

Synopsis

First Public Consultation

Due Diligence Requirements Grüner Knopf 2.0

July 2021

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Executive Summary

Background information on the consultation

- The first public consultation of the Green Button 2.0 due diligence requirements took place from December 18th 2020 to February 7th, 2021 over a period of 52 days.
- The consultation was conducted using a questionnaire with a total of 72 quantitative and qualitative questions, as well as the opportunity to give supplementary feedback via email.
- A total of 45 participants from various stakeholder groups (including private individuals, non-governmental organisations, certification bodies, companies, as well as the Green Button Advisory Council) took part and provided 2,056 individual responses regarding the indicators.
- The focus of the consultation was on topics where the adjustments are a) particularly substantial and b) particularly relevant in terms of development policy.

General and overarching feedback

- The **quantitative feedback** was predominantly **positive**: the mean values of the data collected on the topics of "comprehensibility", "general assessment", "feasibility", "auditability" and "development levels" are in the medium to upper range (scale from 1 "low/bad" to 5 "high/very good"). In particular, the anchoring of due diligence in corporate processes as well as core elements (CE) on the policy and reporting were favourably received by the majority of respondents. The requirements were rated as understandable, with slightly lower values for feasibility. The auditability of the indicators is still considered to be in need of improvement in individual areas.
- The **tenor of the qualitative feedback was constructive and positive**. The basic direction of the indicators was predominantly considered to be appropriate and reasonable. Nevertheless, there were a number of ideas and concrete suggestions for further adaptation of the indicators. Taking the feedback into account has led to an increase in the level of ambition for some indicators, while for a few others it has led to a reduction in the ambition level. In the further development of the indicators, care has been taken to make the requirements more concrete and thus more comprehensible. The coherence and references between the indicators have also been improved. For the most part such adjustments have not resulted in any change in the level of ambition.
- In Green Button 2.0, individual due diligence requirements already pertain to the entire supply chain (e.g. policy, risk analysis and prioritisation). **There were a number of positive comments regarding the expansion of the scope to further stages of the supply chain**. Some voices advocated for a comprehensive expansion of the scope across the entire standard. Due to the existing practical challenges for companies in implementation (e.g. regarding living wages and grievance mechanisms), this has however not been adopted for Green Button 2.0. The intention is to gradually expand the scope of the Green Button standard in future revisions.
- In general, the **new development model¹** was viewed favourably. This point was also underscored by the Green Button's Expert Advisory Council. In particular, the time interval of two years between the levels was considered to be appropriate. However, the separation between levels A and B was criticized by some voices, as it was interpreted as "artificial". Additionally, it was suggested that the incentive for continuous development should be emphasised even more. In the revision, clearer requirements for reviewing one's own measures and for taking learning experiences and progress into account have been integrated into the development model.

¹ What is new is that the Green Button 2.0 (following the principle of a continuous due diligence approach) includes a development logic. This guides continuous further development within the certificate period of three years. In the initial audit, requirements must be demonstrated (Level A), which are supplemented by further requirements in the second monitoring audit after 24 months (Level B).

- The logic of the **newly introduced overview indicator**² was often not recognised and the indicator was perceived as too vague. In order to avoid misunderstandings and duplications in audits, the overview indicators have been consistently transformed into higher-level criteria across all core elements. Criteria represent an aggregated level between indicators and core elements. They cluster the indicators thematically and thereby contribute to greater clarity. Criteria are not directly audited as a requirement.
- In some places, indicators have been annotated with additional **notes**. This information, marked as a "note", serves as a guide to understanding or explaining the respective requirement. This procedure is based on ISO standards. For example, the term "external stakeholders" is now specified in more detail in a note in a consistent manner across all indicators.
- Several responses suggested an even **stronger engagement with affected stakeholders** or their representatives, e.g. in prioritising risks, developing measures, verifying progress, developing remediation measures. At the same time, challenges in implementation were also frequently emphasised. In the revision, the requirements have been re-examined with regard to engagement with affected stakeholders, and further strengthened in this regard where useful and appropriate. For example, it has been added to indicator 3.1.1 in accordance with the OECD Guidelines that potentially affected stakeholders and/or their representatives should be involved in activities to develop measures, review implementation, and evaluate the effectiveness of the measures.
- Responses also emphasised the need for **collective approaches to address underlying systemic issues**. The table already contained specific incentives for collective engagement at various points. Where useful and appropriate, these have been strengthened further. For example, a new indicator, 3.1.2, has been created to emphasise cooperation with external stakeholders in an overarching way. These requirements were previously integrated into other indicators. Similarly, in the area of living wages, the requirements regarding the improvement of systemic conditions, especially for larger companies, have been strengthened.
- **Small and medium-sized enterprises (SMEs)** in particular were specifically asked about their resource and documentation requirements both in implementing the indicators and in providing evidence for audits. As expected, these were deemed to be significant. At the same time, they pointed out general challenges in implementation due to the often lower order volume. The Green Button encourages SMEs in particular to fulfil their due diligence obligations in a targeted manner and to take advantage of certain assets they are likely to have, such as a frequently limited number of business partners.
- The term "**business partners and producers**" has been replaced by "suppliers" and a specific reference to the supply chain stage (e.g. Cut-Make-Trim manufacturing, outsourced process steps, printing, embroidery, washing) has been added where the scope of application is limited to certain stages of the supply chain. This is intended to highlight the scope of application more clearly and unambiguously in the individual indicators, as recommended in the consultation.
- Overall, the companies also showed a need and desire for **support services** such as peer learning formats, best practice sharing or specific implementation tools. Offers of this kind are also being planned in cooperation with the Partnership for Sustainable Textiles to accompany the publication of Green Button 2.0.

² In the first version of the Green Button 2.0 due diligence requirements, so-called overview indicators were introduced to show the connections between individual indicators more clearly and to separate content-related and formal requirements more clearly. For example, the content requirements for risk analysis were bundled in one overview indicator with references to the corresponding indicators, and the formal requirements were summarised in another overview indicator.

Core Element 1: Policy on responsible corporate governance

- The participants generally support the structure and composition of the indicators in this core element.
- In accordance with the German Supply Chain Due Diligence Act, the term “international standards” has been replaced by “international agreements”.
- In the consultation, participants were asked to add relevant frameworks and standards for dealing with environmental and integrity risks. There was a great deal of feedback on this. For the environmental area, references to internationally recognised frameworks and standards such as BAT, Detox or ZDHC have been added; for dealing with integrity risks, a reference to the OECD Guidelines for Multinational Enterprises (Chapter VII) has been included.
- The voluntary commitment to increase the recyclability of products was considered important, but was seen as too unspecific on several occasions. The requirement has been revised accordingly and now refers specifically to the increased use of sustainable materials. Based on the feedback, the commitment to increase the use of sustainable/recyclable/recycled materials has been moved from level B to A. The requirement to use sustainable materials has been revised.
- It was frequently noted that the specific handling of subcontracting is left open by the standard and that further requirements should be added in accordance with the OECD guidelines. This has been taken into account in the corresponding indicator.
- The desire to further specify vulnerable groups through concrete requirements was expressed several times. This has been added to the indicator in a note.
- With regard to the voluntary commitment in the area of grievances and remedies, it was pointed out that the location of remedies at level B is not consistent with CE5 and that this requirement should already be at Level A. The lack of a commitment to remedies was also pointed out. The lack of a commitment to protect against retaliation was also criticised. The indicator has been revised and supplemented accordingly.
- Isolated feedback pointed to challenges with the requirement to integrate progress in implementing due diligence processes into management's performance evaluation. The requirement is a key element for anchoring due diligence processes in the company. Likewise, it reflects a contemporary practice. Therefore, no changes have been made.
- The indicators for embedding the policy within the company have been moved from CE3 to CE1 in order to further strengthen the implementation character of CE1 based on the feedback received and to prevent misunderstandings in the differentiation from CE3.
- In the indicators on expertise/awareness of the company's own employees and corresponding incentive structures, requirements have been integrated to further develop the company's approaches continuously and based on learning experiences.

Core Element 2: Analysis and prioritisation of risks and impacts

- Some feedback pointed out that the indicators do not describe the scope of the risk analysis clearly enough. As mentioned above, the term "business partners and producers" has been replaced by "suppliers" with specific reference to the supply chain level where the scope is limited. This gives more emphasis to the scope of application in the individual indicators.
- There was mixed feedback regarding the requirements for supply chain mapping. Many commented that they considered the collection of data to be very useful. Some voices pointed out that the indicators

were too vague and ambitious. Others emphasised challenges in collecting the data, especially for SMEs. In the revision, Level A has been extended to the production stages finishing, bleaching, dyeing and level B to the whole chain. However, companies have the option to document and justify information gaps.

- In a few cases, the **recognition of risk analyses** that must be prepared within the framework of established standards was requested for this core element. A blanket recognition is not planned. Following the revision, there is a plan to use a transparent benchmarking process to compare the requirements of Green Button 2.0 with existing standards and relevant initiatives. The final assessment will still be carried out by the certification bodies.
- In the risk analysis, **material and product risks** were integrated into Level A, as this was suggested several times, in part due to the thematic overlap with country-specific risks. In addition, a requirement to deepen the risk analysis, based on new findings from the mapping of the supply chain, has been added to level B. Accordingly, the prioritisation also already extends to material and product risks in Level A.
- In the **formal requirements for the risk analysis** it has been specified, based on recommendations from the consultation, that expertise must at least be sought from trade unions/employee representatives or civil society actors. Information gaps in the risk analysis must be documented and justified by the company.
- Responses repeatedly pointed out that, in addition to procurement model-related risks, **business model-related risks** should also be taken into account in keeping with the OECD Guidance. Accordingly, this has been added to the requirements.
- The **focus on living wages in Green Button 2.0 was generally viewed very positively**. The standard's approach, in particular through the recording of wage levels and the development of a strategy, was welcomed by many. With regard to the wage gap analysis based on the **comparison with common reference values for living wages**, it was pointed out that this comparison must already take place in Level A, since companies must already present a strategy for the promotion of living wages (CE3) in Level A based on the analysis. Accordingly, the requirement has been moved to Level A and a reference to the reference values recommended by the Partnership for Sustainable Textiles has been added. Information gaps must be documented and justified by the company.

Core Element 3: Prevention and mitigation

- As previously stated in Core Element 2, the focus on the issue of **living wages** and the approach to incremental improvement (metrics, strategy) was fundamentally found to be good. However, the topic also generated controversial feedback. On the one hand, there were many voices calling for much more concrete targets. On the other hand, the requirements were often judged to be unrealistic both in terms of feasibility, especially for small companies with a smaller order volume, the time horizon and in terms of actual verifiability. The Green Button aims to provide consumers with reliable guidance for sustainable textile consumption. In order to bring sustainability to the broader market, a balance between the level of ambition and the feasibility for companies has been pursued in the revision of the standard. The current state of implementation across the industry has also been taken into account. A company still has to demonstrate progress in implementing its strategy in cooperation with at least one supplier. As there have only been isolated examples of companies' measures contributing to actual wage increases in garment factories, the requirement for concrete progress has been left open. Specific requirements in this regard will be part of the next revision. At the same time, a specific requirement for improvements in their own production facilities has been added for companies that manufacture garments themselves. Likewise, the requirements regarding the improvement of systemic conditions, which are basic prerequisites for systemic change, were strengthened, especially for larger companies.

- Responses often pointed out that the areas of **monitoring and measuring effectiveness** had not been sufficiently taken into account. In particular, they criticised that development level B did not provide enough incentives within the certification period to learn from experience and to continue to improve beyond the two-year time horizon. For individual indicators, such as the development and implementation of measures or the strategy to promote living wages, corresponding requirements have been integrated and more strongly emphasised.
- Following a recommendation from the consultation, a separate indicator **on cooperation with external stakeholders** has been added to provide stronger incentives for targeted collective engagement on systemic causes of risks. These requirements already existed in part in advance and have, accordingly, been specified further.
- Following input from the consultation, a note has been added to the **assessment of suppliers' due diligence processes** stating that these relate to all risks (i.e. not only human rights risks but also integrity and environmental risks).
- Based on the requirements for the living wage strategy, specific requirements for **dialogue with suppliers and support services for them** have been added.
- The requirements for **responsible termination of business relations** have been further specified on the basis of recommendations from the consultation in accordance with the OECD guidelines.

Core Element 4: Reporting and communication

- In particular, the indicators on **regularity, systematics and comprehensibility** of reporting were highlighted as positive.
- In many cases, feedback stated that, in addition to reporting on specific measures, companies should also publish **information on the effectiveness of these measures**. Corresponding requirements have been added in a staggered manner across levels A and B.
- In some cases, feedback indicated that there is a lack of clarity as to **which public communication falls into the area of the policy (CE1) and which falls into the area of reporting (CE4)**. This has been clarified in the relevant indicators, particularly for reporting on the company's own living wage strategy.
- For the area of complaints and redress, a requirement has been added, analogous to the requirements by the Partnership for Sustainable Textiles, that companies must also report aggregated information on **issues and the number of complaints**.
- The **target groups and objectives of public communication** have been clarified following recommendations from the consultation. Corresponding references can be found in the criteria as well as in the notes for the respective indicators.
- In the feedback, it was often pointed out that, based on the OECD guidelines, further requirements should be added to the **procedure for risk analysis and the prioritisation of the most serious risks** for publication. A new indicator has been added, which is based on the requirements of the OECD Guidelines and the Partnership for Sustainable Textiles.
- Feedback on the requirements for external transparency about the company's own supply chain was very diverse. There were comments that the requirements were too vague and unambitious and that greater external transparency about the company's own supply chain was necessary. At the same time, there were also voices that considered the publication of concrete data on production facilities to be very challenging. For Green Button 2.0, the first step was therefore to add the requirement to provide

information on the production countries (including the naming of regions) along the company's own supply chain.

Core Element 5: Grievance mechanisms and remedies

- Overall, the **general intent of the indicators was judged to be positive**. In particular, the analysis of the effectiveness of grievance mechanisms (5.1.1) as well as the measurement of the effectiveness of remedies and redress were highlighted as positive.
- The responses reflected a widely shared view that industry-wide **collective mechanisms** should be promoted over individual ones, as these are seen as generally more effective. As the certification scheme itself can only indirectly promote collective engagement through relevant requirements in the indicators, and seeing as these were already embedded, no further changes have been made.
- Feedback also frequently expressed the need for a more specific **definition of effectiveness/minimum criteria** for grievance mechanisms. With the reference to the UN Guiding Principles, corresponding criteria were already referred to. These have been emphasised more strongly in various indicators through additional notes.
- A **stronger engagement with affected stakeholders** and/or their representatives was also frequently called for. Corresponding requirements are already integrated in various relevant indicators and have been specified further.
- Following a recommendation from the consultation, the **regularity of the gap analysis** has been added and equated with the requirements for the risk analysis.
- The indicators on the **gap analysis and implementation of measures have been restructured** to more clearly separate the requirements in both areas.
- Based on feedback from the consultation, it has been specified in the relevant criterion that the **requirements for remedy and redress cover any adverse impacts/complaints** of which the company becomes aware.
- It was often mentioned that there are no requirements **for complaint processing, documentation and evaluation**. As these elements are central to making mechanisms effective, a new indicator has been added.

Public Consultation of the Due Diligence Requirements Green Button 2.0

The government-run textile label Green Button was introduced in September 2019. As the scheme owner, the German Federal Ministry for Economic Cooperation and Development (BMZ) already announced at the time of the Green Button's launch that the standard would be gradually developed further. Measures to protect people and the environment are to be expanded, and risks are to be addressed even more effectively - in the long term, along the entire supply chain.

The first revision process foresees a total of two public consultations.

Context and approach to the first consultation

The consultation of the first draft of the new due diligence requirements for the Green Button 2.0 was conducted from December 18th, 2020 to February 7th, 2021 for a total of 52 days. The consultation was carried out using an online questionnaire published on the Green Button website with a total of 72 quantitative and qualitative questions. In addition, it was possible to contact the Green Button Secretariat via email.

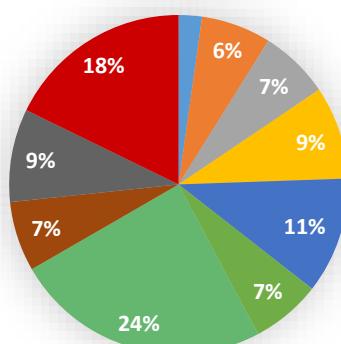
In order to ease participation in the consultation, the questionnaire was divided into different sections to allow stakeholders to focus their comments on the basis of six identified key topics³ and the five core elements of the Green Button. In addition, there was a section on methodological issues, which mainly asked for feedback on the newly introduced development model as well as the feasibility of implementation from the companies' point of view.

The consultation was open to all interested individuals and organisations and was accessible in German and English. The Secretariat specifically invited stakeholders to participate in order to ensure broad coverage. In total, there were 45 participants and 2,056 individual responses to the proposed indicators. The Expert Advisory Council's statement with concrete recommendations⁴ for the revision of the second version has been published on the Green Button website. These recommendations were also taken into account in the evaluation.

