



**RESPONSIBLE  
BUSINESS**

# Standard

## OEKO-TEX® RESPONSIBLE BUSINESS

Edition 2024

**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	4
1. Purpose	6
2. Applicability	7
3. OEKO-TEX® RESPONSIBLE BUSINESS Trademark	13
3.1 Trademark Protection	13
3.2 Trademark Licensing	13
3.3 Trademark use	13
4. Corporate Due Diligence: Responsible Business Principles	14
4.1 Responsible Business Policy	16
4.1.1 Principles of the Responsible Business Policy	16
4.1.2 Implementation of the Responsible Business Policy	18
4.1.3 Responsible Person	20
4.1.4 Pass-On Clause	21
4.2 Risk Assessment	23
4.2.1 Risk Assessment Principles	23
4.2.2 Risk Assessment Implementation	24
4.2.3 Assessing the Location Linked to Identified Risks/Understanding Actions Needed	27
4.2.4 Transport and Logistics	30
4.3 Integration of Appropriate Actions	31
4.3.1 Principles and Implementation	31
4.3.2 Cause, Contribute, Linked to	34
4.4 Continuous Monitoring	36
4.4.1 Progress and Effectiveness of Measures - Business Enterprise's Own Operations	36
4.4.2 Progress and Effectiveness of Measures - Business Enterprise's Supply Chain	37
4.4.3 General	37
4.5 Transparent Communication	38
4.5.1 Content and Implementation	38
4.6 Access to Remedy	40
4.6.1 Grievance Mechanism Principles	41
4.6.2 Types of Grievance Mechanisms	42
4.6.3 Core Criteria of the Grievance Mechanism	43
4.6.4 Provide Remedy	44
4.7 Climate-related Strategies	45

<b>5 Verification and Certification Process</b>	<b>48</b>
5.1 OEKO-TEX® RESPONSIBLE BUSINESS Certification	48
5.2 Application	48
5.3 Self Assessment	49
5.4 Audit and Verification	49
5.5 Final Report and Certificate	50
5.5.1 Verified Report and Certificate	50
5.5.2 Unverified Self Assessment Report	50
<b>6 Legal Relationship between Customer and OEKO-TEX®</b>	<b>51</b>
6.1 OEKO-TEX® RESPONSIBLE BUSINESS Document and ToU	51
6.2 Application	51
6.3 Code of Conduct and Declaration of Conformity	51
6.4 Quality Assurance	51
6.5 Misuse and Withdrawal of Licence	51
6.6 Third Parties	51
6.7 Disclaimer	51
Annex 1: OEKO-TEX® Institutes	52
Annex 2: Labelling	54
Annex 3: Exclusion Criteria	55
Annex 4: Regulations and Conventions	73
Annex 5: Risks and their references	77
Annex I: Declaration of Conformity	82
Annex II: Terms of Use and Code of Conduct	82

## Terms and definitions

- **Adverse impact:**  
A negative incident that harms people (e.g., violation against human rights, bribery, employment relations) or the environment.
- **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 supply chain until raw material extraction.
- **Commission 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 buyers 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 must 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.
- **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.
- **Responsible Business:**  
Responsible Business is an approach to obligate business enterprises to use their leverage on their supply chains in order 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.
- **Shall:**  
The use of “shall” in the standard document indicates an obligation and identifies all criteria that must be fulfilled in order to achieve certification.
- **Should:**  
The use of “should” in this standard indicates requirements that reflect a recommendation for continuous improvement.
- **Stakeholder:**  
A person or organization that can - affect, be affected by or perceive itself to be affected by - a business enterprises’ decision or activity - directly or indirectly - at present or in the future.
- **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 supply chain who contributes to the final purchased good but with whom the business enterprise has no direct contractual agreement.
- **Supply Chain:**  
A multi-stage, upstream and downstream connection between different companies involved in value creation. A network from the extraction of raw materials, through the refinement stages, to the end consumer.
  - **Downstream supply chain:**  
The movement of finished goods from a business enterprise to its customers. Processes include distribution, order fulfillment and delivery.
- **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).

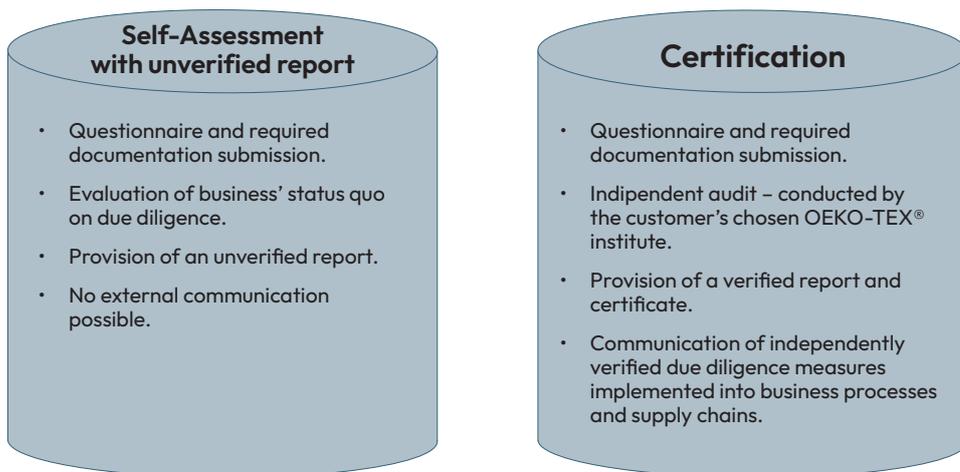
The OEKO-TEX® RESPONSIBLE BUSINESS standard is a normative document that defines the technical conditions for obtaining the OEKO-TEX® RESPONSIBLE BUSINESS certification and for the licensing of the OEKO-TEX® RESPONSIBLE BUSINESS trademark. The Terms of Use (ToU) for all OEKO-TEX® products (standards) 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 supply chains are subjected to due diligence on social and environmental aspects. Knowing supply chains 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 supply chain 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



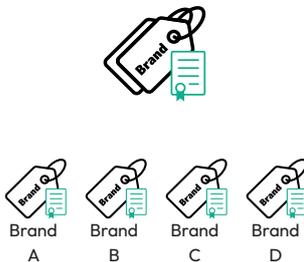
### Tier 4

Raw material  
extraction

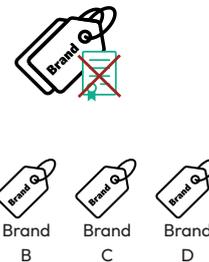
- OEKO-TEX® RESPONSIBLE BUSINESS applies to all business processes of business enterprises that are within the scope of the textile and leather sector (considering pt.1).
- If a business enterprise manufactures or distributes products within other economic sectors, OEKO-TEX® RESPONSIBLE BUSINESS shall 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 supply chains.

### 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 supply chain within the relevant business enterprise(s) shall be considered (see pic.2).



Pic. 2 – Conditions for group structure certification



Pic. 3 – Conditions for brand certification only.

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.

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 supply chain. This shall be made certain through e.g. signature of the business policy and further obligations as described in this standard.



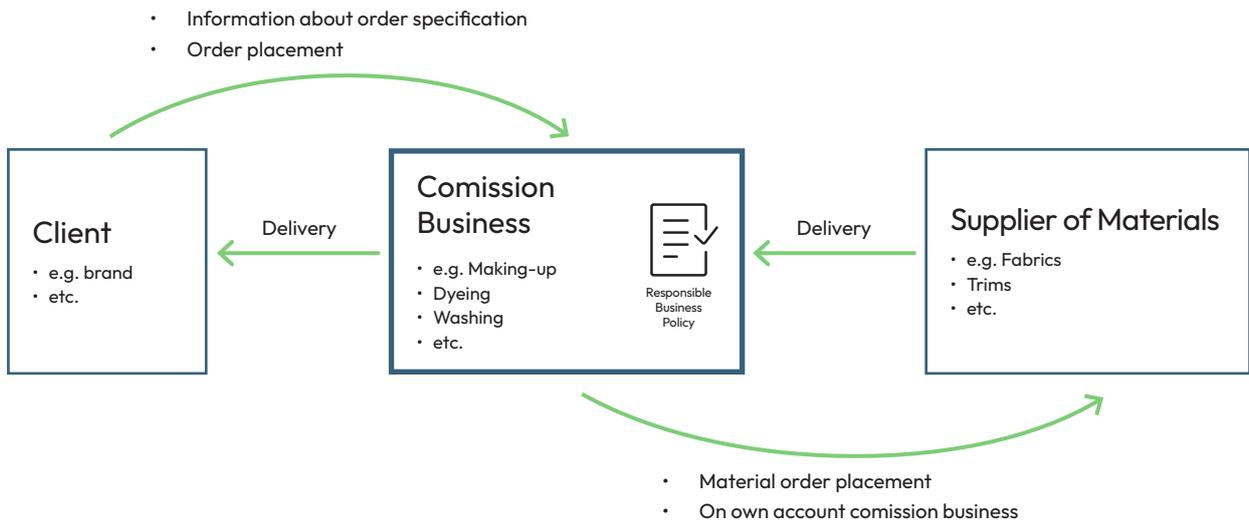
Pic. 4 –General procedure, comission business

