



GLOBAL ORGANIC TEXTILE STANDARD  
ECOLOGY & SOCIAL RESPONSIBILITY

# GOTS DUE DILIGENCE HANDBOOK FOR CERTIFIED ENTITIES

VERSION 1.0

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**GOTS Due Diligence Handbook for Certified Entities, v.1.0, released on 14 September 2023.**

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- **“shall”** indicates a mandatory requirement
- **“should”** indicates a recommendation
- **“may”** indicates a permission
- **“can”** indicates a possibility or capability

### **Availability of Documents:**

This Handbook, GOTS and the Manual for the Implementation of GOTS, reference documents and any further relevant public information as released by Global Standard gGmbH are available for public download on the [GOTS website](#)

### **ABOUT GOTS**

The Global Organic Textile Standard (GOTS) is operated by Global Standard gemeinnützige GmbH, a not-for-profit organisation incorporated in Germany in 2002.

### **Vision**

GOTS' vision is that organic textiles will become a significant part of everyday life, enhancing people's lives and the environment.

### **Mission**

GOTS' mission is the development, implementation, verification, protection and promotion of the Global Organic Textile Standard (GOTS). This standard stipulates requirements throughout the supply chain for ecological and labour conditions in textile and apparel manufacturing using organically produced raw materials. Organic production is based on a system of farming that maintains and replenishes soil fertility without using toxic, persistent pesticides or synthetic fertilisers. In addition, it includes welfare standards for animal husbandry and prohibits genetically modified organisms.

Further information is available at: [www.global-standard.org](http://www.global-standard.org)

This document was drafted in cooperation with:

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# 1 INTRODUCTION

## 1.1 Background and Purpose of the Handbook

- 1.1.1. The Global Organic Textile Standard (GOTS) stipulates requirements throughout the supply chain of Certified Entities for ecological, human rights and social conditions in textile and apparel manufacturing using certified organically produced raw materials. GOTS version 7.0, released in March 2023 and setting out the relevant standards for GOTS Certified Entities, introduced new and updated human rights and environmental due diligence criteria.
- 1.1.2. *Purpose of this handbook.* The GOTS Due Diligence Handbook for Certified Entities (hereafter referred to as the 'Handbook') aims to provide GOTS Certified Entities with detailed guidance on integrating due diligence in line with the GOTS 7.0 criteria. It is formulated to help Certified Entities understand, adopt and implement the GOTS due diligence criteria. While the Handbook provides a robust framework for effectively identifying, preventing, mitigating and communicating potential human rights and environmental impacts within a Certified Entity's operations and supply chains, it is not to be considered an exhaustive checklist. Rather, it serves as a guide that provides Certified Entities with practical steps to conduct due diligence effectively, providing a framework which should be developed in light of the particular circumstances of a Certified Entity.
- 1.1.3. *Methodology.* The Handbook's methodological approach is based on recognised international frameworks, in particular the UN Guiding Principles on Business and Human Rights (UNGPs), the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct, OECD Due Diligence Guidance for Responsible Business Conduct and, most notably, the OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector<sup>1</sup>. It outlines a comprehensive six-step due diligence process that enables Certified Entities to integrate responsible business practices, conduct thorough risk assessments, develop strategies to prevent and mitigate harm, track their implementation, communicate their efforts, and establish channels for remediation.
- 1.1.4. *The Vision.* By implementing a comprehensive due diligence approach, GOTS Certified Entities improve their environmental, human rights and social performance, comply with leading international frameworks and ensure continuous improvement over time. GOTS 7.0 due diligence requirements, along with this Handbook, promote environmentally and socially sustainable business models. It should be emphasised that Certified Entities are explicitly required to comply with every aspect of the GOTS criteria. This obligation rests solely with the Certified Entities, emphasising that the responsibility for ensuring compliance and the associated risks remain with the Certified Entities.

## 1.2 Importance of Human Rights and Environmental Due Diligence

- 1.2.1. Human rights and environmental due diligence are integral elements of the GOTS 7.0 criteria.<sup>2</sup> By setting strict requirements for Certified Entities, the Global Organic Textile Standard underscores a broader commitment to ethical business conduct within the textile supply chain. This commitment aligns with ongoing regulatory developments requiring greater respect for human rights and the environment in business operations, such as

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<sup>1</sup> UN, [Guiding Principles on Business and Human Rights: Implementing the United Nations 'Protect, Respect and Remedy' Framework](#) (2011); OECD, [Guidelines for Multinational Enterprises on Responsible Business Conduct](#) (2023); OECD, [Due Diligence Guidance for Responsible Business Conduct](#) (2018); OECD, [Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector](#) (2018).

<sup>2</sup> [Global Organic Textile Standard Version 7.0](#) (2023).

Germany's Supply Chain Act<sup>3</sup>, France's Vigilance Act<sup>4</sup>, Norway's Transparency Act<sup>5</sup> and forthcoming EU regulations. Respect for human rights, social justice and environmental integrity is the cornerstone of the due diligence requirements of GOTS 7.0. These requirements emphasise the sector-specific risks inherent in textile supply chains, as delineated in the GOTS Chemical Input Criteria, Environmental Criteria, Human Rights and Social Criteria, and Governance Criteria, thus facilitating effective due diligence processes by Certified Entities.

- 1.2.2. *The due diligence framework.* Due Diligence is one of the fundamental tools to identify, manage, and mitigate risks in business operations. The core of the due diligence process is a six-step framework, as provided in section 4 of this Handbook. This framework facilitates the Certified Entity's journey towards responsible business conduct by ensuring compliance with the GOTS Chemical Input Criteria, the GOTS Environmental Criteria, the GOTS Human Rights and Social Criteria and the GOTS Governance Criteria. The steps include integrating due diligence into organisational policies and management systems, identifying actual or potential adverse impacts, ceasing, preventing or mitigating those impacts, tracking implementation and results, communicating how impacts are being addressed, and remediating where necessary. The due diligence process is not a one-off activity but an ongoing exercise that recognises the changing risk landscape as business operations and contexts evolve.
- 1.2.3. *Operationalising Due Diligence.* Certified Entities shall adopt and implement a comprehensive Policy on Responsible Business Conduct (as detailed in this Handbook in "Step One – Embed Responsible Business Conduct) to operationalise due diligence. This policy should articulate commitments to responsible business conduct in the Certified Entity's operations and supply chain. By embedding due diligence into their management systems, Certified Entities can create a structure for identifying, preventing, mitigating and accounting for actual and potential adverse impacts. Certified Entities should assign oversight and responsibility for due diligence to relevant senior management and assign board-level responsibility for implementing the Policy on Responsible Business Conduct. Continuous training on all relevant issues, including those related to human and labour rights, is also critical to maintaining the effectiveness of these systems.
- 1.2.4. *Risk and Impact Management.* Due diligence under GOTS 7.0 focuses on managing the risks of adverse impacts and harmful effects on matters covered by the GOTS Human Rights and Social Criteria, Chemical Input Criteria, Environmental Criteria and Governance Criteria. These impacts can arise from the Certified Entity's own operations, supply chains or other business relationships. By identifying and addressing these potential impacts, Certified Entities contribute to reducing harm to individuals, other organisations and communities in relation to human rights, labour rights and the environment.
- 1.2.5. *Towards progressive improvement.* GOTS 7.0 emphasises the importance of continuous improvement in implementing due diligence. The process is designed to be preventative, dynamic, risk-based, informed by meaningful stakeholder engagement and appropriate to the Certified Entity's circumstances. It involves multiple processes and objectives and ensures ongoing communication. Due diligence, as described in this Handbook, is understood to be a progressive process. It encourages continuous improvement and refinement by drawing on lessons learned, promoting information sharing and establishing integrated processes. This enables Certified Entities to effectively anticipate and address emerging challenges. It should be noted that due diligence can never result in a shift of responsibility. Rather, it places the

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<sup>3</sup> Germany, [Gesetz über die unternehmerischen Sorgfaltspflichten in Lieferketten \(Supply Chain Act, English Translation\)](#) (2021).

<sup>4</sup> France, [Loi relative au devoir de vigilance des sociétés mères et des entreprises donneuses d'ordre \(Vigilance Act, English Translation\)](#) (2017).

<sup>5</sup> Norway, [Lov om virksomheters åpenhet om leverandørkjeder og arbeid for å fremme grunnleggende menneskerettigheter og anstendige arbeidsforhold \(Transparency Act, English Translation\)](#) (2020).

responsibility for managing and mitigating risks directly within the Certified Entity's operations. GOTS 7.0 provides a comprehensive framework for Certified Entities to approach human rights and environmental due diligence systematically. This commitment to responsible business aligns with global regulatory trends and positions GOTS Certified Entities at the forefront of responsible business in the textile industry.

### 1.3 Handbook Overview

This Handbook comprehensively covers GOTS Due Diligence Criteria applicable at all stages of organic textile production. The Handbook is structured in five sections:

- Section One outlines the structure and purpose of the Handbook, highlights the importance of due diligence in ensuring responsible business practices, and addresses compliance with evolving mandatory due diligence requirements.
- Section Two provides an overview of the GOTS certification system. It clarifies the concept of third-party certification, details the process for selecting Certification Bodies and defines these bodies' roles. This section also covers the scope of certification, which includes relevant criteria for fibre sourcing, human rights, social considerations, environmental requirements and governance.
- Section Three defines due diligence, its purpose and its core elements. It explains how these elements are tailored to GOTS Certified Entities and provides guidance on how to effectively integrate due diligence into a Certified Entities' operations.
- Section Four explains the six-step due diligence process. Each subsection focuses on a specific step, from embedding responsible business conduct to providing appropriate remediation. This Section provides Certified Entities with comprehensive guidance on how to effectively integrate due diligence into their operations.
- Section Five provides a range of tools, resources and references to assist Certified Entities in understanding and implementing due diligence in their operations. It provides a list of relevant human rights treaties and conventions, adding to the existing knowledge base available to Certified Entities for promoting and upholding human rights and respect for the environment.

## 2 GOTS CERTIFICATION SYSTEM

### 2.1 Explaining the Concept of GOTS Third-Party Certification System

- 2.1.1. Third-party certification is an essential pillar in maintaining and validating the organic status of textiles as well as ensuring respect for and promotion of human rights and the environment. It involves a comprehensive verification and auditing process that covers the entire production cycle of textiles, from raw material harvesting through environmentally and socially responsible manufacturing to labelling and distribution. This comprehensive oversight provides a credible assurance to the end consumer of the organic and ethical credentials of the product under GOTS Certification.<sup>6</sup> It also assures that Certified Entities respect human rights and maintain high environmental standards in their operations. Third-party GOTS certification also allows companies to make verified claims about their sustainability efforts. Overall, the organic nature of the raw fibre, combined with strict environmental, social and human rights criteria, provides one of the most sustainable and responsible operational models currently in place in the textile sector.
- 2.1.2. *Scope of certification.* The GOTS certification process covers a wide range of activities in the textile production chain. It includes the processing, manufacturing, packaging, labelling, trading and distribution of all textiles made from at least 70% certified organic natural fibres. The application of GOTS certification covers a wide range of end product categories, including fibres, yarns, fabrics, clothing, textile accessories, textile toys, home textiles, mattresses, bedding, personal care textiles and food contact textiles.<sup>7</sup>
- 2.1.3. *Certification Bodies and their Role.* GOTS Approved Certification Bodies play a central role in assessing and certifying different operations and products. These include mechanical textile processing and manufacturing operations, wet processing and finishing operations and their products, trading operations and related products, and the approval of colourants and textile auxiliaries on the GOTS Positive List.<sup>8</sup> Certification Bodies conduct GOTS audits to verify compliance with various GOTS Criteria, including Environmental Criteria and Human Rights and Social Criteria. Global Standard gGmbH provides for the approval of these Certification Bodies according to the "Approval Procedure and Requirements for Certification Bodies".<sup>9</sup>
- 2.1.4. *Accreditation Bodies and their Role.* Independent Accreditation Bodies play a crucial role in enhancing the credibility of the certification process. Their role is to uphold the integrity of the GOTS certification process, thereby maintaining confidence and credibility in the certification results. Accreditation bodies are responsible for verifying that Certification Bodies have implemented appropriate operational procedures that enable them to make informed, competent and evidence-based certification decisions. Accreditation Bodies should be seen as "guardians of quality". In the same way that Certification Bodies assess GOTS Certified Entities to ensure that they meet the GOTS criteria, Accreditation Bodies assess these Certification Bodies for their reliability, consistency and technical competence. For example, when a Certification Body grants GOTS certification to a textile company, the Accreditation Body ensures that this decision is based on rigorous standards, proper testing and unbiased judgment.
- 2.1.5. *Certified Entities and Certification Process.* Entities in the supply chain, including processors, manufacturers and traders of GOTS goods, shall obtain GOTS certification to become GOTS Certified Entities.<sup>10</sup> The certification process is based on an annual on-site inspection cycle and possible additional unannounced inspections based on a risk assessment of

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<sup>6</sup> [Global Organic Textile Standard Version 7.0 \(2023\)](#), Section 1.1.

<sup>7</sup> [Global Organic Textile Standard Version 7.0 \(2023\)](#), Section 1.2.1.

<sup>8</sup> [Global Organic Textile Standard Version 7.0 \(2023\)](#), Section 2.2.8.

<sup>9</sup> [GOTS Approval Procedure and Requirements for Certification Bodies Version 3.0 \(2023\)](#).

<sup>10</sup> [Global Organic Textile Standard Version 7.0 \(2023\)](#), Section 2.2.1.



operations.<sup>11</sup> Certified Entities receive a valid GOTS Scope Certificate, which lists the certifiable product categories and details, as well as the qualified processing, manufacturing and trading activities under certification.<sup>12</sup> The Scope Certificate also serves as evidence of the Entity's compliance with the GOTS environmental, human rights and social criteria. Where a Certified Entity uses a subcontractor, the relevant details, processing and manufacturing steps will be listed on the Certified Entity's Scope Certificate.<sup>13</sup> GOTS requirements also cover subcontractors.

- 2.1.6. *Supply Chain Traceability and Transaction Certificates.* Transaction Certificates (TCs) issued by GOTS Approved Certification Bodies ensure traceability and transparency in the GOTS supply chain.<sup>14</sup> These certificates are issued in accordance with the "Policy for the Issuance of Transaction Certificates" whenever GOTS-certified goods move along the certified supply chain. For the purposes of this Handbook, it is essential to note that GOTS Transaction Certificates include information on the region of origin of the raw material to enable buyers to make fully informed purchasing decisions.

## 2.2 Selection and Role of GOTS Approved Certification Bodies

- 2.2.1. Choosing an appropriate Certification Body is a critical part of a company's journey to achieving GOTS certification. Making the right choices can shape the course of the certification process and ensure it is effective, efficient and rewarding. Recognising the importance of this decision, GOTS developed a detailed guide to key considerations in this selection process.
- 2.2.2. *Determining the relevant scope of certification.* The selection process begins with defining the appropriate scope of certification for an organisation. This scope, as outlined in GOTS 7.0, relates to the specific activities and nature of the products or services provided by the Certified Entity. The certification scopes range from mechanical textile processing to approval of chemical inputs, numbered from one to four. Matching the company's precise requirements with the correct scope is a key starting point. A correct interpretation of the company's activities in relation to the scopes mentioned in the Approval Procedure and Requirements for Certification Bodies determines the basis for the subsequent selection process. GOTS certification scopes are categorised into:
1. Mechanical textile processing and manufacturing operations and their products ("Scope 1")
  2. Wet processing and finishing operations and their products ("Scope 2")
  3. Trading operations and related products ("Scope 3")
  4. Approval of dyes and textile auxiliary agents (chemical inputs) on positive lists ("Scope 4").<sup>15</sup>
- 2.2.3. *Identifying available Certification Bodies.* The next step is to identify Certification Bodies available in the company's region. A list of all GOTS-approved Certification Bodies is available on the GOTS website. Each Certification Body has its geographical scope of operation. In choosing a Certification Body, it is essential to consider regional familiarity and understanding of local regulations. It is advised to verify if a Certification Body offer services in the country or region of the company's operation. It is worth noting that the Certification Body should have legal and statutory permission to operate in a specific country or region.
- 2.2.4. *Requesting and evaluating quotes.* Once potential Certification Bodies have been identified, it is incumbent upon the company to request quotes. This exercise is not simply a matter of selecting the cheapest option. It requires a thorough evaluation of the cost in relation to the quality and range of services provided. This evaluation process is critical to understanding

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<sup>11</sup> [Global Organic Textile Standard Version 7.0 \(2023\)](#), Section 2.2.2.

<sup>12</sup> [Global Organic Textile Standard Version 7.0 \(2023\)](#), Section 2.2.3.

<sup>13</sup> [Global Organic Textile Standard Version 7.0 \(2023\)](#), Section 2.2.4.

<sup>14</sup> [Global Organic Textile Standard Version 7.0 \(2023\)](#), Section 2.4.1.

<sup>15</sup> [GOTS Approval Procedure and Requirements for Certification Bodies Version 3.0 \(2023\)](#).

the relationship between cost and the full range of services offered and is, therefore, an important aspect of acquiring GOTS certification. Please note that the overall price of the certification consists of costs for the services provided by the Certification Body and the GOTS Entity Annual Fee. As of September 2023, the GOTS Entity Annual Fee is 150 Euro per inspected facility (this includes the Certified Entity's main site, any individual sites and subcontractors) irrespective of the size and the type of operations of a particular Certified Entity. Certification Bodies set their service fees based on market dynamics; GOTS does not influence or interfere in these financial arrangements with Certified Entities.

- 2.2.5. *Understanding audit and inspection quality.* It is essential to assess the quality and procedures of the audits and inspections carried out by Certification Bodies. This includes understanding the methodologies used, the thoroughness of the inspections and the rigour of the audits. Proper understanding of the Certification Body's expertise and specific competencies, as outlined in the Approval Procedures and Requirements for Certification Bodies<sup>16</sup>, are invaluable aspects of the selection process. The Certification Body's industry experience, competence with local regulations, knowledge of environmental and social audit requirements, as well as strategic understanding of the GOTS Human Rights and Social Criteria are vital features to consider. In addition, the auditors' qualifications, references from other Certified Entities and the general reputation of the Certification Body in the industry can provide important insights.
- 2.2.6. *Additional factors in selecting a Certification Body.* Additional considerations include the Certification Body's responsiveness and availability to answer questions and its commitment to maintaining an open line of communication throughout the certification process. The Approval Procedure and Requirements for Certification Bodies require that any Certification Body have valid accreditation to perform the certification. This means they are officially recognised and have the authority to conduct audits and inspections. The Certification Bodies must be accredited to ISO/IEC 17065:2012, an international standard developed by the International Organization for Standardization (ISO), setting out the requirements for bodies certifying products, processes, and services to ensure they operate in a consistent, impartial and competent manner.<sup>17</sup> Impartiality and confidentiality are essential attributes of a Certification Body. They should be committed to avoiding conflicts of interest that could compromise the impartiality of certification activities and have mechanisms to ensure the confidentiality of information obtained during the certification process.
- 2.2.7. *Impartiality of GOTS.* While GOTS approves Certification Bodies, it maintains its impartiality and does not recommend or endorse any Certification Body. As stated in GOTS 7.0 and the Manual for the Implementation of GOTS 7.0, the decision to select a Certification Body remains the prerogative of an entity seeking to obtain GOTS certification.

## 2.3 Sourcing of Organic Raw Materials and Additional Fibers

- 2.3.1. *The process of sourcing organic raw materials and additional fibres.* The production of organic textiles involves a series of carefully monitored steps. From field to finished product, every aspect is regulated to ensure environmental sustainability, product quality and human welfare. GOTS 7.0 provides a comprehensive set of criteria, while the Manual for Implementation of GOTS 7.0<sup>18</sup> offers detailed interpretation and guidance on implementing these criteria. It should also be mentioned that GOTS Policies, Standard Operating Procedures (SOPs), and templates are integral components of the certification process,

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<sup>16</sup> GOTS, [Approval Procedure and Requirements for Certification Bodies Version 3.0](#) (2023).

<sup>17</sup> ISO/IEC, Conformity assessment - Requirements for bodies certifying products, processes, and services 17065:2012 (2012).

<sup>18</sup> [Manual for the Implementation of GOTS Version 7.0](#) (2023).



providing practical guidance on operationalising GOTS criteria<sup>19</sup>. Together, they provide a rigorous framework for organic textile production. Similarly, the procedures and practices detailed in this Handbook facilitate compliance with GOTS due diligence requirements.

- 2.3.2. *The origins of organic fibres.* The organic label in the textile industry is not just a tag; it requires a process that adheres to strict national and international regulations to ensure the materials are produced in a specific manner. The term "organic" has a specific meaning when it comes to textile fibre production. It's not just about the absence of synthetic fertilisers, pesticides, or genetically modified organisms; it's about a comprehensive, environmentally conscious approach to fibre production. Organic fibres, as defined in Section 2.1 of GOTS 7.0, come from plants or animals grown or reared under stringent conditions that prioritise ecological balance, biodiversity, and natural resource conservation.
- 2.3.3. The word 'organic' also has a specific meaning in the context of textile production. It applies to fibres certified as "organic" or "organic in conversion".<sup>20</sup> While GOTS 7.0 does not directly cover raw fibres, it necessitates a certificate of conformity with an approved organic production standard. This certificate of conformity means that the raw materials, such as cotton, flax or wool, have been grown without synthetic fertilisers, pesticides or genetically modified organisms. GOTS relies on IFOAM – Organics International because of its expertise and credibility in organic agriculture.<sup>21</sup> Raw fibres must be certified according to an organic production standard approved within the IFOAM Family of Standards. GMO screening of organic cotton following the ISO IWA 32 standard<sup>22</sup> is also required.
- 2.3.4. *Record keeping and traceability.* GOTS 7.0, section 2.5 highlights the importance of accurate record keeping and traceability. For a product to be certified as organic, its entire life cycle - from the origin, type and quantity of raw materials, through the flow of goods within the unit, to the nature and quantity of finished products leaving the unit - must be fully traceable. This documentation system allows for potential audits (including unannounced audits), investigations and inspections, ensuring that every part of the process is transparent and verifiable. It is also a strong deterrent to fraudulent practices.
- 2.3.5. *Verifying the integrity of certified organic materials and products.* The company shall carry out thorough checks when organic fibres or finished products are received. GOTS 7.0, section 2.5.6 requires verification of the integrity of packaging, origin and nature of certified products. If there is any doubt about a product's compliance, it cannot be used until the doubt is resolved.<sup>23</sup> The GOTS system mandates the inclusion of the organic fibre producer's scope certificate<sup>24</sup> number and corresponding input transaction certificate number<sup>25</sup> on the first GOTS Transaction Certificates (TCs) to ensure the traceability of organic fibres back to the farm. This vigilance helps to maintain the integrity of certification and consumer confidence in organically labelled products. To qualify as organic according to the GOTS Standard, a product's entire processing life cycle, from the origin of raw materials to the nature and quantity of the finished product leaving the Certified Entity, should be fully traceable. Besides, in the quest for increased traceability and integrity, GOTS has implemented additional measures towards ensuring the credibility of the incoming material. For instance, the ginning of raw cotton is limited to 500 km of travel distance from the organic certified farm to a GOTS-certified gin, except in exceptional cases where GOTS may provide exemptions. In India (for the time being), GOTS mandates that organic cotton producers and gins be

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<sup>19</sup> The most recent versions of the Global Organic Textile Standard (GOTS), GOTS Policies, Standard Operating Procedures (SOPs), and additional resources can be accessed directly on the GOTS official website at <https://global-standard.org/>

<sup>20</sup> [Global Organic Textile Standard Version 7.0 \(2023\)](#), Section 2.1.

