliers work with?</li> <li>• Contracting authorities shall obtain written assurances from their logistics partners that they will comply with social standards in accordance with the transport sectors in question (ship, truck, rail).</li> <li>• The complaints mechanism provided by the company shall also be made available to the logistics partners in the Chain of Activities.</li> </ul>
	<p>In order to promote the implementation of due diligence in the logistics sector, the expectations of companies shall be clearly communicated when contracting logistics companies, and companies should check whether the contracted logistics companies themselves are already committed to implementing human rights and social standards.</p> <p>In particular, the alliance of several business enterprises and cross-sectoral cooperation can facilitate to improve social standards at different logistic sectors (e.g. port authorities).</p>

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4.2.5 Responsible Sourcing and Practices	-
Minimum Wage Compliance	All employees and workers at the business enterprise and at direct business partners in their Chain of Activities shall be paid the legal minimum wage, or the industry or collectively agreed wage if higher, in line with ILO Conventions 26 and 131.
Strategy and Roadmap for Living Wages	Business enterprises shall establish a clear strategy or roadmap to achieve living wages for all employees and direct business partners, setting measurable goals, such as incremental wage increases or reaching living wage targets within a defined period (e.g., 3 to 5 years).
Non-Wage Benefits and Wage Transparency	Wages and benefits shall meet legal requirements for severance, overtime, holiday pay, and bonuses. Wage deductions for disciplinary reasons are prohibited unless compliant with regional laws and shall be documented with written notice to employees and workers. All employees and workers shall receive pay slips detailing wages, payment periods, overtime premiums, and, if applicable, piecework calculations. The company should also provide training on wage components, including non-wage benefits and overtime.
Direct and Timely Wage Payment	Wages shall be paid directly to employees by cheque, bank transfer, or a similar method, on a regular and timely basis (at least monthly).
Social Insurance and Accident Coverage	Social insurance, covering medical care, health services, and income security (including illness, unemployment, injury, maternity, family responsibilities, retirement, and old age), shall be provided to all employees and workers. Contributions and taxes shall be handled through the company and displayed on pay slips. Additionally, the company shall provide accident insurance or an equivalent compensation mechanism to cover incidents at work.
Sanction Lists	<p>Which sanction lists shall be respected depends on the country in which the company is located. If a business enterprise has an independent subsidiary in another country, the subsidiary shall respect the legal requirements regarding sanction lists according to the law that is applicable in the respective country the subsidiary is located. For example, companies based in the European Union are required to check the CFSP list (Common Foreign and Security Policy list), while companies based in the United States shall check the SDN list (Specially Designated Nationals and Blocked Persons List).</p> <p>The U.S. takes an extraterritorial approach to its sanctions policies. This means that companies outside the U.S. are also expected to check the SDN list, particularly regarding secondary sanctions, which apply to non-U.S. entities engaging in certain transactions with sanctioned parties.</p> <p>This extraterritorial reach ensures that specific U.S. trade laws are observed worldwide. As a result, all companies, regardless of their location, shall verify their compliance with U.S. sanctions regulations to avoid potential penalties, loss of access to the U.S. financial system, or restrictions on trade with U.S. companies.</p>
Who shall be checked	Business enterprises shall check their direct contractual business partners. Those are customers, suppliers, service providers or employees, etc.

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Who and when to check	The sanctions list check does not only affect the export department. The purchasing department shall also check that goods are not procured from listed persons or companies. In customer contact, the sales department checks that the persons or companies involved are not mentioned on a sanctions list. In addition, the finance department shall also check whether financial sanctions have been imposed on companies, organisations, or individuals.
	The timing of when a sanctions list screening should take place shall be adjusted to the specific business process: for example, before the registration of a new customer or supplier, before preparing a quotation, before hiring new employees (in this case, data protection regulations may need to be considered), etc.
What to do in the event of a “hit”	When using online solutions, not only exact matches between the listed and searched entities are displayed, but also similar names. Therefore, such hits shall always be manually reviewed afterwards. If, upon review, it is determined to be an exact match, a legal assessment of the individual case shall always be conducted, and experts shall be consulted. It is also important to note that both exact and similar matches shall always be documented. Further the decisions regarding the approach to handling individual hits shall be recorded.
Implementation - Conducting a Risk Analysis	Initially a comprehensive risk analysis to identify applicable sanctions shall be conducted. This involves: <ul style="list-style-type: none"> <li>Assessing national restrictions in the primary jurisdiction (e.g., the CSFP list for EU-based businesses) and</li> <li>Identifying any additional restrictions that may apply due to sanctions laws in other jurisdictions (e.g., the U.S. SDN List, including secondary sanctions).</li> <li>The risk analysis also includes pinpointing high-risk business activities, geographic regions, and business partners, ensuring that the screening process is tailored to the company's specific risk profile.</li> </ul>
Employee Training and Partner Awareness:	Employee training is critical to ensure that all team members understand the importance of sanctions compliance and are familiar with screening procedures. Training shall cover how to identify individuals or entities that may be subject to sanctions. Additionally, increasing awareness among business partners helps build a culture of compliance within and around the organization, encouraging consistent adherence to regulations.
Developing an Escalation Procedure:	In cases where a potential match with a sanctions list is detected, a clear escalation procedure shall be in place. This ensures that positive matches are promptly and thoroughly investigated by compliance officers or legal counsel, following a structured approach for verification and resolution.
Recordkeeping and Documentation	Thorough records shall be maintained. Keeping detailed documentation of all sanction checks and compliance measures is vital to ensure transparency and traceability of the sanction list check.
Conflict-Affected and High-Risk Areas	Business enterprises shall have special attention on business relationships with business partners in their Chain of Activities acting in high-risk and conflict affected areas.
	As described in chapter 2, the due diligence process is ongoing and evolving. As such, it shall always be reflected, whether political/military contexts might have changed over time and if those possibly require a heightened due diligence approach, no matter if a business relationship is established or if the business enterprise intends to start business with a new business relationship in those regions.
Implementation of heightened due diligence	The implementation of heightened due diligence shall consist of a series of interconnected processes built around four core components:



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	<p>Identifying and assessing:</p> <ul style="list-style-type: none"> <li>Identifying potential or actual negative impacts on conflicts and human rights caused by the company. Business enterprises shall engage with local communities and affected stakeholders to gather insights on risks and impacts. This can involve conducting interviews, focus groups, or community meetings to better understand the local context and any potential human rights concerns. Engaging stakeholders not only builds trust but also informs better decision-making.</li> <li>Assessing the extent to which the company contributes to these negative impacts.</li> <li>Examining whether these impacts are directly linked to the company's activities, products, or services through business relationships.</li> </ul>
	<p>Acting:</p> <ul style="list-style-type: none"> <li>Training: Just as with the implementation of traditional due diligence obligations, business enterprises shall inform their employees about the content and relevance of enhanced due diligence obligations. This may include workshops, seminars, or online courses to ensure that employees understand the importance of respecting human rights in all business activities and can identify potential risks.</li> <li>Actions and measures (based on the impact assessment findings across relevant functions and company processes): <ul style="list-style-type: none"> <li>If the business enterprise is causing or at risk of causing an impact on the conflict, it shall take steps to stop or prevent it, including avoiding involvement from the beginning in pre-investment situations.</li> <li>If the business enterprise is contributing or at risk of contributing to the impact, it shall stop or prevent its contribution and use its influence to lessen the remaining impact.</li> <li>If the business enterprise has not contributed to the impact but it is directly or potentially linked to conflicts through its operations, products, or services, it shall seek and use influence to prevent and reduce the impact as much as possible.</li> </ul> </li> </ul>
	<p>Tracking:</p> <ul style="list-style-type: none"> <li>Business enterprises shall evaluate the effectiveness of measures and processes designed to address adverse conflict and human rights risks or impacts, in order to determine whether they are effective.</li> <li>Evaluating whether company actions align with principles of humanitarian law.</li> </ul>
	<p>Communicating:</p> <ul style="list-style-type: none"> <li>Business enterprises shall communicate how risks or impacts are being managed. Further they shall demonstrate to stakeholders, especially those directly affected, that there are sufficient policies and processes in place to ensure the practical respect for human rights.</li> </ul>
<p>4.3 Integration of Appropriate Actions</p> <p>4.3.1 Principles and Implementation</p>	<p>The results of the risk analysis of potential risks as well as the information obtained from the grievance mechanism (chapter 4.6) on violations that have occurred, shall be made available to the affected business units and the associated processes in a timely manner. They shall implement measures to prevent, mitigate and end negative impacts resulting from risks related to their own business enterprise, their upstream and downstream Chain of Activities until end customer.</p>

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	<p>These measures shall be:</p> <ul style="list-style-type: none"> <li>• Specific,</li> <li>• Measurable,</li> <li>• Accountable,</li> <li>• Realistic,</li> <li>• Timebound,</li> </ul> <p>(SMART) to enable a committed implementation and to measure its effectiveness</p> <p>Management processes shall be continuously reviewed and adjusted based on the defined measures and KPI results to ensure ongoing improvement of business and management operations in line with the due diligence approach.</p>
4.3.1.1 Prevention and Mitigation Measures at the Business Enterprise	<ul style="list-style-type: none"> <li>• The business enterprise shall take immediate action to stop any past, current, or imminent risk detected within its own operations.</li> </ul>
	<ul style="list-style-type: none"> <li>• If the risk violation cannot be fixed in foreseeable future, the business enterprise shall draw up and implement a corrective action plan (CAP) for ending or minimising the violation immediately.</li> </ul>
	<ul style="list-style-type: none"> <li>• Stakeholders such as workers, trade unions and worker representative organisations shall be engaged during the development of the corrective action plan and its implementation.</li> </ul>
	<p>Corrective actions within the own business enterprise shall consider according to applicability:</p> <ul style="list-style-type: none"> <li>• Revision and/or update of the own business policy and relevant commitments.</li> <li>• Revision and/or update of the supplier code of conduct.</li> <li>• Alignment of purchasing practices, considering risk analysis findings and identified risks.</li> <li>• Training of employees and workers shall cover information on the risk, the rights of the workers, their role on preventing or mitigating harms, etc. – any information and content that is relevant to prevent and mitigate future harm.</li> <li>• Upgrading of the business enterprise/facility such as the further implementation of occupational health &amp; safety measures, investments in state-of-the-art technology to minimise environmental risks, etc.</li> <li>• Strengthening management systems to improve tracking of risk related information to flag those prior to their occurrence or to establish systematic measures to mitigate risks of harm in the beginning.</li> <li>• Allowing workers the right to form or join a trade union, and to bargain collectively, etc. Generally, granting the provision of the enabling rights.</li> </ul>
4.3.1.2 Prevention and Mitigation Measures at Direct and Indirect Suppliers	<p>The business enterprise shall ensure that the human rights and environmental expectations it has defined are also communicated in a binding manner to its Chain of Activities. This is to be done through a Pass-On Clause with direct Chain of Activities partners that ensures that</p> <ul style="list-style-type: none"> <li>• the business policy,</li> <li>• the supplier code of conduct and</li> <li>• information on the grievance mechanism</li> </ul> <p>are communicated to all upstream Chain of Activities partners and its receipt and understanding is available to the business enterprise by means of a written confirmation.</p>

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	Further to passing on relevant documents and information, the business enterprise shall also enable its direct business partners through collaboration to actively implement these due diligence measures with their indirect suppliers to reduce risks and potential incidents.
	The business enterprise shall gradually expand the knowledge of its indirect supply chain partners to strengthen the implementation of due diligence obligations and to reflect continuous improvement in its due diligence efforts.
	<p>In addition, the business enterprise can use choke points in the Chain of Activities to check and manage compliance with their human rights and environmental expectations for the upstream Chain of Activities.</p> <p>Choke points are key suppliers within the Chain of Activities that, due to their role and position, can exert greater influence on the upstream Chain of Activities (e.g. raw material processors, etc.) and thus better ensure human rights and environmental expectations in these areas.</p>
	If the business enterprise identifies violations in its Chain of Activities (through risk analysis, information from internal or external sources, etc.), the business enterprise shall define an internal plan to seek to prevent and mitigate harm in its Chain of Activities such as following:
	<ul style="list-style-type: none"> <li>• Prevent contributing to harm, e.g.: <ul style="list-style-type: none"> <li>• Through provision for or cooperation in the remediation of harm,</li> <li>• Through reviewing and adapting purchasing practices in the business enterprises' own product development (e.g. raw materials, production/finishing processes, etc.), buying and planning (e.g. order placement deadlines, capacity planning, etc.), develop and establish pricing models to account for the cost of wages, benefits and investments that are reflected in buying prices (e.g. fob). Generally, the alignment of purchasing practices to prevent and mitigate the risk analysis findings.</li> <li>• Further the business enterprise shall seek supplier input about how it contributed to harm and what might be possible solutions.</li> <li>• Suppliers shall be engaged in the understanding of how the business enterprise has contributed to harm and the development of solutions.</li> </ul> </li> </ul>
	<ul style="list-style-type: none"> <li>• Implement internal measures to mitigate risks, such as: <ul style="list-style-type: none"> <li>• Prequalify suppliers (supplier assessments to evaluate their qualification prior to engagement)</li> <li>• Consolidate suppliers</li> <li>• Expanding knowledge about the business enterprise suppliers and Chain of Activities to better understand the individual suppliers, the associate risk and to develop outcome-oriented solutions.</li> <li>• Establishing incentives for suppliers such as <ul style="list-style-type: none"> <li>○ Developing and maintaining long term relationship with suppliers</li> <li>○ Integrating suppliers' expectations into business enterprise supplier contracts</li> <li>○ Increase of orders to the benefit of well performing suppliers in relation to quality and due diligence expectations.</li> </ul> </li> </ul> </li> </ul>