The following chart shows an overview of the distribution of stakeholder groups:

- Expert Advisory Council
- Consulting
- Government Institutions
- Private Individuals
- Standard-setting Organizations
- Companies
- Green Button-licensed Companies
- Association
- Certification Bodies / Auditors
- Civil Society / Non-governmental Organization

n = 45



³ These included: (1) living wages, (2) grievance mechanisms, (3) policy and reporting, (4) engagement with affected stakeholders, (5) embedding due diligence within the company, (6) expansion of supply chain management.

⁴ The recommendations can be downloaded from the Green Button website ([Consultation | Grüner Knopf \(gruener-knopf.de\)](https://gruener-knopf.de)).

Evaluating the feedback

The feedback was evaluated according to the following scheme:

- (1) The questionnaire was first evaluated **quantitatively** in order to identify initial trends in the general assessment, implementability and auditability and on the new development model.
- (2) Subsequently, the individual responses were **evaluated qualitatively per indicator** and appropriate adjustments were made or justified if this was not the case.

All indicators in this document are listed in their new numeric order. In the detailed overview, the previous number of the indicator is attached in each case, denoted by the term "formerly indicator". Overall, the revision also included minor linguistic adjustments to ensure the consistent use of terminology or to simplify the wording. Likewise, minor adjustments have already been made in appropriate places to ensure consistency in terms of language and content with the requirements of the new Supply Chain Due Diligence Act (LkSG)⁵, which was passed by the German Parliament on June 11, 2021. For example, the regular review and update of the risk analysis was adjusted to an at least annual frequency (instead of at least every two years). A comprehensive comparison with the requirements of the LkSG is still pending and will due to time constraints be carried out in the course of the second consultation.

Preview of the second public consultation

From July 5th to August 9th, 2021, both due diligence and product requirements will be discussed in a second consultation round. This synopsis, with its summary of the feedback and the presentation of the revised indicators, provides the basis for this second consultation round regarding the due diligence requirements. For the due diligence requirements, this second round is to be used to consult on individual requirements which have been changed in the revision. Furthermore, it will also be possible to provide feedback on all revised indicators.

The scheme owner reserves the right to make further adjustments to the indicators in order to ensure coherence with overarching processes such as the binding regulations of the Supply Chain Due Diligence Act and sustainable public procurement at appropriate points.

⁵ On June 11, 2021, the German Parliament passed the Supply Chain Due Diligence Act (LkSG). The law defines binding requirements for the fulfillment of due diligence obligations of companies above a certain size. Like the Green Button, it refers to international frameworks such as the United Nations Guiding Principles on Business and Human Rights. More information on the law can be found here: <https://www.bmas.de/DE/Service/Gesetze-und-Gesetzesvorhaben/gesetz-unternehmerische-sorgfaltspflichten-lieferketten.html>

Quantitative Evaluation

Quantitative data was collected on a total of six key topics to better assess the comprehensibility, general assessment, implementability, auditability and the development levels of the indicators. The mean values of the feedback received are shown in the following table. Overall, the feedback is in the middle to upper range of the scale from 1 (low/poor) to 5 (high/very good).

The embedding of due diligence in corporate processes, as well as the core elements on policy and communication, tended to be rated positively. In general, the requirements themselves were rated as comprehensible, with the assessment of feasibility being slightly lower in comparison. The auditability of the indicators was still perceived to be needing improvement in individual areas. The development model was also assessed as basically good, but also still in need of improvement in individual areas. This picture is consistent with the further qualitative comments presented below.

Mean values	Living wages	Grievance mechanism	Embedding in the company	Policy and reporting	Engagement with affected stakeholders	Expansion of supply chain management
How understandable do you find the requirements?	3,69	3,42	3,7	3,65	3,4	3,53
How do you rate the requirements that have been developed?	3,14	3,36	3,50	3,34	3,0	3,25
How feasible do you think the requirements are for companies?	3,08	3,0	3,32	3,39	2,86	3,03
How auditable do you consider the indicators to be?	2,77	2,81	2,85	3,37	2,88	2,95
Do you find the development levels of the indicators marked above to be sensibly chosen?	2,8	2,95	3,15	3,10	3,12	2,87

Scale from 1 (poor) to 5 (very good)
N= 19-34

Qualitative Evaluation

In many cases, qualitative feedback also referred to overarching themes. These were either (1) summarised and evaluated across all core elements (Part 1) or (2) specifically per core element (Part 2).

Part 1: General and overarching feedback

Thematic feedback in consultation	Response
<p>Meaning of overview indicators not apparent: Responses often indicated that the meaning of the overview indicators (e.g., indicator 1.1.1 Components of the policy) preceding the individual sections was unclear. These were added to the indicator grid to provide a better overview of the indicators and requirements to be audited per section.</p>	Overview indicators have been reformulated as overarching criteria, as this circumvents thematic duplication in the indicators and enables a more efficient assessment of the indicators. In addition, notes have been added at certain points to further explain and/or specify the requirements of the indicator.
<p>Application of the ISO High Level Structure: There were several recommendations to align the structure of the standard with the High Level Structure of ISO standards in order to further strengthen the management approach underlying the standard.</p>	The basic structure and alignment with the core elements of corporate due diligence according to the <i>OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector</i> (in short: OECD Guidance) remains in place. The only deviation from the OECD Guidance is that the chapter on reviewing progress and measuring effectiveness has been integrated directly into development level B, primarily in CE3, in order to promote continuous development.
<p>Extending the scope of application to the entire supply chain: In some cases, the desire was expressed to extend the scope of application of the due diligence requirements of the Green Button to the entire supply chain and not to limit it to individual process steps.</p>	The Green Button's approach, including the interaction between product and due diligence requirements, envisages a gradual expansion of the scope of application. In Green Button 2.0, individual due diligence requirements already refer to the entire supply chain (e.g. policy, risk analysis and prioritization). In other places, it is clearly indicated when the scope of application has so far been limited to specific production stages (e.g. living wages, grievance mechanisms). These cases take into account existing challenges faced by companies in penetrating the entire supply chain.
<p>Alignment with OECD Guidance: Feedback expressed that the indicators should at least reach the aspiration level of the OECD Guidance. This should be checked as part of an alignment assessment.</p>	The due diligence requirements of Green Button 2.0 are based on the recommendations of the UN Guiding Principles and the OECD Guidance. In many cases, the reference is clearly highlighted by a corresponding note in the indicator. The scheme owner is already in contact with the OECD Secretariat for an upcoming alignment assessment.
<p>Artificial separation of the development levels: Some responses indicated that the temporal differentiation of requirements in development levels A and B appeared to be unfounded. There was general criticism that level B does not provide any incentives to learn from experience and to improve continuously on the basis of this experience.</p>	Monitoring and measurement of effectiveness have been integrated more strongly into the development model: In Level A, the requirement was integrated at various points to create the basis for a monitoring system in order to check the implementation of one's own measures, as well as to formulate key performance indicators (KPIs) in order to measure the progress and effectiveness of one's own approach. In level B, the requirement to make improvements to one's own approach on the basis of the findings has been integrated accordingly.
<p>Greater involvement of affected parties and employee representatives/trade unions: It was pointed out several times that potentially affected parties or their</p>	The inclusion of affected stakeholders or their representatives is already integrated into the standard at various points. Based on the feedback, the continuous inclusion or consideration of

<p>representatives should be involved even more than was already proposed, e.g. in prioritizing risks, developing measures, verifying progress or developing remedial measures.</p>	<p>feedback from external stakeholders has been reviewed again and further strengthened where useful and appropriate (e.g. indicators 3.1.1 and 5.2.4).</p>
<p>Different criticisms of the risk-based approach: On the one hand, it was repeatedly criticized that the requirements focus too strongly on the most serious/prioritized risks alone and do not cover all the risks identified by a company. At the same time, it was criticized that certain areas are already "pre-prioritized" by the standard (e.g. living wages) and thus deviate from the due diligence approach of the OECD.</p>	<p>According to the OECD Guidance, a company should determine, based on all known information, which risks - in terms of likelihood and severity of harm - are most significant in its own operations and supply chain, and prioritize these risks for action first. The standard follows these recommendations. At the same time, the standard sets political incentives at individual points, such as increased commitment in the area of living wages.</p>
<p>Systemic causes require a collective approach: At various points, it was emphasized that a collective approach is needed to effectively deal with systemic issues (e.g. in promoting living wages or access to effective grievance mechanisms in the supply chain).</p>	<p>The standard itself can only indirectly promote collective engagement through corresponding requirements in the indicators. Specific incentives for increased collective engagement are already integrated at individual points and have been further strengthened (e.g. indicator 3.1.2). The scheme owner welcomes collective approaches, such as those promoted within the framework of the Partnership for Sustainable Textiles.</p>
<p>Offer support tools: In many cases, the desire was expressed to create offers for companies to prepare them for the compilation of a risk analysis, for example.</p>	<p>Specific support services are being planned or are, in some cases, already being implemented. The suggestions made in the consultation will be taken into account for the subsequent process.</p>
<p>Feasibility for small and medium-sized enterprises (SMEs): At various points, specific challenges in implementation were pointed out, especially for SMEs. This was often attributed to a lack of influence and resources as well as a high documentation burden.</p>	<p>International frameworks such as the UN Guiding Principles as well as the OECD Guidance emphasize that corporate due diligence obligations essentially apply to all companies, regardless of their size. The requirements are designed so that they can and must be met by companies of all sizes and structures. However, according to international frameworks, no company is expected to address all challenges simultaneously, but rather a focus is placed on the most serious risks. Many practical examples already show that small companies in particular also succeed well in meeting their due diligence obligations with regard to the supply chain, as the number of their suppliers is often more manageable and their business relationships are often long-term and based on trust.</p>
<p>Glossary & Audit Process Comprehension Questions: An explanation of the audit process was requested regarding surveillance audits, non-compliance, etc.</p>	<p>A glossary with definitions of key terms will also be made available for Green Button 2.0. Surveillance audits will take place annually in Green Button 2.0. Certification is not possible if requirements are not met. The certification process is currently also being revised (as of July 2021).</p>
<p>Recognition of achievements and measures accomplished/taken within other standards/initiatives: Occasionally, the desire was expressed to recognize achievements and measures already accomplished/taken within other standards/member initiatives (e.g., risk analysis, reporting) for various indicators.</p>	<p>A blanket recognition is not planned. Following the revision, a transparent benchmarking process is planned to compare the requirements of Green Button 2.0 with existing standards and relevant initiatives. The final evaluation will continue to be carried out by the certification bodies.</p>
<p>Scope in the supply chain and consideration of different business and procurement models: For several indicators, it was pointed out that the scope in the supply chain was not clearly identifiable. At the same time, it was emphasized that the indicators should take more account of different business and procurement models, and the risks associated with them.</p>	<p>In order to emphasize the scope of application more strongly in the individual indicators, the term "business partners and producers" has been replaced by "suppliers" and a specific reference to the supply chain stage has been added in each case (e.g., ready-to-wear clothing, outsourced process steps printing, embroidery, laundering) where the scope of application is restricted to certain stages of the supply chain. In addition, references to the application to different business and</p>

	procurement models have been added in notes, for example if companies procure (partially) indirectly or if they are importers/agents themselves. Specific requirements for companies with their own production facilities are clearly highlighted in individual indicators.
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Part 2: Feedback per Core Element

The feedback per Core Element is shown below. For each Core Element, this initially contains an overview of the overall changes as well as general and overarching feedback where available, followed by an evaluation per indicator.

Core Element 1: Policy on responsible corporate governance

Overview of the changes

Total number of indicators	now 17 indicators, formerly 16 indicators (including 3 removals and 4 shifts from CE3 to CE1)
Number of indicators removed	3 (formerly indicators 1.1.1, 1.1.6 and 1.4.2), of which indicators 1.1.1 and 1.4.2 have been reformulated as criteria 1.1 and 1.3, the requirements of 1.1.6 are already integrated in CE4
Shift of indicators to CE1	4 (new indicators 1.4.2, 1.4.3, 1.4.4 and 1.4.5)
Shift of CE1 indicators to other CEs	1 (formerly indicator 1.1.2 B will be integrated into CE4 indicator 4.2.4)
Number of development levels removed	1 (removal of level B of indicator 1.1.1 now under new indicator 1.1.2)
Shift from Level A to B	2 (new indicators 1.4.3 and 1.4.4)
Shift from Level B to A	3 (formerly indicator 1.1.1, new indicators 1.1.7 and 1.3.3)

Criterion 1.1 Components of the policy

The company has a policy on responsible business conduct with regard to human rights, the environment and integrity that describes expectations for both its own business activities and those of its suppliers.

Note: The policy may consist of one or more documents.

Removal: 1.1.1 Existence of a policy

	Formerly Indicator 1.1.1	Removal
Level A	<p>The company has a policy on responsible business conduct with regard to human rights, the environment and integrity. The policy may consist of one or more documents addressed to relevant internal and/or external target groups such as employees or producers.</p> <p>In terms of content, the policy contains the following components:</p> <ul style="list-style-type: none"> a) Commitment to international standards & instruments (1.1.2) b) Commitment to living wages (1.1.3) c) Expectations towards business partners and producers (1.1.4) d) Specifications on subcontracting (1.1.5) e) Description of own due diligence processes (1.1.6) f) Description of the most severe risks (1.1.7) g) Approach to dealing with vulnerable stakeholders or groups (1.1.8) h) Approach to dealing with grievances and remedy (1.1.9) 	Will be removed.
Level B	<p>The policy contains the following additional components:</p> <ul style="list-style-type: none"> - Commitment to increased use of sustainable materials - Commitment to increase the recyclability of the company's own products 	Shift to new indicator 1.1.3
<p>Explanation: This indicator is an overview indicator and has been formulated as a criterion (see criterion 1.1), as this avoids thematic duplication in the indicators and enables a more efficient auditing of the indicators. Comments from the consultation on this indicator can be found under the section "General feedback" and under Indicator 1.1.2. The recommendation to specify the criterion with "Expectations for the company's own business activities and suppliers" has been adopted, as this was previously only implicitly described. The reference to the formats in which the policy can be designed has been moved to a note.</p>		

1.1.1 Commitment to international agreements & frameworks (formerly 1.1.2)

	Formerly indicator 1.1.2	New Indicator 1.1.1 (Changes marked in yellow)
Level A	The policy contains a commitment to respect and implement relevant international standards and instruments. These include: - the International Charter of Human Rights and the ILO Rights and Labor Standards - internationally recognized standards or instruments in the environmental field (e.g. Detox, ZDHC)	The policy contains a commitment to respect human rights in accordance with the UN Guiding Principles on Business and Human Rights and the implementation of relevant international agreements, frameworks and practices . These include, at least: - the International Bill of Human Rights and the ILO Rights and Labor Standards - internationally recognized instruments and agreements in the environmental field (e.g., BAT, Detox, ZDHC) - internationally recognized frameworks and agreements for dealing with integrity risks (e.g. OECD Guidelines for Multinational Enterprises, Chapter VII)
Level B	The policy is supplemented by further commitments with regard to specific international standards and instruments that are particularly relevant to the business context or risk profile of the company.	The policy is supplemented by further commitments with regard to specific international agreements and instruments that are particularly relevant to the business context or risk profile of the company. (CE2). <i>Note: This may include, for example, further expectations regarding the outsourcing to homeworkers and the use of manual labor in the supply chain, or the treatment of migrant workers.</i>
Explanation: Many comments were made about the need to include further relevant and specific social standards in the voluntary commitment. Due to the specific mention of the International Bill of Human Rights and the ILO Core Labor Standards, which form the basis for common, internationally recognized social standards, this was not deemed necessary. Concrete references to environmental standards and for dealing with integrity risks have been added. Furthermore, it was recommended that an "at least" be added so that the list is not considered exclusive. This has been added. For level B, a note with examples has been added for more clarity. In accordance with the Supply Chain Due Diligence Act, the term "international standards" has been replaced with "international agreements."		

1.1.2 Commitment to living wages and the use of sustainable materials (formerly 1.1.1 and 1.1.3)

	Formerly indicators 1.1.1 und 1.1.3	New indicator 1.1.2 (Changes marked in yellow)
Level A	The policy contains a company's commitment to responsible procurement and purchasing practices and its commitment to work towards living wages in the textile supply chain.	<p>The policy contains a company's commitment</p> <ul style="list-style-type: none"> - to responsible procurement and purchasing practices - to the promotion of living wages in the textile supply chain - to the increased use of sustainable materials <p><i>Note: The commitment to responsible sourcing and purchasing practices is designed to ensure that the company's own practices do not contribute to adverse impacts in the textile supply chain. This includes, for example, fair price negotiations, open price negotiations, forward production planning, and responsible termination of business relationships.</i></p> <p><i>Note: "sustainable materials" are 1) man-made fibers that are degradable, recyclable or already recycled, or 2) natural fibers responsibly produced according to a relevant standard.</i></p>
Level B	<p>The policy specifies how the company</p> <ul style="list-style-type: none"> - works on the implementation of living wages in practice, - in which part of the supply chain and - which benchmark is used for the calculation of living wages. 	Shift to indicator 4.2.4
Explanation: The requirements in this indicator seemed to be formulated in a misleading way. In many cases, feedback highlighted that a company should report more details on its own actions in working towards living wages. However, this is not part of the policy, but reporting in CE4. For the sake of better comprehensibility and consistency, the publication of the company's own strategy for promoting living wages and the reporting on measures implemented accordingly was moved to CE4. In addition, feedback indicated that "responsible sourcing and procurement practices" should be further specified. This has been added to the note and will also be included in the glossary. Since Indicator 1.1.1 was reformulated as a criterion, the requirement for sustainable materials was integrated into this indicator. Further feedback related to the use of the term "circularity", which was associated with requirements that were too unspecific. The criticism has been responded to by adding a note specifying the requirements and moving the requirement to Level A. In order to be coherent with the formulated requirements of the product criteria in the area of fiber and material use, which refer to both sustainable synthetic and natural fibers, the wording was adapted to "increased use of sustainable materials".		