<sup>21</sup> [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Sections 2.1.1, 2.1.2.

<sup>22</sup> ISO IWA, Standard 32:2023 (2023).

<sup>23</sup> [Global Organic Textile Standard Version 7.0 \(2023\)](#), Section 2.5.7.

<sup>24</sup> Not to be confused with GOTS Scope Certificate.

<sup>25</sup> Not to be confused with GOTS Transaction Certificate.

registered in the GOTS Farm to Gin Registry to increase traceability and maintain integrity.

- 2.3.6. *Inclusion of additional fibres.* While the primary material of GOTS goods should consist of certified organic fibres, GOTS also allows the use of certain conventional 'additional fibre materials' that are not certified to GOTS. A list of these allowed "additional fibres" is provided in GOTS,<sup>26</sup> along with strict criteria per each type. In addition, GOTS permits only a limited amount of additional fibre to be used, which varies according to the type of fibre.<sup>27</sup>
- 2.3.7. *Human rights and social criteria.* GOTS 7.0 emphasises human rights and social criteria as one of its main pillars in addition to environmental considerations.<sup>28</sup> It requires Certified Entities to respect workers' rights at all textile processing, manufacturing, warehousing, packaging and distribution stages. GOTS 7.0 ensures that organic textile products are produced sustainably and ethically, taking into account the welfare of the people involved and the potential impacts on other parties due to the processing of goods.
- 2.3.8. GOTS 7.0 emphasises the need for ethical sourcing of materials in sections 2.1.4 and 2.1.5. It prohibits the use of fibres that originate from production projects associated with gross violations of the International Labour Organization's (ILO) core labour norms relevant to agriculture or persistent patterns of animal welfare violations, such as mulesing. Besides, raw fibres from production sites engaged in land grabbing are strictly prohibited. In cases where fibres are sourced from projects in high human rights risk areas, additional mitigation measures may be required, including, for example, on-site social audits to ensure adherence to GOTS' human rights and social criteria.<sup>29</sup>
- 2.3.9. Sourcing certified organic raw materials and additional fibres for GOTS-certified companies is not a straightforward process of simply buying and using organic materials. It involves careful selection of certified organic materials, meticulous record keeping, thorough verification procedures, sensible use of additional fibres and, above all, a commitment to human rights and social criteria. By following the strict criteria of GOTS 7.0 and the Manual for Implementation of GOTS 7.0, we can ensure the integrity of organic textiles and contribute to a more sustainable future.

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<sup>26</sup> [Global Organic Textile Standard Version 7.0 \(2023\)](#), Section 3.2.3.

<sup>27</sup> [Global Organic Textile Standard Version 7.0 \(2023\)](#), Section 3.2.2.

<sup>28</sup> [Global Organic Textile Standard Version 7.0 \(2023\)](#), Sections 2.1.4, 2.1.5, 4.4.

<sup>29</sup> [Global Organic Textile Standard Version 7.0 \(2023\)](#), Sections 2.1.4, 2.1.5.

## 3 THE BASICS OF DUE DILIGENCE

### 3.1 Definition and Purpose of Due Diligence

- 3.1.1. The term "due diligence" literally means "required care" or "reasonable care". Its origins can be traced back to at least the mid-fifteenth century when it was used to mean "necessary effort" in a broad sense. Today, due diligence is a preventative measure, a careful process of investigation and assessment before making important decisions that may have a significant impact on various stakeholders. At the other end of the spectrum, the terms "negligence", "recklessness", and "undue negligence" serve as counterparts to "due diligence". They represent a lack of necessary precautions, an absence of careful consideration and an indifference to the potential consequences of certain decisions. These concepts are in stark contrast to the thoughtful and responsible approach advocated by due diligence.
- 3.1.2. Due diligence, in the context of human rights and responsible business conduct, is an active, ongoing process that companies undertake to identify, prevent, mitigate and account for potential and actual adverse impacts that their operations and business relationships may have on human rights, labour rights and the environment. The concept of due diligence, as emphasised in international frameworks such as the OECD Guidelines<sup>30</sup> and the United Nations Guiding Principles on Business and Human Rights, extends to all areas of business, from internal operations to supply chains.
- 3.1.3. *Definition of due diligence.* As stated in the OECD Due Diligence Guidance for Responsible Business Conduct, due diligence is essential for companies to anticipate and manage potential adverse impacts on RBC issues.<sup>31</sup> The Guidance for Responsible Supply Chains in the Garment and Footwear Sector further elaborates on the concept, describing it as a process that enables companies to address their actual and potential negative impacts, including those related to issues covered by the OECD Guidelines, such as child labour, discrimination and hazardous chemicals.<sup>32</sup> Similarly, the United Nations Guiding Principles on Business and Human Rights define due diligence as a process by which companies identify, prevent, mitigate and account for their impacts on human rights. This process is dynamic and should be adapted to the changing nature of human rights risks as a business's operations and operating context evolve.<sup>33</sup> GOTS 7.0 clearly outlines the definition, purpose, and practice of due diligence. The Manual for the Implementation of GOTS defines "due diligence" as a proactive process that businesses should employ to identify, prevent, mitigate, and account for actual and potential adverse impacts on human rights, the environment, and ethical business behaviour in their own operations, their supply chain and other business relationships.<sup>34</sup>
- 3.1.4. *Purpose of due diligence.* The primary purpose of due diligence is to protect human rights and the environment and to foster responsible business practices. Effective due diligence enables companies to anticipate and mitigate adverse impacts and, in some cases, to decide whether to proceed with or discontinue operations or business relationships that carry too high a risk of negative impacts. Due diligence is also seen as a value-adding process. It can help companies identify opportunities to reduce costs, improve understanding of markets and

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<sup>30</sup> [OECD, Due Diligence Guidance for Responsible Business Conduct \(2018\)](#); [OECD, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#); [OECD, Guidelines for Multinational Enterprises on Responsible Business Conduct \(2023\)](#); [UN, Guiding Principles on Business and Human Rights: Implementing the United Nations 'Protect, Respect and Remedy' Framework \(2011\)](#).

<sup>31</sup> [OECD, Due Diligence Guidance for Responsible Business Conduct \(2018\)](#), p. 16.

<sup>32</sup> [OECD, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), p. 25.

<sup>33</sup> [UN, Guiding Principles on Business and Human Rights: Implementing the United Nations 'Protect, Respect and Remedy' Framework \(2011\)](#), pp. 17-18.

<sup>34</sup> [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Section 1.2.8, p. 2.



strategic sources of supply, and reduce the likelihood of incidents enumerated in GOTS materials as well as relevant sources, including the OECD Guidelines. It helps companies manage both company-specific and systemic sector-wide risks. In addition, due diligence helps companies meet legal requirements related to specific RBC issues, such as local labour regulations, environmental, corporate governance, and criminal or anti-bribery laws.<sup>35</sup> It enables them to demonstrate that they have taken reasonable steps to avoid involvement in an alleged human rights abuse, which can help manage the risk of legal claims.<sup>36</sup> The purpose of due diligence, as stipulated in GOTS 7.0, is to instil a culture of responsible business conduct among Certified Entities. GOTS envisions due diligence as a tool that allows entities to effectively implement its substantive Criteria.<sup>37</sup>

- 3.1.5. *Due diligence in practice.* The nature and extent of due diligence will be influenced by factors such as the size of the company, the context in which it operates, the likelihood and severity of adverse impacts, and its procurement models.<sup>38</sup> All companies, regardless of their size or operating context, have a responsibility to conduct due diligence, but the specific steps taken may differ depending on these factors. A risk-based approach is an integral part of the due diligence process. The measures taken to conduct due diligence should be proportionate to the likelihood and severity of harm. Companies may also prioritise actions based on these factors.<sup>39</sup> Due diligence should also consider the potential adverse human rights impacts of business relationships. It can be initiated early in the development of a new activity or relationship, and considerations such as the business context, the specific operations, products or services involved, and other relevant factors should be taken into account to prioritise areas for due diligence.<sup>40</sup>
- 3.1.6. *Alignment with regulatory frameworks.* The GOTS 7.0 and its Implementation Manual seek to align with existing and forthcoming legislation, such as the EU Corporate Sustainability Due Diligence Directive and national laws, such as the German Supply Chain Law and the French Vigilance Law. This alignment ensures that companies are prepared to meet rising standards of legal compliance and ethical responsibility and underlines the importance of due diligence. It should, however, be emphasised that each Certified Entity shall shape and tailor its due diligence efforts to comply with applicable laws.

## 3.2 Essentials of the Due Diligence Process

- 3.2.1. The due diligence process, as highlighted in section 1.2.8 of GOTS 7.0, is a cornerstone of responsible business conduct. It is not a one-off process but an ongoing responsibility with multiple processes and objectives.<sup>41</sup> It should be embedded in the Certified Entity's regular decision-making and risk-management practices.<sup>42</sup>
- 3.2.2. *Preventative.* The due diligence process should primarily serve to prevent adverse impacts on people, the environment and society. In line with GOTS 7.0, Certified Entities shall be proactive in ensuring that their activities, directly or through business relationships, don't cause or contribute to negative human rights impacts. Where such impacts can't be avoided altogether, the process should enable companies to mitigate, prevent recurrence, and, where

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<sup>35</sup> [OECD, Due Diligence Guidance for Responsible Business Conduct \(2018\)](#), p. 16.

<sup>36</sup> [UN, Guiding Principles on Business and Human Rights: Implementing the United Nations 'Protect, Respect and Remedy' Framework \(2011\)](#), pp. 17-18.

<sup>37</sup> [Global Organic Textile Standard Version 7.0 \(2023\)](#), Section 4.1.1.

<sup>38</sup> [OECD, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), p. 26.

<sup>39</sup> [OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), p. 26.

<sup>40</sup> [UN, Guiding Principles on Business and Human Rights: Implementing the United Nations 'Protect, Respect and Remedy' Framework \(2011\)](#), p. 25.

<sup>41</sup> [Global Organic Textile Standard Version 7.0 \(2023\)](#), Section, 1.2.8.

<sup>42</sup> [OECD, Due Diligence Guidance for Responsible Business Conduct \(2018\)](#), p. 16.

necessary, remedy them.<sup>43</sup> The United Nations Guiding Principles on Business and Human Rights underscore the responsibility of business enterprises to respect human rights, which requires preventative action.<sup>44</sup> In essence, prevention is about building a culture of respect for human rights, the environment, and society within the Certified Entity.

- 3.2.3. *Dynamic.* Due diligence is not a static activity; it is an ongoing, responsive and evolving process.<sup>45</sup> It should be responsive to potential changes in a Certified Entity's risk profile due to changes in the regulatory environment, industry-related risks, product developments or new business relationships.<sup>46</sup> Certified Entities should constantly learn from what has worked and what hasn't, both with respect to their own operations and within their supply chain, and continually strive to improve their systems and processes to prevent and manage adverse impacts.
- 3.2.4. *Risk-based.* The scope of due diligence should be proportionate to the severity and likelihood of adverse impacts. Where the severity and likelihood of an adverse impact are high, due diligence should be more extensive. This risk-based approach requires tailored strategies for specific risks and impacts, taking into account how they may affect different groups.<sup>47</sup> This principle is also reflected in GOTS 7.0, which suggests that risk assessments should consider the context of the Certified Entity's operations, supply chains, products and services.<sup>48</sup>
- 3.2.5. *Meaningful stakeholder engagement.* Meaningful stakeholder engagement is critical throughout the due diligence process.<sup>49</sup> The OECD Guidelines describe stakeholders as individuals or groups who may be affected by a company's activities. Two-way communication, timely sharing of relevant information, and good faith participation are necessary for meaningful stakeholder engagement.<sup>50</sup> The United Nations Guiding Principles on Business and Human Rights also emphasise the importance of engaging with potentially affected groups and other relevant stakeholders.<sup>51</sup> Certified Entities should strive to recognise and meet the expectations of their stakeholders.
- 3.2.6. *Appropriate to the Certified Entity's circumstances.* The nature and extent of due diligence may vary, influenced by factors such as the Certified Entity's size, business model, operating context, position in supply chains, and type of products or services. Larger entities with extensive operations may require more formalised and robust systems than smaller ones.<sup>52</sup> However, regardless of size or complexity, every Certified Entity shall undertake due diligence in accordance with the guidelines presented in this Handbook.
- 3.2.7. *Involves multiple processes and objectives.* As stated in the OECD Guidelines and GOTS 7.0, due diligence is a set of interrelated processes.<sup>53</sup> It includes identifying adverse impacts, preventing and mitigating them, tracking implementation and results, and communicating how these impacts are addressed in the company's operations, supply chains and other business

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<sup>43</sup> OECD, [Due Diligence Guidance for Responsible Business Conduct](#) (2018), p. 16.

<sup>44</sup> UN, [Guiding Principles on Business and Human Rights: Implementing the United Nations 'Protect, Respect and Remedy' Framework](#) (2011), p. 18.

<sup>45</sup> UN, [Guiding Principles on Business and Human Rights: Implementing the United Nations 'Protect, Respect and Remedy' Framework](#) (2011), p. 17.

<sup>46</sup> OECD, [Due Diligence Guidance for Responsible Business Conduct](#) (2018), p. 17.

<sup>47</sup> OECD, [OECD Due Diligence Guidance for Responsible Business Conduct](#) (2018), p. 17.

<sup>48</sup> [Global Organic Textile Standard Version 7.0 \(2023\)](#), Section 1.2.8; [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Section 1.2.8, p. 2.

<sup>49</sup> [Global Organic Textile Standard Version 7.0 \(2023\)](#), Section, 1.2.8.

<sup>50</sup> OECD, [Due Diligence Guidance for Responsible Business Conduct](#) (2018), p. 18.

<sup>51</sup> UN, [Guiding Principles on Business and Human Rights: Implementing the United Nations 'Protect, Respect and Remedy' Framework](#) (2011).

<sup>52</sup> OECD, [Guidelines for Multinational Enterprises on Responsible Business Conduct](#) (2023), p.18.

<sup>53</sup> [Global Organic Textile Standard Version 7.0 \(2023\)](#), Section, 1.2.8.

relationships.<sup>54</sup> This multi-pronged approach ensures that due diligence is integral to corporate decision-making and risk management.

- 3.2.8. *Ongoing communication.* The due diligence process involves ongoing communication. Certified Entities should communicate regularly to internal and external stakeholders about their due diligence processes, findings, plans and responses to adverse impacts. Such communication helps build trust, demonstrates good faith, and is also a requirement emphasised in the United Nations Guiding Principles on Business and Human Rights and the OECD Guidelines.<sup>55</sup>
- 3.2.9. *Risk-based prioritisation.* The due diligence process may involve prioritising actions based on the severity and likelihood of adverse impacts. If addressing all identified impacts simultaneously is not feasible, the company should prioritise the most significant impacts first.<sup>56</sup> This does not mean that less serious impacts will be neglected but that they will be addressed in an orderly manner following a thorough risk assessment.
- 3.2.10. *No shifting of responsibilities.* The OECD Guidelines affirm that the due diligence process should not result in a shift of responsibility. Each entity involved in a business relationship is responsible for identifying and addressing adverse impacts. The recommendations are not intended to shift responsibility from governments to companies or from one company to another.<sup>57</sup>
- 3.2.11. The due diligence process is a comprehensive and ongoing commitment that requires preventative and proactive measures, risk-based prioritisation, meaningful stakeholder engagement and a clear communication strategy. The process should reflect the company's circumstances and cannot be used to shift responsibility. All of these facets are inextricably intertwined to help companies meet their responsible business obligations as stipulated by GOTS 7.0, the United Nations Guiding Principles on Business and Human Rights and the OECD Guidelines.

### 3.3 Factors Affecting the Nature and Extent of Due Diligence

- 3.3.1. *Applicability of the Due Diligence Criteria.* The requirement to conduct a due diligence process applies to all GOTS Certified Entities.<sup>58</sup> Both the United Nations Guiding Principles on Business and Human Rights and the OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector require all companies to conduct due diligence.<sup>59</sup> The overall objective of due diligence is to identify, prevent and mitigate adverse human rights and environmental impacts in the Certified Entities' own operations and throughout their supply chains. Failure to comply with the due diligence requirements can result in the loss of GOTS certification and lead to reputational and financial losses.
- 3.3.2. *Working with the Entire Supply Chain.* GOTS requires that all Certified Entities act ethically at all stages of the supply chain. The Certified Entity should endeavour to work closely with all actors in their supply chain, from raw material suppliers to buyers of finished products, to collect and share information on potential human rights and environmental risks. Open and regular channels of communication with other companies in their supply chain should be maintained. Due diligence should be treated as a shared responsibility rather than a

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<sup>54</sup> OECD, [Due Diligence Guidance for Responsible Business Conduct](#) (2018), p. 16.

<sup>55</sup> OECD, [Due Diligence Guidance for Responsible Business Conduct](#) (2018), p. 19; UN, [Guiding Principles on Business and Human Rights: Implementing the United Nations 'Protect, Respect and Remedy' Framework](#), pp. 23-24.

<sup>56</sup> OECD, [Due Diligence Guidance for Responsible Business Conduct](#) (2018), p. 17.

<sup>57</sup> OECD, [Due Diligence Guidance for Responsible Business Conduct](#) (2018), p. 17.

<sup>58</sup> [Global Organic Textile Standard Version 7.0](#) (2023), Section 4.1.1

<sup>59</sup> OECD, [Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector](#) (2018), p. 26; UN, [Guiding Principles on Business and Human Rights: Implementing the United Nations 'Protect, Respect and Remedy' Framework](#) (2011), Principle 11, p. 13.



compliance exercise. It should be seen as an opportunity to build confidence and sustainability throughout the supply chain.<sup>60</sup>

- 3.3.3. *Retailers and Brands:* The extent of due diligence required of retailers can vary significantly depending on whether they own the brands they sell or are merely acting as vendors. Brand owners generally exercise more control over their supply chains and thus have a greater responsibility for due diligence, covering not only their own operations but also those of their suppliers and subcontractors.
- 3.3.4. *Cooperation Among GOTS Certified Entities.* Maintaining the integrity and credibility of the GOTS certification is reliant on the effective implementation of due diligence criteria by all Certified Entities throughout the supply chain. This requires a joint effort by all Certified Entities, regardless of size. The aim is to ensure progressive realisation and constant improvement towards comprehensive due diligence for all without placing undue burden, particularly on smaller entities. Through responsible cooperation, Certified Entities, including small and medium companies, can build their due diligence capacity at a manageable pace. Such cooperation should be adapted to the operational scale of each Certified Entity in the supply chain.
- 3.3.5. *Comprehensive Due Diligence.* To sustain the legitimacy and positive impact of GOTS certification, all Certified Entities should undertake reasonable steps to ensure the implementation of due diligence criteria commensurate with their resources and the size and scale of their operations. Certified Entities should collaborate to implement due diligence in their supply chains. This collaborative approach enhances the integrity of the GOTS system and promotes confidence between Certified Entities. Certified Entities can address complex human rights and environmental challenges in their supply chains more effectively by pooling resources and knowledge, increasing leverage and increasing transparency.<sup>61</sup>
- 3.3.6. *Flexibility with Due Diligence Requirements:* While the due diligence process should be conducted by all GOTS Certified Entities, the six-step due diligence process shall be adapted to the specific circumstances of the Certified Entity, such as size, operational context, business model, risk profile and sourcing strategies. However, flexibility should never compromise the fundamental responsibility to act ethically and proactively mitigate risk.<sup>62</sup>
- 3.3.7. *Small and Medium-Sized Certified Entities.* It is recognised that smaller Certified Entities may have limited resources, but this does not exempt them from the due diligence process.<sup>63</sup> Rather, the scope of due diligence should be proportionate to both their size and the risks they pose or face. For example, while a small, localised manufacturer may not have the resources to conduct extensive supplier assessments abroad, it can still conduct adequate desk research and insist on transparent reporting from its suppliers. In addition, smaller companies often have flexibility that allows them to adapt more quickly to identified risks.
- 3.3.8. *Compliance with Jurisdiction-Specific Laws on Due Diligence.* Certified Entities shall comply with both GOTS Due Diligence Criteria and any supply chain due diligence laws applicable within their jurisdictions. For instance, Certified Entities in Germany shall adhere to the German Supply Chain Act, those in France to the French Vigilance Act, in the Netherlands to the Dutch Child Labour Due Diligence Act and in Norway to the Norwegian Transparency Act. Certified Entities within the European Union should also prepare for upcoming EU legislation focused on corporate human rights and environmental due diligence.

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<sup>60</sup> [Global Organic Textile Standard Version 7.0](#) (2023), Section 4.5.1

<sup>61</sup> [OECD, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), p. 29

<sup>62</sup> [OECD, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), p. 26

<sup>63</sup> [OECD, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), p. 26

- 3.3.9. *High-risk areas.* Certified Entities in high-risk areas, which can be considered as regions with systemic human rights abuses or weak environmental practices, should conduct relevant assessments and tailor their due diligence process in light of these heightened risks. Increased scrutiny is essential and may include explicit protocols and operating procedures, additional third-party audits, both announced and unannounced, as well as real-time tracking of key performance indicators. Depending on the severity of the risks, small to medium-sized companies with more limited resources are still required to apply due diligence as necessary in light of the heightened risk.
- 3.3.10. *Direct Contractual Relationships and Indirect Sourcing through Intermediaries.* Where a Certified Entity has a direct contractual relationship with its supplier, the due diligence process can generally be implemented more efficiently. In such cases, there is greater control and accountability, making it easier to enforce contractual clauses requiring suppliers to comply with the due diligence requirements as set out in GOTS and OECD Guidance. Routine checks and assessments can be carried out more easily, and corrective action can be taken swiftly in the event of non-compliance. On the other hand, in cases of indirect sourcing through intermediaries or agents, due diligence extends to these third parties. Certified Entities are expected to work with intermediaries to jointly assess supplier compliance and ensure that they comply with GOTS criteria. This may require additional due diligence measures, including an assessment of the intermediary's own due diligence procedures.<sup>64</sup>

### 3.4 Information Management Systems, Record Keeping and Documentation for Effective Due Diligence

- 3.4.1. The Certified Entity shall maintain appropriate documentation and records to demonstrate the implementation of due diligence processes.<sup>65</sup> The following outlines overall and category-specific management, record and documentation systems to ensure proper due diligence practices.
- 3.4.2. *Information Management Systems.* The Certified Entity shall establish and maintain an information management system to retain accurate and up-to-date information concerning its overall activities and, as provided in the sections below. This system must be capable of storing all the necessary data and documentation required to conduct comprehensive due diligence processes.<sup>66</sup> The Certified Entity shall ensure due diligence records are accurate, complete, up to date, and stored safely, allowing easy access when required.<sup>67</sup> Records shall be reviewed periodically and updated as appropriate. The Certified Entity shall conduct annual reviews of records, update data as needed, and keep records accessible to responsible staff. The Certified Entity should endeavour to store such information digitally with adequate backup. Information management systems should be tailored to the size and operational context of the Certified Entity.
- 3.4.3. *Step One - Embed Responsible Business Conduct.* The initial step in documenting the due diligence process is to develop, approve and uphold a Policy on Responsible Business Conduct as set out in step one of the six-step due diligence framework.<sup>68</sup> The Certified Entity shall document any changes or updates to the Policy on Responsible Business Conduct. Such documentation should aim to demonstrate progressive improvement in due diligence practices over time. Where a Certified Entity distributes a supplier code of conduct to its suppliers, it shall retain copies of the distributed supplier code of conduct and records of any

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<sup>64</sup> [OECD, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), p. 26

<sup>65</sup> [OECD, Due Diligence Guidance for Responsible Business Conduct \(2018\)](#), p. 20.