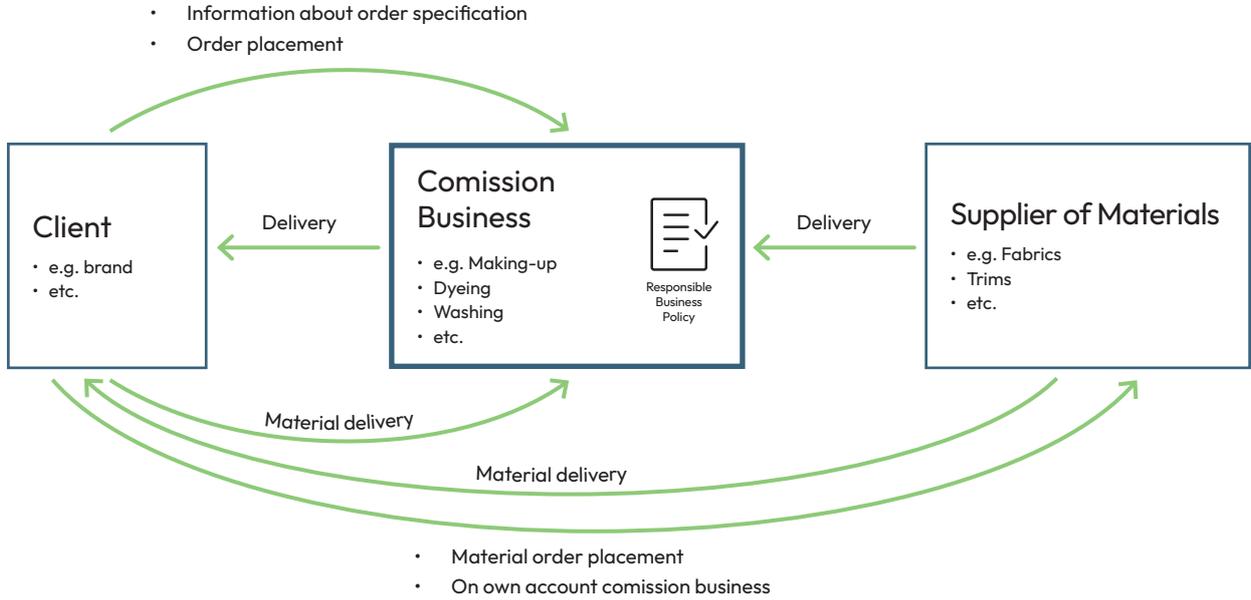
The supply chain of a commission business can differ depending on if the commission business is responsible for supplying the materials itself or if the customer of the commission business supplies the materials.

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

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

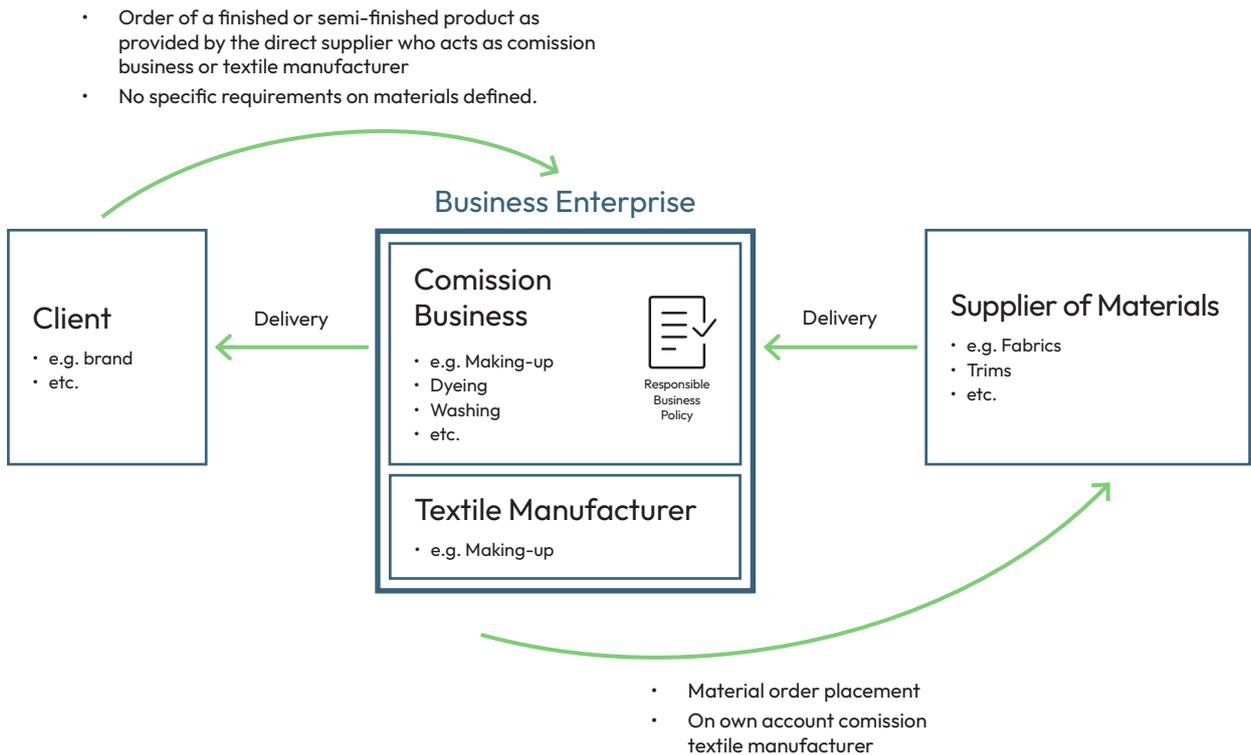
If the customer supplies the materials to the commission business or if the customer makes specific demands regarding the sourcing of the materials, the customer shall act as a direct supplier towards the commission business. This means, that the commission business shall treat the customer as a direct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

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 supply chains. To attain re-certification in alignment with this standard, noticeable advancements in the execution of due diligence obligations are required. This progress is realized by attaining a higher level in at least one facet of due diligence.

#### **Performance Ratings:**

Level 1: Minimum implementation of due diligence within the supply chain.

Level 2: Good implementation of due diligence within the supply chain with further optimisation potential.

Level 3: Best Practice implementation of due diligence within the supply chain.

#### **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 Annex 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 supply chains, 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 must take to mitigate or remedy the risk. Stakeholder engagement plays an important role when implementing appropriate measures 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 supply chain. 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 supply chains is ensured.

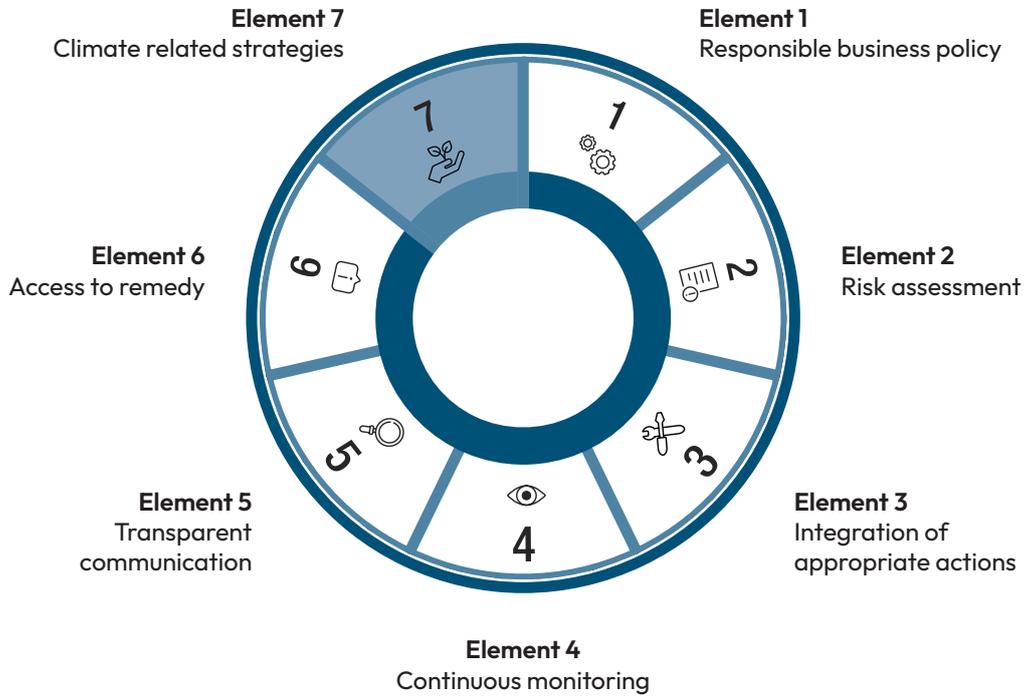
The mapping of supply chain partners and the subsequent risk analysis are vital elements, as they enable potential and existing risks to be addressed at the first place.

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 assessment
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 supply chains 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 supply chains 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 supply chain.
  - In its own business enterprise, including own distribution centers and own retail
  - In transport through the end customer
- Commitment to consider human rights and environmental risks as defined in Article 2 of the German Supply Chain Act (see Annex 5) and as reflected in chapter 4.2 of this standard.
- Commitment to respect applicable laws and international agreements according to risks (chapter 4.2):
  - 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
  - ILO's eight fundamental conventions
  - Minamata Convention on Mercury
  - Stockholm Convention on Persistent Organic Pollutants
  - POPs Convention
  - Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal



- Commitment to respect the OECD garment and footwear sector risks (chapter 4.2.2.1 Risk Assessment Scope).
- A description of the responsible business management system, describing how the due diligence core elements shall be anchored in the business enterprise.
- Description of the buying practices that are subject to regular updates (according to regular risk analysis)
- Commitment to responsible sourcing practices (purchasing practices that prevent harmful impacts)
- Commitment to meaningful stakeholder engagement, to focus on the unique position of women and how women may be disproportionately affected by negative impacts, etc.
- 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 supply chain and that have been raised through a legitimate process.
- (Optional: 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.