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	<ul style="list-style-type: none"> <li>The business enterprise shall use its leverage together with other business enterprises and/or industry initiatives to use its influence on the direct suppliers to prevent and mitigate risks and to encourage the supplier to implement its corrective action plan. This might be done e.g. through common trainings and capacity building at the suppliers, common and shared audits of suppliers through the buyers, consolidated material planning and buying, etc. any activity that promotes the acceptance of prevention and mitigating measures at suppliers.</li> </ul>
	<ul style="list-style-type: none"> <li>The business enterprise shall define red-flags or indicators for upcoming risks. These indicators are intended to initiate procedures to promptly avoid the impending risks or reduce their impact.</li> </ul>
	<ul style="list-style-type: none"> <li>The business enterprise shall support the supplier in the prevention and mitigation of harm, e.g. through technical guidance in form of training, upgrading of management systems, facilitate access to financing, etc.</li> </ul>
	<ul style="list-style-type: none"> <li>Disengage from suppliers, e.g. if several attempts at preventing or mitigating risk failed. A termination of the business relationship with any violating supplier shall only be considered as very last resort and only if: <ul style="list-style-type: none"> <li>The violation is defined as very serious, or</li> <li>The measures do not remedy the situation according to the defined timetable, or</li> <li>The business enterprise has already fully leveraged all other less severe means to end the adverse impact of risks, or</li> <li>The influence pressure has no prospect of success.</li> </ul> </li> <li>Possible disengagement shall than be done responsibly. In that case the business enterprise shall: <ul style="list-style-type: none"> <li>Comply with national laws, international labour standards and the terms of collective bargaining agreements.</li> <li>Provide detailed information explaining the business decision to the supplier's management and of applicable also the related workers union.</li> <li>Flag the decision of ending the business relationship with sufficient notice to the supplier.</li> </ul> </li> </ul>
4.3.1.3 Generally	<p>In principle, regardless of whether the risk was identified within the business enterprise's own operations or at business partners in the Chain of Activities, efforts shall focus on</p> <ul style="list-style-type: none"> <li>Strengthening management systems. This will improve the tracking of risk-related information, allowing for early detection of potential risks and enabling the establishment of systematic measures to mitigate them from the very beginning.</li> <li>The more complex the risk, the more the business enterprise shall seek expert advice when developing an appropriate response.</li> <li>Any preventive or mitigating actions taken shall be proportionate to the severity of the potential harm.</li> </ul> <p>In addition, the measures applied shall be regularly checked for their effectiveness. The review interval and measures to improve the effectiveness of the defined measures will depend on the severity of any violations that have occurred or may occur (chapter 4.4).</p>

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4.3.2 Cause, Contribute, Linked to	<p>Once the business enterprise has identified a violation within its Chain of Activities as part of the due diligence process, it shall assess whether it has caused, contributed to, or is linked to the violation. The outcome will determine the expectations for the business enterprise on how to respond to the violation.</p> <p><b>Cause</b></p> <p>If the business enterprise has caused a violation, its business activities, products, or its services have directly caused the violation. In other words, a direct correlation can be established between the business enterprise, its activities, or omissions.</p> <ul style="list-style-type: none"> <li>• Any action that is causing the harm shall be stopped.</li> <li>• Possible remaining harm shall be mitigated.</li> <li>• The harm shall be remedied.</li> <li>• Future harm shall be prevented or mitigated.</li> </ul> <p><b>Contribute</b></p> <p>A business enterprise contributes to a violation if, through its activities or omissions, it causes or encourages another enterprise to commit a violation or facilitates the violation by the other enterprise.</p> <ul style="list-style-type: none"> <li>• Any action that is causing the harm shall be stopped.</li> <li>• Possible remaining harm shall be mitigated.</li> <li>• The harm shall be remedied.</li> <li>• Future harm shall be prevented or mitigated.</li> <li>• Leverage of the business enterprise shall be used to prevent or mitigate the harm.</li> </ul> <p><b>Linked to</b></p> <p>The link is defined through the relationship between the harm and a business enterprises product, services, or its operations. If a business enterprise is linked to the harm, the harm is caused through another entity/business relationship.</p> <ul style="list-style-type: none"> <li>• Prevent or mitigate harm through different measures (e.g. adapting purchasing practices, etc.)</li> <li>• Use of leverage to influence the Chain of Activities partners.</li> </ul>
4.4 Continuous Monitoring	The business enterprise shall check, review, and communicate on the effectiveness of the implemented measures (chapter 4.3).
4.4.1 Progress and Effectiveness of Measures - Business Enterprise's Own Operations	As a first step, the business enterprise shall ensure that the defined measures have actually been implemented within the defined timeframe.
	Furthermore, qualitative, and quantitative indicators shall be checked that provide information on how well or how effective the respective measure has contributed to the desired goal and result. The indicators to be checked can already be determined when defining the measures (according to SMART criteria, Chapter 4.3) and are compared with the situation on the ground at the time of measurement.
	For this purpose, all known and available information shall be used for validation. For example, this includes information from the grievance mechanism or data from regularly conducted evaluations.

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	If the business enterprise is not in a position to verify the prevention of injuries by its measures taken through internal data and resources and if the risk of serious damage is very high, should the risk occur, the business enterprise shall consult external expertise.
	If harm occurs despite verification of the measures, the reasons for harm shall be examined. It is possible that the measures in themselves were not the reason for the breach, but it might be as an example that insufficient time was allocated for the implementation of measures, or insufficient resources were allocated for a corrective action plan.
4.4.2 Progress and Effectiveness of Measures – Business Enterprise’s Supply Chain	In addition to measuring the effectiveness of implemented measures for their own business enterprise operations, the business enterprise shall also validate the effectiveness of implemented measures for their Chain of Activities as described above.
	In particular, for implemented measures in the Chain of Activities, the more severe the impact of violations, the more the business enterprise shall review the effectiveness of the implemented measures, adjust them if necessary and consult external expertise if the severity of violations is expected to be particularly high.
4.4.3 General	<p>The timetable for reviewing, monitoring, or confirming the effectiveness of remedial actions shall be commensurate with the severity and nature of the harm.</p> <p>Business enterprises shall take into account the time needed to implement the measures and provide appropriate resources.</p>
	<ul style="list-style-type: none"> <li>Whenever possible, direct (e.g. how much water was consumed, etc.) and indirect indicators (e.g. do workers understand what is a violence, etc.) shall be monitored to confirm that negative effects have been or are being avoided.</li> </ul>
	<ul style="list-style-type: none"> <li>Information and reports from workers or their representative organisations shall be part of ongoing monitoring.</li> </ul>
	<ul style="list-style-type: none"> <li>If no improvement is identified through the implemented measures, it shall be verified whether the measure was implemented at all.</li> </ul>
	<ul style="list-style-type: none"> <li>If the business enterprises rely on the implementation of due diligence at choke points in the Chain of Activities, the business enterprise shall conduct audits at these points.</li> </ul>
	<ul style="list-style-type: none"> <li>The business enterprise shall document the evaluation of the measures taken in a comprehensible manner.</li> <li>The results of the review of the effectiveness of the defined measures shall be included in the communication on the due diligence measures implemented, which the business enterprise publishes regularly.</li> </ul>
4.5 Transparent Communication	The business enterprise shall communicate publicly and transparent about its implemented due diligence obligations on an annual basis and its human rights impact. Therefore, and in order track and trace the progress of the due diligence process, the business enterprise shall continuously document their implemented due diligence obligations internally and use it for public communication.
4.5.1 Content and Implementation	The subject of communication and its implementation is described in the following chapter. However, a business enterprise shall always take into consideration what their employees, workers and/or their representatives deem to be material information to report regarding the business enterprises own operations and incorporate the same into business enterprise communication. Elements of a transparent communication shall be:
	<ul style="list-style-type: none"> <li>The business policy itself or comparable value statements.</li> <li>A description about the business enterprises due diligence management system, incl. how due diligence is incorporated into decision-making processes.</li> </ul>
	<ul style="list-style-type: none"> <li>Explanation of the business enterprise’s grievance mechanism and remediation process for this business enterprise own operations and its Chain of Activities.</li> </ul>