<sup>66</sup> [OECD, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), p. 44.

<sup>67</sup> [OECD, Due Diligence Guidance for Responsible Business Conduct \(2018\)](#), p. 32.

<sup>68</sup> [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), p. 17.

related supplier training provided.

- 3.4.4. *Step Two - Identify Risks.* The Certified Entity shall maintain records to demonstrate the process undertaken to identify and prioritise risks in its supply chain and its own operations.<sup>69</sup> This includes the information collected to assess the risks, the involvement of relevant personnel in the risk assessment and the decisions made to prioritise the risks. The Certified Entity shall also establish and document procedures for supplier assessment. The Certified Entity shall retain documentation of assessments carried out on suppliers and subcontractors.<sup>70</sup> This may include audits, self-assessments, certifications, and other verification data. The Certified Entity shall maintain reports of social audits conducted at supplier facilities, including information on methodology, findings, and remedial action.<sup>71</sup>
- 3.4.5. *Step Three - Cease, Prevent and Mitigate.* The Certified Entity shall document how the findings of the assessment of actual or potential impacts are integrated across relevant functions and departments of the Certified Entity. This includes documenting how responsibilities for preventing, mitigating and remediating adverse impacts are assigned to specific personnel. The Certified Entity shall maintain records demonstrating the Certified Entity's actions to address adverse impacts it has caused or contributed to and how it has used its influence to prevent or mitigate adverse impacts directly related to its own activities, products or services.
- 3.4.6. *Step Four - Track.* The Certified Entity shall maintain records to demonstrate ongoing monitoring and tracking of due diligence implementation related to its supply chain and its own operations.<sup>72</sup> This includes actions taken to prevent, mitigate, and remediate adverse impacts and results of tracking activities. The Certified Entity shall keep records of follow-up assessments to verify the implementation of corrective action plans and maintain reports on trends identified through grievance mechanisms.
- 3.4.7. *Step Five - Communicate.* The Certified Entity shall maintain documentation to demonstrate communication of due diligence activities related to its supply chain and its own operations, internally and externally.<sup>73</sup> This includes published reports, information provided to suppliers, consultation records, and stakeholder engagement. The Certified Entity shall retain copies of public reports, including information on policies, identified risks, actions taken, and aggregated results. The table provided in Annex 2 to this Handbook provides examples of the information types that might be required to effectively conduct the due diligence process.
- 3.4.8. *Step Six - Remediate.* The Certified Entity shall maintain detailed records of actions taken to address any negative human rights or environmental impacts it has caused or contributed to, including steps to provide or cooperate in remediation through legitimate processes. This includes records of investigations carried out to verify the impact that occurred, remediation plans, efforts to cooperate in the remediation process led by other parties, reports on the implementation of remediation plans, and any communication with external stakeholders related to remediation, including public communication.<sup>74</sup>
- 3.4.9. *External Expertise.* The Certified Entities should keep detailed records of the background research and external expertise consulted during the due diligence process.<sup>75</sup>

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<sup>69</sup> [OECD, Due Diligence Guidance for Responsible Business Conduct \(2018\)](#), p. 25.

<sup>70</sup> [OECD, Due Diligence Guidance for Responsible Business Conduct \(2018\)](#), p. 26; UN OHCHR, [The Corporate Responsibility to Respect Human Rights: An Interpretive Guide](#) (2012), p. 36.

<sup>71</sup> UN OHCHR, [The Corporate Responsibility to Respect Human Rights: An Interpretive Guide](#) (2012), p. 37.

<sup>72</sup> [OECD, Due Diligence Guidance for Responsible Business Conduct \(2018\)](#), p. 32.

<sup>73</sup> [OECD, Due Diligence Guidance for Responsible Business Conduct \(2018\)](#), p. 33.

<sup>74</sup> UN OHCHR, [Improving accountability and access to remedy for victims of business-related human rights abuse through State-based non-judicial mechanisms \(2018\)](#), pp.11, 15-16

<sup>75</sup> UN OHCHR, [The Corporate Responsibility to Respect Human Rights: An Interpretive Guide](#) (2012), p. 41.

- 3.4.10. *Retention of Records.* The Certified Entity shall retain documentation under confidential conditions for a minimum of five years unless longer retention is required under applicable laws.<sup>76</sup> The Certified Entity shall store sensitive information securely and ensure it is adequately protected.
- 3.4.11. *Due Diligence Records and GOTS audits.* The Certified Entity shall provide access to due diligence records to GOTS Approved Certification Bodies when required.<sup>77</sup> Provision of falsified records is considered a major non-compliance and will result in the withdrawal of certification and certification ban. The Certified Entity shall be prepared to share digital or physical copies of records when requested during GOTS audits. In addition, the Certified Entity shall grant Global Standard gGmbH access to its due diligence records upon request for quality control and research purposes.

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<sup>76</sup> [OECD, Due Diligence Guidance for Responsible Business Conduct \(2018\)](#), p. 32.

<sup>77</sup> [OECD, Due Diligence Guidance for Responsible Business Conduct \(2018\)](#), p. 34.

## 4 THE DUE DILIGENCE FRAMEWORK

### 4.1 Overview of the Six Steps of the Due Diligence Process

- 4.1.1. The due diligence process is integral to achieving responsible business conduct. As articulated in GOTS 7.0, Section 4.1.1, this process necessitates Certified Entities to engage actively in the implementation of GOTS Chemical Input Criteria, GOTS Environmental Criteria, GOTS Human Rights and Social Criteria, and GOTS Governance Criteria through a structured due diligence process. The process should be commensurate with risk and appropriate to a Certified Entity's circumstances and context.
- 4.1.2. The six-step framework for conducting the due diligence process is based on the OECD Due Diligence Guidance for Responsible Business Conduct and OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector. This section presents an overview of these six steps. The subsequent sections will provide a detailed description of each step of the due diligence process and outline expectations and requirements for Certified Entities.
- 4.1.3. **Step One - Embedding due diligence into policies and management systems:** Certified Entities should integrate due diligence into their core business processes and decision-making frameworks. The process must be reflected in policies, objectives, and strategies and embodied by the organisational culture. It involves formulating specific policies, setting clear expectations for staff and business partners, and assigning responsibility for due diligence to relevant personnel. The RBC Policy should clearly articulate the commitment to comply with the GOTS Criteria, including Chemical Input Criteria, Environmental Criteria, Human Rights and Social Criteria and Governance Criteria.<sup>78</sup>
- 4.1.4. **Step Two - Identifying actual or potential adverse impacts:** This step involves recognising and assessing the actual or potential adverse impacts associated with the Certified Entity's operations. It includes those that the enterprise may cause or contribute to through its own activities or as a result of its business relationships. Risk assessments and impact evaluations should be conducted regularly to identify these impacts.<sup>79</sup>
- 4.1.5. **Step Three - Ceasing, preventing, or mitigating adverse impacts:** Once adverse impacts are identified, action must be taken to cease, prevent, or mitigate these impacts. This entails addressing any harm done, preventing its recurrence, and minimising potential future risks. The responses should be proportionate to the severity of the impacts and the Certified Entity's leverage over the situation.<sup>80</sup>
- 4.1.6. **Step Four - Tracking implementation and results:** Certified Entities should monitor and track their performance in addressing the identified impacts. This involves establishing and using appropriate qualitative and quantitative indicators. Tracking performance ensures that

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<sup>78</sup> [Global Organic Textile Standard Version 7.0](#) (2023), Section 4.1.1.i.; OECD, [Due Diligence Guidance for Responsible Business Conduct](#) (2018), p. 21; OECD, [Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector](#) (2018), p. 24; UN, [Guiding Principles on Business and Human Rights: Implementing the United Nations 'Protect, Respect and Remedy' Framework](#) (2011), Guiding Principle 16.

<sup>79</sup> [Global Organic Textile Standard Version 7.0](#) (2023), Section 4.1.1.ii.; OECD, [Due Diligence Guidance for Responsible Business Conduct](#) (2018), p. 21; OECD, [Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector](#) (2018), p. 24; UN, [Guiding Principles on Business and Human Rights: Implementing the United Nations 'Protect, Respect and Remedy' Framework](#) (2011), Guiding Principle 18.

<sup>80</sup> [Global Organic Textile Standard Version 7.0](#) (2023), Section 4.1.1.iii.; OECD, [Due Diligence Guidance for Responsible Business Conduct](#) (2018), p. 21; OECD, [Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector](#) (2018), p. 24; UN, [Guiding Principles on Business and Human Rights: Implementing the United Nations 'Protect, Respect and Remedy' Framework](#) (2011), Guiding Principle 19.



actions taken are effective and enables the Certified Entity to adapt and improve its strategies and actions.<sup>81</sup>

- 4.1.7. **Step Five - Communicating how impacts are addressed:** Transparency is fundamental in the due diligence process. Certified Entities should communicate how they address adverse impacts to the affected stakeholders and the wider public. This helps build trust, enhance accountability, and promote learning and knowledge sharing within and beyond the Certified Entity.<sup>82</sup>
- 4.1.8. **Step Six - Enabling remediation when appropriate:** The final step involves providing remedies when adverse impacts occur. Remediation could involve apologies, restitution, rehabilitation, financial or non-financial compensation, and punitive sanctions, among others. It also includes the establishment of grievance mechanisms to facilitate the remediation process.<sup>83</sup>
- 4.1.9. As underlined by the OECD Due Diligence Guidance, these six steps do not represent a "tick box" list but provide a flexible and adaptive framework for responsible business conduct.<sup>84</sup> Not every action will be appropriate in all situations, and the Certified Entities may need to tailor their approach to their specific circumstances and context. However, following this framework, including ensuring effective information management, record keeping, and documentation, helps ensure a holistic and systematic approach to due diligence, paving the way for sustainable and responsible business operations.<sup>85</sup>

## 4.2 Embedding Responsible Business Conduct (Step 1)

### 4.2.1 Adoption of a Policy on Responsible Business Conduct

- 4.2.1.1. GOTS requires Certified Entities to establish an RBC Policy that includes commitments regarding due diligence of their own activities, operations and supply chain.<sup>86</sup> The RBC policy should specify that a Certified Entity shall follow the six-step due diligence process to implement GOTS Criteria, including Environmental Criteria and Human Rights and Social Criteria. The RBC Policy should clearly indicate that due diligence shall be preventative, dynamic, commensurate with risk (risk-based), informed by meaningful engagement with stakeholders, appropriate to the Certified Entity's circumstances, shall involve multiple

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<sup>81</sup> [Global Organic Textile Standard Version 7.0 \(2023\)](#), Section 4.1.1.iv.; OECD, [Due Diligence Guidance for Responsible Business Conduct \(2018\)](#), p. 21; OECD, [Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), p. 24; UN, [Guiding Principles on Business and Human Rights: Implementing the United Nations 'Protect, Respect and Remedy' Framework \(2011\)](#), Guiding Principle 20.

<sup>82</sup> [Global Organic Textile Standard Version 7.0 \(2023\)](#), Section 4.1.1.v.; OECD, [Due Diligence Guidance for Responsible Business Conduct \(2018\)](#), p. 21; OECD, [Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), p. 24; UN, [Guiding Principles on Business and Human Rights: Implementing the United Nations 'Protect, Respect and Remedy' Framework \(2011\)](#), Guiding Principle 21.

<sup>83</sup> [Global Organic Textile Standard Version 7.0 \(2023\)](#), Section 4.1.1.vi.; OECD, [Due Diligence Guidance for Responsible Business Conduct \(2018\)](#), p. 21; OECD, [Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), p. 24; UN, [Guiding Principles on Business and Human Rights: Implementing the United Nations 'Protect, Respect and Remedy' Framework \(2011\)](#), Guiding Principle 22.

<sup>84</sup> OECD, [Due Diligence Guidance for Responsible Business Conduct \(2018\)](#), p. 21; OECD, [Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), p. 24.

<sup>85</sup> [OECD Due Diligence Guidance for Responsible Business Conduct \(2018\)](#), OECD Publishing, Paris, p. 21.

<sup>86</sup> [Global Organic Textile Standard version 7.0 \(2023\)](#), Sections 4.1.1, 4.1.1.i., 4.1.4; [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Section 4.1.1.i, pp. 16-17; OECD, [Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), pp. 38, 41; OECD, [Due Diligence Guidance for Responsible Business Conduct \(2018\)](#), p. 22.

processes and objectives, ensure ongoing communication, can involve risk-based prioritisation and shall not cause a shift of responsibilities.<sup>87</sup>

- 4.2.1.2. An RBC Policy should be based on this Handbook, GOTS 7.0 and the Manual for the Implementation of GOTS, the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct<sup>88</sup>, OECD Due Diligence Guidance for Responsible Business Conduct, OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector and other relevant international human rights standards, such as the UN Guiding Principles on Business and Human Rights, the International Bill of Human Rights, and the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work, core conventions and recommendations.<sup>89</sup> Applicable international law is catalogued in the GOTS Implementation Manual.<sup>90</sup> The RBC Policy should also be tailored to the specifics of, and build on increasing knowledge about, the specificities, risks and harm of the Certified Entity's particular operations and supply chain.<sup>91</sup>
- 4.2.1.3. It is important to ensure that the RBC Policy covers the GOTS Chemical Input Criteria, Environmental Criteria, Human Rights and Social Criteria, and Governance Criteria.<sup>92</sup> The RBC Policy should also cover issues identified as sector risks in the textile industry per the OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector.<sup>93</sup> This includes modules on child labour, sexual harassment and abuse, forced labour, occupational health and safety, trade unions and collective bargaining, wages, working hours, regularisation of migrant workers, homeworkers, subcontracting, industrial water pollution, greenhouse gas emissions, hazardous chemicals, water consumption, plastics and microfiber release.<sup>94</sup> For example, the RBC Policy should prohibit child labour and refer to relevant international treaties like ILO Conventions 138 and 182,<sup>95</sup> it should require the protection of workers from sexual harassment and abuse as per principles in the Convention on Elimination of all Forms of Discrimination against Women<sup>96</sup> and national laws, and it should prohibit forced labour as per ILO Conventions 29 and 105.<sup>97</sup> Comprehensive details and applicable international law are catalogued in the GOTS Implementation Manual.<sup>98</sup>
- 4.2.1.4. The Certified Entity's RBC Policy should include a commitment to conduct due diligence

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<sup>87</sup> [Global Organic Textile Standard version 7.0 \(2023\)](#), Sections 1.2.8.

<sup>88</sup> [OECD, Guidelines for Multinational Enterprises on Responsible Business Conduct \(2023\)](#).

<sup>89</sup> [Global Organic Textile Standard Version 7.0 \(2023\)](#), Sections 4.1.1; [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Sections 4.1.1.i, 4.4.1, pp. 16, 42-45; [OECD, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), p. 38.

<sup>90</sup> [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Section 4.4.1, pp. 42-45.

<sup>91</sup> [Global Organic Textile Standard version 7.0 \(2023\)](#), Sections 4.1.1; [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Section 4.1.1.i, p. 16. See [OECD, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), pp. 25, 38.

<sup>92</sup> [Global Organic Textile Standard version 7.0 \(2023\)](#), Sections 4.1.1, 4.2-4.5; [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Section 4.1.1.i, p. 16.

<sup>93</sup> [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Section 4.1.1.i, p. 16; [OECD, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), p. 38. See [Global Organic Textile Standard version 7.0 \(2023\)](#), Section 4.1.1.

<sup>94</sup> [OECD, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), pp. 38, 105-188. See [Global Organic Textile Standard version 7.0 \(2023\)](#), Sections 4.2-4.5.

<sup>95</sup> ILO, [Convention C138 – Minimum Age Convention, No. 138 \(1973\)](#); ILO, [Convention C182 – Worst Forms of Child Labour Convention, No. 182 \(1999\)](#).

<sup>96</sup> UN, [Convention on the Elimination of All Forms of Discrimination against Women](#) 1249 UNTS 13 (1979).

<sup>97</sup> ILO, [Convention C029 – Forced Labour Convention, No. 29 \(1930\)](#); ILO, [Convention C105 – Abolition of Forced Labour Convention, No. 105 \(1957\)](#); ILO, [Protocol P029 – Protocol of 2014 to the Forced Labour Convention of 1930, No. 29 \(2014\)](#).

<sup>98</sup> [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Section 4.4.1, pp. 42-45.

regarding the most significant risks in its own operations and supply chain.<sup>99</sup> Significance should be determined, and risks prioritised based on the likelihood and severity of potential harm, as well as in terms of any irremediable nature of any impact. This determination should involve consultation with potentially affected stakeholders.<sup>100</sup> For instance, policy commitments could include preventing significant impacts related to chemical safety, excessive water consumption in water-scarce regions, wage violations in multi-tier supply chains, and gender-based violence.

- 4.2.1.5. The RBC Policy should articulate the Certified Entity's expectations of business partners, including suppliers, licensees, buying agents, logistics providers, and other intermediaries, regarding due diligence for risks across the full length of their supply chain.<sup>101</sup>
- 4.2.1.6. The RBC Policy should include the Certified Entity's expectations that suppliers will also conduct due diligence on significant risks in their part of the supply chain.<sup>102</sup> Suppliers should be required to cascade the same or equivalent due diligence expectations to their own suppliers.
- 4.2.1.7. The RBC Policy should include a commitment to responsible sourcing practices,<sup>103</sup> meaning the Certified Entity will seek to prevent its purchasing practices from contributing to harmful impacts. For example, short lead times, excessive cost pressure, sudden changes in volumes and styles, and delays in payments can contribute to excessive overtime, unauthorised subcontracting, wage violations, etc., in the supply chain.<sup>104</sup>
- 4.2.1.8. The Certified Entity's RBC Policy should define, delineate and set expectations regarding the use of subcontractors and subcontracted work by direct suppliers, where relevant.<sup>105</sup> The RBC Policy should also define expectations around monitoring of subcontractors and cascading of due diligence requirements.<sup>106</sup>
- 4.2.1.9. Where relevant, the RBC Policy should articulate expectations regarding outsourcing production to homeworkers and the use of handwork.<sup>107</sup> It should refer to key risks of homeworking, such as lack of contracts, social security, and occupational health and safety

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<sup>99</sup> [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Section 4.1.1.i, p. 16; [OECD, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), pp. 25, 38, 47, 51. See [Global Organic Textile Standard version 7.0 \(2023\)](#), Sections 4.1.1, 4.1.4.

<sup>100</sup> [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Section 4.1.1.i, p. 17. See OECD, [Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), pp. 27-28.

<sup>101</sup> [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Section 4.1.1.i, p. 16; [OECD, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), pp. 38, 48. See [Global Organic Textile Standard version 7.0 \(2023\)](#), Section 4.1.4.

<sup>102</sup> [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Section 4.1.1.i, p. 16; [OECD, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), pp. 38, 47, 51.

<sup>103</sup> [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Section 4.1.1.i, p. 17; [OECD, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), pp. 38, 73.

<sup>104</sup> [OECD, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), pp. 47, 51, see also 67.

<sup>105</sup> [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Section 4.1.1.i, p. 17; OECD, [Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), p. 39. See also [Global Organic Textile Standard Version 7.0 \(2023\)](#), Section 4.4.13.1.

<sup>106</sup> [OECD, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), pp. 39-40.

<sup>107</sup> [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Section 4.1.1.i, p. 17; [OECD, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), pp. 39, 184. See also [Global Organic Textile Standard Version 7.0 \(2023\)](#), Section 4.4.13.1.



protection and require adequate due diligence by suppliers over such work.<sup>108</sup>

- 4.2.1.10. The RBC Policy should be built on input from internal and external stakeholders. Additionally, the RBC Policy should include a commitment to meaningful engagement with potentially affected stakeholders and their representatives throughout the course of due diligence.<sup>109</sup> This means communication that is timely, conducted in good faith, two-way and responsive. The Certified Entity should actively incorporate stakeholders' perspectives into how it addresses due diligence. Stakeholders should be provided with complete and truthful information and opportunity for input into decisions that may affect them.<sup>110</sup>
- 4.2.1.11. The Certified Entity's RBC Policy should include a commitment to receive and address all complaints related to its own operations through legitimate processes.<sup>111</sup> The RBC Policy should require establishing operational-level grievance mechanisms in conformance with the United Nations Guiding Principles on Business and Human Rights to ensure access for affected stakeholders to raise concerns.<sup>112</sup>
- 4.2.1.12. The RBC Policy should also include a commitment to receive and address substantiated complaints of harm in the supply chain caused or contributed to by the Certified Entity when raised through legitimate processes.<sup>113</sup> The RBC Policy should require participating in or cooperating with legitimate remedy processes.<sup>114</sup>
- 4.2.1.13. The Certified Entity's RBC Policy should be developed and informed by relevant internal and external expertise.<sup>115</sup> For instance, consultation with local or international human rights experts, representative trade unions or civil society organisations.
- 4.2.1.14. RBC Policy should be approved at the most senior management level in the Certified Entity, for instance, by the Board of Directors,<sup>116</sup> and reflect a deep understanding of the Certified Entity's operational context and its potential and actual adverse impacts on human rights and the environment. Top-level commitment is necessary for embedding RBC into policies and management systems.<sup>117</sup>
- 4.2.1.15. Certified Entities should include a provision in their RBC Policy pledging to establish internal

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<sup>108</sup> ILO, [Working from Home: From invisibility to decent work](#) (2021).

<sup>109</sup> [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Section 4.1.1.i, p. 17; [OECD, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), pp. 27-28, 39. See also [Global Organic Textile Standard Version 7.0 \(2023\)](#), Section 4.4.13.4.

<sup>110</sup> [OECD, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), pp. 27-28; [OECD, Due Diligence Guidance for Responsible Business Conduct \(2018\)](#), pp. 48-51. See also European Center for Non-Profit Law, [Framework for Meaningful Engagement \(2023\)](#), pp. 10-11, 13 *et seq.*

<sup>111</sup> [Global Organic Textile Standard Version 7.0 \(2023\)](#), Section 4.4.13.5; [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Section 4.1.1.i, p. 17; [OECD, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), p. 39.

<sup>112</sup> [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Section 4.4.13.5, p. 57; [OECD, Due Diligence Guidance for Responsible Business Conduct \(2018\)](#), p. 82; UN, [Guiding Principles on Business and Human Rights: Implementing the United Nations 'Protect, Respect and Remedy' Framework \(2011\)](#), Guiding Principle 29, p. 33.