1.1.3 Expectations toward suppliers (formerly 1.1.4)

	Formerly indicator 1.1.4	New indicator 1.1.3 (changes marked in yellow)
Level A	The policy places expectations on business partners and producers along textile supply chains to respect human rights as well as environmental and integrity standards and, in turn, implement appropriate due diligence processes.	The policy places expectations on suppliers along the entire textile supply chains to respect human rights as well as environmental and integrity standards and, in turn, implement appropriate due diligence processes.
Level B	The policy obliges direct contractual partners and upstream producers (if business partners are the direct contractual partners) to implement due diligence processes in the supply chain and foster effective grievance mechanisms in the supply chain.	The policy obliges suppliers (CMT manufacturing) to implement due diligence processes in the supply chain and foster effective grievance mechanisms in the supply chain. <i>Note: If the company procures through agents or importers, it ensures that these requirements are passed on to suppliers at the ready-to-wear level and implemented accordingly there.</i>

Explanation: It was noted, that it should be specified, that this indicator refers to the „entire“ textile supply chain. This change was adopted accordingly in the indicator, which was also adjusted through the use of the wording „supplier“. Additionally, there were calls for more specified requirements on the cooperation with agents and importers. This was added in a note in Level B.

1.1.4 Specifications on subcontracting (formerly 1.1.5)

	Formerly indicator 1.1.5	New indicator 1.1.4 (changes marked in yellow)
Level A	The policy requires direct contractual partners and upstream producers (if business partners are the direct contractual partners) to refrain from subcontracting through producers or sets out the conditions under which subcontracting is permitted.	The policy sets out the company's expectations with regard to subcontracting by suppliers (CMT manufacturing). If subcontracting is allowed, the company sets clear requirements for the disclosure of information, selection and evaluation process of subcontractors. <i>Note: If the company procures through agents or importers, it ensures that these requirements are passed on to suppliers at garment-manufacturing level and implemented there.</i>

Explanation: It was frequently noted that the indicator should be supplemented by specific requirements on the concrete handling of subcontracting, insofar as this is permitted. A corresponding requirement analogous to the OECD Guidelines has been included. The term contractual partner has been replaced by the newly introduced term supplier.

Removal: 1.1.6 Description of own due diligence processes and objectives

	Formerly indicator 1.1.6	Removal
Level A	The policy describes the company's own processes along the five core elements of due diligence in accordance with the UN Guiding Principles as well as goals that the company has set itself for the further development of these processes.	Will be removed.
Explanation: The indicator was integrated into the following indicator.		

1.1.5 Description of severe risks and a company's due diligence processes (formerly 1.1.7)

	Formerly indicator 1.1.7	New indicator 1.1.5 (changes marked in yellow)
Level A	The policy describes the company's most severe risks and adverse impacts that have been analyzed and prioritized by the company (see CE2). The policy justifies when one or more sector risks listed in the OECD Due Diligence Guidance in the Garment and Footwear Sector are not applicable to the company (2.1.5.).	The policy describes the company's most severe risks and adverse impacts that have been analyzed and prioritized by the company (see CE2). The policy justifies when one or more sector risks listed in the OECD Guidance are not applicable to the company (2.1.5.). The policy describes the due diligence processes embedded in the company along the five core elements of due diligence according to the UN Guiding Principles.
Explanation: The indicator has been linguistically revised and simplified for better comprehensibility and based on feedback from the consultation. The requirement here purely describes that a company can name and describe its most serious risks in relation to CE2. Further reporting on how these risks are being managed takes place in CE4.		

1.1.6 Approach to dealing with vulnerable stakeholders or groups (formerly 1.1.8)

	Formerly indicator 1.1.8	New indicator 1.1.6 (changes marked in yellow)
Level A	<p>Based on the results of the company's risk assessment (see CE2), the policy identifies particularly vulnerable stakeholders or groups that could be affected by adverse impacts of the company. The policy explains how the needs of these groups are taken into consideration during the implementation of the company's own due diligence processes.</p> <p>Explanation: The indicator has been linguistically revised and simplified for better comprehensibility and based on feedback from the consultation. The connection to CE2 was specified by mentioning 2.1.5. Frequently, feedback indicated that specific vulnerable groups should be predefined to a greater extent here. A note has been added to this effect. Further feedback related to the direct approach to the risk assessment, this was considered under CE2. In addition, there was a suggestion to add an indicator in Level B to check if all vulnerable groups were covered. However, requirements for updating and revising the policy are already covered under 1.2.</p>	<p>The policy identifies particularly vulnerable stakeholders or groups identified by the company (2.1.3) and explains how their needs are taken into consideration during the implementation of the company's own due diligence processes.</p> <p><i>Note: Particularly vulnerable groups include, for example, women, children, migrants, migrant workers, homeworkers, people with disabilities, etc.</i></p>

1.1.7 Approach to handling grievances and remedy (formerly 1.1.9)

	Formerly indicator 1.1.9	New indicator 1.1.7 (changes marked in yellow)
Level A	<p>The policy explains how (potential) internal or external affected stakeholders can contact the company in case of violations of the company's commitments and expectations.</p>	<p>The policy explains how (potential) internal or external affected stakeholders can contact the company in case of violations of the company's commitments and expectations. The policy contains a commitment,</p> <ul style="list-style-type: none"> - to protect complainants from retaliation and - to provide remedy or participate in remedial processes of substantiated complaints about impacts caused or contributed to by the company.
Level B	<p>The policy contains a commitment to the provision of remedy or the participation therein, to resolve substantiated grievances about adverse impacts caused or contributed to by the company.</p>	<p>Level B was integrated into Level A.</p>

Explanation: The indicator has been revised and simplified to make it easier to understand and based on feedback from the consultation. In many cases, the feedback pointed out that the requirement in Level B should already be present in A. The reason given was that there is already a requirement for this in Green Button 1.0 and that the topic of remediation is already integrated at Level A in CE5. This has been implemented accordingly. There was also a suggestion to add protection against retaliation. This has been added accordingly. There was a further note that companies should describe more concretely how they promote effective grievance mechanisms along their supply chain. This is not part of the policy, but is included in the reporting in CE4.

Criterion 1.2 Development and revision of the policy

The company has processes in place to develop and revise the policy.

1.2.1 Review and revision

	Formerly indicator 1.2.1	New indicator 1.2.1 (changes marked in yellow)
Level A	The company ensures that all components of the policy (1.1.1) are reviewed at least every two years and revised if necessary.	The company reviews all components of the policy (1.1.1 - 1.1.7) at least every two years and revises them .
Level B	The company has reviewed all components of the policy (1.1.1) and revised them as necessary. The company has taken the following aspects into account: - lessons learned from the implementation of its own due diligence processes - Feedback from business partners and/or producers on improvement potential.	The company demonstrates that it has reviewed all components of the policy (1.1.1 - 1.1.7) and revised them based on the increasing knowledge of adverse impacts in the supply chain (CE2) and by taking into account feedback from external stakeholders. <i>Note: External stakeholders can include potentially affected parties and their representatives, suppliers, as well as civil society and employee representatives.</i>
Explanation: References to other indicators have been revised to reflect new numbering. Level A have been revised for linguistic consistency. In addition, based on feedback, the specific reference to the continuous analysis of the company's own risks and impacts as well as the consideration of feedback from further stakeholders (civil society and/or employee representatives) was added to Level B. The term "external stakeholders" is now specified in more detail in a consistent structure across all indicators in a note. The term business partner/producer has been replaced by the newly introduced term supplier.		

1.2.2 Integrating expertise

	Formerly indicator 1.2.2	New indicator 1.2.2 (changes marked in yellow)
Level A	In the creation and revision of the policy, the company draws on relevant internal and external expertise.	In the creation and revision of the policy, the company draws on relevant internal and external expertise .

Criterion 1.3 Communication of the policy

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

1.3.1 Publication on website (formerly 1.4.1)

	Formerly indicator 1.4.1	New indicator 1.3.1 (changes marked in yellow)
Level A	The company publishes all components of its policy (1.1.1) on its own website.	The company publishes all components of its policy (1.1.1 – 1.1.7) on its own website in an easily accessible manner.
Explanation: The requirement was specified with the phrase "in an easily accessible manner" to ensure that external stakeholders have easy access to relevant information, in accordance with feedback.		

Removal: 1.4.2 Communication to relevant target groups

	Formerly indicator 1.4.2	Removal
Level A	According to a fixed procedure, the company communicates its policy to relevant target groups for which responsibilities are clearly defined. This is actively communicated to at least the following target groups and includes the documentation of the receipt a) own employees (1.4.3.) b) business partners or producers (1.4.4.)	Will be removed.
Explanation: This indicator is an overview indicator and has been formulated as a criterion (see criterion 1.3), as this circumvents thematic duplication in the indicators and enables a more efficient assessment of the indicators. Consultation comments on this indicator can be found under section "General feedback" and under indicator 1.1.2.		

1.3.2 Communication to the company's own employees (formerly 1.4.3)

	Formerly indicator 1.4.3	New indicator 1.4.3 (changes marked in yellow)
Level A	The company communicates its policy and all its components to its own employees.	The company communicates its policy and all its components to its own employees, either in the applicable local language or in English.
Explanation: Upon recommendation, the requirement was added that the policy be communicated in the local language or in English to the company's own employees.		

1.3.3 Communication to suppliers (formerly 1.4.4)

	Formerly indicator 1.4.4	New indicator 1.3.3 (changes marked in yellow)
Level A	The company communicates all parts of the policy addressed to business partners and producers to direct contractual partners and producers (directly upstream of them) in case business partners are the direct contractual partners. If German is not the business language, the policy is made available in English.	The company communicates the relevant parts of the policy to suppliers (CMT manufacturing) and obliges them to share the contents with upstream suppliers (outsourced process steps as well as finishing, bleaching, dyeing). If German is not the business language, the policy is made available in English. The receipt is documented. <i>Note: If the company procures through agents or importers, it will ensure that these requirements are shared and implemented accordingly.</i>
Level B	The company requires direct contractors and producers (directly upstream of them), in case business partners are the direct contractors, to share the components addressed to them with their employees and directly upstream producers (1.1.4.B).	Level B was integrated into A.
Explanation: According to feedback, the requirement set in Level B is already a common practice and has therefore been integrated into Level A. In Level A, the language of the indicator was simplified and guidance for procurement via agents and importers was added in a note. Likewise, the requirement from the former indicator 1.4.2 that the receipt must be documented has been integrated. The term business partner/producer has been replaced by the newly introduced term supplier.		

Criterion 1.4 Embedding the policy within the company

The company ensures that appropriate accountability, incentive structures, resources and competencies are available within its own organization for the implementation of the policy.

1.4.1 Senior management level accountability and goals (formerly 1.3.1)

	Formerly indicator 1.3.1	New indicator 1.4.1 (changes marked in yellow)
Level A	<p>Senior management is responsible for the implementation of due diligence obligations as set forth in the policy by</p> <ul style="list-style-type: none"> - approving the components of the policy at the most senior level; - assigning employees with relevant and necessary expertise with the implementation and it is clearly defined who/what team is responsible for which aspects of the implementation (3.1.0.). At the minimum, the areas on sustainability, purchasing, procurement, design and product development considered. In case that manufacturing takes place within the company, the human resources department is involved. 	<p>Senior management is responsible for the implementation of due diligence obligations as set forth in the policy by</p> <ul style="list-style-type: none"> - approving the components of the policy at the most senior level; - assigning employees with relevant and necessary expertise with the implementation and clearly defining which function(s) are responsible for which aspects of the implementation. <p><i>Note: Taken into account are at least the departments/ operating units sustainability, purchasing, procurement, design, product development and human resources.</i></p>
Level B	<p>The company's progress in implementing its commitments (1.1.2., 1.1.3. and 1.1.9.B) and objectives (1.1.6) formulated in the policy is regularly discussed by senior management (at least every 12 months). Progress is included in the performance evaluation for at least one member of senior level management.</p> <p>Senior management ensures that relevant goals and KPIs are tied to the positions executing purchasing, procurement, design and product development.</p>	<p>The company's progress in implementing its commitments (1.1.1, 1.1.2, 1.1.7) and objectives (CE3) formulated in the policy is regularly discussed by senior management (at least every 12 months). Progress is included in the performance evaluation for at least one member of senior level management.</p> <p>Senior management ensures that relevant goals and KPIs are tied to the positions executing purchasing, procurement, design and product development.</p>
Explanation: In many cases, the feedback pointed to further requirements necessary for embedding the policy in the company, such as financial resources and training and further education measures. These requirements were already included in CE3 and have been moved to CE1 accordingly in order to bundle the embedding in the company in one place (see 1.4.2 and 1.4.3). In Levels A and B, the terms used have been checked for consistency and adjusted accordingly. In Level A, the reference to the various functional areas has been moved to a note. In Level B, the references have been adjusted to reflect the new numbering. Isolated feedback indicated challenges with the requirement that progress in implementing own due diligence should be included in the performance evaluation for at least one member of senior management. As this requirement is seen as a key element in embedding due diligence processes in the company and it is also a contemporary practice, no changes have been made.		

1.4.2 Financial and time resources (formerly 3.1.5)

	Formerly indicator 3.1.5	New indicator 1.4.2 (changes marked in yellow)
Level A	The company provides adequate time and financial resources to manage and implement preventive and mitigating measures (CE3 + 5) that match the company's risk profile and priorities (CE2).	<p>The company provides adequate time and financial resources to</p> <ul style="list-style-type: none"> - communicate its own commitments and expectations internally and externally (1.3) and create awareness and expertise for these internally (1.4.3) - manage and implement preventive and mitigating measures (CE3 + 5) that match the company's risk profile and priorities (CE2).
Explanation: The indicator has been moved to CE1 and, upon recommendation, the bullet point on internal/external communication and awareness-raising/training measures has been added.		

1.4.3 Internal awareness and expertise (formerly 3.1.2)

	Formerly indicator 3.1.2	New indicator 1.4.3 (changes marked in yellow)
Level A	The responsible personnel (1.3.1.) knows the due diligence requirements and the goals of the company. They have the necessary expertise to put these into practice within the company and to support other employees in their implementation. If internal personnel have contact with workers, their representatives and/or those potentially affected stakeholders on site, they must be appropriately sensitized to identify and assess possible grievances. The expertise of internal personnel is ensured by appropriate measures such as selection criteria for recruitment or training.	<p>The company has a systematic approach to ensure that</p> <ul style="list-style-type: none"> - all employees are aware of the company's due diligence requirements and the influence of their own actions on risks and impacts; - responsible employees (1.4.1) have the necessary expertise to implement due diligence and can support other employees in implementing it; - the company's own employees are appropriately briefed to identify and evaluate possible grievances in production facilities (insofar as the company has direct contact with workers/ their representatives or other potentially affected stakeholders). <p>The company has an appropriate monitoring system including KPIs to monitor the implementation of its own approach and to measure progress.</p>
Level B	The company uses target group-specific training formats to ensure that relevant personnel at management and operational level are aware of the influence of their own actions on risks and impacts and have the necessary knowledge to implement due diligence. This includes at least relevant employees from purchasing, procurement, design and product development.	Based on the set KPIs, the company has reviewed the progress made, identified any further support required, and made appropriate adjustments to its own approach in order to close any gaps.

		The company has reviewed the extent to which the expertise of its own personnel can also be further fostered by means of appropriate selection criteria when recruiting and, if necessary, adjusted these criteria accordingly.
Explanation: According to feedback, the explanation for the temporal differentiation in the development stages was not apparent for this indicator. On recommendation, the indicator was revised to the effect that in Level A, a basic approach must be in place with the aim of ensuring that the company's own employees are appropriately sensitized and those responsible have the necessary knowledge. The term "on site" was specified upon recommendation. At Level B, a review and, if necessary, improvement and expansion of the company's own approach is now required. The requirement to revise selection criteria has also been moved to Level B.		

1.4.4 Incentive structures (formerly 3.1.6)

	Formerly indicator 3.1.6	New indicator 1.4.4 (changes marked in yellow)
Level A	The company has targeted incentive structures for decision-makers in purchasing and procurement. The incentive structures are aimed at avoiding or mitigating negative effects on people and the environment.	<p>The company reviews its own incentive and reward system for employees and functions to determine whether it contributes to the implementation of the corporate due diligence obligations or whether it sets the wrong incentives, and identifies corresponding opportunities for improvement. If there is no system in place to date, the company has identified initial approaches accordingly.</p> <p><i>Note: Depending on the organizational culture, this can include both financial incentives (e.g. bonus payments or bonuses linked to the achievement of certain targets) and non-financial incentives (e.g. internal awards, incentives for further training, etc.) or a combination of both.</i></p>
Level B	The company has targeted incentive structures for decision-makers in design and product development.	<p>Where applicable, the company has made adjustments to its own incentive and reward system or has established such a system.</p> <p>The system includes targeted incentive structures for decision-makers in purchasing, procurement, product development and design aimed at avoiding or mitigating human rights, environmental and integrity risks.</p>

Explanation: According to feedback, the explanation for the temporal differentiation in the development stages was not apparent for this indicator. Following a recommendation, the indicator has been revised to the effect that a company checks in Level A the extent to which its own incentive and reward system promotes the effective implementation of corporate due diligence and can provide concrete evidence of the improvement in Level B. Accordingly, targeted incentive structures have been bundled together in Level B. To make it clear that integrity risks are also included, the term "negative effects on people and the environment" has been replaced by the term "human rights, environmental and integrity risks".