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	<ul style="list-style-type: none"> <li>An annual report regarding implemented due diligence obligations, as described above and below, to reflect performance and progress in this regard.</li> </ul>
	<p>The report shall:</p> <ul style="list-style-type: none"> <li>Reflect the performance and progress of the business enterprise related to human rights and environmental due diligence of the past fiscal year.</li> <li>Whether or not the business enterprise engages in multi-stakeholder initiatives.</li> </ul>
	<ul style="list-style-type: none"> <li>Be publicly available latest 4 month after the past fiscal year at the website of the business enterprise.</li> </ul>
	<ul style="list-style-type: none"> <li>Shall be accessible to anyone interested.</li> </ul>
	<ul style="list-style-type: none"> <li>Be available for 7 consecutive years and accessible without any cost.</li> </ul>
	<ul style="list-style-type: none"> <li>Shall be precise, comprehensible, and reader-friendly through sufficient information (e.g., actual examples).</li> </ul>
	<ul style="list-style-type: none"> <li>Reflect if any human rights and environmentally related risks or violations the business enterprise has been identified:</li> </ul>
	<ul style="list-style-type: none"> <li> <ul style="list-style-type: none"> <li>Total number of grievances received and within the scope of the grievance mechanism</li> <li>Aggregated information on all grievances received by sector risk, country, grievance channel and type of grievance resolution.</li> </ul> </li> <li>Reflect the risk analysis process of the business enterprises communication shall be propo</li> <li>Reflect the risk prioritisation process and why some risks have been prioritised over others. Accordingly the extend of the business enterprises communication shall be proportionate to the risk of harm.</li> </ul>
	<ul style="list-style-type: none"> <li>Reflect what measures it has set <ul style="list-style-type: none"> <li>related to the risk management,</li> </ul> </li> </ul>
	<ul style="list-style-type: none"> <li>the risk analysis</li> <li>regarding prevention measures and</li> </ul>
	<ul style="list-style-type: none"> <li>mitigation measures, both for the own business enterprise operations as well as for their Chain of Activities (downstream and upstream, see chapter 2)</li> <li>possible adjustments on the grievance mechanism.</li> </ul>
	<ul style="list-style-type: none"> <li>possible adjustments on the business policy in order to manage the identified risks and/or violations for their own business enterprise operations and its Chain of Activities.</li> </ul>
	<ul style="list-style-type: none"> <li>Reflect what the business enterprise has done to remedy violations reported through the grievance mechanism or other channels of information and lessons-learned (impact on adapting measures).</li> <li>Reflect how the business enterprise determine the effectiveness of its set measures.</li> </ul>
	<ul style="list-style-type: none"> <li>Reflect what conclusion it draws from the assessment of measures for future measures.</li> <li>Provide sufficient information, so that the reader is able to evaluate the adequacy of an enterprise's response to human rights.</li> </ul>
	<ul style="list-style-type: none"> <li>How the business enterprise engages meaningfully with affected stakeholders (It can contain specific examples and cases handled by the business enterprise, however, affected stakeholders shall not be exposed and anonymity shall be ensured.)</li> </ul>
	<ul style="list-style-type: none"> <li>Take into consideration the protection of business and trade secrets.</li> </ul>

Chapter	Exclusion Criteria
	<ul style="list-style-type: none"> <li>Further the business enterprise shall ensure that channels of communication are appropriate for potentially affected stakeholders.</li> </ul>
4.6 Access to Remedy	If the business enterprise has caused or contributed to a violation against human rights, labour rights and/or the environment, the business enterprise shall provide for or cooperate in appropriate remedy that aims to restore the harmed individuals or groups. Therefore, the business enterprise shall have processes in place to enable remediation in the first place.
	Therefore, the business enterprise shall establish its own grievance and reporting mechanisms (operational-level grievance mechanism) or shall cooperate with an external grievance mechanism that covers the effectiveness criteria for non-state based, non-judicial grievance mechanisms of the UNGPs (e.g., mechanisms of industry associations). Access to effective grievance mechanisms (internal, local, back-up) for those potentially affected and their representatives shall be continuously expanded.
4.6.1 Grievance Mechanism Principles	1.) The business enterprise shall establish rules of reporting procedure and how complaints are handled within the business enterprise in text form that are available publicly. These rules of procedure shall provide stakeholders full transparency to the grievance mechanism process and procedures.
	2.) The business enterprise shall nominate a person or persons who will be entrusted to the process. These persons shall offer a guarantee of impartiality; in particular, they shall be independent and not bound by instructions and bound to secrecy.
	3.) The business enterprise shall publish clear and comprehensible information on accessibility and responsibility regarding the complaint's procedure in an appropriate manner. This includes as well to adapt the accessibility of the grievance mechanism to the different stakeholders and their access barriers.
	4.) The complaints procedure must <ul style="list-style-type: none"> <li>be accessible to potential parties involved,</li> <li>maintain confidentiality of identity,</li> <li>ensure effective protection of the complainant against disadvantage or punishment as a result of the complaint.</li> </ul>
	5.) The business enterprise shall establish its own complaint mechanism or can cooperate in an external grievance mechanism, e.g.: <ul style="list-style-type: none"> <li>engaging in multi-stakeholder initiatives that provide Chain of Activities grievance mechanisms,</li> <li>enter into agreements to mediation with possible MSI's,</li> <li>agreements with trade unions,</li> <li>agreeing to enter into mediation with the OECD National Contact Points.</li> </ul> The business enterprise might also combine both in order to cover possible gaps. Anyway, the business enterprise is required to consult existing guidance on establishing the grievance mechanism.
	6.) The business enterprise shall ensure that the provided grievance mechanisms does not preclude access to judicial recourse for victims of human rights violations. The business enterprise should further not interfere with civil or criminal investigations or human rights examinations.
	7.) The effectiveness of the grievance mechanism must be reviewed at least once a year. If the enterprise expects a significant expanded risk situation in its own business area or at its Chain of Activities, the effectiveness of the grievance mechanism shall be reviewed on an ad hoc basis.