<sup>113</sup> [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Section 4.1.1.i, p. 17; [OECD, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), p. 39.

<sup>114</sup> [OECD, Due Diligence Guidance for Responsible Business Conduct](#), p. 82; UN, [Guiding Principles on Business and Human Rights: Implementing the United Nations 'Protect, Respect and Remedy' Framework \(2011\)](#), Principle 22, p. 33.

<sup>115</sup> [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Section 4.1.1.i, p. 17; [OECD, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), p. 41.

<sup>116</sup> [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Section 4.1.1.i, p. 17; [OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), p. 41.

<sup>117</sup> [OECD, Due Diligence Guidance for Responsible Business Conduct \(2018\)](#), p. 21. See [Global Organic Textile Standard version 7.0 \(2023\)](#), Sections 4.1.5-4.1.6.

quality control systems. This provision should also emphasise the need to conduct regular internal audits as an integral part of ensuring consistent due diligence in operations and supply chains.

#### 4.2.2 Strengthening Management Systems

- 4.2.2.1. The effectiveness of the RBC Policy depends on its governance and implementation. Certified Entities shall, therefore, ensure that their management systems embed the six-step due diligence process to implement GOTS Criteria, including Environmental Criteria and Human Rights and Social Criteria, as outlined in this Handbook. Certified Entities shall strengthen their management systems to ensure that due diligence is preventative, dynamic, commensurate with risk (risk-based), informed by meaningful engagement with stakeholders, appropriate to the Certified Entity's circumstances, shall involve multiple processes and objectives, ensure ongoing communication, can involve risk-based prioritisation and shall not cause a shift of responsibilities.<sup>118</sup>
- 4.2.2.2. Accordingly, the Certified Entity shall review and update its RBC Policy regularly to ensure effective implementation of the due diligence requirements. This process should be iterative, reflecting an expanding understanding of supply chain risks and incorporating stakeholder feedback.<sup>119</sup> Policies should evolve based on findings and gaps identified from due diligence practices, including scoping risks, grievances, changes in operations, emerging international standards, etc.<sup>120</sup>
- 4.2.2.3. The Certified Entity should assign board-level responsibility for RBC implementation and oversight.<sup>121</sup> By placing this responsibility at the board level, the Certified Entity strengthens corporate governance and ensures that RBC becomes a core aspect of decision-making, reflecting its importance in the Certified Entity's business operations.<sup>122</sup> For example, having a committee or individual board member responsible for due diligence will increase the legitimacy and ensure the allocation of resources.
- 4.2.2.4. Responsibility for RBC implementation should be assigned to competent senior staff.<sup>123</sup> Such responsible staff should have experience and thoroughly understand the Certified Entity's operations, industry landscape, and potential challenges related to ensuring compliance with GOTS criteria and maintaining the Certified Entity's RBC commitments. Such staff should receive regular training on relevant topics, including human rights, environmental sustainability, auditing techniques, stakeholder engagement, etc.
- 4.2.2.5. Adequate financial resources, staff time and competence should be provided for the

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<sup>118</sup> [Global Organic Textile Standard version 7.0 \(2023\)](#), Sections 1.2.8.

<sup>119</sup> [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Section 4.1.1.i, p. 17; [OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), pp. 27-28, 41. See [Global Organic Textile Standard version 7.0 \(2023\)](#), Section 4.1.3; see also OECD, [Due Diligence Guidance for Responsible Business Conduct \(2018\)](#), p. 22.

<sup>120</sup> [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Section 4.1.1.i, p. 17; [OECD, Due Diligence Guidance for Responsible Business Conduct \(2018\)](#), pp. 21, 41; OECD, [Due Diligence Guidance for Responsible Business Conduct \(2018\)](#), p. 22.

<sup>121</sup> [Global Organic Textile Standard version 7.0 \(2023\)](#), Sections 4.1.5-4.1.6; [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Sections 4.1.1.i, 4.1.6, pp. 16-17, 24; [OECD, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), p. 42; OECD, [Due Diligence Guidance for Responsible Business Conduct \(2018\)](#), p. 23.

<sup>122</sup> [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Sections 4.1.1.i, 4.1.6, pp. 16-17, 24.

<sup>123</sup> [Global Organic Textile Standard version 7.0 \(2023\)](#), Section 4.1.6; [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Section 4.1.6, p. 24; [OECD, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), p. 42.

implementation of the RBC Policy and due diligence.<sup>124</sup> Sourcing and compliance teams should have sufficient budget allocated to carry out supplier assessments, follow up on findings, provide training, and engage with stakeholders.<sup>125</sup> Personnel assigned with due diligence responsibilities should specifically be required and have sufficient time for conducting risk assessments, policy dissemination and grievance mechanisms, and other necessary activities rather than being an 'add-on' to their day-to-day responsibilities. They should have time and resources to conduct site visits and stakeholder meetings. Resources should allow for appropriate action to address findings rather than only identify issues.

- 4.2.2.6. Due diligence should be incorporated into organisational decision-making, such as for new product development, expanding to new countries, adding new supplier factories, etc.<sup>126</sup> Purchasing and contracting decisions should be informed by due diligence findings to incentivise responsible business conduct. Cross-functional input contributes to the avoidance of business decisions, which may potentially increase the probability of adverse impacts. For example, sustainability teams could provide critical feedback during vendor onboarding or merit order allocation based on due diligence performance. Compliance shall not be a tick-box exercise at the end of the process. It must be integrated throughout the entire business operation.
- 4.2.2.7. The Certified Entity should seek to ensure alignment and collaboration between departments relevant to due diligence, such as sourcing, compliance, sustainability, etc.<sup>127</sup> Common key performance indicators and information-sharing protocols help embed due diligence into business operations. Rather than a linear transfer of responsibility, circular information flows and aligned priorities allow due diligence to be embedded throughout the Certified Entity's operations. Ultimately, various departments should have joint accountability for responsible business conduct. In this way, the Certified Entity should generally facilitate feedback, learning and building institutional knowledge between departments; ensure that adequate and appropriate information on due diligence is provided to decision-makers; include multiple implicated departments in making decisions that may increase the risk of harm in operations or supply chain (for example, not just buying units but also units overseeing supplier human rights, labour and environmental performance).
- 4.2.2.8. The Certified Entity should establish robust internal quality control systems. These systems should be designed to consistently assess the effectiveness of the due diligence process within its operations and throughout its supply chains. Regular internal audits should be conducted as a core component of these systems. Internal audits reinforce compliance with the GOTS criteria and validate due diligence findings. Additionally, internal audits play a key role in maintaining data integrity – a cornerstone of sound due diligence – by ensuring the effectiveness of information management systems and the reliability of information flows. Internal audits should serve as a bridge between departments, underscoring sustainability, thorough risk assessment, and enhanced credibility.
- 4.2.2.9. Supplier contracts should include clauses obligating compliance with the Certified Entity's

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<sup>124</sup> [Global Organic Textile Standard version 7.0 \(2023\)](#), Sections 4.1.6-4.1.7; [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Section 4.1.6, p. 24; [OECD, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), p. 42.

<sup>125</sup> [Global Organic Textile Standard version 7.0 \(2023\)](#), Sections 4.1.6-4.1.7; [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Section 4.1.6, p. 24; [OECD, Due Diligence Guidance for Responsible Business Conduct \(2018\)](#), pp. 42, 57.

<sup>126</sup> [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Section 4.1.1.i, p. 16; [OECD, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), pp. 42-43.

<sup>127</sup> [OECD, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), p. 43; [OECD, Due Diligence Guidance for Responsible Business Conduct \(2018\)](#), p. 23.

due diligence policy and requirements.<sup>128</sup> This provides legal grounding for enforcement. Certified Entities should also build into supplier contracts an obligation to support supply chain due diligence of risks linked to upstream production where appropriate. Contracts can also provide incentives for responsible business conduct. Raising supplier awareness of contract terms and training on expectations can improve uptake. Contracts should be reviewed regularly and strengthened based on implementation experience.

- 4.2.2.10. The Certified Entity could consider financial and non-financial incentives to suppliers based on due diligence performance beyond pass/fail decisions. These can include preferential procurement, financing options, recognition programmes, etc. Such measures encourage continuous improvement over time.
- 4.2.2.11. The RBC Policy should be made publicly available,<sup>129</sup> for instance, by publishing on the company website in all relevant languages. Ensuring that the RBC Policy is accessible to all relevant stakeholders is critical to ensuring transparency and accountability. The Certified Entity shall consider the geographical spread of its supply chain and key customer markets when deciding which languages are relevant. The Certified Entity should consider additional methods of communication to ensure that the policy reaches all relevant stakeholders.
- 4.2.2.12. The RBC Policy should be actively communicated to all employees and direct suppliers of the Certified Entity, as well as any other relevant party.<sup>130</sup> The Certified Entity should consider communicating the policy at stakeholder meetings, including it in supplier contracts and discussing it in employee training programmes.

### 4.3 Identifying and Assessing Adverse Impacts (Step 2)

#### 4.3.1 Scope Risk of Harms in Certified Entities' Operations and Supply Chain

- 4.3.1.1. The Certified Entity shall conduct an informed scoping exercise to identify which risks of non-compliance with GOTS Criteria are most significant in its own operations and supply chain.<sup>131</sup> This scoping exercise is a critical step in the due diligence process, providing a foundation for all subsequent steps. A rigorous scoping assessment considers risks holistically across the Certified Entity's operations and entire supply chain, from raw material production through manufacturing and trade to the end consumer.<sup>132</sup> Both the likelihood and severity of potential adverse impacts shall inform the determination of risk.<sup>133</sup>
- 4.3.1.2. *Sector and Subsector Risks.* The scoping exercise should examine the prevalent risks in the overall textile sector with regard to different product types and geographic locations.<sup>134</sup> However, subsectors within the broader textile industry (e.g. raw material production,

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<sup>128</sup> [OECD, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), pp. 38, 61. See [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Section 4.1.1.i, p. 16.

<sup>129</sup> [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Section 4.4.1.i, p. 17; [OECD, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), pp. 41, 90; [OECD, Due Diligence Guidance for Responsible Business Conduct \(2018\)](#), p. 22.

<sup>130</sup> [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Section 4.4.1.i, p. 17; [OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), p. 41; [OECD, Due Diligence Guidance for Responsible Business Conduct \(2018\)](#), p. 22. See also [Global Organic Textile Standard Version 7.0 \(2023\)](#), Section 4.4.13.2.

<sup>131</sup> [Global Organic Textile Standard Version 7.0 \(2023\)](#), Section 4.1.1.ii; [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Section 4.1.1.ii, p. 17; [OECD, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), p. 47.

<sup>132</sup> [OECD, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), p. 47.

<sup>133</sup> [Global Organic Textile Standard Version 7.0 \(2023\)](#), Section 4.1.1.

<sup>134</sup> [OECD, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), pp. 47-48.



spinning, dyeing and finishing) may also face distinct risks not shared by the whole sector.<sup>135</sup> If relevant, these unique subsector risks also warrant attention in the scoping process.<sup>136</sup> The aim is to identify and understand specific risks so that they can be better managed and mitigated throughout the company's operations and supply chain.<sup>137</sup> These "sector risks" include those covered by the GOTS Human Rights and Social Criteria, including child labour, discrimination, wages lower than the subsistence level, excessive working hours, and more.<sup>138</sup> Certified Entities shall also conduct scoping exercises with regard to GOTS Chemical Input Criteria, Environmental Criteria and Governance Criteria.<sup>139</sup>

- 4.3.1.3. *Risks Regarding Products.* In addition to sector-wide risks, the scoping shall consider risks linked to specific materials, processes or products made or sold by the Certified Entity.<sup>140</sup> For example, cotton production requires large amounts of land and water. Conventional cotton is especially problematic, excessively using fertilisers and pesticides.<sup>141</sup>
- 4.3.1.4. *Risks Regarding Regions.* As the countries and regions where the Certified Entity operates or sources from can exacerbate certain risks, the scoping shall analyse relevant country or regional factors.<sup>142</sup> Weak governance, low educational levels, high rates of migrant labour, and the prevalence of informal employment can all intensify risks in supply chains and should be considered during the scoping exercise. The textile industry has been associated with many human rights abuses, especially in developing countries where textiles are often manufactured.<sup>143</sup>
- 4.3.1.5. *Risks Associated with Sourcing and Business Model.* The scoping process shall also examine risks related to the Certified Entity's specific sourcing model.<sup>144</sup> Sourcing from large numbers of suppliers and/or from many different countries can increase exposure to harm, particularly in relation to or compared with the Certified Entity's size and available resources for due diligence. Relying heavily on short-term supplier relationships can similarly increase exposure to harm. These factors hamper oversight and the leverage needed to address issues. Sourcing indirectly through agents rather than direct relationships and inadequate selection processes for these intermediaries pose further challenges. Complex supply chains

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<sup>135</sup> Nikolina Šajn, [Environmental impact of the textile and clothing industry - What consumers need to know, European Parliamentary Research Service](#), Members' Research Service, PE 633.143 (2019).

<sup>136</sup> See [Global Organic Textile Standard Version 7.0 \(2023\)](#), Sections 2.1.4, 2.15; OECD, [Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector](#) (2018), p. 47.

<sup>137</sup> [OECD, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector](#) (2018), p. 47.

<sup>138</sup> [Global Organic Textile Standard Version 7.0 \(2023\)](#), Sections 4.1.1, 4.4; [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Section 4.4.1.ii, pp. 17-18; OECD, [Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector](#) (2018), p. 48.

<sup>139</sup> See [Global Organic Textile Standard Version 7.0 \(2023\)](#), Section 4.1.1; [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Section 4.4.1.ii, pp. 17-18; OECD, [Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector](#) (2018), p. 48.

<sup>140</sup> [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Section 4.1.1.ii, pp. 17-18; [OECD, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector](#) (2018), pp. 47-49.

<sup>141</sup> Nikolina Šajn, [Environmental impact of the textile and clothing industry - What consumers need to know, European Parliamentary Research Service](#), Members' Research Service, PE 633.143 (2019), pp. 3-4.

<sup>142</sup> [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Section 4.4.1.ii, pp. 17-18; [OECD, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector](#) (2018), pp. 47-49. See generally OECD, [Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector](#) (2018), Section II Modules on Sector Risks, pp. 103-188.

<sup>143</sup> Business & Human Rights Resource Centre, [European textile industry and human rights due diligence: Key developments, human rights allegations & best practices](#) (2018), pp. 2-3.

<sup>144</sup> [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Section 4.1.1.ii, p. 18; [OECD, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector](#) (2018), pp. 47, 49-50.

and the use of subcontractors reduce visibility into human rights risks.<sup>145</sup>

4.3.1.6. The scoping shall consider how components of the Certified Entity's business model may expand supply chain risks, including the Certified Entity's own position within that supply chain.<sup>146</sup> Companies with highly diversified product lines face more varied risks than those with focused offerings. Entities that rapidly cycle through seasons and styles strain supplier capacity, which can incentivise abuses like forced or excessive overtime and unauthorised outsourcing. Numerous product cycles can likewise lead to increased use of materials and resources by the Certified Entity and, therefore, an increased carbon, water and waste footprint. The larger a company's foreign operations, the more due diligence challenges it may also encounter.<sup>147</sup>

4.3.1.7. *Analysing, Classifying, Prioritising and Documenting Risks.* After thoroughly scoping potential risks, the Certified Entity shall objectively determine which risks are most significant in its own operations and supply chain based on careful analysis of the likelihood and potential severity of harm.<sup>148</sup> The likelihood depends partly on context. For example, sourcing from a country with poor labour law enforcement may lead to certain risks becoming more probable. Severity considers the potential scale, scope, and irremediable nature of impacts. Companies should define their high-risk countries, suppliers, and materials through this prioritisation process.<sup>149</sup> Scale, scope and the irremediable nature of impacts can be defined as:

**Scale** - Refers to the magnitude, extent or gravity of an adverse impact.

*Example:* Two garment factories are found to have non-compliance related to remuneration. Factory A has minor wage discrepancies affecting ten workers, while Factory B has widespread wage theft affecting 500 workers. The problem in factory B is on a larger scale than in factory A.

**Scope** - Refers to the range or reach of an adverse impact, both in terms of geographical area and the range of stakeholders affected.

*Example:* If an effluent treatment plant of a wet processing facility discharges water with a slightly higher temperature level than required by GOTS or other applicable regulations, affecting only one water source and not endangering the health and well-being of the people and ecosystem, the scope is limited. However, if the water is discharged untreated and the pollution spreads to several water sources, affecting several towns and their inhabitants as well as wildlife, the scope becomes wider.

**Irremediable Character** - Means any limits on the ability to restore those affected to a situation at least the same as, or equivalent to, their situation before the adverse impact.

*Example:* A textile factory uses a banned carcinogenic dye, contaminating local water sources. Local residents develop health problems, and certain aquatic species die out. While the facility can stop using the dye and attempt to clean it up, the health impacts and species loss are irreversible and cannot be fully restored.

4.3.1.8. The Certified Entity shall document the scoping exercise<sup>150</sup> through reports, charts, risk matrices, or other formats that capture the analytical process and findings in sufficient detail.

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<sup>145</sup> OECD, [Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector](#) (2018), p. 50; Principles for Responsible Investment, [An Investor Briefing on Labour Practices in the Apparel Sector](#) (2017), pp. 12-13.

<sup>146</sup> [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Section 4.1.1.ii, p. 18; OECD, [Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector](#) (2018), pp. 47, 49.

<sup>147</sup> [OECD, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), pp. 47, 49-50.

<sup>148</sup> [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Section 4.1.1.ii, p. 18; OECD, [Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector](#) (2018), pp. 47, 51.

<sup>149</sup> Grüner Knopf, [Leitfaden: Unternehmerische Sorgfaltspflichten Version 2.0 \(2023\)](#), p. 42.

<sup>150</sup> [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Section 4.1.1.ii, p. 18.

This documentation provides an important record and baseline for ongoing risk assessment.<sup>151</sup>

- 4.3.1.9. Where information gaps exist, the Certified Entity should actively consult relevant stakeholders, subject matter experts, multi-stakeholder initiatives, and other knowledgeable parties to broaden perspective and address blind spots. Certified Entities should prioritise engaging with stakeholders, or their interlocutors, who are most likely to be affected. Certified Entities and stakeholders should identify methods for engagement that are effective for them.<sup>152</sup> When identifying and understanding risks, Certified Entities should consider perspectives and information from the workforce collectively, including unions, NGOs, and civil society groups, especially for less visible issues like forced labour or freedom of association violations.<sup>153</sup>
- 4.3.1.10. *Continuous Identification.* Rather than a static one-time activity, the Certified Entity shall review the findings of the scoping assessment on a regular basis, as defined by the Certified Entity itself. Regular reviews enable the necessary refreshing of the risk analysis.<sup>154</sup> Certified Entities shall conduct a regular review at least annually, as well as ad hoc reviews triggered by relevant events, including entering new countries/products and receiving complaints.<sup>155</sup>
- 4.3.1.11. The Certified Entity shall continually update the information feeding into the scoping exercise based on changing circumstances, from emerging risks to evolving stakeholder expectations. The scoping process must remain current and dynamic to fulfil its function of detecting salient risks.<sup>156</sup>

#### 4.3.2 Self-Assessment of Certified Entity's Own Operations

- 4.3.2.1. After thoroughly scoping potential risks across its operations and supply chain, the Certified Entity shall carry out a detailed self-assessment of its own operations.<sup>157</sup> The purpose of this self-assessment is to evaluate both actual and potential instances of non-compliance with the GOTS Criteria at the directly owned or controlled sites of the Certified Entity. Its primary function is to act as a critical diagnostic tool to understand the effectiveness of current management strategies and the RBC Policy in relation to the highest-priority risks identified during the scoping phase.
- 4.3.2.2. *Reference to Sources.* In conducting the self-assessment, the Certified Entity is encouraged to carefully consider the GOTS Criteria and other existing credible guidance for employers.<sup>158</sup> For example, the ILO has developed comprehensive guidelines and assessment tools that

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<sup>151</sup> [OECD, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), p. 47; [Grüner Knopf, Leitfaden: Unternehmerische Sorgfaltspflichten Version 2.0 \(2023\)](#), pp. 42-43.

<sup>152</sup> [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Section 4.1.1.ii, p. 18; [OECD, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), p. 47.

<sup>153</sup> [Grüner Knopf, Leitfaden: Unternehmerische Sorgfaltspflichten Version 2.0 \(2023\)](#), p. 43.

<sup>154</sup> [Global Organic Textile Standard Version 7.0 \(2023\)](#), Section 4.1.3; [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Section 4.1.1.ii, p. 18; [OECD, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), p. 47.

<sup>155</sup> [Grüner Knopf, Leitfaden: Unternehmerische Sorgfaltspflichten Version 2.0 \(2023\)](#), p. 43.

<sup>156</sup> [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Section 4.1.1.ii, p. 18; [OECD, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), p. 47. See [Global Organic Textile Standard Version 7.0 \(2023\)](#), Section 4.1.3.

<sup>157</sup> [Global Organic Textile Standard Version 7.0 \(2023\)](#), Section 4.1.1.ii; [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Section 4.1.1.ii, p. 18; [OECD, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), p. 53.

<sup>158</sup> [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Section 4.1.1.ii, p. 18; [OECD, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), p. 53.

companies can use to assess risks such as child labour,<sup>159</sup> forced labour<sup>160</sup> and occupational health and safety.<sup>161</sup> The use of globally accepted best practices ensures comprehensive self-assessment.

- 4.3.2.3. *Meaningful Engagement.* The Certified Entity shall engage potentially affected stakeholders in the self-assessment process, including workers, trade unions and representatives of their own choosing.<sup>162</sup> Their on-the-ground perspective and insights into actual and potential harms are indispensable. Stakeholder engagement is not merely advantageous. It is an essential component of a robust and comprehensive assessment strategy.<sup>163</sup> This engagement can take various forms depending on context, such as surveys, focus groups, third-party interviews, or formal participation in the assessment team.
- 4.3.2.4. Where the self-assessment process reveals high-severity risks that may cause severe harm if not adequately prevented and mitigated, or it reveals risks the prevention of which requires technical expertise, the Certified Entity is strongly encouraged to seek qualified external support.<sup>164</sup> Technical expertise from accredited third-party auditors, civil society partners, or industry initiatives may be warranted, especially for small and medium enterprises with limited internal resources.
- 4.3.2.5. *The Self-Assessment Methodology.* The Certified Entity should review the areas set out in the table below.<sup>165</sup> This enables evaluating how effectively the most significant risks are being prevented and mitigated.

AREA FOR REVIEW (DESCRIPTION)	EXAMPLE SCENARIOS
<b>Policies</b>	
Overall organisational guidelines aimed at mitigating risks.	Policies and messaging from top-level management on identified risks.
<b>Procedures and Rules</b>	
The step-by-step processes and any rules that guide how policies are implemented.	Rules and procedures regarding risks like discrimination, harassment, or limits to freedom of association.

<sup>159</sup> ILO, [Child Labour Guidance Tool for Business](#) (2015).

<sup>160</sup> ILO, [Checkpoints for companies: Eliminating and preventing forced labour](#) (2015).

<sup>161</sup> ILO, [Code of practice: Safety and health in textiles, clothing, leather and footwear](#) (2021).