1.4.5 Consideration in decision-making and strategy processes (formerly 3.1.8)

	Formerly indicator 3.1.8	New indicator 1.4.5 (changes marked in yellow)
Level A	<p>The company considers the results of the analysis and prioritization of risks and impacts (CE2) in relevant decision-making processes throughout the company in order to avoid or mitigate impacts on people and the environment. Relevant decision-making processes are at least:</p> <ul style="list-style-type: none"> - the establishment of a new business relationship with business partners and possibly upstream producers (focus on manufacturing stage of production and outsourced processes such as printing, embroidery, washing) - the establishment of a new sourcing country - withdrawal from an existing sourcing country - if the company is responsible for the manufacturing itself, the establishment of/withdrawal from a sourcing country <p>The company documents the sequence and results of the decision-making processes.</p>	<p>The company considers the results of the analysis and prioritization of risks and impacts (CE2) in relevant decision-making processes throughout the company in order to avoid or mitigate human rights, environmental and integrity risks. Relevant decision-making processes are at least:</p> <ul style="list-style-type: none"> - the establishment of a new business relationship with suppliers (CMT manufacturing and outsourced process steps such as printing, embroidery, washing) - the establishment of a new sourcing country - withdrawal from an existing sourcing country - if the company is responsible for its own CMT manufacturing, the establishment of/withdrawal from a sourcing country <p>The company documents to what extent the results were taken into account in the decision-making process.</p>
Level B	<p>The company has extended the need to consider the results of the analysis and prioritization of risks and impacts (CE2) to further relevant decision and strategy processes (3.1.8.A).</p> <p>This applies to all areas of the core business whose processes have an influence on the presence of risks, but at least</p> <ul style="list-style-type: none"> - Product development strategy (decisions on new product lines, introduction of new materials, etc.) - Procurement and purchasing strategy, including the cancellation and modification of orders (focus on producers in the textile supply chain). 	<p>The company considers the results of the analysis and prioritization of risks and impacts (CE2) in further relevant decision and strategy processes (3.1.8.A).</p> <p>This applies to all areas of the core business whose processes have an influence on the presence of risks, but at least to</p> <ul style="list-style-type: none"> - product development strategy (decisions on new product lines, introduction of new materials, etc.) - procurement and purchasing strategy, including the cancellation and modification of orders (focus on suppliers in the textile supply chain).

Explanation: The recommendation from the consultation not to document the process and outcome, but to what extent the results of the analysis of risks and impacts were taken into account, has been taken up and the requirement has been revised accordingly in Level A. There was also a reference to not only documenting this, but also publishing it. As the indicator grid follows the recommendations of the OECD Guidance, which does not provide for transparency on such strategic decisions, this recommendation has not been taken into account. The term business partner/producer has been replaced by the newly introduced term supplier. Level B has been revised for the sake of linguistic consistency. To make it clear that integrity risks are also included, the term "impacts on people and the environment" has been replaced by the term "human rights, environmental and integrity risks".

Core Element 2: Analysis and prioritization of risks and impacts

Overview of the changes

Total number of indicators	now 13 indicators, formerly 15 indicators
Number of indicators removed	2 (formerly indicators 2.1.2 und 2.1.3), both of which have been reformulated as criterion 2.1
Shift from Level B to A	3 (new indicators 2.1.1, 2.1.2 and 2.1.5)

General and overarching feedback on CE2

Thematic feedback in consultation	Response
Scope: For some respondents, the scope is not captured clearly enough in the indicators.	The scope of CE2 generally covers the company's own production facilities (if any) and production facilities in the textile supply chains, including raw material suppliers. Exceptions are explicitly marked in the indicators. An extension of the risk assessment to logistics and trade is not planned in Green Button 2.0. The scope of application will also be presented in the standard following the revision.
Relationship between risk management and effectiveness/implementation of measures: It was pointed out in many cases that risk analysis alone is not sufficient, but that there should be a stronger focus on the effectiveness and implementation of measures.	CE 3 is explicitly dedicated to the measures derived based on the risk analysis. The measurement of effectiveness has been embedded even more strongly in the revision.
Recognition of other risk analyses: There were isolated requests for the recognition of risk analyses under this CE that are required within the framework of established standards.	There are no plans for a blanket recognition. Following the revision, there are plans for a transparent benchmarking process to compare the requirements of Green Button 2.0 with existing standards. The final evaluation will then be carried out by the certification bodies.

Criterion 2.1 Analysis and prioritization of risks

The company analyzes and prioritizes its human rights, environmental and integrity risks ("risks") along the textile supply chain, from raw material extraction to the manufacturing stage of production. If the company has its own production facilities, these are also considered.

2.1.1 Mapping the supply chain

	Formerly indicator 2.1.1	New indicator 2.1.1 (changes marked in yellow)
Level A	<p>For relevant internal processes (such as 2.1.2-2.1.8. und 5.1.1-5.1.2.), the company has relevant information on all current producers and production sites involved in the manufacturing and, if applicable, outsourced processes (printing, embroidery, washing) of its own products (location, production types or categories, parent company, product types, number of workers).</p> <p>The company documents information gaps along the textile supply chains. Based on this, the company has concrete goals and a corresponding action plan for the annual increase/deepening of data (2.1.1.B) along its own textile supply chain beyond the manufacturing stage of production.</p>	<p>For relevant internal processes (such as 2.1. and 5.1.), the company has relevant information on all current suppliers and production facilities involved in the CMT manufacturing and, if applicable, outsourced processes (printing, embroidery, washing) and the process steps finishing, bleaching and dyeing of its own products (at least location, production types or categories, parent company, product types, number of employees, type of employee representation).</p> <p>In case of missing data, the company documents and justifies information gaps for the listed production stages. Based on this, the company has concrete targets and a corresponding action plan to annually increase/deepen the data (2.1.1 B).</p> <p><i>Note: The number of employees can be classified according to the following categories: less than 1000, 1001 to 5000, 5001 to 10000, more than 10000.</i></p>
Level B	<p>The company can prove an increase/decrease of the information base (2.1.1.A) on current producers and production sites in the production stage textile finishing, bleaching and dyeing.</p> <p>The company cooperates with business partners or producers as well as, if necessary, external stakeholders (civil society actors, other companies) in order to increase transparency in line with its own goals.</p>	<p>The company demonstrates an increase/deepening of the information base (2.1.1 A) on current suppliers and production facilities in the production stages CMT manufacturing, finishing, bleaching and dyeing.</p> <p>The company has relevant information on all suppliers and production facilities covering the production steps weaving, spinning and raw material cultivation. The company documents and explains information gaps for the listed production steps. Based on this, the company has concrete targets and a corresponding action plan to annually increase/deepen the data.</p> <p>The company involves suppliers as well as, if necessary, other external stakeholders in order to increase transparency in line with its own objectives.</p>

Explanation: The consultation resulted in very diverse feedback for this indicator. Comments were made that the indicators were too vague and unambitious and that it was necessary to cover the entire supply chain (including raw material extraction). At the same time, there were also voices that considered the collection of data to be very difficult, especially for SMEs. In addition, it was noted that it would be difficult to verify the suppliers' data. The revision of Level A now also covers the process steps finishing, bleaching and dyeing and includes a specific reference to the data to be collected. However, since it may not be possible to collect all the data completely, it is possible to justify and document information gaps. An action plan for improvement shall be developed. At Level B, it is required to record the entire chain. But here, too, it is possible to identify information gaps and present an action plan. Information on the existence of worker representation has been added at Level A. However, information on the gender ratio is not mandatory due to the complexity of the coverage. A note has been added that the number of workers may be recorded by category. Some responses in the consultation called for the publication of data on producers. In indicator 4.2.7, the requirement to publicly provide data on production countries along one's supply chain has been added. The term business partner/producer has been replaced by the newly introduced term supplier.

Removal: 2.1.2 Scope of the risk analysis and prioritization

	Formerly indicator 2.1.2	Removal
Level A	<p>The company analyzes and prioritizes its human rights, environmental and integrity risks ("risks") along the textile supply chain, from raw material extraction to garment manufacture or in-house production.</p> <p>This includes:</p> <ul style="list-style-type: none"> a) an analysis of the risks (2.1.3.) b) an assessment of the likelihood of occurrence (2.1.6.) c) a prioritization of the risks (2.1.7.) 	Will be removed.
Explanation: This indicator is an overview indicator and has been formulated as a criterion (see criterion 2.1), as this circumvents thematic duplication in the indicators and enables a more efficient review of the indicators. Consultation comments on this indicator can be found under the section "General feedback" and under the new indicator 2.1.2.		

Removal: 2.1.3 Analysis of risks

	Formerly indicator 2.1.3	Removal
Level A	<p>The company analyzes the risks to people and the environment that may be associated with its own business activities and relationships. In doing so it ensures that:</p> <ul style="list-style-type: none"> a) it takes into account country and sector-specific risks (2.1.4.A) b) it identifies particularly vulnerable stakeholders and groups (2.1.5.) 	Will be removed.
Level B	<p>In the analysis, the company additionally ensures</p> <ul style="list-style-type: none"> c) that it takes into account material- and product related risks (2.1.4.B) 	Will be removed.
Explanation: This indicator is an overview indicator and has been formulated as a criterion (see criterion 2.1), as this circumvents thematic duplication in the indicators and enables a more efficient review of the indicators. Consultation comments on this indicator can be found under section "General feedback" and under the new indicator 2.1.2.		

2.1.2 Country, sector and specific material and product risks (formerly 2.1.4)

	Formerly indicator 2.1.4	New indicator 2.1.2 (changes marked in yellow)
Level A	<p>The company considers in the risk analysis:</p> <ul style="list-style-type: none"> - country risks due to political, legal and socio-economic conditions in the current and possible new procurement countries; on the basis of this, the company determines the countries in which severe risks exist (risk countries) - sector risks; these include all risks identified in the OECD Due Diligence Guidance for responsible supply chains in the garment and footwear sector and other risk areas relevant to the company. The latter can vary depending on the material supply chains or business model. If the risks identified in the OECD Guidance are not applicable to the company, a plausible explanation is given (1.1.7.). 	<p>The risk analysis includes the following risks:</p> <ul style="list-style-type: none"> - <i>country-specific risks</i>, that are prevalent due to political, legal and socio-economic conditions in current and potential new procurement countries. The company uses this to determine the countries in which severe risks exist (risk countries). - <i>sector-specific risks</i>, these include all risks identified in the OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector and other risk areas relevant to the company. The latter can vary depending on the material supply chains or business model. If the risks identified in the OECD Guidance are not applicable to the company, a plausible explanation is given (1.1.5). - <i>material or product specific risks</i> along all textile material supply chains. The company evaluates the results in combination with country-specific risks. <p><i>Note: When analyzing material and product risks, the company may consider similar materials together, but should at least distinguish between natural fibres, animal-derived fibres, cellulose-based fibres, and synthetic man-made fibres. Ingredients and accessories do not need to be considered.</i></p>
Level B	<p>The company analyzes material- or product-related risks along all textile material supply chains. It can combine similar materials (e.g. using natural fibers, synthetic fibers). The company evaluates the results in combination with country-specific risks.</p>	<p>The company has supplemented or specified the risk analysis further (country, sector, material/product-specific risks) based on the increased/deepened information base on current suppliers and production facilities in its own supply chain (2.1.1).</p>
Explanation: It was noted several times that material and product-specific risks should already be integrated at Level A. Due to the thematic overlaps, e.g. with country-specific risks, this change has been made. However, in Green Button 2.0 material risks of ingredients and accessories do not have to be assessed here. Risks are analyzed both on a higher level (e.g. in relation to a country) and more concretely when it comes to actual impacts. Here, complaints received or indications of incidents or problems with suppliers that indicate a change in risks or concrete adverse impacts on the ground must be taken into account (see indicator 2.2.3). In Level B, a requirement has been added based on the progressing transparency of the company's own supply chain (2.1.1).		

2.1.3 Vulnerable stakeholders and groups (formerly 2.1.5)

	Formerly indicator 2.1.5	New indicator 2.1.3 (changes marked in yellow)
Level A	The company analyses which persons and groups could be affected by the company's business activities and relationships. It identifies vulnerable stakeholders and groups that are exposed to particularly high risks and their particular needs.	The company analyses which persons and groups could be affected by the company's business activities and relationships. It identifies vulnerable stakeholders and groups that are exposed to particularly high risks, and their particular needs.
Explanation: The measurement of whether the needs of vulnerable groups have been successfully addressed takes place in CE 3. In this indicator, there is no requirement to analyze gender-specific risks. Companies are required to individually analyze whether specific genders are exposed to particular risks in their supply chain. Therefore, there are no adjustments.		

2.1.4 Likelihood assessment (formerly 2.1.6)

	Formerly indicator 2.1.6	New indicator 2.1.4 (changes marked in yellow)
Level A	The company evaluates the likelihood of occurrence of identified risks. In doing so, it takes into account: - the extent to which the company's own business model and procurement and purchasing practices may increase the occurrence of risks (2.3.1.); - the extent to which existing prevention or mitigation processes (CE3) reduce the occurrence of risks. The latter comprises existing information on the maturity level of the management systems of business partners and producers (3.2.4.).	The company evaluates the likelihood of occurrence of identified risks. In doing so, it takes into account: - the extent to which the company's own business model and procurement and purchasing practices may increase the occurrence of risks (2.3.1.); - the extent to which existing prevention or mitigation processes (CE3) reduce the occurrence of risks. The latter comprises existing information on the maturity level of the management systems of suppliers (CMT manufacturing) (3.2.4.). <i>Note: If the company procures through agents or importers, it also obtains information on the maturity of their management systems and takes this into account.</i>
Explanation: The term business partner/producer has been replaced by the newly introduced term supplier and a note on indirect procurement has been added.		

2.1.5 Prioritization of risks (formerly 2.1.7)

	Formerly indicator 2.1.7	New indicator 2.1.6 (changes marked in yellow)
Level A	The company prioritizes its most severe risks according to the OECD Guidance. For this purpose, the company evaluates the results from 2.1.3 and 2.1.6 with regard to the severity and likelihood of occurrence of risks. As a result, the company defines: - its most severe risks	The company prioritizes its risks according to the OECD Guidance. For this purpose, the company evaluates the results from 2.1.2 and 2.1.4 with regard to the severity and likelihood of occurrence of risks. As a result, the company defines: - its most severe risks

	<ul style="list-style-type: none"> - those producers where, when taking into account the country and/or indications of adverse impacts or incidents on site and available information on the probability their occurrence, the most severe risks exist (high-risk producers). 	<ul style="list-style-type: none"> - those suppliers, where, when taking into account the country and/or indications of adverse impacts or incidents on site and available information on the probability their occurrence, the most severe risks exist (high-risk suppliers). - the materials (excl. ingredients and accessories) for which the highest serious risks exist, taking into account the country context and/or indications of impacts or incidents on site, as well as available information on the probability of occurrence (high-risk materials).
Level B	<p>The company also prioritizes:</p> <ul style="list-style-type: none"> - the materials that pose severe risks, taking into account the country and/or indications of local impact or incidents and available information on the likelihood of occurrence (high-risk materials). 	Level B was integrated into A.
Explanation: It was frequently pointed out that Level B should already be integrated into Level A. Material and product-specific risks have already been integrated into Level A in the new indicator 2.1.2. Therefore, the prioritization should also be brought forward accordingly. The term business partner/producer has been replaced by the newly introduced term supplier.		

2.1.6 Formal requirements (formerly 2.1.8)

	Formerly indicator 2.1.8	New indicator 2.1.6 (changes marked in yellow)
Level A	<p>The company ensures that:</p> <ul style="list-style-type: none"> - the risk analysis is systematic. - the risk analysis and prioritization is reviewed and updated regularly (at least every two years) and as necessary at least when relevant circumstances arise. The latter includes at least <ul style="list-style-type: none"> o the establishment of a new sourcing country; and o a serious change of the risks in an existing sourcing country due to a conflict, a catastrophe or a change in political conditions. o the establishment of new relevant business relations (at least with business partners or producers). - internal and external expertise, especially from industry initiatives or civil society actors, is taken into consideration when analyzing risks. The company regularly documents and updates the sources it uses, and also documents where there are possible information gaps. 	<p>The company:</p> <ul style="list-style-type: none"> - analyzes its risks systematically. - reviews and updates the risk analysis and prioritization regularly (at least annually) and as required. This also includes a review and, if necessary, update of the assessment of severity and likelihood of occurrence. The circumstance-related review and updating of the risk analysis takes place at least in the event of: <ul style="list-style-type: none"> o the establishment of a new sourcing country, o a serious change in the risks in an existing sourcing country due to a conflict, a catastrophe or a change in political conditions. o the establishment of new relevant business relations with suppliers. - considers internal and external expertise, at least from trade unions/employee representatives or civil society actors, when analyzing risks. The company regularly documents and updates sources it uses (e.g. publications on the Internet), - identifies information gaps in the risk analysis and sets out a strategy on how to fill these gaps. - ensures that the results are communicated internally to the relevant decision-makers.