Chapter	Exclusion Criteria
	8.) The effectiveness of the grievance mechanism must be reviewed at least once a year. If the enterprise expects a significant expanded risk situation in its own business area or at its Chain of Activities, the effectiveness of the grievance mechanism shall be reviewed on an ad hoc basis.
4.6.3 Core criteria of the grievance mechanism	<p>The grievance mechanism shall fulfil the core criteria of the OECD Due Diligence Guidance for Textile and Footwear. The grievance mechanism shall be:</p> <ul style="list-style-type: none"> <li>• Legitimate: The processes shall be fair, transparent, accessible, and anonymous. The grievance mechanism shall be developed and updated under consultation of all relevant stakeholders.</li> </ul>
	<ul style="list-style-type: none"> <li>• Accessible: The grievance mechanism shall be accessible to all those affected by the enterprise's sphere of influence. Adequate assistance shall be provided for those who may face barriers to access (e.g. illiteracy, language barriers, etc.)</li> </ul>
	<ul style="list-style-type: none"> <li>• Predictable: The business enterprise shall define the internal process for the grievance mechanism and shall make it transparent (e.g. organisational requirements, contact person, processing, timetable)</li> </ul>
	<ul style="list-style-type: none"> <li>• Equitable: The business enterprise shall be mindful of any power imbalances and ensure equal access to the grievance mechanism.</li> </ul>
	<ul style="list-style-type: none"> <li>• Transparent: The business enterprise shall publish the existence of the mechanism and a publicly available, formalised procedure for dealing with complaints. The mechanisms and processes shall be communicated to employees and all potentially affected stakeholders (e.g., suppliers, sub-suppliers, etc.) to ensure building trust in its effectiveness.</li> </ul>
	<ul style="list-style-type: none"> <li>• Rights-compatible: The business enterprise shall ensure that outcomes and remedies accord with internationally recognised human rights.</li> </ul>
	<ul style="list-style-type: none"> <li>• A source of continuous learning: The business enterprise shall define key indicators for use of new knowledge in continuously improving the grievance mechanism.</li> </ul>
	<ul style="list-style-type: none"> <li>• Dialogue-based: Solutions shall be developed in mutual agreement instead of top-down. If the business enterprise participates in an external grievance mechanism, they shall define the interface process (e.g., responsible person, communication flow, etc.)</li> </ul>
	<p>The business enterprise shall implement appropriate actions for the internal and external grievance mechanism to remediate justified complaints (chapter 4.3) and continuously monitor its efficiency (chapter 4.4).</p> <p>Justified complaints shall be material and substantiated and must demonstrate that the business enterprise in fact has caused the harm or is the beneficiary of the violation.</p>
4.6.4 Provide Remedy	As mentioned, business enterprises shall provide for or co-operate in the remediation of adverse impacts they have caused or contributed to.
	<p>Principles of remediation are:</p> <ul style="list-style-type: none"> <li>• Reparation shall always be proportionate to the severity and extent of the negative effect.</li> <li>• Where possible, the persons affected should be restored to the situation they were in before the harm occurred.</li> <li>• Remediation should, as far as possible, comply with national laws and international guiding principles. Otherwise, the business enterprise shall be guided by remediation of similar cases.</li> <li>• The stakeholders shall be involved in determining the remedy and the business enterprise shall seek a mutually agreeable and amicable settlement.</li> <li>• After remediation of the harm, the company shall investigate the extent to which complainants are satisfied with the process offered and its results.</li> </ul>

## Annex 4: Risks and their references

Risk Human Rights/ Social Risks	Extract	Source	Legal References
Right to life	The abuse of that right includes, but is not restricted to, private or public security guards protecting the company's resources, facilities or personnel causing the death of a person due to a lack of instruction or control by the company.	EU CSDDD Annex, Part I, No.1 (1)  German Supply Chain Due Diligence Act, Article 2 (2) no.11(b)	<ul style="list-style-type: none"> <li>Article 6(1) of the International Covenant on Civil and Political Rights.</li> </ul>
Torture	The prohibition of torture, cruel, inhuman, or degrading treatment, this includes, but is not restricted to, private or public security guards protecting the company's resources, facilities or personnel subjecting a person to torture or cruel, inhuman or degrading treatment due to a lack of instruction or control by the company.	EU CSDDD, Annex, Part I, No.1(2)  Annex, Part I, No.1(2) German Supply Chain Due Diligence Act Article 2 (2) no.11(a)	<ul style="list-style-type: none"> <li>Article 7 of the International Covenant on Civil and Political Rights.</li> </ul>
Right to liberty and security	Everyone has the right to liberty and security of person. No one shall be subjected to arbitrary arrest or detention. No one shall be deprived of his liberty except on such grounds and in accordance with such procedure as are established by law.	EU CSDDD Annex, Part I, No.1 (3)	<ul style="list-style-type: none"> <li>Article 9 (1) of the International Covenant on Civil and Political Rights;</li> </ul>
Personal privacy	The prohibition of arbitrary or unlawful interference with a person's privacy, family, home or correspondence and unlawful attacks on their honour or reputation.	EU CSDDD Annex, Part I, No.1 (4)	<ul style="list-style-type: none"> <li>Article 17 of the International Covenant on Civil and Political Rights;</li> </ul>
Freedom of thought, conscience, and religion	The prohibition of interference with the freedom of thought, conscience, and religion	EU CSDDD	<ul style="list-style-type: none"> <li>EUCSDDD, Annex, Part I,</li> <li>Article 18 of the International Covenant on Civil and Political Rights;</li> </ul>
Housing	The prohibition to restrict workers' access to adequate housing, if the workforce is housed in accommodation provided by the company, and to restrict workers' access to adequate food, clothing, and water and sanitation in the workplace.	EU CSDDD	<ul style="list-style-type: none"> <li>EUCSDDD, Annex, Part I,</li> <li>Articles 7 and 11 of the International Covenant on Economic, Social and Cultural Rights;</li> </ul>

**Annex 4:**  
**Risks and their references**



Risk Human Rights/ Social Risks	Extract	Source	Legal References
Child labour and worst forms of child labour	<p>The prohibition of the employment of a child under the age at which compulsory schooling ends according to the law of the place of employment, provided that the age of employment is not less than 15 years, except where the law of the place of employment,</p> <p>The prohibition of the worst forms of child labour.</p> <p>(1) all forms of slavery or practices similar to slavery, such as the sale and trafficking of children, debt bondage and serfdom, as well as forced or compulsory labour, including the forced or compulsory recruitment of children for use in armed conflicts,</p> <p>(2) the use, procuring or offering of a child for prostitution, for the production of pornography or for pornographic performances,</p> <p>(a) the use, procuring or offering of a child for illicit activities, in particular for the production of or trafficking in drugs,</p> <p>(b) work which, by its nature or the circumstances in which it is carried out, is likely to harm the health, safety, or morals of children.</p>	EU CSDDD German Supply Chain Due Diligence Act	<ul style="list-style-type: none"> <li>• EUCSDDD, Annex, Part I, No. 9, No.10</li> <li>• German Supply Chain Due Diligence Act</li> <li>• Article 2 (4) and Articles 4 to 8 of Convention No. 138 of the International Labour Organization of 26 June 1973 concerning Minimum Age for Admission to Employment (Federal Law Gazette 1976 II pp. 201, 202).</li> <li>• ILO Convention 182</li> </ul>
		OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector	<ul style="list-style-type: none"> <li>• ILO Convention 138</li> <li>• ILO Convention 182</li> </ul>
The right of the child to the highest attainable standard of health, interpreted in line with Article 24 of the Convention on the Rights of the Child.	<ul style="list-style-type: none"> <li>• The child has the right to the highest attainable standard of health care, with emphasis on primary health care, the development of preventive health care.</li> </ul>	EU CSDDD Annex, Part I	<ul style="list-style-type: none"> <li>• Article 24 of the Convention on the Rights of the Child;</li> </ul>
Forced or compulsory labour	<ul style="list-style-type: none"> <li>• Prohibition to employ persons in forced labour,</li> <li>• Prohibition of all work or service exacted under menace of any penalty, involuntary work.</li> </ul>	German Supply Chain Due Diligence Act EU CSDDD Annex, Part I	<ul style="list-style-type: none"> <li>• Article 2(1), Article 2(2) of the International Labour Organization Forced Labour Convention, 1930 (No. 29)</li> <li>• Article 8(3), points (b) and (c) of the International Covenant on Civil and Political Rights;</li> <li>• Article 2 (2) of convention No.29 of the International Labour Organisation of 28 June 1930 concerning Forced or Compulsory Labour (Federal Law Gazette 1956 II p.640, 641)</li> <li>• Article 8 (3) (b) and (c) of the International Covenant of 19 December 1966 on Civil and Political Rights (Federal Law Gazette 1973 II pp. 1533, 1534)</li> </ul>
		OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector	