<sup>162</sup> [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Section 4.1.1.ii, p. 18; [OECD, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), p. 53; see generally European Center for Non-Profit Law, [Framework for Meaningful Engagement](#) (2023), pp. 10-11, 13 *et seq.*

<sup>163</sup> OECD, [Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector](#) (2018), p. 53; UN, [Guiding Principles on Business and Human Rights: Implementing the United Nations 'Protect, Respect and Remedy' Framework](#) (2011) p. 18.

<sup>164</sup> [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Section 4.1.1.ii, p. 18; [OECD, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), p. 54. See [Global Organic Textile Standard Version 7.0 \(2023\)](#), Section 4.1.7.

<sup>165</sup> [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Section 4.1.1.ii, p. 18; [OECD, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), pp. 53-54. See [Global Organic Textile Standard Version 7.0 \(2023\)](#), Sections 4.1.4-4.1.5.





AREA FOR REVIEW (DESCRIPTION)	EXAMPLE SCENARIOS
<b>Management Systems</b>	
Frameworks used to manage and monitor risks.	Financial controls such as tracking, managing, and reporting financial resources and transactions.
<b>Monitoring Practices</b>	
Methods and systems to keep track of the implementation of policies, procedures, and management systems.	Monitoring procedures, including red-flag systems, to identify risks of harm before they occur.
<b>Capability-building Programs</b>	
Programs that equip employees with the necessary skills to manage risks.	Employee training on skills and knowledge of risks in the enterprise's operations.
<b>Grievance Mechanisms</b>	
Channels for reporting and addressing complaints related to risks.	Whistle-blower channels and protections from retaliation for those who report wrongdoing.
<b>Special Areas for Scrutiny</b>	
Specific areas that require extra attention based on identified top risks.	Human resources policies and grievance mechanisms when discrimination, harassment, or limits to freedom of association are priorities.
<b>Purchasing Practices</b>	
Procedures related to the purchase of goods and services, including pricing strategies.	Purchasing practices and price setting that may introduce or amplify risks.
<b>Compliance Support</b>	
Programs and initiatives designed to support adherence to policies and regulations.	Programs in place to support compliance with external and internal rules.
<b>Remediation Processes</b>	
Methods to remedy any adverse impacts, especially concerning human rights and labour impacts.	Processes to enable remediation for human rights and labour impacts.

4.3.2.6. The self-assessment shall entail gathering relevant data, both quantitative and qualitative. Key performance indicators covering workforce demographics, turnover, training hours, and audit results provide valuable quantitative insights. Qualitative information from document reviews,

management interviews, facility observations, worker interviews, and surveys adds crucial texture and context. Certified Entities are advised to leverage technology to enhance efficiency and depth of self-assessments where feasible.

- 4.3.2.7. The Certified Entity shall assess how its procurement practices and supplier management may facilitate or mask non-compliance further down the supply chain. The aim is not to require Certified Entities to scrutinise the human rights performance of every associated entity with which they do business. Instead, the objective is to assess the potential risk that these associated entities may violate human rights in the course of activities that are related to the Certified Entity's own operations, products or services.<sup>166</sup> For example, if the Certified Entity itself imposes short delivery times or uncontrolled subcontracting to meet changing demands, this may facilitate labour abuses in the supply chain.<sup>167</sup>
- 4.3.2.8. The Certified Entity should tailor the assessments to focus on its most significant risks in terms of likelihood and severity but remain open to finding issues that were not anticipated.<sup>168</sup> Over-reliance on predetermined risk assumptions can lead to overlooking actual problems on the ground.
- 4.3.2.9. Self-assessments shall feed into concrete action plans to fill policy/program gaps, improve management systems, allocate resources, enhance monitoring, build capabilities, engage business partners, and reset procurement practices. The goal is continuous improvement on the ground, not just a paper exercise.<sup>169</sup>
- 4.3.2.10. Self-assessments are intended to be embedded practices that provide regular feedback cycles to drive progress in meeting the Certified Entity's commitment to responsible business conduct in line with the GOTS Criteria.<sup>170</sup>

### 4.3.3 Assess Suppliers with a Higher Risk of Harm at the Site Level

- 4.3.3.1. After thorough scoping and self-assessment, the Certified Entity shall conduct focused assessments of high-risk suppliers within its supply chain, prioritising those associated with the most severe and likely potential impacts.<sup>171</sup> Assessments aim to evaluate suppliers' practices against GOTS Criteria and determine actual non-compliance on the ground. Suppliers shall be selected based on risk, not position or perceived importance in the supply chain.<sup>172</sup>
- 4.3.3.2. *Remoteness, Assurances and Prioritising Risks.* Certain high-risk activities like raw material production are often conducted by upstream suppliers removed from direct contractual relationships. Even when unable to directly assess all upstream links, the Certified Entity shall require robust assurances from its first-tier suppliers that priority upstream risks are being effectively identified and addressed.<sup>173</sup> GOTS certification can support a company's efforts to source responsibly, specifically where a company's direct influence over suppliers is limited. While GOTS certification assures material risks, companies need to maintain close,

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<sup>166</sup> UN OHCHR, [Human Rights Due Diligence: An Interpretive Guide](#) (2021).

<sup>167</sup> UK Home Office, [Transparency in supply chains: a practical guide](#) (2021).

<sup>168</sup> UN, [Guiding Principles on Business and Human Rights: Implementing the United Nations 'Protect, Respect and Remedy' Framework](#) (2011) p. 18.

<sup>169</sup> [Global Organic Textile Standard Version 7.0 \(2023\)](#), Section 4.1.3; UN OHCHR, [Human Rights Due Diligence: An Interpretive Guide](#) (2021), p. 5.

<sup>170</sup> [Global Organic Textile Standard Version 7.0 \(2023\)](#), Section 4.1.3.

<sup>171</sup> [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Section 4.1.1.ii, p. 18; [OECD, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), pp. 54, 63. See [Global Organic Textile Standard Version 7.0 \(2023\)](#), Section 4.1.1.ii.

<sup>172</sup> [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Section 4.1.1.ii, p.18; [OECD, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), p. 54.

<sup>173</sup> [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Section 4.1.1.ii, p.18; [OECD, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), p. 54.

proactive engagement with their suppliers. This dual approach allows for consistent adherence to ethical standards while fostering a culture of mutual accountability and transparency.

- 4.3.3.3. Some considerations in determining suppliers that are higher risk include: the supplier's operating in a country that holds higher risk; the supplier's involvement in a production process that is higher risk (e.g. wet-processing is high-risk for hazardous chemicals); harms or risks identified in previous supplier assessments. Assessments shall also be prioritised for suppliers about which there is insufficient information or those operating in contexts prone to change, such as political instability, conflict, or migratory labour fluxes – situations that enable non-compliance to emerge.<sup>174</sup> Assessments of new suppliers shall occur before supply agreements are signed.<sup>175</sup> Certified Entities may rely on existing credible assessments if such assessments have been conducted within a reasonable period of time (e.g. within the past year).<sup>176</sup> Given the complexity and diversity of issues within the garment and footwear sector, determining the most significant risks of harm in the Certified Entity's supply chain is likely to entail some value judgment.
- 4.3.3.4. *Methodology and GOTS System Synergy.* The Certified Entity shall assess actual harm on the ground and risk of harm.<sup>177</sup> The Certified Entity is encouraged to work closely with their GOTS-approved Certification Body in evaluating risks of harm in their GOTS-certified supply chains. The methods deployed for assessment – such as facility inspections, document review, management interviews, focus groups or worker surveys – must align with the nature and the scope of risks. For example, assessing the risks of gender-based violence and harassment would require techniques that create safe spaces for participation without fear of reprisal. For determining compliance with GOTS Human Rights and Social Criteria, workers' interviews should be considered the primary source of information.<sup>178</sup> Workers, trade unions and representatives of workers' own choosing shall be involved in and inform assessment design and implementation where feasible, especially for labour and human rights impacts.<sup>179</sup>
- 4.3.3.5. During the supplier assessments, data should be collected on the status of implemented preventative measures, not just on the existence of policies.<sup>180</sup> Global Standard gGmbH considers implementation to be more important than vision or principles. Reducing impacts requires understanding the real risks and harms on the ground by listening to stakeholders and examining facilities and records. Assessments also must consider workers' awareness of their rights.<sup>181</sup> Further, the Certified Entity shall assess if a supplier has established its own

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<sup>174</sup> [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Section 4.1.1.ii, p. 18; [OECD, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), pp. 55, 57; [Grüner Knopf, Leitfaden: Unternehmerische Sorgfaltspflichten Version 2.0 \(2023\)](#), p. 33.

<sup>175</sup> [OECD, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), p. 57; [Grüner Knopf, Leitfaden: Unternehmerische Sorgfaltspflichten Version 2.0 \(2023\)](#), p. 43.

<sup>176</sup> [OECD, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), pp. 57-58.

<sup>177</sup> [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Section 4.1.1.ii, p. 18; [OECD, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), p. 55.

<sup>178</sup> [OECD, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), p. 56.

<sup>179</sup> [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), p. 19; [OECD, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), p. 56.

<sup>180</sup> [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Section 4.1.1.ii, p. 18; [OECD, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), pp. 55, 57.

<sup>181</sup> [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Section 4.1.1.ii, p. 18; [OECD, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), p. 55.

effective grievance mechanism.<sup>182</sup>

- 4.3.3.6. The Certified Entity shall adjust the assessments to the potential risks and local context.<sup>183</sup> As such, power dynamics and cultural norms shall be considered in designing and implementing assessments. Certified Entities shall seek to understand which population groups are affected by harm, local risk factors that could worsen harm, the underlying causes of harm and actors involved in the harm. They shall identify the availability of judicial and non-judicial grievance mechanisms to the extent possible. Further, they should identify and assess local and national initiatives focused on preventing and mitigating harm.<sup>184</sup>
- 4.3.3.7. A corollary of the foregoing is that if the assessment results do not match the expectations, the Certified Entity shall review the methodology before concluding that there are no issues.<sup>185</sup> When actual findings differ from expected findings, it is necessary to review assumptions and adjust approaches and methods. For example, finding no issues with excessive overtime in a context where labour inspections are known to be weak and under-resourced should raise scepticism about the accuracy of the assessment rather than prematurely declaring success.
- 4.3.3.8. The Certified Entity shall ensure that persons conducting assessments possess relevant expertise, including knowledge, understanding and familiarity of or with the relevant GOTS Criteria, national laws, international frameworks like the United Nations Guiding Principles on Business and Human Rights, the OECD Guidelines / Guidance, ILO Instruments, use of recognised assessment methodologies, knowledge of local languages and contexts, and training on responsible data practices.<sup>186</sup> Gender and cultural awareness matter greatly. Teams with complementary skill sets often outperform solitary assessors.
- 4.3.3.9. The Certified Entity, while assessing human and labour rights violations, shall use multiple sources of information and will assess whether the alleged non-compliance has occurred.<sup>187</sup> Assessment reports should identify the specific GOTS provisions potentially violated, contain the evidentiary and factual basis for these conclusions, detail the corrective actions required of suppliers, and set timelines for implementation and re-assessment. Reports shall be documented and shared with suppliers and relevant internal teams.
- 4.3.3.10. *Root Causes.* Assessments need to identify the key drivers of non-compliance. This enables solutions to be developed that address root causes, such as insufficient resources or misaligned incentives. Assessments provide an opportunity to build supplier capacity and forge a shared commitment to the GOTS Criteria.
- 4.3.3.11. If assessments reveal persistent policy and/or capacity gaps among priority suppliers, the Certified Entity shall reconsider its supplier base, pricing models, purchasing practices, and support programs as possible root causes. Sustainable compliance requires aligning

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<sup>182</sup> [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Section 4.1.1.ii, p. 19; [OECD, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), pp. 55, 96-97; UN, [Guiding Principles on Business and Human Rights: Implementing the United Nations 'Protect, Respect and Remedy' Framework](#) (2011), Guiding Principle 31, pp. 33-35.

<sup>183</sup> [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Section 4.1.1.ii, p. 19; [OECD, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), p. 56.

<sup>184</sup> [OECD, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), p. 56.

<sup>185</sup> [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Section 4.1.1.ii, p. 19; [OECD, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), pp. 56-57.

<sup>186</sup> [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Section 4.1.1.ii, p. 19; [OECD, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), pp. 56-57, 61. See [Global Organic Textile Standard Version 7.0 \(2023\)](#), Section 4.1.7.

<sup>187</sup> [OECD, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), p. 56.

commercial incentives with responsible business conduct.

#### 4.3.4 Assess Certified Entity's Relation to Adverse Impacts

- 4.3.4.1. After identifying its salient adverse impacts through comprehensive scoping, self-assessment, and priority supplier evaluation, the Certified Entity shall make concerted good faith efforts to understand its own relationship to these impacts. This involves honestly assessing the Certified Entity's role in relation to the negative impact rather than treating it as an unrelated or distant issue.<sup>188</sup>
- 4.3.4.2. Specifically, the Certified Entity shall strive to determine through objective evidence whether it has caused an impact directly through its own actions or omissions; has contributed to such impact; or is linked to an impact through its activities, products or services.<sup>189</sup> In the garment and footwear sector, a Certified Entity is most likely to cause harm in its own operations and contribute or be linked to harm in its supply chain.<sup>190</sup>
- 4.3.4.3. *Causation*. Impacts that occur in the Certified Entity's own operations and within entities it owns or controls are, by definition, impacts it has caused. However, determining how the Certified Entity might have caused problems in complex supply chains needs careful tracing and examination. An enterprise "causes" an adverse impact if there is causality between the operations, products or services of the enterprise and the adverse impact. Evidence can be found in various documents, such as contracts, purchase orders, audit reports, complaints, investigations and on-site assessments. But it is equally important to hear from suppliers and workers directly. Their perspectives offer insights essential to understanding the full context of the situation.<sup>191</sup>
- 4.3.4.4. *Contribution*. Contribution occurs when the Certified Entity incentivises, facilitates or enables other entities' actions that themselves result in adverse impacts. While the Certified Entity may not be the sole contributor to adverse impacts, its actions may nonetheless contribute to them. However, for the Certified Entity to be responsible, its contribution must be substantial. These actions could include the way it makes purchases, the terms it sets in contracts, aggressive negotiation tactics, unrealistic product specifications, or even ignoring warning signs. All of these mean that the company bears some responsibility for the impact. Talking to suppliers and understanding their views on how these purchasing practices affect their ability to comply can provide important insights. This dialogue allows the Certified Entity to understand where changes may be needed to improve outcomes.<sup>192</sup>
- 4.3.4.5. *Linkage*. Linkage means that adverse impacts are likely to occur through or somehow involving the Certified Entity's activities or business relationships, even if the Certified Entity does not directly contribute to those impacts. For example, if the company sources raw materials from a region where forced labour is systematically used, it may become indirectly linked to these labour rights abuses, regardless of its own strict labour standards in its immediate operations. The magnitude and severity of this risk and a lack of leverage to improve the situation may require breaking this linkage by changing the source of raw

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<sup>188</sup> [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Section 4.1.1.ii, p. 19; OECD, [Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector](#) (2018), p. 65; see [Global Organic Textile Standard Version 7.0 \(2023\)](#), Section 4.1.1.ii.

<sup>189</sup> [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Section 4.1.1.ii, p. 19; OECD, [Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector](#) (2018), pp. 65-66.

<sup>190</sup> OECD, [Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector](#) (2018), p. 67.

<sup>191</sup> OECD, [Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector](#) (2018), pp. 65-67.

<sup>192</sup> OECD, [Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector](#) (2018), pp. 65-67.



material supply.<sup>193</sup>

- 4.3.4.6. If adverse impacts occur, but no evidence substantiates a link, the Certified Entity is encouraged to support collaborative efforts that work to address these systemic issues rooted in factors like poor governance, discrimination, poverty and climate change.
- 4.3.4.7. If the evidence indicates the Certified Entity caused or contributed to adverse impacts, it shall first cease, prevent and mitigate the adverse impacts.<sup>194</sup> It shall also engage in the ensuing due diligence Steps, up to and including pursuing and supporting remediation efforts.<sup>195</sup>
- 4.3.4.8. Global Standard gGmbH recognises that no due diligence system is perfect or immune from errors. Therefore, the Certified Entity is encouraged to develop and actively monitor key risk indicators to promptly identify potential shortcomings and detect adverse impacts caused by, contributed to, or directly related to its activities. In addition, the Certified Entity should establish safe procedures for reporting such governance gaps. All credible allegations should be investigated promptly and thoroughly while ensuring whistleblowers are protected from retaliation. This will help to maintain a transparent, accountable and responsible company culture.
- 4.3.4.9. Despite having robust systems in place, the complex nature of attributing responsibility means that negative impacts may regrettably occur without the Certified Entity being aware of them. When such issues are discovered after the event, the responsible business practice requires that an immediate investigation be initiated to assess the entity's involvement. If causal, contributory or direct links are found, the Certified Entity should promptly disclose them along with plans to address the situation and prevent future occurrences.

## 4.4 Cease, Prevent and Mitigate Adverse Impacts (Step 3)

### 4.4.1 Cease, Prevent or Mitigates Harm in Certified Entities' Own Operations

- 4.4.1.1. The Certified Entity shall cease actions that are causing or contributing to harm in its own operations. The Certified Entity shall take immediate actions to stop existing adverse impacts in its own operations.<sup>196</sup>
- 4.4.1.2. The Certified Entity shall establish and implement a corrective action plan to mitigate any remaining harm and to prevent and/or mitigate any identified potential future harm in its own operations. The components of such a corrective action plan are likely to include actions that relate to policy, training, facility upgrading, strengthening management systems and the rights of workers. If components are not included, justification shall be provided. Most importantly, the Certified Entity shall take measures that are proportionate to the harm and suitable for the specific situation.<sup>197</sup>
- 4.4.1.3. The Certified Entity shall take immediate actions to prevent any potential or actual immediate and critical danger in the short term. Where there are immediate and critical dangers to the

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<sup>193</sup> OECD, [Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector](#) (2018), pp. 65-67.

<sup>194</sup> See below Section 4.4 Cease, Prevent and Mitigate Adverse Impacts (Step 3); [Global Organic Textile Standard Version 7.0](#) (2023), Section 4.1.1.iii. See also [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Section 4.1.1.ii, p. 19.

<sup>195</sup> See below ensuing Sections, up to and including Section 4.7 Provide or Cooperate in Remediation Where Appropriate (Step 6); [Global Organic Textile Standard Version 7.0](#) (2023), Section 4.1.1.vi.

<sup>196</sup> [Global Organic Textile Standard Version 7.0](#) (2023), Section 4.1.1.iii; [Manual for the Implementation of GOTS Version 7.0](#) (2023), Section 4.1.1.iii, p. 19; OECD, [Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector](#) (2018), p. 69, see also 66-67.

<sup>197</sup> [Global Organic Textile Standard Version 7.0](#) (2023), Section 4.1.1, 4.1.1.iii; [Manual for the Implementation of GOTS Version 7.0](#) (2023), Section 4.1.1.iii, p. 19; OECD, [Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector](#) (2018), pp. 69-71, see also 66.

health and lives of workers, the Certified Entity shall ensure workers are immediately removed from danger. Where there is an immediate and critical danger to the environment, the Certified Entity shall stop its activities causing harm until the danger is addressed. Where there is an immediate and critical danger, to the environment or otherwise, which impacts the health and lives of persons other than the Certified Entity's workers, for example, local communities or other external stakeholders, the Certified Entity shall similarly stop its activities causing such harm until the danger is addressed.<sup>198</sup>

4.4.1.4. In developing its corrective action plans as set out above, the Certified Entity shall seek to develop outcome-oriented solutions to prevent harm in the longer term. The Certified Entity shall implement ongoing prevention and mitigation of harm and risk.<sup>199</sup> Additionally, outcome-oriented solutions shall meet the following criteria:

- Resources shall be prioritised where they will be most effective.
- Responses shall be proportionate to the risk and severity of harm. For complex risks, multiple interventions may be necessary to adequately prevent and mitigate harm.
- Responses shall be sustainable.
- Responses shall build on existing evidence.<sup>200</sup>

4.4.1.5. In developing its corrective action plans as set out above, the Certified Entity should or may include the following components:

- *Training*. The objectives, content and audience of training should be fit-for-purpose and should address the specific risks in question. In most cases, training should cover information on the specific risk, the rights of the worker and the role of the trainee in preventing or mitigating harm.
- *Facility Upgrading*. Investments in upgrading and improving facilities and equipment may include lighting for visibility, ventilation for worker health, access to fire exits for safety, new, safer machinery, etc.
- *Management Systems*. Strengthening management systems to (i) better track information and flag risks before harm occurs or (ii) establish systematic measures to mitigate the risk of harm in the first place. For example, a factory may move towards automated payments to prevent unfair deductions in wages.
- *Rights of Workers*. Including the rights of workers to form and join a trade union and to bargain collectively, ensuring workers' rights in relation to occupational health and safety and freedom from forced or excessive overtime.<sup>201</sup>

4.4.1.6. The Certified Entity shall consider whether to seek external expert advice based on the level of risk. The more complex the risk, the stronger the case for seeking external expert advice in designing a response.<sup>202</sup>

4.4.1.7. The Certified Entity shall engage workers, trade unions and representatives of workers' own

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<sup>198</sup> [Global Organic Textile Standard Version 7.0](#) (2023), Sections 4.2-4.3, 4.4.7; [Manual for the Implementation of GOTS Version 7.0](#) (2023), Sections 4.1.1.iii, 4.2-4.3, 4.4.7, pp. 19, 52, 24 et seq., 38 et seq.; OECD, [Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector](#) (2018), p. 69.

<sup>199</sup> [Global Organic Textile Standard Version 7.0](#) (2023), Section 4.1.3; [Manual for the Implementation of GOTS Version 7.0](#) (2023), Section 4.1.1.iii, p. 19.

<sup>200</sup> OECD, [Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector](#) (2018), pp. 69-70. See [Global Organic Textile Standard Version 7.0](#) (2023), Section 4.1.1.

<sup>201</sup> [Global Organic Textile Standard Version 7.0](#) (2023), Sections 4.1.5, 4.4.6-4.4.7; [Manual for the Implementation of GOTS Version 7.0](#) (2023), Sections 4.4.6-4.4.7, pp. 51-52; OECD, [Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector](#) (2018), p. 71.