		<p><i>Note: Information gaps can result, for example, from a lack of data (2.1.1) or information on specific risks specifically in the deeper supply chain.</i></p>
Level B	<p>The risk analysis is also reviewed and updated when the following circumstances arise:</p> <ul style="list-style-type: none"> - new materials or products are introduced to the company's own portfolio. <p>When revising the risk analysis and prioritization, the company takes lessons learned and feedback from external stakeholders into account.</p>	<p>The company has reviewed and updated its risk analysis and prioritization.</p> <p>The risk analysis is also reviewed and updated when the following circumstances arise:</p> <ul style="list-style-type: none"> - new materials or products are introduced to the company's own portfolio. <p>The company demonstrates where information gaps could be closed.</p>
<p>Explanation: Based on feedback, it has been specified in Level A that the revision and update include an assessment of the severity and likelihood of risks occurring. The inclusion of external expertise was also felt to be insufficient. The new indicator therefore includes a specification that expertise must be obtained at least from employee representatives or civil society actors. A reference to the OECD Guidance in this indicator is not considered necessary, as other indicators already refer to the Guidance (see, for example, new indicator 2.1.5). The inclusion of stakeholders is explicit in indicator 2.2.1. The revised indicator now also includes the requirement that the company must present a strategy on how it intends to close information gaps. At Level B, it must then be possible to explain which gaps have been closed. The term business partner/producer has been replaced by the newly introduced term supplier. Level A and B have been revised for linguistic consistency. In Level A, in accordance with the adopted Supply Chain Due Diligence Act, the regular review and update has been adjusted to an at least annual frequency, and an "at least" has been added to the event-related review to emphasize that the list is not meant to be exhaustive. Furthermore, the requirement that the results must be communicated internally to key decision-makers has been added.</p>		

Criterion 2.2 Identification and prioritization of impacts

The company identifies and prioritizes impacts along the textile supply chain, from raw material extraction to Cut-Make-Trim (CMT) manufacturing. If the company has its own production facilities, these are also considered.

2.2.1 Identification of own impacts

	Formerly indicator 2.2.1	New indicator 2.2.1 (changes marked in yellow)
Level A	Based on the prioritized risks, the company determines its adverse impacts on people and the environment as necessary at least when relevant circumstances arise (2.2.3). The company ensures that the analysis of the impacts is based on feedback and exchange with (potentially) affected stakeholders on site and their representatives (e.g. workers and their representatives, local child rights organizations, representatives of local communities).	Based on the prioritized risks, the company determines its adverse impacts relating to people, the environment and integrity as necessary at least when relevant circumstances arise (2.2.3). The analysis of the impacts is based on feedback and exchange with (potentially) affected stakeholders on site and their representatives (e.g. workers and their representatives, local child rights organizations, representatives of local communities).
Level B	The company cooperates with external stakeholders and in particular other companies and/or producers to analyze impacts in the supply chain. This includes jointly identifying impacts, sharing results and finding joint solutions when adverse impacts are proven.	The company cooperates with external stakeholders and in particular other companies and/or suppliers to analyze impacts in the supply chain when relevant circumstances arise . This includes jointly identifying impacts, sharing results and finding joint solutions when adverse impacts are proven.
Explanation: The indicator has been revised and simplified to make it easier to understand and based on feedback from the consultation. Cooperation with stakeholders should occur as necessary when relevant circumstances arise, see 2.2.3. The addition of regularity has not been made here, as in our view the occasions described are sufficient for a comprehensive identification of impacts. The term business partner/producer has been replaced by the newly introduced term supplier. Level A has been revised for linguistic consistency.		

2.2.2 Prioritization of impacts

	Formerly indicator 2.2.2	New indicator 2.2.2 (changes marked in yellow)
Level A	The company prioritizes its impacts according to their severity in accordance with OECD Guidance and derives appropriate measures for the mitigation and remediation of impacts to which it has contributed or which it has caused (CE 3 + 5).	The company prioritizes its impacts according to their severity in accordance with the OECD Guidance and derives appropriate measures for the mitigation and remediation of impacts to which it has contributed or which it has caused (CE 3 + 5).
Level B	At least every two years, the company seeks feedback from external experts or stakeholders on the methodology and results of impact assessments.	At least every two years, the company seeks feedback from external experts or stakeholders on the methodology and results of impact assessments.
Explanation: In Level A, the language has been standardized.		

2.2.3 Formal requirements

	Formerly indicator 2.2.3	New indicator 2.2.3 (changes marked in yellow)
Level A	<p>The company ensures that the analysis of adverse impacts:</p> <ul style="list-style-type: none"> - takes place as necessary, at least when relevant circumstances arise <ul style="list-style-type: none"> ○ received grievances or indications of incidents or problems at producers/business partners or in the company which indicate a change in risks or concrete adverse impacts on site and ○ a lack of information on severe risks (e.g. indications of severe risks along the supply chains for which no further information on the likelihood of occurrence and the producers involved is available). - takes internal and external expertise into account. 	<p>The company</p> <p>- analyzes adverse impacts as necessary, at least when the following relevant circumstances arise;</p> <ul style="list-style-type: none"> ○ received grievances or indications of incidents or problems with suppliers or in the company which indicate a change in risks or concrete adverse impacts on site and ○ a lack of information on severe risks (e.g. indications of severe risks along the supply chains for which no further information on the likelihood of occurrence and the supplier involved is available). <p>- takes internal and external expertise into account during the analysis.</p>

Explanation: The term business partner/producer has been replaced by the newly introduced term supplier. The indicator has been revised for linguistic consistency.

Criterion 2.3 Business and purchasing model and living wages

The company analyzes its own business model and its procurement and purchasing practices. It records wage levels at the CMT manufacturing stage of production at least in risk countries and for risk suppliers and carries out a gap analysis. In doing so, it ensures that the most important needs and starting points for promoting living wages are identified.

2.3.1 Business and purchasing model-related risk factors

	Formerly indicator 2.3.1	New indicator 2.3.1 (changes marked in yellow)
Level A	The company has analyzed its own procurement and purchasing practices and their possible influence on the occurrence of risks and impacts in the supply chain (2.1.6.).	<p>The company analyzes its own business model and its procurement and purchasing practices and their possible influence on the occurrence of risks and impacts in the supply chain (2.1.4.).</p> <p><i>Note: Importers/agents should consider the extent to which their own procurement and purchasing practices are influenced by the business and procurement model of their employer/ the ordering company during the analysis.</i></p>

Explanation: For this indicator, the analysis of the business model has also been newly included in order to be consistent with indicator 2.1.4. A note has been added with regard to importers/agents. The indicator has been revised for language consistency.

2.3.2 Formal requirements

	Formerly indicator 2.3.2	New indicator 2.3.2 (changes marked in yellow)
Level A	<p>In the analysis:</p> <ul style="list-style-type: none"> - the perspective of different relevant departments/employees (at least purchasing, procurement, design, product development) is considered. - the entire critical path is considered. This covers at least the following aspects: procurement strategy, forecast/planning, price calculations/negotiations, sample production/Tech Packs, order changes, lead times, payment terms, termination of business relationships. <p>The analysis takes place regularly (at least every two years).</p>	<p>The analysis considers:</p> <ul style="list-style-type: none"> - the perspective of different relevant departments/employees (at least purchasing, procurement, design, product development) is considered. - the entire critical path is considered. This covers at least the following aspects: procurement strategy, forecast/planning, price calculations/negotiations, sample production/Tech Packs, order changes, lead times, payment terms, termination of business relationships. <p>The analysis takes place regularly (at least every two years).</p>
Level B	The company regularly obtains (at least every two years) feedback from direct contractors and their upstream producers (if business partners are the direct contractors) on its own procurement and purchasing practices and compares this with its own analysis results.	<p>The company regularly obtains (at least every two years) feedback from direct suppliers on its own procurement and purchasing practices and compares this with its own analysis results.</p> <p><i>Note: If the company procures through agents or importers, it ensures that in addition to feedback from them, feedback is also obtained from suppliers (CMT manufacturing).</i></p>

Explanation: In the consultation, it was suggested several times that Level B requirements should already be integrated into Level A, as they were too unambitious. However, the company should have the opportunity to first establish and use robust internal processes for analyzing procurement and purchasing practices before having to seek external feedback. An additional note allows for simpler language in the indicator. The term business partner/producer has been replaced with the newly introduced term supplier. Level A has been revised for language consistency.

2.3.3 Recording of wage levels

	Formerly indicator 2.3.3	New indicator 2.3.3 (changes marked in yellow)
Level A	The company is working on the recording of wage levels at the manufacturing stage of production (excluding outsourced steps) at least in risk countries (2.1.4.) and for high-risk producers (2.1.7.). If the company has its own production facilities for the manufacturing stage of production, an overview of the wage levels is submitted.	<p>The company records wage levels at the CMT manufacturing stage of production (excluding outsourced steps) at least in risk countries (2.1.2.) and for high-risk suppliers (2.1.5.). If the company has its own production facilities for the CMT manufacturing stage of production, an overview of the wage levels is submitted.</p> <p>The company documents where information gaps exist, in particular on the level of wages that are actually paid, and presents a plan including concrete targets to close these.</p> <p><i>Note: The recording of wage levels can be based on evaluations of public data (e.g. on national/regional minimum wages) and data from audit reports. Verification of the level of wages actually paid should be based on interviews with workers or their representatives. Self-reported information from suppliers alone is not sufficient.</i></p>
Level B	The company has provided an overview of wage levels at the level of manufacturing (excluding outsourced production steps) in risk countries (2.1.4.) and with high-risk producers (2.1.7.) and analyzed these in relation to selected Living Wage benchmarks. The company is working on the recording of wage levels at the level of outsourced production steps.	<p>The company demonstrates that it has closed information gaps on actual wage levels paid at the stage of CMT manufacturing (excluding outsourced process steps), at least in risk countries and for high-risk suppliers. Explanations are given for any information gaps that still exist.</p>
Explanation: It was noted several times that wage levels should be recorded specifically for certain vulnerable groups. At the same time, it was noted that this indicator is very demanding for companies overall, as it requires willingness on the supplier side to share wage data. The focus of the requirement therefore remains on general coverage for the time being, and specific requirements have not been added. Concrete references to already existing tools that allow a detailed breakdown by parameters such as overtime, social security contributions in the sense of a uniform calculation method will be specified in further documents. In many cases, reference was made to the difficulty of verifying the actual wage amounts paid and to the particular challenges faced by small companies. A corresponding note has been added, outlining how companies can proceed with the recording. Information gaps on actual wage amounts paid must be documented and a corresponding plan submitted to close them. Existing information gaps must be explained. During revision of the indicator, attention has been paid to clearer wording ("records" wage levels instead of "works on"). In addition, this indicator now focuses on the recording of wage levels; a comparison with benchmarks and the identification of wage gaps is		

provided in 2.3.4. Since the company must already be in dialogue with stakeholders when developing a strategy to promote living wages (3.2.3), this is not included here. The term business partner/producer has been replaced by the newly introduced term supplier.

2.3.4 Gap analysis

	Formerly indicator 2.3.4	New indicator 2.3.4 (changes marked in yellow)
Level A	Based on the results of the analysis of its own purchasing practice (2.3.1.) and the recording of wage levels (2.3.3.) the company has identified gaps, main necessities and starting points for the promotion of living wages.	The company has compared the recorded figures on wage levels (2.3.3) with available reference values on living wages and identified wage gaps. Based on the results of the analysis of its own business model and its procurement and purchasing practices (2.3.1) and the recording of wage gaps, the company has identified the most important needs and starting points for promoting living wages. <i>Note: For the analysis, the list published by the Partnership for Sustainable Textiles with recommendations for reference values for living wages provides orientation. If a company uses reference values other than those listed there, this must be explained.</i>
Level B	-	The company updates the identified wage gaps on a regular basis (at least every two years) and as required. <i>Note: As required means, for example, when new information becomes available to the company or reference values change.</i>
Explanation: The original Level B of indicator 2.3.3 was integrated into Level A of indicator 2.3.4 because using living wage benchmarks to identify wage gaps makes sense and should not take two years. Based on feedback in the consultation, the requirement that wage gaps be reported at least every two years has been newly included in Level B. At the same time, it was emphasized several times that the indicator is very demanding, especially for small companies. The recording of wage levels and the corresponding wage gap analysis will therefore initially be limited in Green Button 2.0 to the level of manufacturing (excl. outsourced process steps). Reporting on the company's approach to living wages takes place in CE 4 (4.2.4).		

Core Element 3: Prevention and mitigation

Overview of the changes

Total number of indicators	now 11 indicators, formerly 18 indicators (including 3 removals, 1 merging of two indicators and shifting of 4 indicators to CE1)
Number of indicators removed	3 (formerly indicators 3.1.1, 3.2.1 and 3.3.1), of which 3.1.1 and 3.2.1 have been reformulated as criteria 3.1 and 3.2, the requirements of 3.3.1 (measuring of impacts) have been integrated into different parts of the grid
Shift of CE3 indicators to other CEs	4 (formerly indicators 3.1.2, 3.1.5, 3.1.6, 3.1.8, now in 4.1)
Shift from Level A to B	1 (indicator 3.1.1)

Criterion 3.1 Prevention and mitigation measures in the supply chain

The company takes measures with the aim of avoiding or mitigating adverse impacts related to people, environment and integrity in the supply chain.

Note: Where the company procures through agents or importers, it ensures that appropriate requirements and incentives are passed on to suppliers involved in Cut-Make-Trim (CMT) manufacturing as well as outsourced processes (printing, embroidery, washing), or that their due diligence processes are audited in the same way.

Removal: 3.1.1 Formal requirements

	Formerly indicator 3.1.1	Removal
Level A	<p>The company embeds the implementation of all five due diligence core elements within its business. This includes:</p> <ul style="list-style-type: none"> a) ensuring the necessary expertise (3.1.2.) b) the planning of targeted measures (3.1.3.) c) the provision of adequate financial and time resources (3.1.5.) d) the creation of incentive structures (3.1.6.) e) the collection of relevant key data (3.1.7.) f) their consideration in decision and strategy processes (3.1.8.) 	Will be removed.

Explanation: This indicator is an overview indicator and is formulated as a criterion (see criterion 3.1), as this circumvents thematic duplication in the indicators and enables a more efficient evaluation of the indicators. Comments from the consultation on this indicator have been allocated to the "General feedback" section or the other indicators in this core element and taken into account there.

3.1.1 Formale requirements for measures (formerly 3.1.3 and 3.1.4)

	Formerly indicator 3.1.3	New indicator 3.1.1 (changes marked in yellow)
Level A	For severe risks (2.1.7.) and impacts (2.2.1.), the company, alone or in cooperation with other stakeholders, has developed targeted measures to avoid or mitigate adverse impacts on people and the environment.	<p>For severe risks (2.1.5) and impacts (2.2.2), the company, alone or in cooperation with other stakeholders, has developed targeted measures to avoid or mitigate adverse impacts regarding people, the environment and integrity.</p> <p>The measures taken:</p> <ul style="list-style-type: none"> - are designed to address the root causes of the risks and impacts and take into account the results of analysis of the company's own procurement and purchasing practices (2.3.1) - are commensurate with the severity of the prioritized risks or impacts.

		The company has an appropriate monitoring system including KPIs to monitor the implementation of the measures and measure their effectiveness.
Level B	Where the company identifies structural or systemic causes, it cooperates with external stakeholders (civil society/trade union actors, other companies, producers) in order to eliminate them together. In doing so, it uses existing formats, initiatives or associations or establishes them.	<p>The company has further developed and/or expanded its own measures. In doing so, it has taken into account the following:</p> <ul style="list-style-type: none"> - monitoring results, learning experiences from implementation and effectiveness of the measures - changes in own risk profile/most serious risks (2.1.6). <p>Potentially affected persons and/or their representatives were involved in activities to develop measures, review implementation and evaluate effectiveness.</p> <p><i>Note: For impacts on human rights and working conditions, the involvement of workers or workers' representatives is central. This can be done, for example, by sharing the results of audit reports with worker representatives, where they exist, and by involving them in the development of Corrective Action Plans (CAP).</i></p>

Explanation: Based on feedback from the consultation, the review of the implementation of measures as well as the consideration of learning experiences from implementation have been more strongly integrated into the requirements. In addition, indicators 3.1.3 and 3.1.4 have been combined to clarify the relationship between the indicators. Also in response to recommendations from the consultation, the involvement of potentially affected parties in activities to develop measures, review implementation, and evaluate effectiveness has been added in accordance with the OECD Guidance. In addition, there was criticism of the focus on the most serious risks. The requirements here are based on the recommendations of the OECD Guidance and, accordingly, no changes have been made. The consideration of changes in the risk profile/the most serious risks has been moved from Level A to B, as there was an inconsistency with CE2 here. In addition, on recommendation, the requirement for cooperation with stakeholders has been taken up separately in a new indicator (3.1.2). In order to clearly show that integrity risks are also included, the term "adverse impacts on people and the environment" has been replaced by the term "regarding people, the environment and integrity".