## 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 recognized and approved by the highest corporate level.
- The Responsible Business Policy 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, informations about the grievance mechanism and supplier code of conduct are communicated to the supply chain, 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 supply chain.
- 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 supply chain.

### 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 must have adequate and sufficient knowledge of this area.
- The exchange of feedbacks, 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 supply chains which have a higher likelihood of employing homeworkers.
  - Listing of all stages in supply chains which have a higher likelihood of subcontracting.
  - The results of the risk assessment.
  - 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 supply chain for products linked to severe harm (e.g. processing stages and suppliers that have a greater impact on their upstream supply chains because they may be one of just a few processors/suppliers carrying out a particular process).
- That the collected information is stored for at least 7 consecutive 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 supply chains.
  - Ensures that employees receive appropriate training and incentives to comply with the business enterprise Responsible Business Policy.
  - Is responsible for ensuring that supply chains can be mapped (e.g. must ensure that systems or methods are put in place that allow the supply chain 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 supply chain 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 assessment 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 supply chain 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 Supply Chain 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:

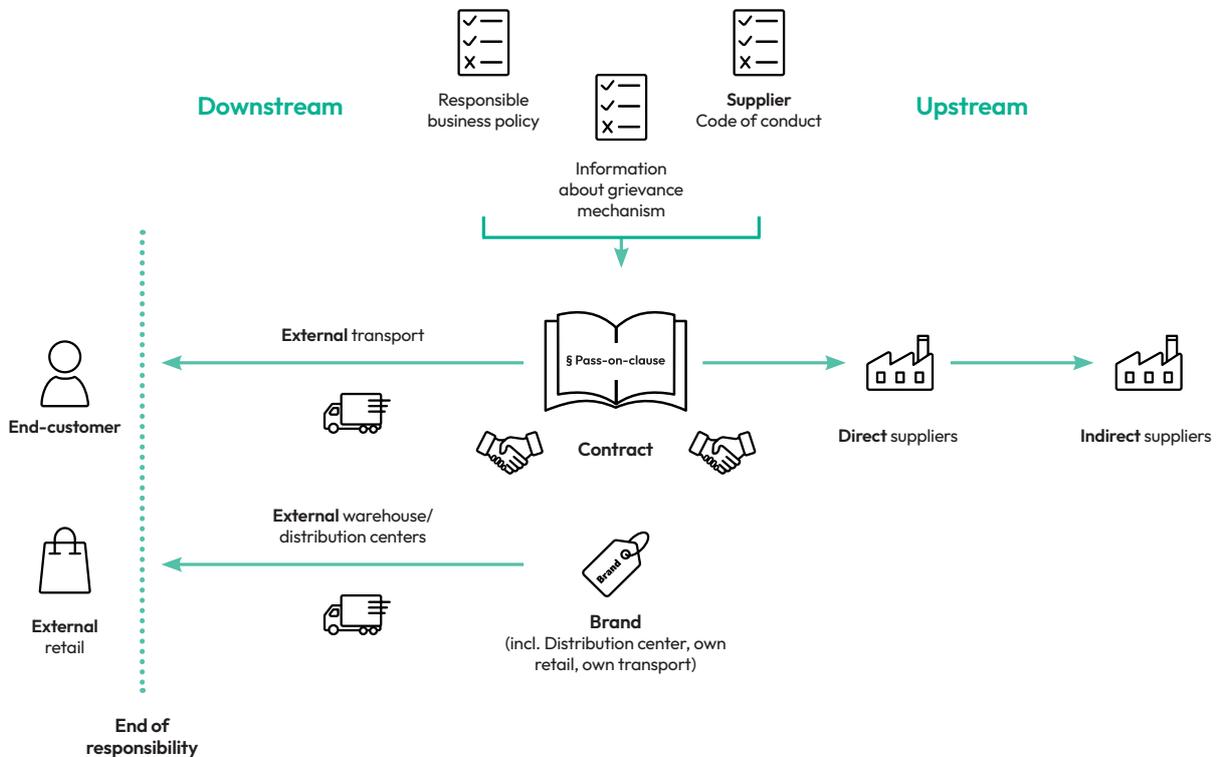
- Compliance with the Responsible Business Policy statement
- Compliance with the supplier code of conduct
  - The supplier code of conduct shall contain the human rights and environmental risks in article 2 of the German Supply Chain Act, the commitment made in the business policy and the requirements defined for subcontracting:
    - If subcontracting is not authorized by the Responsible Business Policy of the business enterprise it shall be prohibited throughout the whole supply chain.
    - If subcontracting is authorized 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 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 supply chain, 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 informations 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 stakeholders discretion (e.g. restrooms).



Pic. 8 – Illustration of Pass-on Clause

## 4.2 Risk Assessment

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 the full supply chains and shall prioritise them according to their significance for further prevention and mitigation.

The risk assessment is the cornerstone of all due diligence activities.

The risk analysis shall cover the following areas:

- Own business operations
- Own retail and distribution centers
- Own and external transport and logistics until end customer
- Full supply chain

### 4.2.1 Risk Assessment Principles

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

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

- 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 supply chains.
- 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, likelihood and ability for remediation.
- The identified risks shall then be prioritized.
- The risk assessment shall be conducted periodically, at least once a year.
- The risk assessment shall be thoroughly researched and documented.
- Additional risk assessments 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 assessment 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. should be shared by business enterprises publicly or at the industry level. This is particularly important in order to provide, communicate and address emerging risk of harm at industry level.

## 4.2.2 Risk Assessment Implementation

### 4.2.2.1 Risk Assessment Scope

The scope of the risk assessment shall include

- the business enterprise's own operations,
- their supply chains
- 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 assessment:

- **Human Rights/Social**
  - Child labour and worst forms of child labour
  - Sexual harassment and sexual and gender-based violence in the workplace
  - Forced labour
  - Slavery
  - Torture
  - Working time
  - Occupational health and safety
  - Trade unions and collective bargaining
  - Unequal treatment in employment
  - Wages
  - Bribery and corruption
  - Responsible sourcing from homeworkers
  - Land grabbing
- **Environmental Risks**
  - Hazardous chemicals
  - Water
  - Greenhouse gas emissions
  - Soil degradation
  - Air pollution
  - Harmful noise emissions
  - Deforestation
  - Animal welfare
  - Mercury
  - Persistent Organic Pollutants
  - Hazardous and other waste
  - Further risks

The above listed risks relate to the references as specified in Annex 5 of this standard document.

#### 4.2.2.2 Complexity

The complexity of the risk assessment is determined by the complexity of the business enterprise (size, operational context, product complexity, supply chain and structure).

The risk assessment 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 must be (chapter 4.2.2.3).

#### 4.2.2.3 Documentation

A structured approach and documentation supports a systematic implementation of the risk assessment. It might be helpful to follow the ISO 31000 approach for the risk assessment 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 should be kept for a period of at least 7 consecutive years.

The following describes a step-by-step procedure towards the risk assessment. As a first step countries and regions from where the business enterprise is sourcing from, the actual and potential suppliers, the business model as well as the purchasing practices shall be taken into consideration as these contexts influence the existence of risks and ultimately their rating and prioritisation in the risk assessment.

For this assessment,

- 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 assessment 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 assessment 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 supply chain 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 assessment.
- 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 supply chain, to name a few.

### **Purchasing Practices**

- The purchasing practices have a significant impact on the risk of harm in the enterprise's supply chain. 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 supply chain.
- Accordingly, the business enterprise shall consider its purchasing practices when conducting the risk assessment.

### **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 assessment:

- 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 leadtimes, 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, severance and ability for remediation 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 measures for the elimination and reduction of risks are to 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 assessment 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.

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

After having conducted above mentioned processes related to the comprehensive risk assessment, 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 assessment, 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 supply chain.

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.

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 supply chain risk 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:

- 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 supply chain. Particularly further down the supply chain, it might become difficult to obtain detailed informations.

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

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

If a business enterprise can be reasonably certain that companies operating at bottlenecks in its supply chain 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 supply chain.

#### 4.2.3.3 Assessment Approach and Methodology

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.

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 supply chain 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 should 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.

As probably the person who will conduct the assessments will not combine all required competencies, a collaboration within a team which have together all of the required competencies shall be made possible.

#### 4.2.3.5 Frequency of the Assessments

It shall be carefully decided whether or not 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 should also be applied to transport/logistics that is part of the business enterprises supply chains.

The logistics sector (transport and warehousing) is not only often linked to precarious and un-protected working conditions along the upstream supply chains, but also near to the supply chain 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 must 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 supply chain 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 should 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 supply chains - which carriers do suppliers work with?
- Contracting authorities should 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 must also be made available to the logistics partners in the supply chain.

In order to promote the implementation of due diligence in the logistics sector, the expectations of companies must 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).