<sup>202</sup> [Manual for the Implementation of GOTS Version 7.0](#) (2023), Section 4.1.1.iii, p. 19; OECD, [Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector](#) (2018), p. 71; UN OHCHR, [The Corporate Responsibility to Respect Human Rights: An Interpretive Guide](#) (2012), p. 36.

choosing during the development of measures on preventing and mitigating labour-related risks and impacts. Via this dialogue, workers should be provided with complete and accurate information and given the opportunity to raise concerns and provide input.<sup>203</sup>

4.4.1.8. The Certified Entity's corrective action plan for preventing and mitigating harm in its own operations shall include clear timelines for follow-up.<sup>204</sup>

#### 4.4.2 Seek to Prevent or Mitigate Harm in Certified Entities' Supply Chain

4.4.2.1. The Certified Entity shall develop and implement its own plan to seek to prevent or mitigate future harm in its supply chain, particularly where it risks contributing to the harm or may be linked to it. Certified Entities have flexibility in how they address risk, but the plan shall detail the Certified Entity's actions. Measures shall be commensurate with the risk and severity of harm and appropriate to the circumstances.<sup>205</sup>

4.4.2.2. The Certified Entity is responsible for minimising risks and harm at every stage of its products' life cycle. This responsibility applies both to areas close to its operations and to more distant areas over which it has less control. Hence, this includes product risk factors and environmental risks.<sup>206</sup>

4.4.2.3. The Certified Entity's corrective action plan, measures and actions to prevent or mitigate risk and harm should generally be structured in terms of:

- Preventing the Certified Entity's own contributions to harm in the supply chain and implementing internal measures to mitigate risk in the supply chain; and/or
- Supporting other companies in the Certified Entity's supply chain in their harm prevention or mitigation measures; and/or
- Using leverage to influence companies in the Certified Entity's supply chain, particularly in cases where support measures do not work or that are causing the impact; and/or
- Disengaging from business relations with companies in the Certified Entity's supply chain that are causing the impact, especially if leverage does not work; and/or
- Engaging with the government on the impact when relevant.<sup>207</sup>

4.4.2.4. More particularly, the process of preventing harm within the Certified Entity's supply chain and implementing internal measures to minimise risk may encompass:<sup>208</sup>

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<sup>203</sup> [Global Organic Textile Standard Version 7.0 \(2023\)](#), Section 4.4.6; [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Sections 4.1.1.iii, 4.4.6, pp. 19, 51; OECD, [Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), p. 71; [ILO, Convention C087 – Freedom of Association and Protection of the Right to Organise Convention, No. 87 \(1948\)](#). See [European Center for Non-Profit Law, Framework for Meaningful Engagement \(2023\)](#).

<sup>204</sup> [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Section 4.1.1.iii, p. 19; OECD, [Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), pp. 69-70.

<sup>205</sup> [Global Organic Textile Standard Version 7.0 \(2023\)](#), Section 4.1.1, 4.1.1.iii; [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Section 4.1.1.iii, p. 20; OECD, [Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), p. 72, see also 66-67.

<sup>206</sup> [Global Organic Textile Standard Version 7.0 \(2023\)](#), Sections 4.2-4.4; [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Sections 4.1.1.iii, 4.2-4.4, pp. 20, 24 et seq.; OECD, [Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), pp. 49, 159.

<sup>207</sup> [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Section 4.1.1.iii, p. 20; OECD, [Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), p. 72, see also 66.

<sup>208</sup> [Global Organic Textile Standard Version 7.0 \(2023\)](#), Section 4.1.5; [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Section 4.1.1.iii, p. 20; OECD, [Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), pp. 72-76, see also 66-67.



- *Supplier engagement* in order to seek the supplier's input on the Certified Entity's own contributions to harm and on possible solutions to the harm.
  - *Control measures*, e.g. an effective policy, training of workers and management.
  - *'Red-flag' systems* which identify indicators for risks and include procedures to follow if risks are identified.
  - *Prequalifying suppliers* before placing orders and engaging in long-term partnerships with suppliers.
  - *Consolidating suppliers* if appropriate.
  - Establishing business *incentives* for suppliers.
- 4.4.2.5. When Certified Entities, especially brands and retailers, engage with suppliers to assess whether their purchasing practices are causing harm, it is important to acknowledge that suppliers might be reluctant to openly share such feedback. The Certified Entity may seek to collect information from its suppliers anonymously (e.g. annual surveys) or partner with a third party that aggregates the data and presents findings.<sup>209</sup>
- 4.4.2.6. The Certified Entity should avoid purchasing practices that may lead to or contribute to adverse impacts. According to the OECD, for example, companies should endeavour to: avoid changing orders; cancelling orders; placing late orders; rushing orders (particularly during peak times or holidays); setting lead times that are shorter than feasible; negotiating excessively low prices; and delaying payment for products. Such purchasing practices may contribute to harmful impacts in the textile industry, such as forced and excessive overtime, late and low wages, and other forms of excessive cost-cutting.<sup>210</sup>
- 4.4.2.7. Moreover, the Certified Entity should implement ethical and responsible purchasing practices that mitigate adverse impacts in their supply chains. According to the OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector, for example, responsible purchasing practices and control measures may include, among other things, agreeing with suppliers about final and/or latest feasible dates for placing orders, communicating clearly to everyone in purchasing teams about deadlines, and sharing purchasing plans with suppliers while communicating updates in a timely manner.<sup>211</sup>
- 4.4.2.8. The Certified Entity should be aware of and account for the wages and benefits provided to workers by other companies within the supply chain, as well as any investments those companies make in promoting decent work.<sup>212</sup>
- 4.4.2.9. The Certified Entity shall have local knowledge of its suppliers. Those with longer-term relationships and local understanding are more likely to grasp risks and support suppliers in solutions. Local offices and visiting suppliers can be helpful.<sup>213</sup>
- 4.4.2.10. Having many suppliers can make it more difficult to prevent impacts. Consolidating the number of suppliers can help the Certified Entity keep control over its supply chain and

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<sup>209</sup> OECD, [Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector](#) (2018), p. 73.

<sup>210</sup> OECD, [Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector](#) (2018), pp. 73-74. See [Global Organic Textile Standard Version 7.0 \(2023\)](#), Sections 4.4.2, 4.4.8-4.4.9; [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Sections 4.4.2, 4.4.8-4.4.9, pp. 45-46, 52-55.

<sup>211</sup> For more detailed information about responsible purchasing practices, see *Box.4 Prevent Contribution to Harm through Responsible Purchasing Practices* in OECD, [Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector](#) (2018), p. 74.

<sup>212</sup> [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Section 4.1.1.iii, p. 20; OECD, [Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector](#) (2018), p. 74. See [Global Organic Textile Standard Version 7.0 \(2023\)](#), Section 4.4.8; [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Sections 4.4.8, pp. 52-54.

<sup>213</sup> [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Section 4.1.1.iii, p. 20; OECD, [Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector](#) (2018), p. 75.

concentrate resources to prevent impacts. This is particularly relevant for small and medium-sized enterprises with less resources.<sup>214</sup>

- 4.4.2.11. The Certified Entity is encouraged to establish incentives for supplier compliance, e.g., long-term relationships, integrating responsible business conduct expectations into contracts, and placing and increasing orders with those performing well in terms of responsible business conduct.<sup>215</sup>
- 4.4.2.12. Further, the Certified Entity shall generally support suppliers in preventing or mitigating their impacts when appropriate, including through corrective action plans, training, management system upgrades, participation and facilitating participation in sector-wide and regional initiatives, linking to service providers, and facilitating financing. The cost, resources and severity of harm must be considered.<sup>216</sup>
- 4.4.2.13. The Certified Entity shall use its leverage to influence suppliers to prevent or mitigate impacts when appropriate. Leverage exists where the Certified Entity can effect change in wrongful practices causing harm. This can include where a Certified Entity's business with a supplier represents a significant proportion of the business of the supplier. It can also include where a Certified Entity's potential disengagement from business with the supplier would harm the reputation of the supplier.<sup>217</sup>
- 4.4.2.14. The Certified Entity is encouraged to pool leverage with other buyers. Enterprises are encouraged to work together to increase leverage over shared suppliers at sector-wide and regional levels, particularly at common choke points in the sector supply chain and with traders addressing upstream risks.<sup>218</sup>
- 4.4.2.15. The Certified Entity shall engage governments in the countries of their operation to encourage addressing systemic risks when appropriate. This includes particularly where the government is not fulfilling its duty to protect, and risks cannot be effectively or sustainably managed through supplier engagement alone. Considerations include whether the impact is systemic, if better regulations could help, if international standards are ratified, the will of the government to affect change, the Certified Entity's leverage with the government, and available forums where these issues can be raised. Certified Entities are still expected to account for preventing being linked to impacts.<sup>219</sup>
- 4.4.2.16. The Certified Entity shall disengage from suppliers when appropriate, e.g. after failed prevention/mitigation attempts, if prevention/mitigation is deemed unfeasible, or whenever and as soon as severe harm is identified. For example, if occupational health and safety risks amounting to immediate and critical danger have been identified, the Certified Entity should ensure that it disengages from production taking place at the affected production site until the

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<sup>214</sup> OECD, [Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector](#) (2018), p. 75.

<sup>215</sup> [Manual for the Implementation of GOTS Version 7.0 \(2023\), Section 4.1.1.iii, p. 20](#); OECD, [Due Diligence Guidance for Responsible Business Conduct](#) (2018), pp. 75-76.

<sup>216</sup> [Global Organic Textile Standard Version 7.0 \(2023\), Section 4.1.5](#); [Manual for the Implementation of GOTS Version 7.0 \(2023\), Section 4.1.1.iii, p. 20](#); OECD, [Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector](#) (2018), pp. 78-79.

<sup>217</sup> [Manual for the Implementation of GOTS Version 7.0 \(2023\), Section 4.1.1.iii, p. 20](#); OECD, [Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector](#) (2018), pp. 77-78; UN, [Guiding Principles on Business and Human Rights: Implementing the United Nations 'Protect, Respect and Remedy' Framework](#) (2011), pp. 21-22.

<sup>218</sup> [Manual for the Implementation of GOTS Version 7.0 \(2023\), Section 4.1.1.iii, p. 20](#); OECD, [Due Diligence Guidance for Responsible Business Conduct](#) (2018), p. 78.

<sup>219</sup> [Manual for the Implementation of GOTS Version 7.0 \(2023\), Section 4.1.1.iii, p. 20](#); OECD, [Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector](#) (2018), p. 80.

immediate and critical danger has been adequately addressed.<sup>220</sup>

- 4.4.2.17. The Certified Entity shall adhere to laws, international standards, and agreements when disengaging from suppliers. It shall also communicate disengagement decisions, along with relevant information, to suppliers and their unions. The Certified Entity should provide adequate notice during the disengagement process and demonstrate ongoing efforts to mitigate identified adverse impacts throughout supplier relationships, ensuring a responsible approach to disengagement.
- 4.4.2.18. The Certified Entity's plan on preventing and mitigating harm in its supply chain and all subsidiary aspects of such plan should always include clear timelines for follow-up.<sup>221</sup>

## 4.5 Tracking Implementation and Results (Step 4)

### 4.5.1 Verify, Monitor and Validate Progress on Due Diligence (Own Operations)

- 4.5.1.1. The Certified Entity shall implement assurance mechanisms to verify if it fulfils the due diligence requirements in its own operations.<sup>222</sup> Assurance mechanisms should ensure that actions taken within Step Three are effective and have a long-term positive impact.
- 4.5.1.2. Assurance mechanisms are intended to continually ensure that the actions taken or being implemented by the Certified Entity are effectively preventing and minimising harm within its operations.<sup>223</sup> In general, the more severe the risk, the greater the level of assurance is required for the Certified Entity that impacts have been or are being prevented.<sup>224</sup>
- 4.5.1.3. The Certified Entity, when implementing assurance mechanisms, should verify internally that all actions committed have been completed within the specified timeframe, as set out in documents such as a corrective action plan. The Certified Entity should, at the same time, consistently monitor a set of performance indicators, both qualitative and quantitative, in order to continuously assess progress towards its objectives.<sup>225</sup>
- 4.5.1.4. Indicators for monitoring can fall into various categories: they can be direct or indirect and can measure either outcomes or outputs.<sup>226</sup> Monitoring is also encouraged with respect to “red flags” that could signal higher risks of negative impacts. Workers should be actively

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<sup>220</sup> [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Section 4.1.1.iii, p. 20; [OECD, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), p. 79; [OECD, Due Diligence Guidance for Responsible Business Conduct \(2018\)](#), p. 30. See [Global Organic Textile Standard Version 7.0 \(2023\)](#), Section 4.4.7; [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Section 4.4.7, p. 52.

<sup>221</sup> [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), p. 19; [OECD, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), p. 72.

<sup>222</sup> [Global Organic Textile Standard Version 7.0 \(2023\)](#), Sections 4.1.1.iv, 4.1.4-4.1.5; [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Section 4.1.1.iv, p. 33; [OECD, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), p. 84.

<sup>223</sup> [Global Organic Textile Standard Version 7.0 \(2023\)](#), Section 4.1.1.iv; [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Section 4.1.1. iv, p. 33; [OECD, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), p. 84.

<sup>224</sup> [OECD, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), p. 84, fn. 22.

<sup>225</sup> [Global Organic Textile Standard Version 7.0 \(2023\)](#), Sections 4.1.1.iv, 4.1.4-4.1.5; [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Section 4.1.1.iv, p. 33; [OECD, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), p. 84.

<sup>226</sup> [OECD, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), p. 85.

involved in tracking progress towards achieving goals.<sup>227</sup> The table below provides examples of indicators that Certified Entities may use when tracking progress.

CATEGORY	TYPE OF INDICATOR	EXAMPLES
<b>Direct Indicators</b> <sup>228</sup>	Quantifiable Measurements	<ul style="list-style-type: none"> <li>- Number of hours worked.</li> <li>- Incidents of workplace discrimination recorded.</li> <li>- Number of OHS-related incidents.</li> </ul>
<b>Indirect Indicators</b> <sup>229</sup>	Perception-based Metrics	<ul style="list-style-type: none"> <li>- Percentage of workers who feel safe from violence and harassment.</li> <li>- Survey results on workers' perception of hygiene standards.</li> <li>- Percentage of workers who are aware of their rights.</li> </ul>
<b>Outcome Indicators</b> <sup>230</sup>	Results of Actions	<ul style="list-style-type: none"> <li>- Number of people trained on non-discrimination.</li> <li>- HR manager's understanding of wage calculations for homeworkers. Workers' trust in grievance mechanisms.</li> <li>- Availability of drinking water and sanitation facilities in the workplace.</li> <li>- Reduction in overtime hours post-training sessions.</li> </ul>
<b>Output Indicators</b> <sup>231</sup>	Tangible Actions Taken	<ul style="list-style-type: none"> <li>- Implementation of policies against child labour.</li> <li>- Prequalification of suppliers based on their non-discrimination practices.</li> <li>- Programs initiated for the well-being of homeworkers.</li> <li>- Workshops conducted on preventing workplace harassment.</li> </ul>
<b>Red Flags &amp; Worker Involvement</b> <sup>232</sup>	Warning Signs & Participation	<ul style="list-style-type: none"> <li>- Be attentive to signs indicating a higher risk of negative impacts, such as a sudden increase in overtime hours.</li> <li>- Workers should be central in monitoring and feedback processes.</li> <li>- Reports of insufficient safety equipment or protocols.</li> <li>- Feedback from homeworkers on inconsistent wages or benefits.</li> </ul>

4.5.1.5. The Certified Entity, when implementing assurance mechanisms, should draw on all known information, including data from ongoing monitoring, internal periodic assessments, issues

<sup>227</sup> OECD, [Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector](#) (2018), p 85.

<sup>228</sup> OECD, [Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector](#) (2018), p 84.

<sup>229</sup> OECD, [Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector](#) (2018), p 85.

<sup>230</sup> OECD, [Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector](#) (2018), p 85.

<sup>231</sup> OECD, [Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector](#) (2018), p 85.

<sup>232</sup> OECD, [Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector](#) (2018), p 85.



raised through grievance mechanisms, and other means, to validate that the steps taken by the Certified Entity are preventing and mitigating impacts in its own operation.<sup>233</sup>

- 4.5.1.6. In addition to the above internal monitoring, the Certified Entity shall seek external support to validate that impacts have been prevented when:
- (i) The impact may cause severe harm if not adequately prevented or
  - (ii) Prevention measures require technical expertise that is not available in-house.<sup>234</sup>
- 4.5.1.7. In cases where adverse impacts have not been effectively prevented or mitigated, the Certified Entity shall investigate the underlying causes and respond appropriately. This response may include the development or revision of corrective action plans to address the identified issues more effectively. Reasons why preventative measures may not work effectively, can vary and could include but are not limited to the following: the intrinsic inadequacy of the measures themselves, an insufficient timeframe for observing progress, or a lack of resources allocated for implementing the corrective action plan.<sup>235</sup>
- 4.5.1.8. If the Certified Entity is unable to determine the cause of an unmitigated impact, external expertise should be sought to provide guidance and potential solutions.
- 4.5.1.9. The Certified Entity should regularly evaluate the effectiveness of its remediation processes and corrective action plans. In addition, the Certified Entity should communicate publicly on its progress in mitigating impacts in accordance with the guidance provided in due diligence steps 5 and 6.
- 4.5.1.10. The Certified Entity shall also engage with external experts to verify the effectiveness of due diligence and risk management measures where impacts may cause severe harm if not adequately prevented or where prevention measures require technical expertise.<sup>236</sup>

#### 4.5.2 Verify, Monitor and Validate Progress on Due Diligence and Its Effectiveness in the Supply Chain

- 4.5.1.1. The Certified Entity shall implement assurance mechanisms to assess whether its due diligence requirements are being met in its supply chain.<sup>237</sup> Assurance mechanisms focused on the supply chain are essential for enabling a Certified Entity to reliably ensure that it is effectively preventing adverse impacts within its supply chain.<sup>238</sup>
- 4.5.1.2. Assurance mechanisms should serve three primary functions within the supply chain. First, they should continuously track supplier progress in mitigating or addressing adverse impacts. Second, they should evaluate the effectiveness of these mitigation efforts. Third, they should validate whether the actions taken by the Certified Entity itself have been successful in

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<sup>233</sup> [Global Organic Textile Standard Version 7.0](#) (2023), Sections 4.1.1.iv, 4.1.4-4.1.5; [Manual for the Implementation of GOTS Version 7.0](#) (2023), Section 4.1.1.iv, p. 33; [Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector](#) (2018), p. 85.

<sup>234</sup> [Global Organic Textile Standard Version 7.0](#) (2023), Sections 4.1.1.iv, 4.1.4-4.1.5; [Manual for the Implementation of GOTS Version 7.0](#) (2023), Section 4.1.1.iv, p. 33; OECD, [Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector](#) (2018), p. 85.

<sup>235</sup> OECD, [Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector](#) (2018), p. 86.

<sup>236</sup> [Global Organic Textile Standard Version 7.0](#) (2023), Sections 4.1.1.iv, 4.1.4-4.1.5; [Manual for the Implementation of GOTS Version 7.0](#) (2023), Section 4.1.1.iv, p. 33; OECD, [Due Diligence Guidance for Responsible Business Conduct](#) (2018), p. 87.

<sup>237</sup> [Global Organic Textile Standard Version 7.0](#) (2023), Sections 4.1.1.iv, 4.1.4-4.1.5; [Manual for the Implementation of GOTS Version 7.0](#) (2023), Section 4.1.1.iv, p. 33; OECD, [Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector](#) (2018), p. 84.

<sup>238</sup> [Global Organic Textile Standard Version 7.0](#) (2023), Sections 4.1.1.iv, 4.1.4-4.1.5; [Manual for the Implementation of GOTS Version 7.0](#) (2023), Section 4.1.1.iv, p. 33; OECD, [Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector](#) (2018), p. 86.



preventing or mitigating harm.<sup>239</sup>

- 4.5.1.3. The level of assurance required from suppliers should be directly proportional to the severity and nature of the adverse impacts identified. In essence, the more serious the impact, the higher the level of assurance the Certified Entity should seek.<sup>240</sup> When designing assurance mechanisms, Certified Entities should consider the time required to effectively implement corrective action plans.<sup>241</sup> Once these plans are in place, the Certified Entity should evaluate the progress of its suppliers against the benchmarks set out in its own corrective action plan.
- 4.5.1.4. Whenever possible, the Certified Entity, as part of its assurance mechanisms, shall monitor indicators, either direct or indirect, over time to validate that impacts have been or are being prevented.<sup>242</sup> The Certified Entity may reasonably expect that compliance with recognised international or national standards or guidelines designed to prevent or mitigate specific types of harm will effectively address the associated risks. Verification of such compliance through periodic audits or other recognised assessment methods should be considered as reliable evidence that the Certified Entity is taking appropriate measures to prevent or mitigate harm.<sup>243</sup>
- 4.5.1.5. The Certified Entity shall draw on all known information, including data from ongoing monitoring, periodic internal assessments, issues raised through grievance mechanisms, etc., to validate that the steps taken by the Certified Entity are preventing and mitigating impacts.<sup>244</sup> Workers and/or their representatives should feed into ongoing monitoring efforts.<sup>245</sup>
- 4.5.1.6. In cases where adverse impacts have not been effectively prevented or mitigated, the Certified Entity shall investigate the underlying causes and respond appropriately. This response may include the development or revision of corrective action plans to address the identified issues more effectively.<sup>246</sup> If a Certified Entity finds that impacts or harms have not been adequately mitigated and addressed, it should investigate whether steps have actually

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<sup>239</sup> [Global Organic Textile Standard Version 7.0 \(2023\)](#), Sections 4.1.1.iv, 4.1.4-4.1.5; [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Section 4.1.1.iv, p. 33; OECD, [Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), p. 86. <https://www.oecd-ilibrary.org/docserver/9789264290587-en.pdf?expires=1690402835&id=id&accname=guest&checksum=A8F567A50DD1B89DDF5605DD5300C5E3>

<sup>240</sup> [Global Organic Textile Standard Version 7.0 \(2023\)](#), Sections 4.1.1.iv, 4.1.4-4.1.5; [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Section 4.1.1.iv, p. 33; OECD, [Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), p. 86.

<sup>241</sup> OECD, [Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), p. 86.

<sup>242</sup> [Global Organic Textile Standard Version 7.0 \(2023\)](#), Sections 4.1.1.iv, 4.1.4-4.1.5; [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Section 4.1.1.iv, p. 33; OECD, [Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), p. 87.

<sup>243</sup> OECD, [Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), p. 86. <https://www.oecd-ilibrary.org/docserver/9789264290587-en.pdf?expires=1690402835&id=id&accname=guest&checksum=A8F567A50DD1B89DDF5605DD5300C5E3>

<sup>244</sup> OECD, [Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), p. 87.

<sup>245</sup> OECD, [Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), p. 87. <https://www.oecd-ilibrary.org/docserver/9789264290587-en.pdf?expires=1690402835&id=id&accname=guest&checksum=A8F567A50DD1B89DDF5605DD5300C5E3>

<sup>246</sup> OECD, [Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), p. 87.

been taken to address these impacts.<sup>247</sup>

- 4.5.1.7. Certified Entities should involve external experts in assessing the effectiveness of due diligence and risk management measures undertaken in the supply chain.<sup>248</sup> External experts should, in particular, be involved where impacts in the supply chain may cause severe harm if not adequately prevented or where prevention measures require technical expertise not available to the supplier.<sup>249</sup> External experts should also be consulted as needed to confirm that corrective actions have been taken or to verify that harm has been successfully prevented. While this may be achieved, for example, through reliance on credible third-party initiatives, such reliance must be justified and in line with assurance mechanisms outlined in this section.
- 4.5.1.8. Where a Certified Entity relies on major suppliers or mid-stream suppliers operating at choke points to conduct due diligence on the risk of severe harm upstream, the Certified Entity should understand and verify such major suppliers' due diligence practices as provided in GOTS and the OECD Guidance Documents.<sup>250</sup>

## 4.6 COMMUNICATING HOW IMPACTS ARE ADDRESSED (Step 5)

### 4.6.1 Communicate Publicly on Due Diligence Process Including Potential and Actual Harms

- 4.6.1.1. The Certified Entity shall communicate publicly on its operational and supply chain due diligence processes. This includes communicating about the Certified Entity's policy commitment to responsible business conduct and due diligence management system. Additional explanations should be provided on how the policy commitments are implemented and monitored, including how due diligence is incorporated into decision-making.<sup>251</sup>
- 4.6.1.2. The Certified Entity shall communicate publicly the most significant risks of adverse impacts in its operations and within its supply chain, as identified through its risk assessment process. Additional details shall be provided on the specific adverse impacts identified and how the risk assessment was conducted.<sup>252</sup>
- 4.6.1.3. The Certified Entity shall communicate publicly how it prioritises risks, including specific criteria used to prioritise certain risks over others for attention.<sup>253</sup>
- 4.6.1.4. The Certified Entity shall communicate publicly its plans to prevent and mitigate harm in its operations and report on progress in implementing those measures. This relates to the Certified Entity's most significant risks. Details on concrete actions taken, timelines, and

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<sup>247</sup> OECD, [Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector](#) (2018), p. 87.