3.1.2 Cooperation with external stakeholders (new indicator)

		New indicator 3.1.2 (changes marked in yellow)
Level A	N/A	<p>The company has identified systemic causes for its most serious risks (2.1.5) and impacts (2.2.2). It works specifically in cooperation with external stakeholders to address these through joint measures. In doing so, it uses existing formats, initiatives or associations or initiates such.</p> <p><i>Note: External stakeholders can include suppliers, civil society, employee representatives, other companies as well as industry and/or multistakeholder initiatives.</i></p>

Level B	N/A	The company continuously evaluates the effectiveness of the measures in cooperation with external stakeholders and develops them further or expands them in a targeted manner.
Explanation: Based on a recommendation from the consultation, a new indicator has been added specifically for cooperation with external stakeholders. Requirements in this regard were previously recorded under indicator 3.1.3. The topic of monitoring and evaluating the effectiveness of measures based on feedback has also been added here. The term "external stakeholders" is now specified in more detail in a uniform structure across all indicators in a note.		

3.1.3 Due diligence processes of suppliers (formerly 3.2.4)

	Formerly indicator 3.2.4	New indicator 3.1.3 (changes marked in yellow)
Level A	<p>The company assesses the due diligence processes of business partners and, if applicable, upstream producers involved in the manufacturing stage of production as well as outsourced processes (printing, embroidery, washing). This is done at least:</p> <ul style="list-style-type: none"> - before entering into a new business relationship - once a year for existing business relationships <p>The result of the evaluation is equally as important in order decisions as commercial factors like price or delivery times.</p>	<p>The company evaluates the due diligence processes of suppliers involved in the CMT manufacturing stage of production as well as outsourced processes (printing, embroidery, washing). This is done at least:</p> <ul style="list-style-type: none"> - before entering into a new business relationship - once a year for existing business relationships <p>The result of the evaluation is equally as important in order decisions as commercial factors like price or delivery times.</p> <p><i>Note: In general, the evaluation of suppliers' due diligence processes refers to the handling of all risks (human rights, environmental and integrity risks), both in the company itself as well as in the supply chain. If the company procures through agents or importers, it also assesses their corporate due diligence processes and considers this equally to other factors in order decisions.</i></p>
Explanation: Following a recommendation from the consultation, a note has been added stating that the assessment of due diligence processes relates to all risks (human rights, environmental and integrity risks). Notes on indirect procurement have also been added. The term business partner/producer has been replaced by the newly introduced term supplier. Level A has been adapted for the sake of linguistic consistency.		

3.1.4 Formal requirements (formerly 3.2.5)

	Formerly indicator 3.2.5	New indicator 3.1.4 (changes marked in yellow)
Level A	<p>The assessment of the due diligence processes includes</p> <ul style="list-style-type: none"> - an evaluation of the maturity level of the management systems of business partners and, if applicable, upstream producers in light of a company's own expectations (1.1.4.), country-specific risks (2.1.4.) and other possible indications of problems or incidents on site (2.2.1.). - in risk countries (2.1.4.) and for high-risk producers (2.1.7.) additionally a survey of possible affected stakeholders on site (at least workers) by qualified personnel on the knowledge of their rights, adverse impacts and/or problems and the actual application of the existing management systems in practice. The personnel is appropriately qualified to identify and assess human rights, environmental and integrity risks and impacts. 	<p>The evaluation of the due diligence processes includes</p> <ul style="list-style-type: none"> - an evaluation of the maturity level of the management systems of suppliers (3.1.3) in light of a company's own expectations (1.1.3.), country-specific risks (2.1.2) and other possible indications of problems or incidents on site (2.2.1.). - in risk countries (2.1.4) and for high-risk suppliers (2.1.5) additionally a survey of possible affected stakeholders on site (at least workers) by qualified personnel on the knowledge of their rights, adverse impacts and/or problems and the actual application of the existing management systems in practice. The personnel is appropriately qualified to identify and assess human rights, environmental and integrity risks and impacts.
Level B	<p>Analogous to the increased transparency towards producers along the textile supply chain (2.2.1.), the company is experimenting with different approaches to ensure that the due diligence processes of producers along the supply chain meet their own expectations. In doing so, it also cooperates with external stakeholders (civil society actors, other companies, producers), for example within multi-stakeholder/industry initiatives.</p>	<p>Analogous to the increased transparency towards suppliers along the textile supply chain (2.2.1), the company is experimenting with different approaches to ensure that the due diligence processes of suppliers along the supply chain meet their own expectations. In doing so, it also cooperates with external stakeholders (civil society actors, other companies, suppliers), for example within multi-stakeholder/industry initiatives.</p>

Explanation: In Level A, references to other indicators have been revised and an adjustment has been made for linguistic consistency. The term business partner/producer has been replaced by the newly introduced term supplier.

3.1.5 Incentives for suppliers (formerly 3.2.6)

	Formerly indicator 3.2.6	New indicator 3.1.5 (changes marked in yellow)
Level A	<p>The company provides incentives for business partners and, if applicable, upstream producers to implement requirements for corporate due diligence and to develop continuously. This includes at least the level of garment manufacturing (including outsourced process steps) in risk countries or with high-risk producers (2.1.7.).</p> <p>The implementation of corresponding requirements and compliance with standards (1.1.4.) are</p> <ul style="list-style-type: none"> - an equivalent component of the requirements 	<p>The company provides incentives for suppliers to implement requirements for due diligence and to develop continuously. This includes at least the level of CMT manufacturing (including outsourced process steps) in risk countries or with high-risk suppliers (2.1.5).</p> <p>The implementation of corresponding requirements and compliance with the company's own expectations (1.1.3) are</p> <ul style="list-style-type: none"> - an equivalent component of the requirements

	<ul style="list-style-type: none"> - performance targets within the business relationship - part of the contract documents. 	<ul style="list-style-type: none"> - performance targets within the business relationship - part of the contract documents.
Level B	<p>The company rewards the continuous improvement of due diligence processes by producers at the garment manufacturing level (including outsourced process steps) through long-term contracts and increased order volumes. Progress is evaluated at least annually between purchasing staff and producers with reference to current assessments of the producers' due diligence processes.</p>	<p>The company rewards the continuous improvement of due diligence processes by suppliers at the CMT manufacturing production stage (including outsourced process steps) through long-term contracts and increased order volumes. Progress is evaluated at least annually between purchasing staff and suppliers with reference to current assessments of the suppliers' due diligence processes.</p>
<p>Explanation: The term business partner/producer has been replaced by the newly introduced term supplier. The term "standards" has been replaced by "expectations" as defined in 1.1.3.</p>		

3.1.6 Dialogue with suppliers (formerly 3.2.7)

	Formerly indicator 3.2.7	New indicator 3.1.6 (changes marked in yellow)
Level A	<p>At least once a year, the company exchanges information with business partners and producers in risk countries (2.1.7.) or with high-risk producers (2.1.4.) on implementation challenges and the possible share of its own business or purchasing practices in these.</p>	<p>At least once a year, the company exchanges information with suppliers (CMT manufacturing) in risk countries (2.1.7.) or with high-risk suppliers (2.1.4.) on implementation challenges and the possible share of its own business or purchasing practices in these. The company also exchanges information with suppliers on the implementation of its living wage strategy.</p> <p><i>Note: If the company procures through agents or importers, these are also included in the requirement.</i></p>
Level B	<p>Based on the feedback on its own purchasing practices (2.3.1.), the company takes up other relevant topics in a dialogue.</p>	<p>Based on the feedback on its own purchasing practices (2.3.1.), the company takes up other relevant topics in a dialogue.</p>
<p>Explanation: In Level A, building on the strategy to promote living wages, a concrete requirement for dialogue specifically on this topic has been added. The term business partner/producer has been replaced by the newly introduced term supplier and a note on indirect procurement has been added.</p>		

3.1.7 Supporting suppliers (formerly 3.2.8)

	Formerly indicator 3.2.8	New indicator 3.1.7 (changes marked in yellow)
Level A	Based on the results of the analysis and prioritization of risks and impacts (CE2) and information on existing due diligence processes (3.2.5.), the company supports business partners and (possibly upstream) producers in risk countries or high-risk producers (2.1.7.) in complying with the requirements for the implementation of due diligence processes at the manufacturing stage of production (including outsourced process steps).	Based on the results of the analysis and prioritization of risks and impacts (CE2) and information on existing due diligence processes (3.2.5.), the company supports suppliers in risk countries or high-risk suppliers (2.1.7.) in an appropriate manner in complying with the requirements for the implementation of due diligence processes at the CMT manufacturing stage of production (including outsourced process steps). <i>Note: Here, "in an appropriate manner" is determined by the company's individual risk profile and the severity and probability of occurrence of the risks identified for suppliers.</i>
Level B	The company can demonstrate the implementation and effect of concrete and risk-based support measures for producers or business partners at the manufacturing stage of production (including outsourced process steps).	The company demonstrates the implementation and effect of concrete and risk-based support measures for suppliers at the manufacturing stage of production (including outsourced process steps). The company supports suppliers with targeted support services as part of the implementation of its living wage strategy.
Explanation: It was frequently noted that it is unclear to what extent companies should support business partners and producers. Appropriate guidance has been added to the indicator and further elaborated in a note. Further information on this will be added in future documents. In Level B, a specific requirement for targeted support in this area has been added, building on the strategy to promote living wages. The term business partner/producer has been replaced by the newly introduced term supplier. Level B has been revised for the sake of linguistic consistency.		

3.1.8 Disengagement from business relationships (formerly 3.2.9)

	Formerly indicator 3.2.9	New indicator 3.1.8 (changes marked in yellow)
Level A	The company has a procedure for the responsible disengagement from business relationships (focus on business partners and producers). This also covers the cancellation and suspension of orders. The procedure includes at least <ul style="list-style-type: none"> - sufficient lead time for the producers, - the payment of work already done, and materials already ordered, and - monitoring compliance with regulations on salary and severance payments. 	The company has a procedure for the responsible disengagement from relationships with suppliers (CMT manufacturing) . This also covers the cancellation and suspension of orders. The procedure includes at least <ul style="list-style-type: none"> - providing detailed information that supports the decision as well as sufficient lead time for the suppliers, - the payment of work already done, and materials already ordered, and - monitoring compliance with regulations on salary and severance payments in accordance with national laws, international labor standards and collective agreements. <p><i>Note: The lead time between announcement and actual disengagement from the business relationship should be proportional to the percentage of the company's order volume with the supplier.</i></p>
Level B	The company has suitable instruments at its disposal to track the implementation of the process and any agreed measures. This includes, for example, dialogue with affected stakeholders or their representatives or communication of effective grievance channels through which those affected can report problems.	The company has suitable instruments at its disposal to track the implementation of the process and any agreed measures. This includes, for example, dialogue with affected stakeholders and/or their representatives or communication of effective grievance channels through which those affected can report problems.
Explanation: Based on the feedback from the consultation, the requirements in Level A have been further specified in accordance with the OECD Guidance. The obligation to pass on information to company trade unions, if any, was not added in Level A, as the involvement of affected parties and/or their representatives is already taken into account via the implementation of the procedure in Level B. The term business partner/producer has been replaced by the newly introduced term supplier.		

Criterion 3.2 Purchasing practices and living wages

The company takes measures to ensure that its own purchasing and procurement practices do not contribute to adverse impacts in the textile supply chain and actively works to promote living wages in the supply chain.

Removal: 3.2.1 Implementation of measures

	Formerly indicator 3.2.1	Removal
Level A	<p>The company implements the developed prevention and mitigation measures (3.1.3.) The measures include at least:</p> <ul style="list-style-type: none"> a) Improvement of the own purchase and procurement practices (3.2.2.) b) Strategy to promote living wages (3.2.3.) c) Evaluation of the due diligence processes of business partners and producers (3.2.4.) d) Setting incentives for business partners and producers (3.2.6.) e) Regular dialogue with business partners and producers (3.2.7.) f) Support of business partners and producers (3.2.8.) g) Responsible termination of business relationships (3.2.9.) 	Will be removed.
Explanation: This indicator is an overview indicator and has been formulated as a criterion (see criterion 3.2), as this circumvents thematic duplications in the indicators and enables a more efficient evaluation of the indicators. Comments from the consultation on this indicator have been assigned to the other indicators in this core element and taken into account there.		

3.2.1 Recording of key data on procurement and purchasing practices (formerly 3.1.7)

	Formerly indicator 3.1.7	New indicator 3.2.1 (changes marked in yellow)
Level A	<p>The company records at least the following key data on its own procurement and purchasing practice:</p> <ul style="list-style-type: none"> - share of direct versus indirect procurement - average capacity utilization of producers - length of business relations and - lead times for cancellation or modification of orders. 	<p>The company records at least the following key data on its own procurement and purchasing practices:</p> <ul style="list-style-type: none"> - share of direct versus indirect procurement - average capacity utilization of suppliers - length of business relations and - lead times for cancellation or modification of orders. <p>If a company (partially) cannot record the average capacity utilization of suppliers, it shall provide an explanation.</p>

	<i>Note: The average utilization of suppliers means the utilization of the company's own orders in percent in relation to the total capacity of the factory.</i>
Explanation: The indicator has been revised for language consistency. Some feedback from the consultation pointed to difficulties in recording these indicators in practice. A note including further explanations as well as an option for explanation if these cannot be collected has been added accordingly. At the same time, the recording of these key figures represents a central basis for improvements in the company's own procurement and purchasing practices, so no further adjustments have been made. The term business partner/producer has been replaced by the newly introduced term supplier.	

3.2.2 Improving procurement and purchasing practices

	Formerly indicator 3.2.2	New indicator 3.2.2 (changes marked in yellow)
Level A	The company implements measures with the aim of reducing adverse impacts on people and the environment in connection with its own purchasing and procurement practices (3.1.4.). The company documents successes and challenges in their implementation and evaluates them.	The company implements measures with the aim of reducing adverse impacts regarding people, the environment and integrity in connection with its own procurement and purchasing practices (2.3.1). The company documents successes and challenges in their implementation and evaluates them.
Level B	The company has formulated clear goals to improve its own purchasing and procurement practices and defined KPIs to track the implementation of these goals. This includes at least the following aspects: - Consideration of the sustainability performance of producers when awarding contracts; - Fair price negotiations and payment terms that take into account producers' labor and wage costs; - Improving forecasting and avoiding short-term order changes; - Improvement of the dialogue with producers.	The company has formulated clear goals to improve its own procurement and purchasing practices and defined KPIs to track the implementation of these goals. This includes at least the following aspects for the level of CMT manufacturing and, if applicable, outsourced process steps (printing, washing, embroidery): - Consideration of the sustainability performance of suppliers when awarding contracts; - Fair price negotiations and payment terms that take into account suppliers' labor and wage costs; - Improving forecasting and avoiding short-term order changes; - Improvement of the dialogue with suppliers.
Explanation: The indicator has been revised for linguistic consistency and the references adjusted according to the new numbering. In the consultation, it was pointed out that the indicator poses challenges for importers and agents, as their procurement and purchasing practices are also influenced by principals. Importers and agents are therefore called upon to specifically seek dialogue with principals in this regard. Supplementary information on this will be included in further documents. In addition, it was pointed out that "labor and wage costs" must already be defined more strongly in terms of living wages. This is done under indicator 3.2.3. The term business partner/producer has been replaced by the newly introduced term supplier. In order to clearly show that integrity risks are also included, the term "adverse impacts on people and the environment" has been replaced by the term "regarding people, the environment and integrity".		