## 4.3 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 supply chain.

**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 supply chain according to the given context.

### 4.3.1 Principles and Implementation

The results of the risk assessment of potential risks as well as the information obtained from the grievance mechanism (chapter 4.6) on violations that have occurred, shall be provided to the relevant business units and the related processes - they shall implement measures to prevent, mitigate and end negative impacts related to their own business enterprise and the full supply chain. These measures shall be:

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

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



#### 4.3.1.1 Prevention and Mitigation Measures at the Business Enterprise and Direct Suppliers

- The business enterprise shall take immediate action to stop any past, current or imminent risk detected within its own operations and/or at direct suppliers.
- 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, without delay.
- 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 assessment findings and identified impacts.
  - 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 minimize 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.
- Stakeholders such as workers, trade unions and worker representative organisations shall be engaged during the development of the corrective action plan and its implementation.
- As more complex the risk, as stronger the business enterprise shall consult expert advice in drawing up a response.
- Any measures pursued to prevent and mitigate harm shall be proportionate to the severity of harm.
- With regard to the non-compliant supplier, the development of a CAP shall take into account the following criteria:
  - Incentives for suppliers to comply with the due diligence requirements as set by the business enterprise.
  - Training of employees and workers regarding due diligence obligations and expectations. Any information and content that is relevant to prevent and mitigate future harm shall be covered by the training.
  - Stakeholders such as workers, trade unions and worker representative organisations should be engaged during the development of the corrective action plan and its implementation.
  - Influence and pressure on the supplier should be leveraged by joining forces with other business enterprises and/or using industry initiatives and standards.
  - As more complex the risk, as stronger the business enterprise shall consult expert advice in drawing up a response.
  - The business relationship might be suspended until risk reduction efforts are implemented.

#### 4.3.1.2 Prevention and Mitigation measures at 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 the upstream supply chain. This is to be done through a Pass-On Clause with direct supply chain partners that ensures that the policy statement, the supplier code of conduct and information on the grievance mechanism are communicated to all upstream supply chain partners and its receipt and understanding is available to the business enterprise by means of a written confirmation.

In addition, the business enterprise can use choke points in the supply chain to check and manage compliance with their human rights and environmental expectations for the upstream supply chain. Choke points are key suppliers within the supply chain that, due to their role and position, can exert greater influence on the upstream supply chain (e.g. raw material processors, etc.) and thus better ensure human rights and environmental expectations in these areas.

In addition, the business enterprise shall define an internal plan to seek to prevent and mitigate harm in its supply chain such as following:

- Setting internal measures to manage risks in its supply chain by means of e.g.:
  - Supplier assessments (definition of prequalification of suppliers),
  - Supplier consolidation,
  - Adapting purchasing practices in product development (e.g. raw materials, etc.), buying and planning (e.g. order placement deadlines, capacity planning, etc.)
  - 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).
- Establish 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.
- Understanding the local contexts suppliers are operating in and as such the related risks.
- Furthermore, the business enterprise shall use its influence on suppliers to implement measures and support the supplier in preventing and mitigating risks.

#### 4.3.1.3 Generally

- 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).
- A termination of the business relationship with any violating supplier shall only be considered if:
  - The violation is defined as very serious.
  - The measures do not remedy the situation according to the defined timetable.
  - The business enterprise has already fully leveraged all other less severe means to end the adverse impact.
  - The influence pressure has no prospect of success.
- Possible disengagement shall 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 suppliers management and of applicable also the related workers union.
  - Flag the decision of ending the business relationship with sufficient notice to the supplier.

#### 4.3.2 Cause, Contribute, Linked to

Once the business enterprise has identified a violation within its supply chain as part of the due diligence process, it must 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 must be remedied.
- Future harm must 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 must be remedied.
- Future harm must 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 supply chain 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 impacts 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 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

In addition to measuring the effectiveness of implemented measures for their own business enterprise operations, the business enterprise must also validate the effectiveness of implemented measures for their supply chain as described above.

In particular, for implemented measures in the supply chain, 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.

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 should 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 is a violence?, 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 supply chain, 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 supply chain,
- 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.
- Reflect the risk assessment 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 risk of harm.

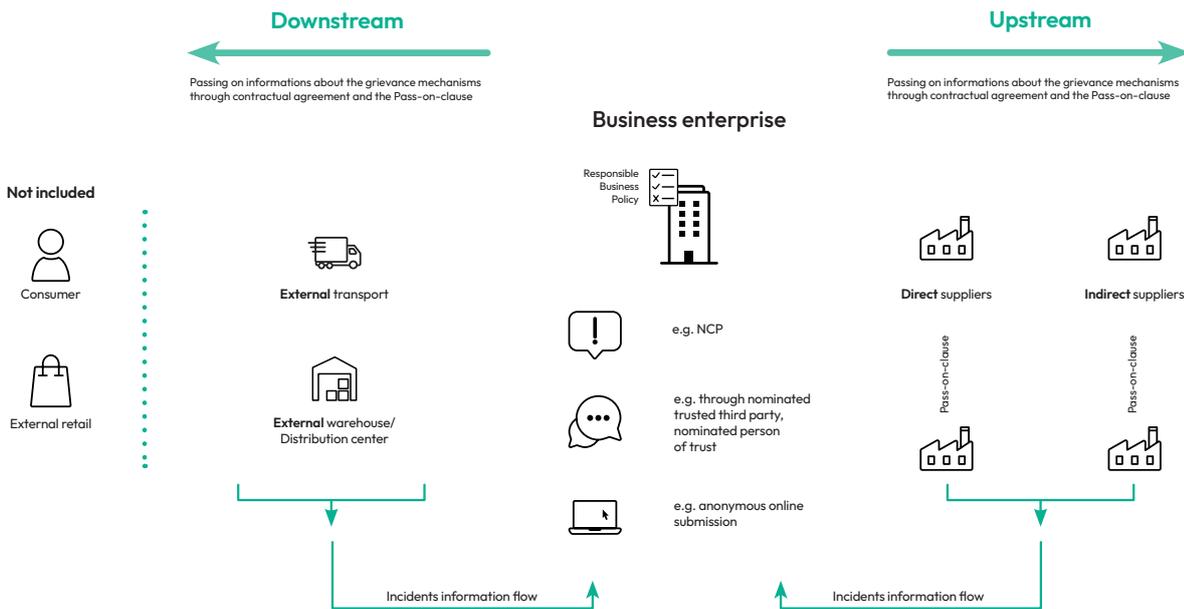
- Reflect what measures it has set
  - related to the risk management,
  - the risk analysis,
  - regarding prevention measures and
  - mitigation measures, both for the own business enterprise operations as well as for their supply chain (downstream and upstream, see chapter 2)
  - possible adjustments 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 supply chain.
- 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 must 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 cannels 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 supply chain, 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).



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 must
  - 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 supply chain 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 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 supply chain, 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 supply chain.

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 Multi National 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 publicize 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.).
- **Rights-compatible:** The business enterprise shall ensure that outcomes and remedies accord with internationally recognized 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 should 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 measures 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 should 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 should be guided by remediation of similar cases.
- The stakeholders should be involved in determining the remedy and the business enterprise should seek a mutually agreeable and amicable settlement.
- After remediation of the harm, the company should 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 CO<sub>2</sub> emission targets – strategy development, implementation and goal achievement.

Where “supply chain levels” in chapters 4.1 to 4.6 refers to the depth of implementation into the supply chain, 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 supply chain
- **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 (supply chain)
  - Making-up (cut and sew) facilities - Scope 1 and 2
- Ensure supply chain 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

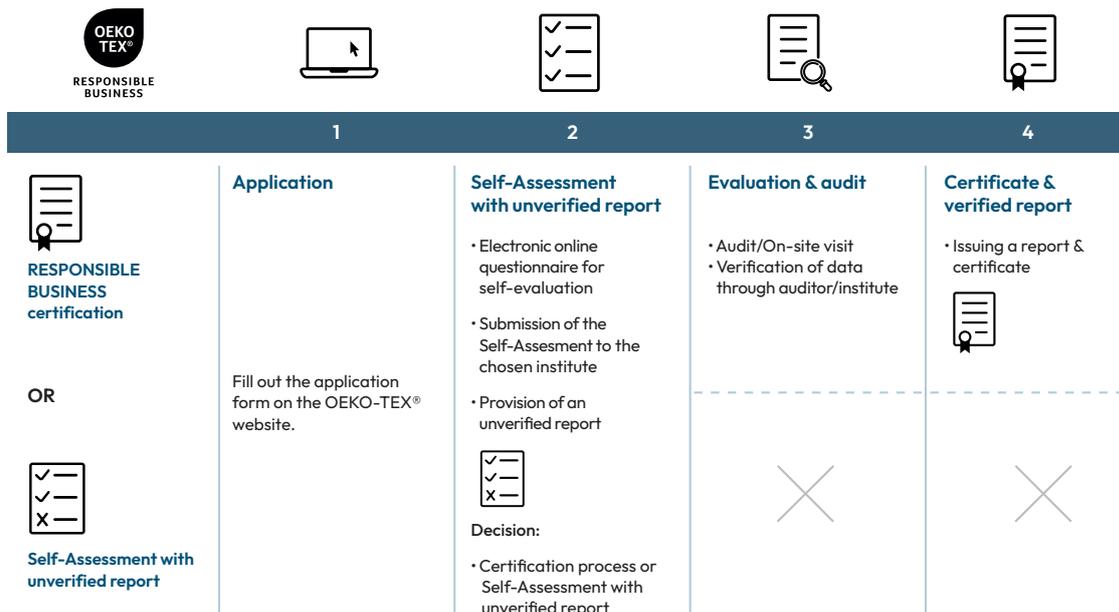
The OEKO-TEX® RESPONSIBLE BUSINESS process depends on the goal: full certification or conducting a self assessment for an un-verified report only.