<sup>248</sup> [Global Organic Textile Standard Version 7.0](#) (2023), Sections 4.1.1.iv, 4.1.4-4.1.5; [Manual for the Implementation of GOTS Version 7.0](#) (2023), Section 4.1.1.iv, p. 33; OECD, [Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector](#) (2018), p. 87.

<sup>249</sup> [Global Organic Textile Standard Version 7.0](#) (2023), Sections 4.1.1.v, 4.1.4-4.1.5; [Manual for the Implementation of GOTS Version 7.0](#) (2023), Section 4.1.1.v, p. 33; OECD, [Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector](#) (2018), p. 87.

<sup>250</sup> OECD, [Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector](#) (2018), p. 87.

<sup>251</sup> [Global Organic Textile Standard Version 7.0](#) (2023), Sections 4.1.1.v, 4.1.4-4.1.5; [Manual for the Implementation of GOTS Version 7.0](#) (2023), Section 4.1.1.v, pp. 21-22; OECD, [Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector](#) (2018), pp. 90, 31; OECD, [Due Diligence Guidance for Responsible Business Conduct](#) (2018), p. 33.

<sup>252</sup> [Manual for the Implementation of GOTS Version 7.0](#) (2023), Section 4.1.1.v, p. 22; OECD, [Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector](#) (2018), p. 90; OECD, [Due Diligence Guidance for Responsible Business Conduct](#) (2018), p. 33.

<sup>253</sup> OECD, [Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector](#) (2018), pp. 25, 90; OECD, [Due Diligence Guidance for Responsible Business Conduct](#) (2018), p. 33.

measurable outcomes should be provided.<sup>254</sup>

- 4.6.1.5. The Certified Entity shall communicate publicly its plans to prevent and mitigate harm in its supply chain and report on progress in implementing those measures. This relates to the Certified Entity's most significant risks. Specifics should be given on how the Certified Entity works with suppliers and tracks progress.<sup>255</sup>
- 4.6.1.6. Where relevant, the Certified Entity shall communicate publicly on its objectives for engaging with the government on policy and the outcomes of its engagement efforts. Details should explain how policy engagement relates to due diligence.<sup>256</sup>
- 4.6.1.7. The Certified Entity shall communicate publicly on how it has meaningfully engaged with its stakeholders as part of its due diligence process. Concrete examples should illustrate the stakeholder engagement process and outcomes.<sup>257</sup>
- 4.6.1.8. The Certified Entity shall communicate publicly on the processes providing access to remediation in its operations. The Certified Entity shall provide comprehensive explanations about its remediation processes to individuals who have been affected by its own operations. This includes clear descriptions of the steps involved in addressing issues and the methods used to provide remedies to individuals who have been affected by the Certified Entity's own operations.<sup>258</sup>
- 4.6.1.9. The Certified Entity shall communicate publicly on processes that provide access to remediation in its supply chain. The Certified Entity shall provide comprehensive explanations about their remediation processes in the supply chain. This includes clear descriptions of the steps involved in addressing issues and the methods used to provide remedies to stakeholders in the supply chain who have been affected.<sup>259</sup>
- 4.6.1.10. The Certified Entity shall communicate publicly on any collaborative initiatives it participates in to facilitate due diligence. Descriptions should be provided on the specific collaborative initiatives, members, activities, and which specific due diligence steps and components the collaboration achieves or bears on.<sup>260</sup>
- 4.6.1.11. The Certified Entity shall communicate publicly on its overall due diligence efforts, at a minimum, on an annual basis.<sup>261</sup>
- 4.6.1.12. The Certified Entity shall communicate information in a way that is relevant, accurate, clear, user-friendly with plain language, and accessible to intended users. Communications should

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<sup>254</sup> [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Section 4.1.1.v, p. 22; [OECD, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), pp. 85, 90; [OECD, Due Diligence Guidance for Responsible Business Conduct \(2018\)](#), p. 33.

<sup>255</sup> [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Section 4.1.1.v, p. 22; [OECD, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), p. 90; [OECD, Due Diligence Guidance for Responsible Business Conduct \(2018\)](#), p. 33.

<sup>256</sup> [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Section 4.1.1.v, p. 22; [OECD, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), p. 90.

<sup>257</sup> [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Section 4.1.1.v, p. 22; [OECD, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), pp. 90-91.

<sup>258</sup> [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Section 4.1.1.v, p. 22; [OECD, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), p. 90; [OECD, Due Diligence Guidance for Responsible Business Conduct \(2018\)](#), p. 33.

<sup>259</sup> [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Section 4.1.1.v, p. 22; [OECD, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), p. 90; [OECD, Due Diligence Guidance for Responsible Business Conduct \(2018\)](#), p. 33.

<sup>260</sup> [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Section 4.1.1.v, p. 22; [OECD, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), p. 91.

<sup>261</sup> [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Section 4.1.1.v, p. 22; [OECD, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), p. 91.

be sufficiently detailed.<sup>262</sup>

4.6.1.13. The extent and nature of the Certified Entity's communication shall be proportionate to the risks of harm within its operations and supply chain. The more significant the risk, the more detailed and frequent the communication should be.<sup>263</sup> The Certified Entity may consider using the following means of public communication: company website, social media channels, press releases, annual reports, stakeholder letters, etc.

4.6.1.14. The Certified Entity should share information carefully, considering both the safety of its personnel and the sensitivity or confidentiality of information. In addition, the organisation may maintain confidentiality where there are valid commercial or competitive reasons.<sup>264</sup>

#### 4.6.2 Communicate with Affected Stakeholders (For Human Rights)

4.6.2.1. The Certified Entity shall communicate externally with potentially affected stakeholders and actually affected stakeholders on how it addresses its human rights impacts. This means communication that is timely, meaningful, conducted in good faith, two-way and responsive. The Certified Entity should actively incorporate stakeholders' perspectives into how it addresses its human rights impacts.<sup>265</sup>

4.6.2.2. This includes particularly that stakeholders should be involved, actively participate and provide input and feedback during and/or concerning: the scoping of risks in the Certified Entity's operations and supply chain; on-site supplier assessments; development of corrective action plans; verification, validation and monitoring of impacts; design of operational-level grievance mechanisms.<sup>266</sup>

4.6.2.3. If the Certified Entity's operations or operating contexts pose risks of severe human rights impacts, it shall report formally to potentially and actually affected stakeholders on how those risks are being addressed. This applies regardless of the Certified Entity's size, sourcing context or position in the supply chain. Formal reporting should include sufficient details on the identification of risks, actions taken, and monitoring.<sup>267</sup>

4.6.2.4. The Certified Entity's communications shall be in a form and frequency reflecting its human rights impacts. Communications should match the scale and scope of actual and potential impacts and harm within the Certified Entity's operations and supply chain. For example, communications of a Certified Entity that sources from countries with a higher risk of severe human rights harms will be more extensive than communications of a Certified Entity that

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<sup>262</sup> [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Section 4.1.1.v, p. 22; [OECD, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), p. 91; [OECD, Due Diligence Guidance for Responsible Business Conduct \(2018\)](#), p. 33.

<sup>263</sup> [OECD, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), p. 25; see [Global Organic Textile Standard Version 7.0 \(2023\)](#), Section 4.1.1.

<sup>264</sup> [OECD, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), pp. 90-92; [OECD, Due Diligence Guidance for Responsible Business Conduct \(2018\)](#), pp. 33, 86-87.

<sup>265</sup> [Global Organic Textile Standard Version 7.0 \(2023\)](#), Section 4.1.1.v.; [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Section 4.1.1.v, pp. 21-22; [OECD, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), pp. 27, 92; [OECD, Due Diligence Guidance for Responsible Business Conduct \(2018\)](#), pp. 33, 49-50, 85. See also [Global Organic Textile Standard Version 7.0 \(2023\)](#), Section 4.4.13.6; see also European Center for Non-Profit Law, [Framework for Meaningful Engagement \(2023\)](#), pp. 10-11, 13 *et seq.*

<sup>266</sup> [OECD, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), pp. 27-28; [OECD, Due Diligence Guidance for Responsible Business Conduct \(2018\)](#), p. 50.

<sup>267</sup> [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Section 4.1.1.v, p. 22; [OECD, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), p. 92.



does not.<sup>268</sup>

- 4.6.2.5. The Certified Entity's communications shall provide sufficient information to evaluate the adequacy of its response to human rights impacts within the Certified Entity's operations and supply chain. Communications should have the necessary level of detail for stakeholders to assess effectiveness.<sup>269</sup>
- 4.6.2.6. The Certified Entity shall ensure its communications do not pose risks to affected stakeholders, personnel, or legitimate requirements of commercial confidentiality. Safeguards should be explained to prevent compromising safety or sensitive information.<sup>270</sup>
- 4.6.2.7. The Certified Entity's communications shall be tailored to ensure accessibility for impacted stakeholders, including cultural or socio-economic perspectives, particularly for vulnerable groups of stakeholders. Specific means of access should be provided, accounting for the format, dissemination channels, language, literacy, gender, power imbalances, divisions within a community, etc.<sup>271</sup> The Certified Entity should regularly consult with stakeholders to identify and implement the most effective and clear communication methods, ensuring accessibility and understanding. For labour rights issues in its own operations, the Certified Entity shall communicate with its workers, trade unions, and representative organisations of the workers' own choosing. The Certified Entity should explain engagement processes with individuals within the workplace. It is also essential for the Certified Entity to identify and understand the types of information that workers, trade unions, and representative organisations of the workers' own choosing consider essential to communicate.<sup>272</sup>

#### 4.7 Provide or Cooperate in Remediation Where Appropriate (Step 6)

##### 4.7.1 Establish Processes to Enable Remediation in the Certified Entity's Own Operations (e.g. Operational Level Grievance Mechanisms)

- 4.7.1.1. The Certified Entity shall establish and maintain a process to enable remediation in relation to human rights impacts it has caused or contributed to in its own operations. This shall take the form of a functional and effective operational-level grievance mechanism. The Certified Entity shall investigate complaints from workers or third parties and take any necessary corrective measures.<sup>273</sup>
- 4.7.1.2. The Certified Entity shall establish and maintain processes to enable remediation for adverse

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<sup>268</sup> [OECD, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), pp. 25, 92; see [Global Organic Textile Standard Version 7.0 \(2023\)](#), Section 4.1.1.

<sup>269</sup> [OECD, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), pp. 27, 92.

<sup>270</sup> [OECD, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), p. 92; [OECD, Due Diligence Guidance for Responsible Business Conduct \(2018\)](#), pp. 85-87.

<sup>271</sup> [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Section 4.1.1.v, p. 22; [OECD, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), p. 92; [OECD, Due Diligence Guidance for Responsible Business Conduct \(2018\)](#), pp. 33, 49, 51, 85-86. See also European Center for Non-Profit Law, [Framework for Meaningful Engagement \(2023\)](#), pp. 13 *et seq.*, 19 *et seq.*

<sup>272</sup> [Global Organic Textile Standard Version 7.0 \(2023\)](#), Sections 4.4.6, 4.4.13.2, 4.4.13.4; [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Section 4.4.6, p. 51; [OECD, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), pp. 27-28, 92; [OECD, Due Diligence Guidance for Responsible Business Conduct \(2018\)](#), p. 50.

<sup>273</sup> [Global Organic Textile Standard Version 7.0 \(2023\)](#), Sections 4.1.1.vi., 4.4.13.4, 4.4.13.5; [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Sections 4.1.1.vi, 4.4.13.5, pp. 22, 57; [OECD, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), pp. 93-95, 97; [OECD, Due Diligence Guidance for Responsible Business Conduct \(2018\)](#), p. 35; [OECD, Guidelines for Multinational Enterprises on Responsible Business Conduct \(2023\)](#), p. 27.



impacts other than human rights, such as environmental impacts.<sup>274</sup>

- 4.7.1.3. Where the Certified Entity establishes a grievance mechanism, whether for human rights or other issues, it shall be designed and implemented based on the core criteria of legitimacy, accessibility, predictability, equitability, transparency, and being dialogue-based.<sup>275</sup> In designing the grievance mechanism, the Certified Entity shall draw on gender perspectives to enhance legitimacy, accessibility, equitability and rights compatibility.<sup>276</sup>
- 4.7.1.4. *Legitimacy.* People should have confidence and trust in the grievance mechanism designed specifically for their concerns. These systems must be transparent and accountable to ensure that every complaint is handled fairly and in accordance with established procedures. There shall be no threats, retaliation, reprisals, harassment or discrimination of any kind against complainants, including taking into account the particular situation and vulnerability of certain workers like female and migrant workers. Persons serving as access point to the grievance mechanism should be trustworthy, trained, knowledgeable and approachable. Complainants should have the option of remaining anonymous, for example, through legitimate representation. Grievance mechanisms should be sufficiently resourced and equipped with the expertise needed to recognise the human rights implications of their work and to effectively integrate human rights standards within their findings and recommendations. There should be some possibility of appeal, review, reconsideration or other escalation, for example, trustworthy local mechanisms, multi-stakeholder initiatives or National Contact Points for the OECD Guidelines.<sup>277</sup>
- 4.7.1.5. *Accessibility.* Workers should be well informed about the grievance mechanisms designed for their use. These mechanisms need to be easily accessible and tailored to support individuals who may face challenges. This includes support for people with limited education, reading difficulties or who speak different languages. The grievance mechanism's existence should be well publicised. Its processes and forms for complaints should be clear and simple. There should be several access points to the grievance mechanism, including at least one access point that is independent of the Certified Entity, which may be a trade union access point open to both union members and non-members.<sup>278</sup>
- 4.7.1.6. *Predictability.* Grievance mechanisms should be designed with transparent and understandable steps. Each of these steps should have clearly defined procedures with expected timeframes for completion. It is also essential that effective monitoring tools are in place to oversee and ensure that these procedures are consistently carried out as intended. Complainants should be kept informed at each stage of the process. Every complaint should

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<sup>274</sup> [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Section 4.1.1.vi., p. 22; OECD, [Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector](#) (2018), pp. 94-95; OECD, [Due Diligence Guidance for Responsible Business Conduct](#) (2018), p. 35.

<sup>275</sup> [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Sections 4.1.1.vi., 4.4.13.5, pp. 22-23, 57; OECD, [Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector](#) (2018), pp. 94-97; OECD, [Due Diligence Guidance for Responsible Business Conduct](#) (2018), p. 35.

<sup>276</sup> OECD, [Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector](#) (2018), p. 33; OECD, [Due Diligence Guidance for Responsible Business Conduct](#) (2018), p. 42. See UN, [Convention on the Elimination of All Forms of Discrimination against Women, 1249 UNTS 13](#) (1979), Articles 2-4, 11.

<sup>277</sup> OECD, [Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector](#) (2018), pp. 32-33, 96. See [Global Organic Textile Standard Version 7.0 \(2023\)](#), Sections 4.4.4.3, 4.4.13.4, 4.4.13.7, 4.4.6.6.; see [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Section 4.4.4, pp. 48-49.

<sup>278</sup> OECD, [Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector](#) (2018), p. 96; OECD, [Due Diligence Guidance for Responsible Business Conduct](#) (2018), p. 35. See [Global Organic Textile Standard Version 7.0 \(2023\)](#), Section 4.4.6; see [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Section 4.4.6, pp. 51-52.

be treated seriously.<sup>279</sup>

- 4.7.1.7. *Equitability*. Affected individuals should be able to easily get the information, advice and expert help they need. This will ensure that they can use the complaints system in a fair, well-informed and respectful way.<sup>280</sup>
- 4.7.1.8. *Transparency*. Affected individuals should always be kept informed of the status of their complaints. In addition, general information on the functioning and effectiveness of the grievance mechanism should be made available to all.<sup>281</sup>
- 4.7.1.9. *Dialogue-based*. Grievance mechanisms should seek resolution through dialogue between the parties or their representatives.<sup>282</sup>
- 4.7.1.10. The Certified Entity's grievance mechanism shall not preclude access to judicial recourse for victims of human rights violations. The Certified Entity shall not interfere with civil or criminal investigations or proceedings nor human rights examinations, as stated in the GOTS Implementation Manual.<sup>283</sup>
- 4.7.1.11. The Certified Entity should consult existing guidance on establishing operational-level grievance mechanisms, such as the UN Guiding Principles on Business and Human Rights.<sup>284</sup> Workers, trade unions, representative organisations of workers' own choosing and other stakeholders should be involved in designing grievance mechanisms.<sup>285</sup>
- 4.7.1.12. Further, the Certified Entity should record and publish complaints received and remedies provided through their grievance mechanisms while respecting confidentiality. Lessons learned should be incorporated into policies, monitoring and management systems, including the Certified Entity's RBC Policy, with a view to progressive improvement.<sup>286</sup>

#### 4.7.2 Commit to Hearing and Addressing Supply Chain Complaints Through Legitimate Processes (Non-Operational Level Mechanisms)

- 4.7.2.1. The Certified Entity shall engage in legitimate processes that enable it to hear and address material and substantiated complaints that it has caused or contributed to harm in its supply

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<sup>279</sup> OECD, [Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector](#) (2018), p. 97; OECD, [Due Diligence Guidance for Responsible Business Conduct](#) (2018), p. 35.

<sup>280</sup> OECD, [Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector](#) (2018), p. 97.

<sup>281</sup> OECD, [Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector](#) (2018), p. 97; OECD, [Due Diligence Guidance for Responsible Business Conduct](#) (2018), p. 35.

<sup>282</sup> OECD, [Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector](#) (2018), p. 97.

<sup>283</sup> [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Section 4.1.1.vi., p. 23; OECD, [Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector](#) (2018), pp. 94-95.

<sup>284</sup> [Global Organic Textile Standard Version 7.0 \(2023\)](#), Section 4.4.13.5; together with [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Sections 4.1.1.vi., 4.4.13.5., pp. 23, 57; UN, [Guiding Principles on Business and Human Rights: Implementing the United Nations 'Protect, Respect and Remedy' Framework](#) (2011), Guiding Principle 29, pp. 31-32. See [OECD, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), p. 95.

<sup>285</sup> OECD, [Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector](#) (2018), pp. 27-28, 96. See [Global Organic Textile Standard Version 7.0 \(2023\)](#), Sections 4.4.6., 4.4.13.4; see [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Section 4.4.6, pp. 51-52.

<sup>286</sup> [Global Organic Textile Standard Version 7.0 \(2023\)](#), Sections 4.1.3., 4.4.13.5; [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Section 4.1.1.vi., p. 23; [OECD, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), p. 95.

chain. These processes constitute non-operational level grievance mechanisms.<sup>287</sup>

4.7.2.2. Examples of how the Certified Entity can achieve the foregoing, in relation to grievance mechanisms of enterprises at the supply chain or industry level, include:

- Engaging in multi-stakeholder initiatives that provide such mechanisms, e.g. as a member or agreeing to mediate with any multi-stakeholder initiatives that raise legitimate complaints against such enterprise.
- Entering into agreements with trade unions to establish processes for trade unions to raise complaints against such enterprises.
- Agreeing to mediate with OECD National Contact Points when the National Contact Points determine that an issue is bona fide under the procedures of the OECD Guidelines.<sup>288</sup>

4.7.2.3. If the Certified Entity decides to participate in a supply chain or industry-level grievance mechanism, it shall be designed and implemented based on the core criteria of legitimacy, accessibility, predictability, equitability, transparency, and being dialogue-based.<sup>289</sup> When participating in the supply chain or industry-level grievance mechanism, the Certified Entity should draw on gender perspectives to enhance legitimacy, accessibility, equitability and rights compatibility.<sup>290</sup>

4.7.2.4. *Legitimacy.* People should have confidence and trust in the grievance mechanism designed specifically for their concerns. These systems must be transparent and accountable to ensure that every complaint is handled fairly and in accordance with established procedures. There shall be no threats, retaliation, reprisals, harassment or discrimination of any kind against complainants, including taking into account the particular situation and vulnerability of certain workers like female and migrant workers. Persons serving as access point to the grievance mechanism should be trustworthy, trained, knowledgeable and approachable. Complainants should have the option of remaining anonymous, for example, through legitimate representation. Grievance mechanisms should be sufficiently resourced and equipped with the expertise needed to recognise the human rights implications of their work and to effectively integrate human rights standards within their findings and recommendations. There should be some possibility of appeal, review, reconsideration or other escalation, for example, trustworthy local mechanisms, multi-stakeholder initiatives or National Contact Points for the OECD Guidelines.<sup>291</sup> The Certified Entity should ensure policies are in place to address retaliation risks for those raising grievances, as this affects accessibility.<sup>292</sup>

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<sup>287</sup> [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Section 4.1.1.vi., p. 23; [OECD, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), pp. 97-98; [OECD, Due Diligence Guidance for Responsible Business Conduct \(2018\)](#), p. 34; [OECD, Guidelines for Multinational Enterprises on Responsible Business Conduct \(2023\)](#), p. 27.

<sup>288</sup> [OECD, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), pp. 98-101; [OECD, Due Diligence Guidance for Responsible Business Conduct \(2018\)](#), p. 35.

<sup>289</sup> [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Section 4.1.1.vi., p. 23; [The OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2017\)](#), p. 100.

<sup>290</sup> [OECD, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), p. 33; [OECD, Due Diligence Guidance for Responsible Business Conduct \(2018\)](#), p. 42. See UN, [Convention on the Elimination of All Forms of Discrimination against Women, 1249 UNTS 13 \(1979\)](#), Articles 2-4, 11.

<sup>291</sup> [OECD, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), pp. 32-33, 96, 99-101. See [Global Organic Textile Standard Version 7.0 \(2023\)](#), Sections 4.4.4.3, 4.4.6.6.; see [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Section 4.4.4, pp. 48-49.

<sup>292</sup> [OHCHR, Meeting the UNGPs' effectiveness criteria. In Accountability and Remedy Project \(ARP\) III Report Addendum \(2021\)](#), p. 10.