3.2.3 Strategy to promote living wages

	Formerly indicator 3.2.3	New indicator 3.2.3 (changes marked in yellow)
Level A	<p>Based on the gap analysis (2.3.4.), the company presents a strategy for the promotion of living wages at the manufacturing stage of production and begins to implement it. The strategy includes at least the following components:</p> <ul style="list-style-type: none"> - Development of necessary internal and external capabilities, adaptation of own purchasing practices (3.2.2.) including incentives for producers (3.2.6.) and purchasing agents (3.1.6.); - Determination of the share of wage cost in selected products; - targeted improvements at producer level in relation to a selected Living Wage benchmark; - Strengthening of social dialogue/employer-employee relations on site. <p>During the strategy development, the company seeks dialogue with local/international trade unions in order to understand the systemic conditions for negotiating and paying living wages and to integrate them into its own strategy.</p>	<p>The company has a strategy to promote living wages at the CMT manufacturing level and is beginning to implement it.</p> <p>At a minimum, the strategy indicates:</p> <ul style="list-style-type: none"> - how the company plans to build necessary internal capabilities and structures for implementation; - how it plans to gain a better understanding of the relationship between its own purchasing prices and wages paid; and - what specific goals and improvements it aims to achieve based on the gap analysis (2.3.4) at the supplier level (CMT manufacturing); this includes: <ul style="list-style-type: none"> o what funding options it sees for higher wages that provide for equitable distribution of costs; o how it plans to ensure that measures contribute to actual wage increases for workers and that possible side effects are taken into account; - how it plans to contribute to a positive environment for improved social dialogue/employer-employee relations for its suppliers. <p>The company examines to what extent its own strategy can be implemented in cooperation with other companies or other relevant stakeholders/initiatives and can thereby also improve the systemic conditions for the payment of higher wages.</p> <p>For companies that manufacture themselves: The focus of the strategy is on concrete goals and improvements in the company's own production facilities, including a concrete timetable by when these are to be achieved.</p>
Level B	<p>The company can demonstrate progress in the implementation of its strategy and comprehensible wage increases at at least one high-risk producer for which a need for improvement has been identified (2.3.3.). Within the scope of the business relationship, the company contributes to ensuring that the wage increase is sustainable.</p> <p>Based on the implementation experience, the company formulates concrete goals and KPIs for the promotion of living wages at the packaging level for the next five years.</p>	<p>The company demonstrates concrete progress in the implementation of its strategy with regard to both internal conditions and concrete targets and improvements at supplier level (in cooperation with at least one supplier).</p> <p>Where reasonable and appropriate, the company has joined suitable initiatives or (co)initiated new collaborations to improve the systemic conditions for paying higher wages.</p>

	<p>The company actively involves international and/or local unions in measures/projects to implement its own strategy in order to improve the systemic conditions for negotiating and paying living wages.</p>	<p>The company has a system including concrete KPIs to review the implementation of the strategy and measure the effectiveness of the measures taken.</p> <p>Based on the learning experiences from the implementation and the progress made, the company has reviewed its strategy and further developed it. The company has formulated specific targets and KPIs to promote living wages at the CMT manufacturing level for the next five years.</p> <p><i>Note: Companies that manufacture their own garments demonstrate concrete progress in implementation in their own production facilities. The reasonable and appropriate participation of companies in relevant initiatives/collaborative projects (e.g., Action, Collaboration, Transformation) is measured by the size and influence of the company.</i></p>
<p>Explanation: Feedback on this indicator was very controversial. On the one hand, there were many voices calling for much clearer requirements for targets, in particular a more percentage-based target for the number of suppliers where concrete wage increases must be demonstrated. On the other hand, there were many voices that deemed the requirements to be unrealistic both in terms of feasibility, especially for small companies with a smaller order volume, the time horizon, and in terms of actual verifiability. The Green Button pursues the goal of bringing sustainability to the breadth of the market. Accordingly, a balance between the level of ambition and the feasibility for companies has been pursued in the revision of the standard. The current state of implementation across the industry has also been taken into account. As there are only a few isolated examples to date where companies' actions have contributed to actual wage increases in garment-manufacturing factories, an adjustment has been made at Level B and the specific progress to be made has been left open. This step also recognizes that, within the two-year period, many companies must first create important internal conditions to be able to make such concrete progress, and that successful implementation depends heavily on the individual relationship with suppliers and the local context. For companies that manufacture their own products, a specific requirement for improvements in their own production facilities has been added. At the same time, the requirements regarding the improvement of systemic conditions, which are basic prerequisites for systemic change, have been strengthened, especially for larger companies.</p>		

Removal: 3.3.1 Measuring effectiveness

	Formerly indicator 3.3.1	Removal
Level A	<p>The company defines appropriate targets and KPIs to track the effectiveness of the prevention and mitigation measures taken.</p> <p>In doing so, the company ensures that:</p> <ul style="list-style-type: none"> - internal and external information is collected and evaluated to measure progress. This includes information from the exchange with affected stakeholders - the results of the evaluation are incorporated into internal processes. The company uses this information to further develop its own processes. 	Will be removed.

Level B	The company exchanges views with external stakeholders including other companies and experts on the indicators used and integrates lessons learned in the further development of the indicators.	Will be removed.
Explanation: Some feedback noted that the indicator is rather weakly designed. Furthermore, there were many comments calling for continuous development to be taken into account more directly in the development stages as a whole. These recommendations have been incorporated into the decision to delete this indicator and to integrate requirements directly into the grid in the appropriate places (see e.g. 1.4.3, 3.1.3 and 3.2.3).		

Core Element 4: Reporting and communication

Overview of the changes

Total number of indicators	Now 9 indicators, formerly 11 indicators (including 2 removals and 1 merging of two indicators, one new indicator)
Number of indicators removed	2 (formerly indicators 4.1.1 and 4.2.2), both of which have been reformulated as criteria 4.1 und 4.2

General and overarching feedback on CE4

Thematic feedback in consultation	Response
Publication of details on the risk analysis: Feedback repeatedly pointed out that, based on the OECD Guidance, further requirements on the procedure for the risk analysis and the prioritization of the most serious risks should be added. Similar requirements also exist in the Partnership for Sustainable Textiles.	A new indicator has been added, which is based on the requirements of the OECD Guidance and the Partnership for Sustainable Textiles (4.2.2).

Criterion 4.1 Formal requirements for reporting

The company has processes in place to publicly communicate the implementation of its corporate due diligence obligations in the supply chain on a regular basis and in a target group-oriented manner using a defined system.

Removal: 4.1.1 Formal requirements

	Formerly indicator 4.1.1	Removal
Level A	The company communicates publicly about its goals and due diligence activities carried out with regard to the textile supply chain. The reporting: a) takes place regularly and systematically (4.1.2.) b) refers to commitments and expectations from the policy (4.1.3.) c) is clearly formulated and easily accessible (4.1.4.)	Will be removed.
Explanation: This indicator is an overview indicator and has been formulated as a criterion (see criterion 4.1), as this circumvents thematic duplication in the indicators and enables a more efficient evaluation of the indicators. Comments from the consultation on this indicator have been assigned to the "General feedback" section or the other indicators in this core element and taken into account there.		

4.1.1 Regularity and systematics (formerly 4.1.2)

	Formerly indicator 4.1.2	New indicator 4.1.1 (changes marked in yellow)
Level A	The company communicates at least once a year using a defined systematic approach.	The company communicates at least once a year regarding the previous fiscal year using a defined systematic approach.
Explanation: The reference to the previous fiscal year has been added in accordance with the Supply Chain Due Diligence Act.		

4.1.2 Clarity and accessibility (formerly 4.1.4)

	Formerly indicator 4.1.4	New indicator 4.1.2 (changes marked in yellow)
Level A	The company makes information available in a precise, clear and user-friendly manner and publishes or links to it in a central location on its own corporate website.	The company makes information (4.2) available in a precise, clear and user-friendly manner and publishes it in such a way that relevant target groups can easily access the information. <i>Note: relevant target groups include, for example, suppliers, civil society and employee representatives, as well as the interested public and consumers.</i>

Level B	The company provides relevant parts of its reporting to business partners and producers as well as international stakeholders in English if German is not the business language.	The company provides relevant parts of its reporting to suppliers as well as international stakeholders in English if German is not the business language.
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Explanation: Following a recommendation from the consultation, the reference to 4.2 has been added in Level A to clarify what information and content is involved. In addition, a note on relevant target groups for public communication has been added. The term business partner/producer has been replaced by the newly introduced term supplier.

Criterion 4.2 Content of reporting

The company provides information in its reporting that allows external stakeholders to learn about the company's own due diligence processes in the supply chain and the management of risks and impacts, and to assess their appropriateness.

Removal: 4.2.1 Content

	Formerly indicator 4.2.1	Removal
Level A	<p>In its public reporting, the company reports on its progress in implementing due diligence in light of its requirements and goals.</p> <p>This includes at least:</p> <ul style="list-style-type: none"> a) Progress on goals and challenges in implementation (4.2.2.) b) Implemented prevention, mitigation and remedial measures (4.2.3.) c) Lessons learned and their consideration in the future (4.2.4.) d) Grievance channels and grievances received (4.2.5.) e) Involvement of potentially affected persons and/or groups and external stakeholders (4.2.6.) f) Progress in increasing the transparency of its own supply chains (4.2.7.) 	Will be removed.

Explanation: This indicator is an overview indicator and has been formulated as a criterion (see criterion 4.2), as this circumvents thematic duplication in the indicators and enables a more efficient evaluation of the indicators. Further comments from the consultation on this indicator have been assigned to the "General feedback" section or the other indicators in this core element and taken into account there.

4.2.1 Reference to the policy (formerly 4.1.3)

	Formerly indicator 4.1.3	New indicator 4.2.1 (changes marked in yellow)
Level A	The company makes concrete reference to its own voluntary commitments and expectations formulated in its own policy (1.1.1.)	The company makes concrete reference to its own voluntary commitments and expectations formulated in its own policy (1.1.1-1.1.7).

4.2.2 Most severe risks (new indicator)

		New indicator 4.2.2 (changes marked in yellow)
Level A	N/A	The company identifies its most severe risks (CE2) in the supply chain.
Level B	N/A	<p>The company reports on the processes and methodology it has used to identify and prioritize its most severe risks.</p> <p>Note: This includes, at a minimum, a description of the sources and information used, the extent to which internal and external stakeholders and, in particular, affected stakeholders or their representatives were involved in the process, and what information was taken into account in the assessment and prioritization of risks.</p>
Explanation: On several occasions, feedback indicated that based on the OECD Guidance, further requirements for the approach to the risk analysis and prioritization of the most severe risks should be added. A new indicator has been added. The requirements are based on the recommendations of the OECD Guidance and the requirements of the Partnership for Sustainable Textiles.		

4.2.3 Prevention, mitigation and remedial measures

	Formerly indicator 4.2.3	New indicator 4.2.3 (changes marked in yellow)
Level A	The company reports which prevention, mitigation and remedial measures (CE3 + CE5) have addressed the most severe risks and impacts (CE2).	The company reports which prevention, mitigation and remedial measures (CE3 + CE5) have addressed the most severe risks and impacts (CE2) and illustrates the effectiveness of the measures at least by means of individual examples.
Level B	In addition to reporting on the results of the exchange with external stakeholders, the company reports on the methodology and the results of risk analysis, as well as on the prioritization of its most severe risks.	The company reports on progress and the effectiveness of its prevention, mitigation and remedial measures (CE3 + CE5) using specific KPIs.
Explanation: Similar to the feedback on CE3, several responses pointed out that companies should not only report on the implementation of these measures, but also on their effectiveness. In Level A, the requirement to illustrate this with individual examples has therefore been added. In addition - and analogous to CE3 - public reporting based on concrete KPIs has been added to Level B. The original requirement under Level B has been moved to the new indicator 4.2.2.		

4.2.4 Lessons learned, progress and challenges (formerly 4.2.2 and 4.2.4)

	Formerly indicator 4.2.2	New indicator 4.2.4 (changes marked in yellow)
Level A	In its public reporting, the company reports on its progress in implementing due diligence in light of requirements and goals (CE 1) as well as on challenges in implementation.	In its public reporting, the company reports on lessons learned and progress made on measures taken (CE3) and describes how these and existing challenges will be addressed in future implementation.
Level B	N/A	<p>The company reports on its strategy to promote living wages (3.2.3). The company describes how it is working practically on implementation, what the focal points and goals of its own strategy are, and which benchmark is used to calculate living wages.</p> <p>The company reports on concrete progress in implementing the strategy and improving its own procurement and purchasing practices.</p>
Explanation: Indicators 4.2.2 and 4.2.4 have been combined into one indicator for better comprehensibility. At Level B, the requirement to report on the company's own strategy for promoting living wages and concrete progress in implementing and improving its own procurement and purchasing practices has been added. This requirement was originally integrated into CE1 and was misinterpreted there. For the sake of better comprehensibility and consistency, these requirements have therefore been moved here.		

4.2.5 Grievance mechanisms and grievances received

	Formerly indicator 4.2.5	New indicator 4.2.5 (changes marked in yellow)
Level A	The company reports on existing grievance mechanisms for potentially affected stakeholders (1.1.9.) as well as aggregated information on grievances received.	The company reports on existing grievance mechanisms for potentially affected stakeholders [1.1.7.] as well as aggregated information on the number and topics of grievances received.
Level B	The company also reports on corrective and remedial measures taken and on its lessons learned in handling grievances received and developing appropriate remedial measures.	The company also reports on corrective and remedial measures taken and on its lessons learned in handling grievances received and developing appropriate remedial measures.
Explanation: Following a recommendation, the requirement to report aggregate on "the number and topics of grievances received" has been added at Level A and specified. This requirement is thus equivalent to the requirements for public reporting in the Partnership for Sustainable Textiles.		

4.2.6 Involvement of external stakeholders and potentially affected stakeholders

	Formerly indicator 4.2.6	New indicator 4.2.6 (changes marked in yellow)
Level A	The company reports on how it involves relevant external stakeholders and in particular (potentially) affected stakeholders in the implementation of its due diligence activities. In doing so, it reports at least on surveys of workers (3.2.5.) as well as exchange or cooperation formats with business partners and (possibly upstream) producers.	The company reports on how it involves relevant external stakeholders and in particular (potentially) affected stakeholders in the implementation of its due diligence activities. In doing so, it reports at least on the results of surveys of workers (3.1.3) as well as the dialogue with suppliers (3.1.6) . <i>Note: External stakeholders can include potentially affected stakeholders and their representatives, suppliers, as well as civil society and employee representatives.</i>
Level B	The company also reports how the needs of particularly vulnerable stakeholders were taken into account in the implementation of the due diligence processes (1.1.8.) and in what form the identified groups or their representatives were consulted. The company reports in addition to existing exchange or cooperation formats with national or international trade unions, (multi-stakeholder) initiatives, civil society actors and other companies.	The company also reports how the needs of particularly vulnerable stakeholders were taken into account in the implementation of the due diligence processes (1.1.8.) and in what form the identified groups or their representatives were consulted. In addition, the company reports on the results and topics of existing exchange or cooperation formats with national or international employee representatives, (multi-stakeholder) initiatives, civil society actors and other companies.
Explanation: Upon recommendation, a note has been added to Level A specifying "external stakeholders." In both Levels, the requirement has been specified not only to report on existing exchange formats, but on specific results and topics of these exchanges. No further requirement to communicate with potentially affected parties has been added. A concrete requirement for this already exists in CE3. The term business partner/producer has been replaced by the newly introduced term supplier.		

4.2.7 Increasing supply chain transparency

	Formerly indicator 4.2.7	New indicator 4.2.7 (changes marked in yellow)
Level A	The company demonstrates progress in the implementation of its goals and action plan to increase transparency in the supply chain (2.1.1.) and identifies implementation challenges.	The company publishes a list of all sourcing countries on its website, which shows in which high-risk countries the production stages of CMT manufacturing (incl. outsourced process steps of printing, embroidery, washing) as well as finishing, bleaching and dyeing are carried out. For each country, the company also names the regions from which it procures and identifies general information gaps.
Level B		The company publishes a list of all sourcing countries on its website, showing in which high-risk countries all production stages down to raw material cultivation are carried out. For each country, the company also names the regions from which it procures and identifies general information gaps.

Explanation: The consultation resulted in very diverse feedback for this indicator. Comments were made that the indicators were too vague and unambitious, and that greater transparency about the company's own supply chain to the outside world was necessary. At the same time, there were also voices that considered the publication of concrete data on production companies to be very tricky. For Green Button 2.0, therefore, the first step was to add the requirement to provide information on the production countries (incl. naming of high-risk regions) along the company's own supply chain. The development or coverage of supply chain levels outlined here is coherent with the procedure for indicator 2.1.1 (mapping of the supply chain). At the same time, internal transparency is ensured via the audit. Companies must provide information on their own supply chain in relation to indicator 2.1.1 in the audit vis-à-vis certification bodies.

Core Element 5: Grievance mechanisms and remedy

Overview of the changes

Total number of indicators	now 9, formerly 10 indicators (2 removals and 1 new indicator)
Number of indicators removed	2 (formerly indicators 5.1.1 and 5.2.1), both of which were reformulated as criteria 5.1 and 5.2
Number of development levels removed	1 (removal of Level B under indicator 5.2.3)
Shift from Level B to A	2 (new indicators 5.1.1, 5.2.1)

General and overarching feedback on CE5

Thematic feedback in consultation	Response
Clearer focus on effectiveness: Many participants expressed the need for a more precise definition of effectiveness/minimum criteria for mechanisms	The eight effectiveness criteria of the UN Guiding Principles are clearly referenced, and the work toward effective mechanisms is clearly stated at key points in the indicators (5.1.1), and indirectly elsewhere (anonymity, disclosure, protection from retaliation, accessibility, stakeholder involvement in developing and testing remedial action). Added notes emphasize this further.
Greater involvement of external stakeholders: In many cases, a requirement for deeper collaboration with stakeholders was already called for at Level A (collaboration instead of consultation), especially with trade unions.	By definition, external stakeholders also include trade unions/employee representatives. The type of collaboration has been specified at various points. At the same time, the indicators must take into account the respective company-specific context. Therefore, room has been left for companies to decide, depending on the context and situation, how they can collaborate most effectively with which external stakeholders.
Promoting collective approaches: In many cases, feedback indicated that industry-wide, collaborative mechanisms should be promoted over individual ones, which are judged to be ineffective.	The standard itself can only indirectly promote collective engagement through corresponding requirements in the indicators. Specific incentives for increased collective engagement are already integrated at individual points and have been strengthened further (e.g. indicator 5.1.4). The scheme owner welcomes collective approaches, such as those promoted within the framework of the Partnership for Sustainable Textiles.

Criterion 5.1 Access to effective grievance mechanisms

The company actively promotes access to effective grievance mechanisms in the supply chain. This includes both factory/local and back-up mechanisms.

Note: In-factory/local mechanisms refer to mechanisms that workers at suppliers's facilities can access locally, both inside and outside the production facilities, e.g. grievance boxes, workers' representative bodies, (non-)government agencies. Back-up mechanisms, on the other hand, refer to channels that the company provides or is involved in and that workers can access if grievances cannot be resolved through factory/local mechanisms and/or grievances directly affect the company.