## 5.1 OEKO-TEX® RESPONSIBLE BUSINESS Certification

During the certification process, the auditor will check which supply chain 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 customers 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 assessment by the business enterprise is the basis of the verified or unverified assessment and potential certification
- Assessment question types:
  - Basic: mandatory questions to be answered by the Business enterprise
  - Exclusion criteria: Minimum requirements to be eligible for OEKO-TEX® RESPONSIBLE BUSINESS certification. If the exclusion criteria are not met, the report will highlight that certain exclusion criteria are not met
- After self assessment is completed and documents received, the institute will provide an unverified report. 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)

### 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	Dark Green	Light Green	Light Green	Light Green	Light Green	Level 2
Risk Assessment	Dark Green	Light Green	Light Green	Light Green	Light Green	Level 1
Integration of appropriate actions	Dark Green	Light Green	Light Green	Light Green	Light Green	Level 3
Continuous Monitoring	Dark Green	Light Green	Light Green	Light Green	Light Green	Level 2
Transparent Communication	Dark Green	Light Green	Light Green	Light Green	Light Green	Level 1
Access to remedy	Dark Green	Light Green	Light Green	Light Green	Light Green	Level 1
Climate related strategies (optional)	Dark Green	Light Green	Light Green	Light Green	Light Green	Level 1

OEKO-TEX Service GmbH, Garbenerstrasse 23, 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 1) – 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 supply chains. 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 SMADE 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

Question	Chapter	Exclusion Criteria
11_x 18_c_x	4.1	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 supply chains and shall be reflected in a responsible business policy.
13_x 13_0_x		TIn 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.
13_a_x		This shall 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.
13_b_x		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.
12		The responsible business policy shall be developed and informed by relevant internal and external expertise.
n.a.		The following commitments and content shall be included into the Responsible Business Policy:
18_c_x		<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 it its supply chain.                             <ul style="list-style-type: none"> <li>• In its own business enterprise, including own distribution centers and own retail</li> <li>• In transport through the end customer</li> </ul> </li> </ul>
19_x		<ul style="list-style-type: none"> <li>• Commitment to consider human rights and environmental risks as defined in Article 2 of the German Supply Chain Act (see Annex 5) and as reflected in chapter 4.2 of this standard.</li> <li>• Commitment to respect applicable laws and international agreements according to risks (chapter 4.2):                             <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>• ILO's eight fundamental conventions</li> <li>• Minamata Convention on Mercury</li> <li>• Stockholm Convention on Persistent Organic Pollutants</li> <li>• POPs Convention</li> <li>• Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal</li> </ul> </li> <li>• Commitment to respect the OECD garment and footwear sector risks (chapter4.2.2.1 Risk Assessment Scope).</li> </ul>
13_b_x		<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>



Question	Chapter	Exclusion Criteria
18_b_x		<ul style="list-style-type: none"> <li>Description of the buying practices that are subject to regular updates (according to regular risk analysis).</li> </ul>
20_a_x		<ul style="list-style-type: none"> <li>Commitment to responsible sourcing practices (purchasing practices that prevent harmful impacts).</li> <li>Commitment to meaningful stakeholder engagement, to focus on the unique position of women and how women may be disproportionately affected by negative impacts, etc.</li> <li>Commitment to hear and address all complaints received against the business enterprise own operations.</li> <li>Commitment to hear and address all substantiated complaints that the enterprise has caused or contributed to harms in its supply chain and that have been raised through a legitimate process</li> </ul>
19_x		<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>
33_x		<ul style="list-style-type: none"> <li>Expectation on suppliers to conduct due diligence.</li> </ul>
20_c_x 42_x 43_x		<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>
19_x		<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> <li>List of all identified risks which shall be subject to regular updates, according to regular risk analysis.</li> </ul>
n.a.	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.
13_x	4.1.2.1 Embedding the Responsible Business Policy into the Business	<ul style="list-style-type: none"> <li>The Responsible Business Policy shall be adopted and must be recognized and approved by the highest corporate level.</li> </ul>
14_a_x		<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>
14_x		<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>
34_x		<ul style="list-style-type: none"> <li>To ensure that the Responsible Business Policy, informations about the grievance mechanism and supplier code of conduct are communicated to the supply chain, 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 supply chain.</li> </ul>



Question	Chapter	Exclusion Criteria
13_a_x		<ul style="list-style-type: none"> <li>The Responsible Business Policy shall be reviewed and updated on an iterative process based on the increasing knowledge about risks and harms in the business enterprise own operations and supply chain.</li> </ul>
n.a.	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:
31		<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>
21_x		<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 must have adequate and sufficient knowledge of this area.</li> </ul>
32_a_x		<ul style="list-style-type: none"> <li>The exchange of feedbacks, learnings, and information on due diligence across teams and business units in order to allow alignment.</li> </ul>
22_x 32_a_x		<ul style="list-style-type: none"> <li>That adequate and appropriate information related to due diligence is provided to relevant decision makers.</li> </ul>
32_b_x 100_a_x		<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 supply chains which have a higher likelihood of employing homeworkers.</li> <li>Listing of all stages in supply chains which have a higher likelihood of subcontracting.</li> <li>The results of the risk assessment.</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 supply chain for products linked to severe harm (e.g. processing stages and suppliers that have a greater impact on their upstream supply chains because they may be one of just a few processors/ suppliers carrying out a particular process).</li> </ul> </li> </ul>
32_c_x		<ul style="list-style-type: none"> <li>That the collected information is stored for at least 7 consecutive years.</li> </ul>



Question	Chapter	Exclusion Criteria
5_x		<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>
26_x	4.1.3 Responsible Person	<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>
21_x 28_x		<ul style="list-style-type: none"> <li>Coordinates all responsible business activities, especially if delegation of tasks is established.</li> </ul>
21_x 32_x		<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>
30_x		<ul style="list-style-type: none"> <li>Has authority while decision making to decrease certain risks within own business enterprise and its supply chain.</li> </ul>
17_x		<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>
28_a_x		<ul style="list-style-type: none"> <li>Is responsible for ensuring that supply chains can be mapped (e.g., must ensure that systems or methods are put in place that allow the supply chain to be mapped transparently, etc.).</li> </ul>
32_x		<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.</li> </ul>
14_x 15_x		<ul style="list-style-type: none"> <li>The responsible business policy shall be communicated to the suppliers and other relevant business partners and included in written agreements.</li> </ul>
17_x		<ul style="list-style-type: none"> <li>Trainings and incentives shall be provided to ensure that the responsible business policy is understood and installed.</li> </ul>
22_x		<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 supply chain responsibility (e.g., purchasing depts, product management, quality management, etc.).</li> </ul>
21_x 28_a_x		<ul style="list-style-type: none"> <li>Ensures that the risk analysis is properly carried out (chapter 4.2).</li> </ul>
21_x 30_x 32_a_x		<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 assessment 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>
21_x 33_x		<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>



Question	Chapter	Exclusion Criteria
21_x		<ul style="list-style-type: none"> <li>Oversees the continuous monitoring process (chapter 4.4).</li> </ul>
21_x		<ul style="list-style-type: none"> <li>Ensures transparent communication of the responsible business-related actions to all stakeholders (chapter 4.5).</li> </ul>
21_x		<ul style="list-style-type: none"> <li>Establishes and/or oversees the complaint process (chapter 4.6)</li> </ul>
34_x 35_x 36_x 36_a_x	4.1.4 Pass-On Clause	<p>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>
33_x		<ul style="list-style-type: none"> <li>The supplier code of conduct shall contain the human rights and environmental risks in article 2 of the German Supply Chain Act, the commitment made in the business policy and the requirements defined for subcontracting:</li> </ul>
42_x 43_x		<ul style="list-style-type: none"> <li>If subcontracting is not authorized by the Responsible Business Policy of the business enterprise it shall be prohibited throughout the whole supply chain.</li> <li>If sub-contracting is authorized 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>
17_x		<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>
34_x 35_x		<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>



Question	Chapter	Exclusion Criteria
35_x 36_x 36_a_x	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 supply chain, 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 informations 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 stakeholders discretion (e.g. restrooms).</li> </ul>
50_x 51_a_x	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 the full supply chains 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:</p> <ul style="list-style-type: none"> <li>Own business operations</li> <li>Own retail and distribution centers</li> <li>Own and external transport and logistics until end customer</li> <li>Full supply chain</li> </ul>
55_x	4.2.1 Risk Assessment - Principles	<p>Following aspects shall be taken into consideration when conducting the risk assessment:</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> <li>The business enterprise shall analyse whether those risks are present or potentially might occur in its own business enterprise and in its supply chains.</li> </ul>
51_a		<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>
59_x		<ul style="list-style-type: none"> <li>The identified risks shall be evaluated according to their severity, likelihood and ability for remediation.</li> <li>The identified risks shall then be prioritized.</li> </ul>
52_x		<ul style="list-style-type: none"> <li>The risk analysis shall be conducted periodically, at least once a year.</li> </ul>
61_a		<ul style="list-style-type: none"> <li>The risk analysis shall be thoroughly researched and documented.</li> </ul>
52_x		<ul style="list-style-type: none"> <li>Additional risk analyses shall be conducted if a risk situation is significantly changed or expanded.</li> </ul>
52_x		<ul style="list-style-type: none"> <li>Any changes of purchasing practices, country risks, product changes, etc. shall be considered.</li> </ul>
77_a_x		<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>



Question	Chapter	Exclusion Criteria
77_b		Information on identified risks of harm related to specific production processes, countries, sourcing models, etc. should be shared by business enterprises publicly or at the industry level. This is particularly important in order to provide, communicate and address emerging risk of harm at industry level.
55_x	4.2.2 Risk Assessment - Implementation  4.2.2.1 Scope	Following sector and further risks shall be taken into consideration when conducting the risk assessment: <ul style="list-style-type: none"> <li>• Child labour and worst forms of child labour</li> <li>• Sexual harassment and sexual and gender-based violence in the workplace</li> <li>• Forced labour</li> <li>• Slavery</li> <li>• Torture</li> <li>• Working time</li> <li>• Occupational health and safety</li> <li>• Trade unions and collective bargaining</li> <li>• Unequal treatment in employment</li> <li>• Wages</li> <li>• Bribery and corruption</li> <li>• Responsible sourcing from homeworkers</li> <li>• Land grabbing</li> <li>• Hazardous chemicals</li> <li>• Water</li> <li>• Greenhouse gas emissions</li> <li>• Soil degradation</li> <li>• Air pollution</li> <li>• Harmful noise emissions</li> <li>• Deforestation</li> <li>• Animal welfare</li> <li>• Mercury</li> <li>• Persistent Organic Pollutants</li> <li>• Hazardous and other waste</li> <li>• Further risks</li> </ul>
61_b	4.2.2.3 Documentation	In any case, the business enterprise shall ensure that the data and information on which the risk assessment is based are comprehensible and accessible.
32_c_x		The risk assessment and the data used for it should be kept for a period of at least 7 consecutive years.
50_x 50_a_x		As a first step countries and regions from where the business enterprise is sourcing from, the actual and potential suppliers, the business model as well as the purchasing practices shall be taken into consideration as these contexts influence the existence of risks and ultimately their rating and prioritisation in the risk assessment.
62_x 64_x		For this assessment, <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, shall be consulted.</li> </ul>
66_a		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.