**Annex 4:**  
**Risks and their references**



Risk Human Rights/ Social Risks	Extract	Source	Legal References
Slavery	The prohibition of all forms of slavery and slave-trade, including practices akin to slavery, serfdom or other forms of domination or oppression in the workplace, such as extreme economic or sexual exploitation and humiliation, or human trafficking	EU CSDDD	Article 8 of the International Covenant on Civil and Political Rights;
		German Supply Chain Act	Article 2 (2) no.4
Freedom of association, of assembly, and the rights to organise and collective bargaining,	<p>The right to freedom of association, of assembly, and the rights to organise and collective bargaining</p> <p>a) employees are free to form or join trade unions,</p> <p>b) the formation, joining and membership of a trade union must not be used as a reason for unjustified discrimination or retaliation,</p> <p>c) trade unions are free to operate in accordance with applicable law of the place of employment, which includes the right to strike and the right to collective bargaining.</p>	German Supply Chain Act	<ul style="list-style-type: none"> <li>• ILO 87, ILO 98, ILO 135, ILO 154,</li> <li>• German Supply Chain Due Diligence Act §2 (2) no. 6</li> </ul>
		EU CSDDD	<ul style="list-style-type: none"> <li>• Articles 21 and 22 of the International Covenant on Civil and Political Rights, Article 8 of the International Covenant on Economic, Social and Cultural Rights, The International Labour Organization</li> <li>• Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87), and</li> <li>• The International Labour Organization Right to Organise and Collective Bargaining Convention, 1949 (No. 98).</li> </ul>
		OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector	
Unequal treatment in employment	Prohibition of un-equal treatment in employment due to national or ethnic origin, social origin, health status, disability, sexual orientation, age, etc. as well as the payment of unequal remuneration for work of equal value.	German Supply Chain Act	<ul style="list-style-type: none"> <li>• ILO 110, ILO 111, ILO 159,</li> <li>• German Supply Chain Due Diligence Act §2(2) no. 7</li> </ul>
		EU CSDDD	<ul style="list-style-type: none"> <li>• Articles 2 and 3 of the International Labour Organization Equal Remuneration Convention, 1951 (No. 100),</li> <li>• Articles 1 and 2 of the International Labour Organization Discrimination (Employment and Occupation) Convention, 1958 (No. 111),</li> <li>• Article 7 of the International Covenant on Economic, Social and Cultural Rights.</li> </ul>

**Annex 4:**  
**Risks and their references**



Risk Human Rights/ Social Risks	Extract	Source	Legal References
Land grabbing	Prohibition to unlawfully evict a person, prohibition to unlawfully take land, forests and waters in the acquisition, development or other use of land, forests and waters, the use of which secures the livelihood of a person, etc.	German Supply Chain Act	<ul style="list-style-type: none"> <li>German Supply Chain Due Diligence of Act §2 (2) no. 10</li> </ul>
		EU CSDDD	<ul style="list-style-type: none"> <li>Article 1 and 27 of the International Covenant on Civil and Political Rights and</li> <li>Article 1, 2 and 11 of the International Covenant on Economic, Social and Cultural Rights.</li> </ul>
Sexual harassment and sexual and gender-based violence in the workplace	Adopt a zero-tolerance policy on sexual and gender-based violence and strict measures against sexual harassment.	OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector	
Working time	Prohibition of inappropriate work organisation in terms of working hours and rest breaks,  Provision of at least 24 consecutive hours break within 7 workdays, etc.	German Supply Chain Act	<ul style="list-style-type: none"> <li>ILO 1, ILO 14,</li> <li>German Supply Chain Due Diligence Act §2 (2) no.5, c</li> </ul>
		OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector	
Occupational health and safety	Prohibition to disregard occupational health and safety obligations applicable under the law of the place of employment, etc.  a) obviously insufficient safety standards in the provision and maintenance of the workplace, workstation, and work equipment;  b) the absence of appropriate protective measures to avoid exposure to chemical, physical or biological substances;  c) the lack of measures to prevent excessive physical and mental fatigue, in particular through inappropriate work organisation in terms of working hours and rest breaks; or  d) the inadequate training and instruction of employees;	German Supply Chain Act	<ul style="list-style-type: none"> <li>ILO 155, ILO 164,</li> <li>German Supply Chain Due Diligence Act §2 (2) no.5</li> </ul>
		OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector	
Fair and adequate living wages	The right to enjoy just and favourable conditions of work, including a fair wage and an adequate living wage for employed workers and an adequate living income for self-employed workers and smallholders, which they earn in return from their work and production, a decent living, safe and healthy working conditions, and reasonable limitation of working hours	German Supply Chain Due Diligence Act	<ul style="list-style-type: none"> <li>ILO 26,</li> <li>ILO 131,</li> <li>German Supply Chain Due Diligence Act §2 (2) no. 8</li> </ul>
		EU CSDDD	<ul style="list-style-type: none"> <li>Articles 7 and 11 of the International Covenant on Economic, Social and Cultural Rights;</li> </ul>
		OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector	

## Annex 4: Risks and their references



Risk Human Rights/ Social Risks	Extract	Source	Legal References
Bribery and corruption	Enterprises should not, directly or indirectly, offer, promise, give, or demand a bribe or other undue advantage to obtain or retain business or other improper advantage, etc.	OECD	<ul style="list-style-type: none"> <li>The OECD Guidelines for Multinational Enterprises, VII. Combating Bribery, Bribe Solicitation and Extortion,</li> <li>The OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (the Anti-Bribery Convention), etc.</li> </ul>
Responsible sourcing from homeworkers	<ul style="list-style-type: none"> <li>Identifying the presence of homeworkers in supply chains,</li> <li>Supporting the formalisation of their work status,</li> <li>Equal treatment between homeworkers and other wage earners.</li> </ul>	OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector, ILO 177	
Biological diversity	<p>The obligation to</p> <ul style="list-style-type: none"> <li>avoid or minimise adverse impacts on biological diversity (Convention on Biological Diversity)</li> <li>respecting guidelines regarding the development, transport, and use of genetically modified organisms (Cartagena Protocol)</li> <li>protect biological diversity through sustainable use of genetic resources (Nagoya Protocol)</li> </ul>	EUCSDDD	<ul style="list-style-type: none"> <li>Article 10, point (b) of the 1992 Convention on Biological Diversity</li> <li>Applicable law in the relevant jurisdiction</li> <li>Obligations of the Cartagena Protocol on the development, handling, transport, use, transfer and release of living modified organisms</li> <li>Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of Benefits Arising from their Utilization to the Convention on Biological Diversity of 12 October 2014.</li> </ul>
Endangered species	The prohibition on the import, export, reexport or introduction from the sea of any specimen included in the Appendices I to III of the Convention on International Trade in Endangered Species of Wild Fauna and Flora	EUCSDDD	<ul style="list-style-type: none"> <li>Appendices I to III of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) of 3 March 1973 without a permit,</li> <li>interpreted in line with Articles III, IV and V of the Convention;</li> </ul>
Mercury	The prohibition of the manufacture, import and export of mercury-added products	<p>EUCSDDD</p> <p>German Supply Chain Due Diligence Act</p>	<ul style="list-style-type: none"> <li>See Minamata Convention especially for pesticides, bio-cides and topical antiseptics.</li> <li>Annex A Part I to the Minamata Convention on Mercury of 10 October 2013 (Minamata Convention),</li> <li>Article 4(1) of the Convention</li> </ul>