Removal: 5.1.1 Access to Effective Grievance Mechanisms

	Formerly indicator 5.1.1	Removal
Level A	<p>The company actively promotes access to effective grievance mechanisms. This includes at least:</p> <ul style="list-style-type: none"> a) an overview of existing grievance mechanism and their effectiveness (5.1.2.) b) identification of gaps and measures for improvement (5.1.2.) and based on this c) the promotion of effective factory-level grievance mechanisms (5.1.5.) d) the promotion of effective back-up grievance mechanisms (5.1.6.) where e) general requirements for improvement measures (5.1.4) are met. 	Will be removed.

Explanation: This indicator is an overview indicator and has been formulated as a criterion (see criterion 5.1), as this circumvents thematic duplication in the indicators and allows for a more efficient evaluation of the indicators.

5.1.1 Gap analysis of grievance mechanisms in the supply chain (formerly 5.1.2 and 5.1.3)

	Formerly indicator 5.1.2	New indicator 5.1.1 (changes marked in yellow)
Level A	<p>The company has an overview of existing grievance mechanisms and their effectiveness at the manufacturing stage of production (excluding outsourced production processes) in risk countries (2.1.4.) or with high-risk producers (2.1.7.). This includes:</p> <ul style="list-style-type: none"> - both factory internal, local and external back-up mechanisms - an analysis of the effectiveness of these mechanisms based on the UN Guiding Principles Effectiveness Criteria (see UN Guiding Principle 31). <p>In case manufacturing takes place entirely within the company, only indicators 5.1.2. and 5.1.5. are relevant.</p>	<p>The company has an overview of where grievance mechanisms are in place at the manufacturing stage (excl. outsourced production steps) in high-risk countries (2.1.2) or at high-risk suppliers' facilities (2.1.5) and where gaps exist. Where such mechanisms are in place, the company has analyzed the effectiveness of the mechanisms according to the criteria of UN Guiding Principle 31 and also identified gaps. In doing so, it has taken into account information on the local/country context (2.1.2).</p> <p>The overview including the analysis of effectiveness is documented by the company.</p>

		<p><i>Note: The overview should include factory-internal, local as well as external back-up mechanisms.</i></p>
Level B	In case manufacturing takes place within the company: the company has an overview, as defined in 5.1.2.A, of existing grievance mechanisms at the next upstream supply chain level in risk countries (2.1.4.) or at high-risk producers' facilities (2.1.7.).	The company updates the overview of grievance mechanisms and the analysis of effectiveness on a regular basis (at least every two years), taking into account newly acquired information and findings (2.1.1).
<p>Explanation: All elements of an inventory and gap analysis (formerly split between 5.1.2 and 5.1.3) have been combined into one step and to clearly differentiate from taking action (new indicator 5.1.2). In many cases, feedback stressed the importance of defining effectiveness, so it has been emphasized here that the gap analysis must completely address all effectiveness criteria. However, further detail is not required as there is a clear mention of the UN Guiding Principles. At Level B, the requirements have been modified to require that the gap analysis be updated or supplemented based on newly acquired information and insights. The requirement for companies that manufacture themselves to penetrate upstream process steps has been deleted in order to focus initially on measures in their own operations (5.1.3). The term business partner/producer has been replaced by the newly introduced term supplier.</p>		

5.1.2 Prioritization and deriving of improvement measures (formerly 5.1.3)

	Formerly indicator 5.1.3	New indicator 5.1.2 (changes marked in yellow)
Level A	<p>Based on the overview (5.1.2.A) and further information on the local/country context (building on 2.1.4.), the company identifies gaps and prioritizes areas for improvement. Based on this, the company works on the improvement and/or establishment of:</p> <ul style="list-style-type: none"> a) effective factory-level grievance mechanisms (5.1.5.) b) effective back-up grievance mechanisms (5.1.6.) 	<p>Based on the overview and the identified gaps in effectiveness (5.1.1 A), the company has prioritized areas for improvement. Based on this, the company works on the improvement and/or establishment of:</p> <ul style="list-style-type: none"> a) effective factory-level grievance mechanisms (5.1.3) b) effective back-up grievance mechanisms (5.1.4) <p>The company:</p> <ul style="list-style-type: none"> - exchanges information with external stakeholders at least once every two years in order to discuss its measures across the board - examines how it can cooperate with external stakeholders, especially other clients, in a targeted manner - focuses on ensuring that mechanisms are accessible locally and can be used anonymously - Examines whether potential users/stakeholders are protected from retaliation <p><i>Note: Local accessibility includes, in particular, adequate disclosure to potential users and availability of the mechanism in their local languages. External stakeholders may include suppliers, civil society, worker representatives, other companies, as well as industry and/or multistakeholder initiatives.</i></p>

Explanation: Many respondents criticized that indicators 5.1.2 and 5.1.3 do not differ clearly enough. This new indicator now more clearly distinguishes taking action (prioritizing and working on improvement) from the upstream effectiveness and gap analysis (5.1.1).

The previous indicator 5.1.4 is also incorporated here, as requirements for improvement are described across internal (5.1.5) and back-up (5.1.6) mechanisms. Following a recommendation from the consultation, external stakeholder engagement has been moved to Level A as a baseline requirement. In addition, feedback emphasized the importance of the principle of anonymity, so it is explicitly mentioned here in a note (similarly to Protection from Retaliation, which is located under Legitimacy in the eight Effectiveness Criteria). Together with accessibility (which includes local disclosure and availability in local languages), these two effectiveness criteria are thus particularly emphasized. The term "external stakeholders" is now specified in more detail in a note in a consistent manner across all indicators.

Removal: 5.1.4 General requirements for improvement measures

	Formerly indicator 5.1.4	Removal
Level A	In the development and implementation of measures for improvement (5.1.3): <ul style="list-style-type: none"> - the company examines possibilities of cooperation with other purchasing agents; - the company focuses on making mechanisms locally accessible and - potential users/affected stakeholders are protected from retaliation 	Shift to 5.1.2
Level B	The company shares lessons learned from implementation with external stakeholders at least every two years.	Shift to 5.1.2

Explanation: Systematics within the criterion are simplified by stating all general requirements for improvement actions together (under 5.1.2), or -if more concrete- by assigning them to the specific type of mechanism (5.1.3 or 5.1.4).

5.1.3 Effective factory-level grievance mechanisms (formerly 5.1.5)

	Formerly indicator 5.1.5	New indicator 5.1.3 (changes marked in yellow)
Level A	The company works together with producers and potential users/affected stakeholders on site to improve factory-level mechanisms with the aim of making them more effective (5.1.2). Where these are not available or ineffective, the company supports producers in establishing an effective grievance mechanism. For companies manufacturing their own goods: all of their own production facilities/factories must have effective factory-level mechanisms for potentially affected stakeholders.	Based on the prioritized needs for improvement (5.1.2), the company supports its suppliers (CMT manufacturing) in setting up and/or improving internal grievance mechanisms. Potential users/stakeholders or their legitimate representatives are involved in this process. The establishment and/or improvement of internal factory grievance mechanisms is designed to make them effective (5.1.2). For companies manufacturing their own goods: all of their own production facilities must have effective factory-level mechanisms for potentially affected stakeholders.
Level B	Based on the measures taken (5.1.5.A), the company can demonstrate that producers in all risk countries (2.1.4.) have effective factory-level grievance mechanisms in place, where improvement needs have been identified (5.1.3.).	Based on the measures taken (5.1.3 A), the company can demonstrate that suppliers (CMT manufacturing) in all risk countries (2.1.2) and high-risk suppliers (2.1.5) have effective factory-level grievance mechanisms in place.

	<p>For companies that manufacture their own goods: the company can prove that producers at the upstream supply chain level have effective factory-level grievance mechanisms in place, where improvement needs have been identified.</p>	<p>The company documents where gaps continue to exist and presents a plan, including specific goals, to close them.</p>
<p>Explanation: The involvement of stakeholders and social dialogue was often noted as central in the feedback. In Level A, it is already clear that potential users and those affected are to be involved. There is also an overarching requirement for this in indicator 5.1.2. The addition of "where needs for improvement have been identified" has been removed, as the result should be that all suppliers in high-risk countries and high-risk suppliers should have an effective mechanism in place. Due to the ambitious timeframe, the possibility to provide an explanation in case of deviation has been added. The term business partner/producer has been replaced by the newly introduced term supplier.</p>		

5.1.4 Effective back-up grievance mechanisms (formerly 5.1.6)

	Formerly indicator 5.1.6	New indicator 5.1.4 (changes marked in yellow)
Level A	The company works together with external stakeholders (including potential users / those affected on site) to improve back-up grievance mechanisms with the aim of making them more effective (5.1.2.) and complementing factory-level mechanisms. Where these do not exist or are ineffective, the company works together with external stakeholders to establish an effective back-up grievance mechanism.	Building on the prioritized improvement needs (5.1.2), the company works together with external stakeholders to establish and/or improve back-up grievance mechanisms for the manufacturing stage of production. Potential users/stakeholders or their legitimate representatives are involved in this process. The establishment and/or improvement of these mechanisms is designed to make them effective (5.1.2).
Level B	<p>Based on the measures taken (5.1.6.A), the company can prove that</p> <ul style="list-style-type: none"> - an effective back-up grievances mechanism has been improved or established in at least one risk country (2.1.4.). - it has formulated concrete goals for the improvement of back-up mechanisms in other risk countries (2.1.4.) 	<p>Based on the measures taken (5.1.6.A), the company proves that</p> <ul style="list-style-type: none"> - an effective back-up grievances mechanism has been improved or established in at least one risk country (2.1.2). - it has formulated concrete goals for the improvement of back-up mechanisms in other risk countries (2.1.2)
<p>Explanation: In many cases, feedback indicated that companies do not have to work alone, but in association with other stakeholders/MSIs in order to establish effective mechanisms. Collaboration with external stakeholders is already embedded in the requirements, but this has not been specified further, as this has to be decided depending on the individual context. Companies should be able to decide on a case-by-case basis which approach makes sense. In addition to the involvement of potential users/stakeholders on site, the possibility of involving their legitimate representatives has also been added. Stage B has been revised for the sake of linguistic consistency.</p>		

Criterion 5.2 Handling of grievances, remedy and compensation

The company addresses grievances from affected stakeholders and the actual impacts in its supply chain and provides remedy and, if necessary, compensation for them.

Note: The indicators of this criterion refer both to grievances brought to the company's attention and to information on adverse impacts from other sources such as the company's actively pursued identification of impacts.

Removal: 5.2.1 Handling of grievances, remedy and compensation

	Formerly indicator 5.2.1	New indicator 5.2.1 (changes marked in yellow)
Level A	For the handling of grievances as well as to provide remedy if necessary, the company ensures that it: a) creates the necessary internal conditions (5.2.2.) b) develops remedial measures (5.2.3.) and c) implements these with the appropriate care (5.2.4.) and d) monitors the implementation (5.2.5.)	Will be removed.

Explanation: This indicator is an overview indicator and has been formulated as a criterion (see criterion 5.2), as this circumvents thematic duplication in the indicators and allows for a more efficient evaluation of the indicators.

5.2.1 Requirements (formerly 5.2.2)

	Formerly indicator 5.2.2	New indicator 5.2.1 (changes marked in yellow)
Level A	The company creates the internal conditions for dealing with grievances, as well as for providing remedy if necessary. The company ensures that: - A formal process for dealing with grievances is established. This includes the establishment of a procedure for processing the grievance, personal responsibilities and (local) contact persons for affected stakeholders/their legitimate representatives and a timetable (including the implementation of remedial measures)	The company creates the internal conditions for dealing with grievances, as well as for providing remedy for actual adverse impacts if necessary. The company ensures that: - persons who receive grievances and evaluate incidents of adverse impact for the company are able to assess them based on their severity and urgency. - internally, responsibilities, decision-making processes and possible funding for provision of remedy and compensation are clarified. <i>Note: This includes grievances that can be brought to the attention of the company through various channels, not just its own mechanisms. Persons who can receive grievances on behalf of the company include, for example, responsible employees at headquarters, local personnel who conduct supplier visits, or local auditors and certification bodies.</i>

Level B	<p>The company ensures that:</p> <ul style="list-style-type: none"> - local contact persons or those in charge of receiving grievances are able to assess incidents and grievances based on their severity and urgency (e.g. local staff conducting producer visits, auditors) - Responsibilities, decision-making processes and possible funding for provision of remedy are clarified. This applies to actual adverse impacts on people or the environment to which the company has caused or contributed to. 	Level B has been integrated into A.
Explanation: This indicator now summarizes at Level A both structural and capacity requirements for an effective mechanism. It was noted in the consultation that expertise must form the basis for the classification of a grievance (formerly Level B). This has been moved to Level A accordingly. Examples of people who can receive complaints have been moved to a note. In Level A, it has also been specified that the requirement refers to remedy and compensation for all cases of actual adverse impact.		

5.2.2 Processing grievances (new indicator)

		New indicator 5.2.2 (changes marked in yellow)
Level A	n/a	<p>The company documents all grievances received. In the case of grievances received by the company itself, it evaluates them in terms of their factual accuracy. Legitimate grievances/actual impacts are subsequently evaluated according to their severity and urgency.</p> <p>The company examines the extent to which it caused, contributed to, or is associated with them.</p>
Explanation: Feedback from the consultation criticized the fact that there is no requirement to process and analyze complaints received. This should aim to identify thematically relevant and factually correct grievances for further consideration. A new indicator has been added accordingly, which ties in closely with the requirements for effective mechanisms (5.1.4 and 5.1.5) and professional requirements (5.2.1).		

5.2.3 Remedial and compensatory measures

	Formerly indicator 5.2.3	New indicator 5.2.3 (changes marked in yellow)
Level A	The company develops and implements appropriate measures to remedy the action causing or contributing to the identified adverse impacts (2.2.1) and, if necessary, provide for compensation. The same accounts for grievances that refer to identified actual adverse impacts caused or contributed to by the company.	The company develops and implements appropriate measures to remedy the action causing or contributing to the identified adverse impacts (2.2.1) and, if necessary, provide for compensation. The same accounts for grievances that refer to identified actual adverse impacts caused or contributed to by the company.

	Appropriate measures are based on the severity and urgency of the impact or grievance. In the case of particularly severe impacts (at least child labour/forced labour/ freedom of association and gender-based violence), remedial action must be taken immediately.	Appropriate measures are based on the severity and urgency of the impact or grievance. In the case of particularly severe impacts (at least child labour/forced labour/ freedom of association and gender-based violence), remedial action must be taken immediately.
Level B	The company cooperates with other purchasing agents and stakeholders to address the (systemic) causes of recurring incidents or grievances in the textile supply chains. To this end, companies provide information on the nature of the joint commitment and the (initial) results.	Will be removed.
Explanation: In Level A, further explanations have been moved to a note or added there. Level B on cooperation with other purchasers and stakeholders has been deleted, as cooperation with stakeholders in the case of structural/systemic causes of risks/impacts is already required in CE 3 under indicator 3.1.1.		

5.2.4 Implementation of measures

	Formerly indicator 5.2.4	New indicator 5.2.4 (changes marked in yellow)
Level A	When developing and implementing corrective and remedial measures (5.2.3.), the company shall ensure that - Affected stakeholders/their legitimate representatives, producers and other parties (also) involved in the adverse impacts are consulted. - the causes of any incidents or problems that have occurred are analyzed in order to prevent further abuses.	When developing and implementing corrective and remedial measures (5.2.3.), the company shall ensure that - Affected stakeholders/their legitimate representatives, suppliers and other parties (also) involved in the adverse impacts are consulted and informed about ultimately adopted measures. - the causes of any incidents or problems that have occurred are analyzed in order to prevent further abuses.
Explanation: The indicator has been renamed and now summarizes the overarching requirements for measures from 5.2.3 (development and implementation). Upon recommendation, the requirement to not only consult potentially affected parties/their legitimate representatives, but also to inform them about ultimately adopted measures, has been specified. The term business partner/producer has been replaced by the newly introduced term supplier.		

5.2.5 Follow-up on measures

	Formerly indicator 5.2.5	New indicator 5.2.5 (changes marked in yellow)
Level A	The company tracks and monitors the implementation of remedial and compensatory measures.	The company tracks and monitors the implementation of remedial and compensatory measures.
Level B	The company has established processes involving affected stakeholders/their legitimate representatives to evaluate and ensure that remedial measures are effective and satisfactory from the perspective of those affected. Based on this knowledge, the handling of grievances is continuously being developed.	The company has established processes involving affected stakeholders/their legitimate representatives to evaluate and ensure that remedial and compensatory measures are effective and satisfactory from the perspective of those affected. Based on this knowledge, the handling of grievances is continuously being developed.
Explanation: There were no specific suggestions for improvement of this indicator in the consultation. In line with the previous indicators, the reference to compensatory measures has been added.		

List of Abbreviations

BAT	Best Available Techniques
BMZ	German Federal Ministry for Economic Cooperation and Development
CE	Core Element
CMT	Cut-Make-Trim (manufacturing)
ILO	International Labour Organization
ISO	International Organization for Standardization
OECD	Organisation for Economic Co-operation and Development
SMEs	Small and medium-sized enterprises
UN	United Nations
ZDHC	Zero Discharge of Hazardous Chemicals