**Annex 3:  
Exclusion Criteria**



**RESPONSIBLE  
BUSINESS**

Question	Chapter	Exclusion Criteria
67_x	Countries and Regions	The risk assessment 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.
74_x		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.
47_x 48_x 49_x 49_a_x	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> </ul> <p>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 supply chain levels and the requirements on implemented due diligence obligations, see chapter 2.</p>
50_x 50_a_x	Products/Raw Materials  Purchasing Practices  Business Model	<ul style="list-style-type: none"> <li>• All articles containing textiles and leather shall be considered in the risk analysis.</li> <li>• Products and their raw materials shall be assessed according to their human rights and environmental risks.</li> <li>• Accordingly, the business enterprise shall consider its purchasing practices when conducting the risk assessment.</li> <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 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>• The extend of a business enterprise's foreign operations (e.g., reduced control of conditions in production, purchasing practices, etc.).</li> </ul> </li> </ul>
59_x		Based on the analysed risks, their likelihood, severance and ability for remediation 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.
54	4.2.2.4 Frequency and Evolving Nature of Risk	The business enterprise shall implement the general risk assessment 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.
44_x 44_a	4.2.2.5 Business Enterprise's Relationship to Impacts	After having conducted above mentioned processes related to the comprehensive risk assessment, 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.



Question	Chapter	Exclusion Criteria
55_b	4.2.3 Assessing the Location Linked to Identified Risks/ Understand Actions Needed	<p>After the assessment, 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 supply chain.</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>
55_c	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.</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>
55_d	4.2.3.2 Assessment – Suppliers	<p>Depending on where in the supply chain risk of harm has been detected and its defined priority, the related suppliers or processing steps shall be selected by the business enterprise for assessment.</p> <p>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 and 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>
98_a		<p>It might be difficult for business enterprises to identify and assess individual suppliers in the upstream supply chain. Particularly further down the supply chain, it might become difficult to obtain detailed informations.</p> <p>In those cases, business enterprises shall understand where choke points, or strategic points of influence, within their supply chains are located and using their leverage to further implement required due diligence objectives down the supply chain.</p> <ul style="list-style-type: none"> <li>• “Choke points” are key points of transformation in the supply chains,</li> <li>• are stages within the supply chain 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 supply chain partners.</li> </ul>



Question	Chapter	Exclusion Criteria
55_b	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 supply chain 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>
55_f	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. The persons involved in the assessment should 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>As probably the person who will conduct the assessments will not combine all required competencies, a collaboration within a team which have together all of the required competencies shall be made possible.</p>
55_e	4.2.3.5 Frequency of the Assessments	<p>It shall be carefully decided whether or not 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 ingoing 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>



Question	Chapter	Exclusion Criteria
18_c_x 50_x 50_a_x	4.2.4 Transport and Logistics	<p>As mentioned above, human rights and environmental due diligence should also be applied to transport/logistics that is part of the business enterprises supply chains.</p> <p>The logistics sector (transport and warehousing) is not only often linked to precarious and unprotected working conditions along the upstream supply chains, but also near to the supply chain level of brands, retailers and traders, there are often violations of social standards in the transport sector.</p> <p>Workers on ships, at ports and truck drivers are often poorly qualified and have little or no knowledge of their rights.</p> <p>Therefore, logistics must 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 supply chain 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 should 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 supply chains - which carriers do suppliers work with?</li> <li>• Contracting authorities should 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 must also be made available to the logistics partners in the supply chain.</li> </ul>
15_x 15_a 15_b 55_x		<p>In order to promote the implementation of due diligence in the logistics sector, the expectations of companies must 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>
77_a_x	4.3 Integration of Appropriate Actions  4.3.1 Principles and Implementation	<p>The results of the risk assessment of potential risks as well as the information obtained from the grievance mechanism (chapter 4.6) on violations that have occurred, shall be provided to the relevant business units and the related processes - they shall implement measures to prevent, mitigate and end negative impacts related to their own business enterprise and the full supply chain.</p>



Question	Chapter	Exclusion Criteria
82_x		<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>
80_b	4.3.1.1 Prevention and Mitigation Measures at the Business Enterprise and Direct Suppliers	<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 and/or at direct suppliers.</li> </ul>
80_a_x		<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, without delay.</li> </ul>
82_b		<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 assessment findings and identified impacts.</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 minimize 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. 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>
82_c		<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>
82_d		<ul style="list-style-type: none"> <li>• As more complex the risk, as stronger the business enterprise shall consult expert advice in drawing up a response.</li> </ul>
n/a		<ul style="list-style-type: none"> <li>• With regard to the non-compliant supplier, the development of a CAP shall take into account the following criteria:</li> </ul>
81_x		<ul style="list-style-type: none"> <li>• Incentives for suppliers to comply with the due diligence requirements as set by the business enterprise.</li> </ul>
100		<ul style="list-style-type: none"> <li>• Training of employees and workers regarding due diligence obligations and expectations. Any information and content that is relevant to prevent and mitigate future harm shall be covered by the training.</li> </ul>
82_c		<ul style="list-style-type: none"> <li>• Stakeholders such as workers, trade unions and worker representative organisations should be engaged during the development of the corrective action plan and its implementation.</li> </ul>



Question	Chapter	Exclusion Criteria
82_d		<ul style="list-style-type: none"> <li>As more complex the risk, as stronger the business enterprise shall consult expert advice in drawing up a response.</li> </ul>
98_a	4.3.1.2 Prevention and mitigation measures at indirect suppliers:	In addition, the business enterprise can use choke points in the supply chain to check and manage compliance with their human rights and environmental expectations for the upstream supply chain. Choke points are key suppliers within the supply chain that, due to their role and position, can exert greater influence on the upstream supply chain (e.g. raw material processors, etc.) and thus better ensure human rights and environmental expectations in these areas.
83_x 85		<p>In addition, the business enterprise shall define an internal plan to seek to prevent and mitigate harm in its supply chain such as following:</p> <ul style="list-style-type: none"> <li>Setting internal measures to manage risks in its supply chain by means of e.g.: <ul style="list-style-type: none"> <li>Supplier assessments (definition of prequalification of suppliers),</li> <li>Supplier consolidation,</li> <li>Adapting purchasing practices in product development (e.g. raw materials, etc.), buying and planning (e.g. order placement deadlines, capacity planning, etc.)</li> <li>etc.</li> </ul> </li> </ul>
81_x		<ul style="list-style-type: none"> <li>Develop and establish pricing models to account for the cost of wages, benefits and investments that are reflected in buying prices (e.g. fob). <ul style="list-style-type: none"> <li>Establish incentives for suppliers such as</li> <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> <li>Understanding the local contexts suppliers are operating in and as such the related risks.</li> </ul> </li> </ul>
96_x	4.3.1.3 Generally	<ul style="list-style-type: none"> <li>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).</li> </ul>
83_b		<ul style="list-style-type: none"> <li>A termination of the business relationship with any violating supplier shall only be considered if: <ul style="list-style-type: none"> <li>The violation is defined as very serious.</li> <li>The measures do not remedy the situation according to the defined timetable.</li> <li>The business enterprise has already fully leveraged all other less severe means to end the adverse impact.</li> <li>The influence pressure has no prospect of success.</li> </ul> </li> </ul>
83_b		<p>Possible disengagement shall be done responsibly. In that case the business enterprise shall:</p> <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 suppliers 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>



Question	Chapter	Exclusion Criteria
80_x	4.3.2 Cause, Contribute, Linked to	<p>Once the business enterprise has identified a violation within its supply chain as part of the due diligence process, it must 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> <ul style="list-style-type: none"> <li>• 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.</li> <li>• Any action that is causing the harm shall be stopped.</li> <li>• Possible remaining harm shall be mitigated.</li> <li>• The harm must be remedied.</li> <li>• Future harm must 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 must be remedied.</li> <li>• Future harm must 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 products, 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 supply chain partners.</li> </ul>
102_x 103	4.4 Continuous Monitoring	The business enterprise shall check, review and communicate on the effectiveness of the implemented measures (chapter 4.3).
106_a_x	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.
102_a_x		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.
102_b		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.