## Annex 4: Risks and their references



Risk Human Rights/ Social Risks	Extract	Source	Legal References
	The prohibition of the use of mercury or mercury compounds in the manufacturing processes		<ul style="list-style-type: none"> <li>• See Minamata Convention especially for pesticides, bio-cides and topical antiseptics.</li> <li>• Annex B Part I to the Minamata Convention after the phase-out Date specified in the Convention for the individual processes,</li> <li>• Article 5(2) of the Convention;</li> </ul>
	The prohibition of the unlawful treatment of mercury waste		<ul style="list-style-type: none"> <li>• See Minamata Convention especially for pesticides, bio-cides and topical antiseptics.</li> <li>• Minamata Convention, Article 11(3)</li> <li>• EU Regulation 2017/852, Article 13</li> </ul>
Hazardous and other waste	The prohibition of the export of hazardous or other waste,	German Supply Chain Due Diligence Act	<ul style="list-style-type: none"> <li>• Basel Convention, Article 1 (1), (2)</li> </ul>
	<ul style="list-style-type: none"> <li>• to a party to the Convention that has prohibited the import of such hazardous and other wastes</li> </ul>	EU CSDDD	<ul style="list-style-type: none"> <li>• Basel Convention Article 4(1), point (b) of the Basel Convention;</li> </ul>
	<ul style="list-style-type: none"> <li>• to a state of import that does not consent in writing to the specific import, in the case where that state of import has not prohibited the import of such hazardous waste</li> </ul>		<ul style="list-style-type: none"> <li>• Article 2, no.11</li> <li>• Article 4(1), point (c) of the Basel Convention;</li> </ul>
	<ul style="list-style-type: none"> <li>• to a non-party to the Basel Convention</li> </ul>		<ul style="list-style-type: none"> <li>• Article 4(5) of the Basel Convention;</li> </ul>
	<ul style="list-style-type: none"> <li>• to a state of import if such hazardous wastes or other wastes are not managed in an environmentally sound manner in that state or elsewhere</li> </ul>		<ul style="list-style-type: none"> <li>• Article 4(8), the first sentence, of the Basel Convention</li> </ul>
	<ul style="list-style-type: none"> <li>• The prohibition of the export of wastes</li> </ul>		<ul style="list-style-type: none"> <li>• from countries listed in Annex VII to the Basel Convention</li> <li>• to countries not listed in Annex VII</li> <li>• for operations listed in Annex IV to the Basel Convention,</li> <li>• interpreted in line with Article 4A of the Basel Convention and</li> <li>• Article 34 and 36 of Regulation (EC) No 1013/2006</li> </ul>

## Annex 4: Risks and their references



Risk Human Rights/ Social Risks	Extract	Source	Legal References
	<ul style="list-style-type: none"> <li>The prohibition of the import of hazardous wastes from a non-party to the Basel Convention</li> </ul>		<ul style="list-style-type: none"> <li>Article 4(5) of the Basel Convention</li> </ul>
	<ul style="list-style-type: none"> <li>Unlawful handling, collection, storage and disposal of waste,</li> </ul>	German Supply Chain Due Diligence Act  EU CSDDD	<ul style="list-style-type: none"> <li>Stockholm Convention, Article 6(1), point (d), points (i) and (ii)</li> <li>Regulation (EU) 2019/1021, Article 7 of</li> </ul>
Persistent Organic Pollutants	<ul style="list-style-type: none"> <li>The prohibition of the production and use of chemicals as defined in the Stockholm Convention see particularly the CAS numbers, especially for unlawful handling, collection, storage and disposal of waste</li> </ul>	German Supply Chain Due Diligence Act  EU CSDDD	<ul style="list-style-type: none"> <li>Stockholm Convention, Article 3(1) (a), (i),</li> <li>Annex A</li> </ul>
Hazardous chemicals	The prohibition of the import or export of hazardous chemicals	German Supply Chain Due Diligence Act  EUCSDDD	<ul style="list-style-type: none"> <li>Rotterdam Convention, Annex III, Article 10(1), Article 11(1), point (b) and Article 11(2) of the Convention</li> <li>Stockholm Convention of 22 May 2001 on persistent Organic Pollutants, Annex A, Article 3(1), point (a), point (i) of the Convention</li> </ul>
		OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector	
Water	<ul style="list-style-type: none"> <li>Prohibition of causing any harmful water pollution or excessive water consumption that significantly impairs the natural bases for the preservation and production of food,</li> <li>Further the prohibition on discharge into the sea of oil or oily mixtures, and the prohibition on the discharge into the sea of noxious liquid substances.</li> </ul>	German Supply Chain Due Diligence Act  EUCSDDD	<ul style="list-style-type: none"> <li>German Supply Chain Due Diligence Act §2 (2) no. 9</li> <li>International Convention for the Prevention of Pollution from Ships of 2 November 1973 (MARPOL 73/78), (a), (i), (ii)</li> <li>Convention on Wetlands of International Importance especially as Waterfowl</li> </ul>
	<ul style="list-style-type: none"> <li>Identify potential and actual harm related to water stressed areas and processes in own operations and supply chains.</li> </ul>	OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector	
Wetlands	<ul style="list-style-type: none"> <li>The obligation to avoid or minimise adverse impacts on wetlands.</li> </ul>	EUCSDDD	<ul style="list-style-type: none"> <li>Convention on Wetlands of International Importance especially as Waterfowl Habitat of 2 February 1971 (Ramsar Convention), Article 4(1)</li> </ul>