- 4.7.2.5. *Accessibility*. Workers should be well informed about the grievance mechanisms designed for their use. These mechanisms need to be easily accessible and tailored to support individuals who may face challenges. This includes support for people with limited education, reading difficulties or who speak different languages. The grievance mechanism's existence should be well publicised. Its processes and forms for complaints should be clear and simple. There should be several access points to the grievance mechanism, including at least one access point that is independent of the enterprise at the supply chain or industry level, which may be a trade union access point open to both union members and non-members.<sup>293</sup>
- 4.7.2.6. *Predictability*. Grievance mechanisms should be designed with transparent and understandable steps. Each of these steps should have clearly defined procedures with expected timeframes for completion. It is also essential that effective monitoring tools are in place to oversee and ensure that these procedures are consistently carried out as intended. Complainants should be kept informed at each stage of the process. Every complaint should be treated seriously.<sup>294</sup>
- 4.7.2.7. *Equitability*. Affected individuals should be able to easily get the information, advice and expert help they need. This will ensure that they can use the complaints system in a fair, well-informed and respectful way.<sup>295</sup>
- 4.7.2.8. *Transparency*. Affected individuals should always be kept informed of the status of their complaints. In addition, general information on the functioning and effectiveness of the grievance mechanism should be made available to all.<sup>296</sup>
- 4.7.2.9. *Dialogue-based*. Grievance mechanisms should seek resolution through dialogue between the parties or their representatives.<sup>297</sup>
- 4.7.2.10. Any grievance mechanism shall not preclude access to judicial recourse for victims of human rights violations.<sup>298</sup>
- 4.7.2.11. The Certified Entity should consult guidance on grievance mechanisms at the supply chain and industry level.<sup>299</sup>
- 4.7.2.12. Further, the Certified Entity should record and enable the publication of complaints received and remedies provided through such mechanisms while respecting confidentiality in order to share lessons learned.<sup>300</sup>

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<sup>293</sup> OECD, [Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector](#) (2018), pp. 96, 98. See [Global Organic Textile Standard Version 7.0 \(2023\)](#), Section 4.4.6; see [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Section 4.4.6, pp. 51-52.

<sup>294</sup> OECD, [Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector](#) (2018), p. 97.

<sup>295</sup> OECD, [Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector](#) (2018), p. 97.

<sup>296</sup> OECD, [Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector](#) (2018), p. 97.

<sup>297</sup> OECD, [Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector](#) (2018), p. 97.

<sup>298</sup> [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Section 4.1.1.vi, p. 23; [OECD, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), pp. 94-95, 98.

<sup>299</sup> [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Section 4.1.1.vi., p.23; E.g. UN, [Guiding Principles on Business and Human Rights: Implementing the United Nations 'Protect, Respect and Remedy' Framework](#) (2011), Guiding Principle 30, pp. 32-33; [OECD, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), p. 95.

<sup>300</sup> [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Section 4.1.1.vi., p. 23; [The OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2017\)](#), p. 95. See [Global Organic Textile Standard Version 7.0 \(2023\)](#), Section 4.4.13.5.

#### 4.7.3 The Certified Entity Provides for or Contributes to Remedy in Cases Where It Has Caused or Contributed to Adverse Impacts

- 4.7.3.1. Where the Certified Entity has caused or contributed to adverse human rights or other impacts, it shall provide a remedy or contribute to a remedy that aims to restore affected persons to the situation they would be in had the adverse impact not occurred. As such, the remedy should be proportionate to the significance, seriousness, and scale of the adverse impact.<sup>301</sup> Remedies should be adequate, prompt, culturally appropriate and gender sensitive. The Certified Entity shall consult and engage in good faith with affected stakeholders to determine the appropriate remedy.<sup>302</sup>
- 4.7.3.2. Where several parties have caused or contributed to an adverse impact, the Certified Entity should seek to collaborate with other parties. Collaboration with others does not absolve the Certified Entity of any responsibility, and it should provide, enable or support remediation itself to the extent of its contribution to the impacts.<sup>303</sup>
- 4.7.3.3. The remedy or combination of remedies may include restitution or rehabilitation, financial or non-financial compensation, satisfaction and apologies, legitimate punitive sanctions or disciplinary measures against staff responsible for wrongdoing against complainants, taking measures to prevent future adverse impacts and cessation of a particular business activity or relationship.<sup>304</sup>
- 4.7.3.4. The form of remedy shall comply with applicable national law and/or relevant international guidelines, whichever is the higher standard and provides the better remedy. Where no specific standards exist, the remedy shall be consistent with remedies provided in similar cases.<sup>305</sup>
- 4.7.3.5. The Certified Entity should evaluate remedy outcomes and address any deficiencies to ensure the remedy makes a positive contribution to human rights.<sup>306</sup>
- 4.7.3.6. The Certified Entity shall assess the satisfaction of complainants with the remedy process and outcomes. This enables continuous improvement of the Certified Entity's remediation procedures.<sup>307</sup>

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<sup>301</sup> [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Section 4.1.1.vi., p. 23; [OECD, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), p. 102; [OECD, Due Diligence Guidance for Responsible Business Conduct \(2018\)](#), p.34. See [Global Organic Textile Standard Version 7.0 \(2023\)](#), Section 4.4.13.5.

<sup>302</sup> [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Section 4.1.1.vi., p. 23; [OECD, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), pp. 27, 101-102; [OECD, Due Diligence Guidance for Responsible Business Conduct \(2018\)](#), pp. 34, 41; [OHCHR, Meeting the UNGPs' effectiveness criteria. In Accountability and Remedy Project \(ARP\) III Report Addendum \(2021\)](#), p. 8.

<sup>303</sup> [OECD, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), p. 102.

<sup>304</sup> [OECD, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), pp. 101-102; [OECD, Due Diligence Guidance for Responsible Business Conduct \(2018\)](#), p. 34.

<sup>305</sup> [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Section 4.1.1.vi, p. 23; [OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), p. 102; [OECD, Due Diligence Guidance for Responsible Business Conduct \(2018\)](#), p. 34.

<sup>306</sup> [OHCHR, Meeting the UNGPs' effectiveness criteria. In Accountability and Remedy Project \(ARP\) III Report Addendum \(2021\)](#), p. 8.

<sup>307</sup> [Global Organic Textile Standard Version 7.0 \(2023\)](#), Section 4.1.3; [Manual for the Implementation of GOTS Version 7.0 \(2023\)](#), Section 4.1.1.vi., p. 23; [OECD, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector \(2018\)](#), p. 102; [OECD, Due Diligence Guidance for Responsible Business Conduct \(2018\)](#), p. 34.



## 5 TOOLS, RESOURCES AND REFERENCES

### 5.1 Tools and Resources for Understanding and Implementing Due Diligence

This Handbook is the primary guide for Certified Entities seeking to comply with the GOTS due diligence criteria. To enhance their understanding and deepen expertise in due diligence, Certified Entities can consult supplemental external resources.

*Note: The ensuing list is illustrative and not exhaustive.*

1. Business & Human Rights Resource Centre (2018). [European textile industry and human rights due diligence: Key developments, human rights allegations & best practices.](#)
2. European Centre for Non-Profit Law (2023). [Framework for Meaningful Engagement.](#)
3. France, [Loi relative au devoir de vigilance des sociétés mères et des entreprises donneuses d'ordre \(Vigilance Act, English Translation\)](#) (2017).
4. Germany, [Gesetz über die unternehmerischen Sorgfaltspflichten in Lieferketten \(Supply Chain Act, English Translation\)](#) (2021).
5. Grüner Knopf (2023). [Leitfaden: Unternehmerische Sorgfaltspflichten Version 2.0.](#)
6. Norway, [Lov om virksomheters åpenhet om leverandørkjeder og arbeid for å fremme grunnleggende menneskerettigheter og anstendige arbeidsforhold \(Transparency Act, English Translation\)](#) (2020).
7. OECD (2018). [Due Diligence Guidance for Responsible Business Conduct.](#)
8. OECD (2018). [Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector.](#)
9. OECD (2023). [Guidelines for Multinational Enterprises on Responsible Business Conduct.](#)
10. OHCHR (2012). [The Corporate Responsibility to Respect Human Rights: An Interpretive Guide.](#)
11. OHCHR (2018). [Improving accountability and access to remedy for victims of business-related human rights abuse through State-based non-judicial mechanisms.](#)
12. OHCHR (2021). [Human Rights Due Diligence: An Interpretive Guide.](#)
13. OHCHR (2021). [Meeting the UNGPs' effectiveness criteria. In Accountability and Remedy Project \(ARP\) III Report Addendum.](#)
14. Principles for Responsible Investment (2017). [An Investor Briefing on Labour Practices in the Apparel Sector.](#)
15. UK Home Office (2021). [Transparency in supply chains: a practical guide.](#)
16. UN (2011). [Guiding Principles on Business and Human Rights: Implementing the United Nations 'Protect, Respect and Remedy' Framework.](#)

## 5.2 List of Terms and Definitions

TERM	DEFINITION	SOURCE
<b>Adverse impact/harm</b>	Impacts on matters covered by the OECD Guidelines which include adverse impacts related to disclosure; human rights; employment and industrial relations; environment; combatting bribery, bribe solicitation and extortion; and consumer interests. The term 'harm' is used throughout this Guidance to refer to adverse impacts.	OECD, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector (2018), p. 13
<b>Risk</b>	Throughout this Guidance, "risk" refers to the risk of harm to individuals, other organisations and communities in relation to human rights, labour rights and the environment. This Guidance does not focus on risks to the business itself.	OECD, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector (2018), pp. 15, 25
<b>Immediate and critical danger</b>	In the short term, measures should be taken immediately to stop existing impacts and prevent any immediate and critical danger. In cases in which there is an immediate and critical danger to the health and lives of employees, the enterprise should ensure that workers are removed from danger immediately.	OECD, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector (2018), p. 69
<b>Supply chain enterprises/suppliers</b>	For the sake of simplicity, this Guidance uses the term "supplier" to include all business relationships that provide a product or service to an enterprise, either directly or indirectly. "Suppliers" may, therefore, include manufacturers, textile producers and farmers but may also include intermediaries, such as buying agents.	OECD, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector (2018), p. 15
<b>Stakeholder</b>	Stakeholders include persons or groups who are or could be directly or indirectly affected by the actions of the enterprise and its interlocutors.	OECD, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector (2018), p. 15
<b>Verification</b>	Confirmation that requirements have been filled. "Requirements" may be agreed-upon actions under a corrective action plan and/or legal regulations. For example, a building inspector may verify that fire exits align with fire safety codes.	OECD, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector (2018), p. 84

TERM	DEFINITION	SOURCE
<b>Monitoring</b>	The ongoing tracking of the situation, particularly directly on relevant facilities, sites or premises in relation to specific risks and the measurement and tracking of indicators of success. Indicators may be direct or indirect. Monitoring generally provides a more comprehensive picture of the situation at the site level than a one-time assessment.	OECD, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector (2018), p. 84
<b>Validation</b>	Determination of whether the actions taken to prevent impacts are indeed effective in preventing impacts. Verification and monitoring data feed into validation. For example, an enterprise may seek to validate that its current training of employees is preventing sexual harassment in the longer term.	OECD, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector (2018), p. 84



Annex. 1. Table. The Checklist of the Documents and Records the Certified Entity Should Prepare to Effectively Document Compliance with GOTS Due Diligence Criteria

TYPE OF DOCUMENTATION	DESCRIPTION	CHECKLIST
<b>Public Due Diligence Documentation</b>		
<b>Policy on Responsible Business Conduct (RBC Policy)</b>	A comprehensive document that includes both the formal policy statement outlining the Certified Entity's commitments to responsible business conduct and its management systems for due diligence. (GOTS 7.0, Section 4.1.1.(i) and 4.1.4)	<input type="checkbox"/>
<b>Public Due Diligence Disclosure</b>	A comprehensive document outlining the Certified Entity's due diligence efforts, including the overview of the measures taken to perform the six-step due diligence framework. (GOTS 7.0, Section 4.1.1.(v))	<input type="checkbox"/>
<b>Grievance Mechanism and Remediation Policy</b>	A unified document that outlines the remediation processes in the Certified Entity's own operations and in the supply chain. It should establish a complaint mechanism. (GOTS, Section 4.1.1.(vi))	<input type="checkbox"/>
<b>Internal Due Diligence Documentation</b>		
<b>Stakeholder Engagement Plan</b>	A strategy that outlines how to engage with key stakeholders like suppliers, workers, and communities. (GOTS, Section 1.2.8)	<input type="checkbox"/>
<b>Organisational Due Diligence Responsibility Framework</b>	A comprehensive description of the Certified Entity's Management structure and organisational chart, with clear identification of the personnel responsible for due diligence. (GOTS 7.0, Section 4.1.5 and 4.1.6)	<input type="checkbox"/>
<b>Risk Assessment Framework</b>	A unified document covering risk scoping in the entity's own operations and in its supply chain, self-assessment, supplier risk assessments, and impact relationship analysis. (GOTS 7.0, Section 4.1.1.(ii))	<input type="checkbox"/>
<b>Corrective Action Plan</b>	A document detailing action plans to cease, prevent, or mitigate harm in both the entity's own operations and its supply chain. (GOTS 7.0, Section 4.1.1.(iii))	<input type="checkbox"/>
<b>Tracking and Monitoring Framework</b>	A comprehensive document that includes information about the verification, monitoring, and validation of due diligence effectiveness in both own operations and the supply chain. (GOTS 7.0, Section 4.1.1.(iv))	<input type="checkbox"/>
<b>Record of Incoming Complaints</b>	Record containing information concerning all complaints received by the Certified Entities and an overview of the steps taken to address them. (GOTS Section 4.1.1.(vi) and 4.4.13.5)	<input type="checkbox"/>
<b>Training and Capacity Building Plans</b>	A consolidated document or database containing records of any training provided to employees or suppliers.	<input type="checkbox"/>
<b>Audit and Certification Reports</b>	Any third-party or internal audit reports.	<input type="checkbox"/>
<b>Legal and Compliance Certificates</b>	A folder or database maintaining all certifications or documents that prove compliance with relevant laws and regulations.	<input type="checkbox"/>



## Annex 2. Table. Data Required to Conduct Effective Due Diligence of the Certified Entity's Supply Chains

TYPE OF INFORMATION	PURPOSE
<b>Risk Scoping Findings</b>	
<ul style="list-style-type: none"> <li>- Results of the Certified Entity's risk assessment on human rights and environmental risks in its own operation and in its supply chain</li> </ul>	<p>To understand the overall risk landscape in the supply chain and to identify areas that require immediate action.</p>
<b>Products &amp; Risks</b>	
<ul style="list-style-type: none"> <li>- Types of products bought and produced</li> <li>- General risks of harm associated with those products</li> </ul>	<p>To understand the intrinsic risks related to the type of products that are being dealt with in the supply chain</p>
<b>Supplier &amp; Subcontractor List</b>	
<ul style="list-style-type: none"> <li>- Names of suppliers and subcontractors</li> <li>- Products sourced from each</li> </ul>	<p>To identify all the entities involved in the supply chain and the products they provide</p>
<b>Due Diligence by Suppliers</b>	
<ul style="list-style-type: none"> <li>- Whether each supplier and subcontractor conducts due diligence on human rights and environmental risks</li> </ul>	<p>To assess the reliability and responsibility of suppliers and subcontractors</p>
<b>High-Risk Suppliers</b>	
<ul style="list-style-type: none"> <li>- Suppliers and subcontractors operating in high-risk stages or countries</li> </ul>	<p>To identify specific entities that may require closer scrutiny or more in-depth due diligence</p>
<b>Supply Chain Stages</b>	
<ul style="list-style-type: none"> <li>- Stages more likely to employ homeworkers or informal workers</li> <li>- Stages prone to unauthorised subcontracting</li> </ul>	<p>To pinpoint particular stages in the supply chain that require heightened attention</p>
<b>Individual Assessments</b>	
<ul style="list-style-type: none"> <li>- Findings of assessments on individual suppliers and subcontractors</li> </ul>	<p>To get an in-depth view of the risks associated with each supplier and subcontractor</p>



TYPE OF INFORMATION	PURPOSE
<b>Corrective Action Plans</b>	
- Commitments by suppliers and subcontractors to address identified risks	To track the progress and commitment of suppliers and subcontractors in mitigating risks
<b>Pre-Qualified Entities</b>	
- List of suppliers and subcontractors that have met human rights and environmental criteria	To establish a reliable pool of suppliers and subcontractors that adhere to required standards

### Annex 3. Case study – Excessive Overtime.

The table below provides a list of relevant, actionable measures or policies for a Certified Entity to implement at each step of the due diligence process to address potential risks relating to non-compliance with GOTS working time criteria, particularly with the risk of excessive overtime, both within the entity's own operations and in its supply chains.

In particular, the table outlines a range of potential actions or policies that may be considered for implementation. As emphasised throughout this Handbook, these measures should be tailored to the specific circumstances and operations of a Certified Entity. Factors to consider include, but are not limited to, the geographic regions in which they operate, their available resources, and the complexity of their supply chain.

ACTIONABLE MEASURE	REFERENCE
<b>Step One - Embed into Policies and Management Systems</b>	
- Develop a comprehensive RBC Policy which includes inter alia prohibiting excessive overtime	GOTS 4.1.1. (i) and 4.1.4 IM p.16
- Conduct consultations with worker representatives and unions when developing the RBC Policy	GOTS 4.1.4, IM p.17
- Include an explicit commitment to respecting Human Rights, including labour rights, in RBC Policy	GOTS 4.1.4, IM p.16
- Communicate RBC Policy to all suppliers and integrate it into contracts	GOTS 4.1.4, IM p.17
- Conduct ongoing training for buying staff “on RBC Policy and identifying/addressing overtime issues using case studies and examples	GOTS 4.1.6, IM p.17
- Assign direct board and executive level responsibility for RBC Policy oversight and implementation to ensure implementation	GOTS 4.1.6, IM p.24
<b>Step Two - Identify Actual or Potential Impacts</b>	
- Conduct a scoping exercise to identify the risk of harm to workers and non-compliance with relevant GOTS Criteria	GOTS 4.1.1. (ii), IM p.18
- Review reports from annual audits on working hours, cross-checked with records	GOTS 4.1.1. (ii) IM p.18
- Conduct analysis of region and country-specific risks and systemic challenges	GOTS 4.1.1.(ii), IM p.18
- Conduct in-depth analysis of timesheets, payroll records, and production plans during suppliers’ assessment	GOTS 4.1.1. (ii) and 4.4.13.3, IM p.18
- Conduct interviews with workers concerning overtime hours and the nature of overtime	GOTS 4.1.1. (ii), IM p.19



ACTIONABLE MEASURE	REFERENCE
<ul style="list-style-type: none"> <li>- Determine root causes and extent of any excessive overtime identified</li> </ul>	GOTS 4.1.1 (ii), IM p.18
<ul style="list-style-type: none"> <li>- Set up worker interviews by an independent third party to encourage openness (for instance, GOTS Approved Certification Body)</li> </ul>	GOTS 4.1.1 (ii) IM p.19
<ul style="list-style-type: none"> <li>- Survey workers using anonymous mechanisms to identify excessive overtime</li> </ul>	GOTS 4.4.13.4, IM p.21
<ul style="list-style-type: none"> <li>- Document the process of identifying actual or potential Impacts</li> </ul>	GOTS 4.1.1 (ii), IM p.18
<b>Step Three - Cease, Prevent or Mitigate Impacts</b>	
<ul style="list-style-type: none"> <li>- Present audit findings to supplier management, reiterate your RBC Policy commitments and GOTS criteria regarding overtime</li> </ul>	GOTS 4.1.3, IM p.19
<ul style="list-style-type: none"> <li>- Conduct root cause analysis with the supplier to identify overtime drivers</li> </ul>	GOTS 4.1.1 (iii) and 4.1.3, IM p.19
<ul style="list-style-type: none"> <li>- Develop a detailed corrective action plan with specific targets to reduce overtime</li> </ul>	GOTS 4.1.1 (iii) and 4.1.3, IM p.20
<ul style="list-style-type: none"> <li>- Use leverage to influence suppliers to prevent or mitigate excessive overtime in the future</li> </ul>	GOTS 4.1.1 (iii), IM p.20
<ul style="list-style-type: none"> <li>- Provide technical assistance to optimise production efficiency to prevent excessive overtime</li> </ul>	GOTS 4.1.1 (iii) and 4.1.3, IM p.20
<ul style="list-style-type: none"> <li>- Adjust forecasting timelines and order flexibility that may drive excessive overtime</li> </ul>	GOTS 4.1.1 (iii) and 4.1.3, IM p.20
<ul style="list-style-type: none"> <li>- If harm is found, take immediate action to cease excessive overtime and prevent any harm to workers associated with excessive overtime</li> </ul>	GOTS 4.1.1 (iii), IM p.19
<ul style="list-style-type: none"> <li>- Collaborate with unions/worker representatives on solutions to excessive overtime</li> </ul>	GOTS 4.1.1 (iii) and 4.4.13.4, IM p.19
<ul style="list-style-type: none"> <li>- Provide channels for worker input into the corrective action plan</li> </ul>	GOTS 4.1.1 (iii), IM p.20
<b>Step Four - Track Implementation</b>	
<ul style="list-style-type: none"> <li>- Schedule regular assessments to verify hours reduced, including detailed records review</li> </ul>	GOTS 4.1.1 (iv), IM p.21
<ul style="list-style-type: none"> <li>- Implement focused assessments to verify progress in implementing corrective action plans, interview workers</li> </ul>	GOTS 4.1.1 (iv), IM p.21



ACTIONABLE MEASURE	REFERENCE
- Get feedback from workers or their representatives on the nature of overtime and improvements made	GOTS 4.1.1 (iv) and 4.4.13.4, IM p.21
- Analyse production plans, capacity use, staffing changes	GOTS 4.1.1, IM p.21
- Review factory working hour summary reports	GOTS 4.1.1 (iv) and 4.1.3. IM p.21
- Maintain regular contact until overtime is at acceptable levels according to your RBC Policy and GOTS criteria	GOTS 4.1.1 (iv) and 4.1.3. IM p.21
- Request relevant CBs to verify improvements during regular and unannounced audits	GOTS 4.1.1 (iv), IM p.21

**Step Five - Communicate**

- Disclose instances of excessive overtime identified and remediation in public due diligence disclosure	GOTS 4.1.1 (v), IM p.22
- Present trends demonstrating decreased total overtime hours across suppliers	GOTS 4.1.1 (v), IM p.22
- Show improvements regarding the implementation of GOTS working time criteria	GOTS 4.1.1 (v), IM p.22
- Communicate internal accountability measures for the RBC Policy on non-compliance	GOTS 4.1.1 (v), IM p.22

**Step Six - Enable Remediation**

- Require back pay for workers for any overtime levels following GOTS criteria or domestic legal requirements	GOTS 4.1.1 (vi), IM p.23
- If overtime was forced, require disciplinary action and prevent retaliation	GOTS 4.1.1 (vi), IM p.23
- Maintain accessible grievance channel for workers' concerns	GOTS 4.1.1 (vi) and 4.4.13.5, IM p.22
- Compensate workers if company orders directly caused overtime	GOTS 4.1.6, IM p.23
- Require suppliers to inform their workers of the right to compensation for overtime	GOTS 4.1.6, IM p.23
- Ensure workers are aware of the confidential grievance channels	GOTS 4.4.13.5, IM p.22
- Assess the level of satisfaction with the remediation process and overtime compensation provided	GOTS 4.1.1 (vi), IM p.23