Question	Chapter	Exclusion Criteria
102_c		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.
102_c	4.4.2 Progress and Effectiveness of Measures - Business Enterprise's Supply Chain	In particular, for implemented measures in the supply chain, 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.
102_a_x	4.4.3 General	<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>
102_a_x		<ul style="list-style-type: none"> <li>Information and reports from workers or their representative organisations shall be part of ongoing monitoring.</li> </ul>
106_a_x		<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>
106_b		<ul style="list-style-type: none"> <li>If the business enterprises rely on the implementation of due diligence at choke points in the supply chain, the business enterprise shall conduct audits at these points.</li> </ul>
106_a_x		<ul style="list-style-type: none"> <li>The business enterprise shall document the evaluation of the measures taken in a comprehensible manner.</li> </ul>
102_d		<ul style="list-style-type: none"> <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>
111_x 107_x	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.
14_a_x	4.5.1 Content and Implementation	Elements of a transparent communication shall be: <ul style="list-style-type: none"> <li>The business policy itself or comparable value statements.</li> </ul>
110_c_x		<ul style="list-style-type: none"> <li>A description about the business enterprises due diligence management system, incl. how due diligence is incorporated into decision-making processes.</li> </ul>
109_x		<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 supply chain.</li> </ul>
108_x		<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>
108_a		The report shall: <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> </ul>
114_x		<ul style="list-style-type: none"> <li>Whether or not the business enterprise engages in multi-stakeholder initiatives.</li> </ul>

Question	Chapter	Exclusion Criteria
111_b		<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>
107_x 116		<ul style="list-style-type: none"> <li>• Shall be accessible to anyone interested.</li> </ul>
111_c		<ul style="list-style-type: none"> <li>• Be available for 7 consecutive years and accessible without any cost.</li> </ul>
107_x		<ul style="list-style-type: none"> <li>• Shall be precise, comprehensible and reader-friendly through sufficient information (e.g., actual examples).</li> </ul>
108_x		<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> <li>• Reflect the risk assessment process.</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>
110_c		<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>
108_x 110_a_x		<ul style="list-style-type: none"> <li>• the risk analysis</li> </ul>
110_d_x		<ul style="list-style-type: none"> <li>• regarding prevention measures and</li> <li>• mitigation measures, both for the own business enterprise operations as well as for their supply chain (downstream and upstream, see chapter 2)</li> </ul>
110_e		<ul style="list-style-type: none"> <li>• possible adjustments on the grievance mechanism.</li> </ul>
109_x		<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 supply chain.</li> </ul>
110_b_x		<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> </ul>
110_a_x		<ul style="list-style-type: none"> <li>• Reflect how the business enterprise determine the effectiveness of its set measures.</li> </ul>
110_b_x		<ul style="list-style-type: none"> <li>• Reflect what conclusion it draws from the assessment of measures for future measures.</li> </ul>
107_x		<ul style="list-style-type: none"> <li>• Provide sufficient information, so that the reader is able to evaluate the adequacy of an enterprise's response to human rights.</li> </ul>
114_x		<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 must not be exposed and anonymity shall be ensured.)</li> </ul>

**Annex 3:  
Exclusion Criteria**



**RESPONSIBLE  
BUSINESS**

Question	Chapter	Exclusion Criteria
110		<ul style="list-style-type: none"> <li>Take into consideration the protection of business and trade secrets.</li> </ul>
115		<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>
44_a 118_x 159	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.
153		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 supply chain, including violations within the own business operations.
118_x 120_x		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).
131_x	4.6.1 Principles of the grievance mechanism	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.
29_x 126_x		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.
134_b_x 151		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.
142_a_x		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>
120_x		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 supply chain 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.



Question	Chapter	Exclusion Criteria
120_a_x		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.
149_x		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 supply chain, the effectiveness of the grievance mechanism shall be reviewed on an ad hoc basis.
121_x until 130_x	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: <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>
131_x until 137_x		<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>
138_x until 140_x		<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>
141_x until 144_x		<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>
145_x until 147_x		<ul style="list-style-type: none"> <li>• Transparent: The business enterprise shall publicize 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.).</li> </ul>
148_x		<ul style="list-style-type: none"> <li>• Rights-compatible: The business enterprise shall ensure that outcomes and remedies accord with internationally recognized human rights.</li> </ul>
149_x until 149_a_x		<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>
150_x		<ul style="list-style-type: none"> <li>• Dialogue-based: Solutions should 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>
159	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.

## Annex 4: Regulations and Conventions

The conventions taken into account in the German Act on Corporate Due Diligence Obligations 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)
12. Minamata Convention on Mercury of 10 October 2013 (Federal Law Gazette 2017 II pp. 610, 611) (Minamata Convention)
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).

The following section maps Section 2 of the German Act on Corporate Due Diligence for the Prevention of Human Rights Violations in Supply Chains of July 16, 2021

„...Section 2 Definitions

- (1) Protected legal positions within the meaning of this Act are those arising from the conventions on the protection of human rights listed in nos. 1 to 11 of the Annex. (2) A human rights risk within the meaning of this Act is a condition in which, on the basis of factual circumstances, there is a sufficient probability that a violation of one of the following prohibitions is imminent:
1. 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 so provides in accordance with 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);
  2. the prohibition of the worst forms of child labour for children under 18 years of age; in accordance with Article 3 of 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) this includes:
    - a) 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,
    - b) the use, procuring or offering of a child for prostitution, for the production of pornography or for pornographic performances,
    - c) the use, procuring or offering of a child for illicit activities, in particular for the production of or trafficking in drugs,
    - d) 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;
  3. the prohibition of the employment of persons in forced labour; this includes any work or service that is required of a person under threat of punishment and for which he or she has not made himself or herself available voluntarily, for example as a result of debt bondage or trafficking in human beings; excluded from forced labour are any work or services that comply with Article 2 (2) of Convention No. 29 of the International Labour Organization of 28 June 1930 concerning Forced or Compulsory Labour (Federal Law Gazette 1956 II p. 640, 641) or with 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);
  4. the prohibition of all forms of slavery, practices akin to slavery, serfdom or other forms of domination or oppression in the workplace, such as extreme economic or sexual exploitation and humiliation;

5. the prohibition of disregarding the occupational safety and health obligations applicable under the law of the place of employment if this gives rise to the risk of accidents at work or work-related health hazards, in particular due to:
  - 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;
6. the prohibition of disregarding the freedom of association, according to which
  - a) employees are free to form or join trade unions,
  - b) the formation, joining and membership of a trade union must not be used as a reason for unjustified discrimination or retaliation,
  - 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;
7. the prohibition of unequal treatment in employment, for example on the grounds of national and ethnic origin, social origin, health status, disability, sexual orientation, age, gender, political opinion, religion or belief, unless this is justified by the requirements of the employment; unequal treatment includes, in particular, the payment of unequal remuneration for work of equal value;
8. the prohibition of withholding an adequate living wage; the adequate living wage amounts to at least the minimum wage as laid down by the applicable law and, apart from that, is determined in accordance with the regulations of the place of employment;
9. the prohibition of causing any harmful soil change, water pollution, air pollution, harmful noise emission or excessive water consumption that
  - a) significantly impairs the natural bases for the preservation and production of food,
  - b) denies a person access to safe and clean drinking water,
  - c) makes it difficult for a person to access sanitary facilities or destroys them or
  - d) harms the health of a person;
10. the prohibition of unlawful eviction and the prohibition of unlawful taking of 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;
11. the prohibition of the hiring or use of private or public security forces for the protection of the enterprise's project if, due to a lack of instruction or control on the part of the enterprise, the use of security forces
  - a) is in violation of the prohibition of torture and cruel, inhumane or degrading treatment,
  - b) damages life or limb or
  - c) impairs the right to organise and the freedom of association;

12. the prohibition of an act or omission in breach of a duty to act that goes beyond nos. 1 to 11, 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.
- (3) An environment-related risk within the meaning of this Act is a condition in which, on the basis of factual circumstances, there is a sufficient probability that one of the following prohibitions will be violated:
1. the prohibition of the manufacture of mercury-added products pursuant to Article 4 (1) and Annex A Part I of the Minamata Convention on Mercury of 10 October 2013 (Federal Law Gazette 2017 II pp. 610, 611) (Minamata Convention);
  2. the prohibition of the use of mercury and mercury compounds in manufacturing processes within the meaning of Article 5 (2) and Annex B Part I of the Minamata Convention from the phase-out date specified in the Convention for the respective products and processes;
3. the prohibition of the treatment of mercury waste contrary to the provisions of Article 11 (3) of the Minamata Convention;
4. the prohibition of the production and use of chemicals pursuant to Article 3 (1) (a) and Annex A of the Stockholm Convention of 23 May 2001 on Persistent Organic Pollutants (Federal Law Gazette 2002 II pp. 803, 804) (POPs Convention), last amended by decision of 6 May 2005 (Federal Law Gazette 2009 II pp. 1060, 1061), in the version of Regulation (EU) 2019/1021 of the European Parliament and of the Council of 20 June 2019 on persistent organic pollutants (OJ L 169 of 26 May 2019 pp. 45- 77), as last amended by Commission Delegated Regulation (EU) 2021/277 of 16 December 2020 (OJ L 62 of 23 February pp. 1-3);
5. the prohibition of the handling, collection, storage and disposal of waste in a manner that is not environmentally sound in accordance with the regulations in force in the applicable jurisdiction under the provisions of Article 6 (1) (d) (i) and (ii) of the POPs Convention.
6. the prohibition of exports of hazardous waste within the meaning of Article 1 (1) and other wastes within the meaning of Article 1 (2) of the 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), and within the meaning of Regulation (EC) No 1013/2006 of the European Parliament and of the Council of 14 June 2006 on shipments of waste (OJ L 190 of 12 July 2006 pp. 1-98) (Regulation (EC) No 1013/2006), as last amended by Commission Delegated Regulation (EU) 2020/2174 of 19 October 2020 (OJ L 433 of 22 December 2020 pp. 11-19)
- a) to a party that has prohibited the import of such hazardous and other wastes (Article 4 (1) (b) of the Basel Convention),
  - b) to a state of import as defined in Article 2 no. 11 of the Basel Convention 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 wastes (Article 4 (1) (c) of the Basel Convention),
  - c) to a non-party to the Basel Convention (Article 4 (5) of the Basel Convention),
  - d) 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 (Article 4 (8) sentence 1 of the Basel Convention);
7. the prohibition of the export of hazardous wastes from countries listed in Annex VII to the Basel Convention to countries not listed in Annex VII (Article 4A of the Basel Convention, Article 36 of Regulation (EC) No 1013/2006) and