## Annex 4: Risks and their references



Risk Human Rights/ Social Risks	Extract	Source	Legal References
Greenhouse gas emissions / Air pollution	The prohibition of the unlawful production, consumption, import and export of controlled substances.	EUCSDDD	<ul style="list-style-type: none"> <li>Vienna Convention, Montreal Protocol, Annexes A, B, C, E, Article 4B</li> </ul>
	It shall be prohibited to cause any air pollution that harms the health of a person, etc.	German Supply Chain Due Diligence Act	<ul style="list-style-type: none"> <li>German Supply Chain Due Diligence Act §2 (2) no. 9</li> </ul>
	Reduce greenhouse gas emissions caused in own operations supply chains and on emissions associated with their produced/purchased products	OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector	
Natural Heritage	The obligation to avoid or minimise adverse impacts on the properties delineated as natural heritage	EUCSDDD	<ul style="list-style-type: none"> <li>Convention Concerning the Protection of the World Cultural and Natural Heritage of 16 November 1972, Article 2, Article 5 (d)</li> </ul>
Soil degradation	It shall be prohibited to cause any harmful soil change that: <ul style="list-style-type: none"> <li>significantly impairs the natural bases for the preservation and production of food, etc.</li> <li>denies a person access to safe and clean drinking water,</li> <li>makes it difficult for a person to access sanitary facilities or destroys them or</li> <li>harms the health of a person</li> </ul>	German Supply Chain Due Diligence Act	<ul style="list-style-type: none"> <li>German Supply Chain Due Diligence Act §2 (2) no.9</li> </ul>
Harmful noise emissions	It shall be prohibited to cause any harmful noise emission	German Supply Chain Due Diligence Act	<ul style="list-style-type: none"> <li>German Supply Chain Due Diligence Act §2 (2) no.9</li> </ul>
Deforestation	The prohibition of causing any measurable environmental degradation, such as... deforestation, that: <ul style="list-style-type: none"> <li>a) substantially impairs the natural bases for the preservation and production of food;</li> <li>(b) denies a person access to safe and clean drinking water;</li> <li>(c) makes it difficult for a person to access sanitary facilities or destroys them;</li> <li>(d) harms a person's health, safety, normal use of land or lawfully acquired possessions;</li> </ul>	EUCSDDD	<ul style="list-style-type: none"> <li>European Corporate Sustainability Due Diligence Directive, Annex, Part I, no.15</li> </ul>



Risk Human Rights/ Social Risks	Extract	Source	Legal References
Animal welfare	Expectations for the conditions animals should experience when under human control: <ul style="list-style-type: none"><li>• Freedom from hunger, malnutrition and thirst</li><li>• Freedom from fear and distress</li><li>• Freedom from heat stress or physical discomfort</li><li>• Freedom from pain, injury and disease</li><li>• Freedom to express normal patterns of behaviour</li></ul>		<ul style="list-style-type: none"><li>• World Organisation for Animal Health, Terrestrial Code Extract</li></ul>
Further risks	The prohibition of an act or omission in breach of a duty to act that goes beyond the mentioned risks which is directly capable of impairing a protected legal position in a particularly serious manner, and the unlawfulness of which is obvious upon reasonable assessment of all the circumstances in question.	German Supply Chain Due Diligence Act	<ul style="list-style-type: none"><li>• German Supply Chain Due Diligence Act §2 (2) no.12</li></ul>

## Annex 5: Regulations and Conventions

The conventions taken into account in the EU Corporate Sustainability Due Diligence Directive for the Prevention of Human Rights Violations in Supply Chains:

1. Convention No. 29 of the International Labour Organization of 28 June 1930 concerning Forced or Compulsory Labour (Federal Law Gazette 1956 II pp. 640, 641) (ILO Convention No. 29)
2. Protocol of 11 June 2014 to Convention No. 29 of the International Labour Organization of 28 June 1930 concerning Forced or Compulsory Labour (Federal Law Gazette 2019 II pp. 437, 438)
3. Convention No. 87 of the International Labour Organization of 9 July 1948 concerning Freedom of Association and Protection of the Right to Organise (Federal Law Gazette 1956 II pp. 2072, 2071), as amended by the Convention of 26 June 1961 (Federal Law Gazette 1963 II pp. 1135, 1136) (ILO Convention No. 87)
4. Convention No. 98 of the International Labour Organization of 1 July 1949 concerning the Application of the Principles of the Right to Organise and to Bargain Collectively (Federal Law Gazette 1955 II pp. 1122, 1123), as amended by the Convention of 26 June 1961 (Federal Law Gazette 1963 II pp. 1135, 1136) (ILO Convention No. 98)
5. Convention No. 100 of the International Labour Organization of 29 June 1951 concerning Equal Remuneration for Men and Women Workers for Work of Equal Value (Federal Law Gazette 1956 II pp. 23, 24) (ILO Convention No. 100)
6. Convention No. 105 of the International Labour Organization of 25 June 1957 concerning the Abolition of Forced Labour (Federal Law Gazette 1959 II pp. 441, 442) (ILO Convention No. 105)
7. Convention No. 111 of the International Labour Organization of 25 June 1958 concerning Discrimination in Respect of Employment and Occupation (Federal Law Gazette 1961 II pp. 97, 98) (ILO Convention No. 111)
8. Convention No. 138 of the International Labour Organization of 26 June 1973 concerning the Minimum Age for Admission to Employment (Federal Law Gazette 1976 II pp. 201, 202) (ILO Convention No. 138)
9. Convention No. 182 of the International Labour Organization of 17 June 1999 concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour (Federal Law Gazette 2001 II pp. 1290, 1291) (ILO Convention no. 182)
10. International Covenant of 19 December 1966 on Civil and Political Rights (Federal Law Gazette 1973 II pp. 1533, 1534)
11. International Covenant of 19 December 1966 on Economic, Social and Cultural Rights (Federal Law Gazette 1973 II pp. 1569, 1570)

The conventions taken into account in the EU Corporate Sustainability Due Diligence Directive for the Prevention of Environmental Violations in Supply Chains:

12. Minamata Convention on Mercury of 10 October 2013 (Federal Law Gazette 2017 II pp. 610, 611) (Minamata Convention), Regulation (EU 2017/852 of the European Parliament and of the Council)
13. Stockholm Convention of 23 May 2001 on Persistent Organic Pollutants (Federal Law Gazette 2002 II pp. 803, 804) (POPs Convention), last amended by the decision of 6 May 2005 (Federal Law Gazette 2009 II pp. 1060, 1061)

14. Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal of 22 March 1989 (Federal Law Gazette 1994 II pp. 2703, 2704) (Basel Convention), as last amended by the Third Ordinance amending Annexes to the Basel Convention of 22 March 1989 of 6 May 2014 (Federal Law Gazette II pp. 306/307).
15. Convention on Biological Diversity of 12 October 2014, including
  - a. the obligations of the Cartagena Protocol on the development, handling, transport, use, transfer and release of living modified organisms
  - b. the Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of Benefits Arising from their Utilization to the Convention on Biological Diversity of 12 October 2014
  - c. the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) of 3 March
16. 1973 Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade (UNEP/FAO) of 10 September 1998
17. Vienna Convention for the protection of the Ozone Layer, including
  - a. Montreal Protocol on substances that deplete the Ozone Layer
  - b. Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal of 22 March 1989,
    - i. including Regulation (EC) No 1013/2006 of the European Parliament and of the Council
  - c. Convention Concerning the Protection of the World Cultural and Natural Heritage of 16 November 1972 (World Heritage Convention)
18. Convention on Wetlands of International Importance especially as Waterfowl Habitat of 2 February 1971 (Ramsar Convention)
19. Convention for the Prevention of Pollution from Ships of 2 November 1973, as amended by the Protocol of 1978 (MARPOL 73/78)
20. Convention on the Law of the Sea of 10 December 1982 (UNCLOS)

## Annex I: Declaration of Conformity

See declaration of Conformity in STANDARD 100 or LEATHER STANDARD ([oeko-tex.com](http://oeko-tex.com)).

## Annex II: Terms of Use and Code of Conduct

The OEKO-TEX® Terms of Use (ToU) apply for all OEKO-TEX® products. The ToU can be found at [www.oeko-tex.com/ToU](http://www.oeko-tex.com/ToU) and the OEKO-TEX® Code of Conduct (CoC) at [www.oeko-tex.com/coc](http://www.oeko-tex.com/coc).