8. the prohibition of the import of hazardous wastes and other wastes from a non-party to the Basel Convention (Article 4 (5) of the Basel Convention).
- (4) A violation of a human rights-related obligation within the meaning of this Act is a violation of a prohibition stated in paragraph (2), nos. 1 to 12. A violation of an environment-related obligation within the meaning of this Act is a violation of a prohibition referred to in paragraph (3), nos. 1 to 8.
- (5) The supply chain within the meaning of this Act refers to all products and services of an enterprise. It includes all steps in Germany and abroad that are necessary to produce the products and provide the services, starting from the extraction of the raw materials to the delivery to the end customer and includes
1. the actions of an enterprise in its own business area,
  2. the actions of direct suppliers and
  3. the actions of indirect suppliers.
- (6) The own business area within the meaning of this Act covers every activity of the enterprise to achieve the business objective. This includes any activity for the creation and exploitation of products and services, regardless of whether it is carried out at a location in Germany or abroad. In affiliated enterprises, the parent company's own business area includes a group company if the parent company exercises a decisive influence on the group company.
- (7) A direct supplier within the meaning of this Act is a partner to a contract for the supply of goods or the provision of services whose supplies are necessary for the production of the enterprise's product or for the provision and use of the relevant service.
- (8) An indirect supplier within the meaning of this Act is any enterprise which is not a direct supplier and whose supplies are necessary for the production of the enterprise's product or for the provision and use of the relevant service. "German Act on Corporate Due Diligence for the Prevention of Human Rights Violations in Supply Chains. (2021, 16. Juli), bmas.de, accessed September 2, 2022, [https://www.bmas.de/SharedDocs/Downloads/DE/Internationales/act-corporate-due-diligence-obligations-supply-chains.pdf?\\_\\_blob=publicationFile&v=3](https://www.bmas.de/SharedDocs/Downloads/DE/Internationales/act-corporate-due-diligence-obligations-supply-chains.pdf?__blob=publicationFile&v=3)

## Annex 5: Risks and their references

The following shall give a brief context how the listed risks as mentioned in chapter 4.2 are to be understood. Detailed information about the risks is to be found in the mentioned references and legal basis.

### **Child labour and worst forms of child labour**

Legal basis: ILO 79, ILO 138, ILO 142, ILO 182, Supply Chain Due Diligence Act §2 (2) no. 1 and 2

Extract:

- Prohibition of employment of children below the age of 15.
- Prohibition of the worst forms of child labour below the age of 18 years.



### Sexual harassment and sexual and gender-based violence in the workplace

Reference: OECD (2017), OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector, page 116

Extract:

- Zero-tolerance on sexual harassment, includes unwelcome sexually determined behaviour, etc.

### Forced labour

Legal basis: ILO 29, ILO 105, German Supply Chain Due Diligence Act §2 (2) no. 3 and 4

Extract:

- Prohibition to employ persons in forced labour,
- Prohibition of all work or service exacted under menace of any penalty, involuntary work.

### Slavery

Legal basis: German Supply Chain Due Diligence Act §2 (2) no. 4

Extract:

- Prohibition of forms of slavery, any forms of domination or oppression in the workplace.

### Torture

Legal basis: German Supply Chain Due Diligence Act §2 (2) no. 11

Extract:

- Prevention of any torture and cruel, inhuman, or degrading treatment, etc.

### Working time

Legal basis: ILO 1, ILO 14, German Supply Chain Due Diligence Act §2 (2) no. 5, c

Extract:

- 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.

### Occupational health and safety

Legal basis: Legal basis: ILO 155, ILO 164, German Supply Chain Due Diligence Act §2 (2) no. 5

Extract:

- Prohibition to disregard occupational health and safety obligations applicable under the law of the place of employment, etc.

### Trade unions and collective bargaining

Legal basis:

ILO 87, ILO 98, ILO 135, ILO 154, German Supply Chain Due Diligence Act §2 (2) no. 6

Extract:

- Employees are free to form or join trade unions, etc.



### Unequal treatment in employment

Legal basis: ILO 110, ILO 111, ILO 159, German Supply Chain Due Diligence Act §2(2) no. 7

Extract:

- Prohibition of unequal treatment in employment due to national or ethnic origin, social origin, health status, disability, sexual orientation, age, etc.

### Wages

Legal basis: ILO 26, ILO 131, German Supply Chain Due Diligence Act §2 (2) no. 8

Extract:

- Prohibition of withholding and adequate living wage, amounts to at least the minimum wage as laid down by the applicable law and, apart from that, is determined in accordance with the regulations of the place of employment.

### Bribery and corruption

Legal basis:

The OECD Guidelines for Multinational Enterprises, VII. Combating Bribery, Bribe Solicitation and Extortion, The OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (the Anti-Bribery Convention), etc.

Extract:

- 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.

### Responsible sourcing from homeworkers

Legal basis: OECD (2017), OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector, ILO 177

Extract:

- Identifying the presence of homeworkers in supply chains,
- Supporting the formalisation of their work status,
- Equal treatment between homeworkers and other wage earners.

### Land grabbing

Legal basis: German Supply Chain Due Diligence Act §2 (2) no. 10

Extract:

- 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.



### Hazardous chemicals

Legal basis:

OECD (2017), OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector

Extract:

- Support and define a common MRSL based on credible scientifically based assessment of hazards,
- Communicate the MRSL to all relevant suppliers,
- Identify substitutes for chemicals on the MRSL based on scientific data and inter-nationally accepted methodology for assessing hazard and risk, etc.

### Water

Legal basis: German Supply Chain Due Diligence Act §2 (2) no. 9,

Extract:

- Prohibition of causing any harmful water pollution or excessive water consumption that significantly impairs the natural bases for the preservation and production of food,

### Greenhouse gas emissions

Legal basis: OECD (2017), OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector

Extract:

- Identify and measure greenhouse gas emissions in operations and products,
- Improve energy use efficiency and reduce greenhouse gas emissions through different measures according to the identified emission spots.

### Soil degradation

Legal basis: German Supply Chain Due Diligence Act §2 (2) no. 9

Extract:

- It shall be prohibited to cause any harmful soil change that significantly impairs the natural bases for the preservation and production of food, etc.

### Air pollution

Legal basis: German Supply Chain Due Diligence Act §2 (2) no. 9

Extract:

- It shall be prohibited to cause any air pollution that harms the health of a person, etc.



### Harmful noise emissions

Legal basis: German Supply Chain Due Diligence Act §2 (2) no. 9

Extract:

- It shall be prohibited to cause any harmful noise emission

### Deforestation

Legal basis:

EU Proposal for a Directive on Corporate Sustainability Due Diligence Annex to the EU Proposal for a Directive on Corporate Sustainability Due Diligence, Violations of rights and prohibitions included in international human rights agreements.

Extract:

- Prohibition of placing on the market certain commodities and derived products if the requirement of “legal” and “deforestation free” cannot be ascertained through due diligence.
- Prohibition of causing any measurable environmental degradation, such as harmful soil change, water or air pollution, harmful emissions or excessive water consumption or other impact on natural resources, that (e) affects ecological integrity, such as deforestation.
- Prohibition to unlawfully evict or take land, forests and waters when acquiring, developing or otherwise use land, forests and waters, including by deforestation, the use of which secures the livelihood of a person in accordance with Article 11 of the International Covenant on Economic, Social and Cultural Rights.

### Animal welfare

Legal basis: World Organisation for Animal Health, Terrestrial Code Extract: Expectations for the conditions animals should experience when under human control:

- 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

### Mercury

Legal basis: German Supply Chain Due Diligence Act §2 (3) no. 1, 2 and 3

Extract:

- Prohibition of the manufacture of mercury-added products
- Prohibition of the use of mercury and mercury compounds in manufacturing processes
- Prohibition of the treatment of mercury waste contrary to the provisions of Article 11 (3) of the Minamata Convention.

### **Persistent Organic Pollutants**

Legal basis: German Supply Chain Due Diligence Act §2 (3) no. 4 and 5

Extract:

- Prohibition of the production and use of chemicals as stated in the mentioned policy.
- Prohibition of the handling, collection, storage and disposal of waste in a manner that is not environmentally sound in accordance with the regulations in force as stated in the policy.

### **Hazardous and other Waste**

Legal basis: German Supply Chain Due Diligence Act §2 (3) no. 6, 7 and 8

Extract:

- Prohibition of exports of hazardous wastes
- Prohibition of the import of hazardous wastes and other wastes

### **General risk**

Legal basis: German Supply Chain Due Diligence Act §2 (2) no. 12

Extract:

- Prohibition of an act or omission 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.

## **Annex I: Declaration of Conformity**

See declaration of Conformity in STANDARD 100 or LEATHER STANDARD (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).