

Handbook for Due Diligence Implementation in the Textile Sector

Existing Tools and Gap Assessment

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This handbook has been developed through close collaboration with the organisations listed below, leveraging their expertise and experience in implementing due diligence in the textile sector. Their insights are grounded in discussions and practical work on schemes and instruments that have contributed to advancing conversations on implementing the different aspects of due diligence. The content of this document also reflects numerous exchanges with representatives across the global garment and textile sector, as well as constructive discussions with international stakeholders.

Contributors to this Document



[amfori](#) advocates for a world in which trade serves a purpose: delivering social, environmental and economic benefits for everyone.

As a global business association, amfori supports its members at every step of their due diligence journey, offering a comprehensive range of ESG products and services. From supply chain mapping and assessment to reporting, from capacity building to facilitating stakeholder engagement, amfori provides a holistic approach to responsible business practices.

Founded in 1977, and recognised for its flagship product amfori BSCI, amfori leverages decades of expertise and close collaboration with more than 2400 member companies as well as auditing companies, producers, factories, and other stakeholders such as policymakers. Representing a diverse array of industries in over 50 countries, that cover trade streams in over 100 countries, amfori continues to have a positive impact on fostering sustainable trade.



[Fair Wear Foundation](#) works with industry and stakeholders to advance a world where garment workers see their human rights realised through effective social dialogue. We strive for a garment industry where purchasing practices reflect shared supply chain responsibility, and for a global value chain that is a source of safe, dignified and properly paid employment. As a true multistakeholder initiative, we connect and convene brands, factories, workers, trade unions, policymakers, NGOs and other industry influencers to accelerate collective action. Our tools and guidance are carefully developed alongside our partners and membership: 130 frontrunner brands that we guide and publicly assess towards the high bar that Fair Wear sets.

To drive progress, we utilise each stakeholder's unique leverage to push for ambitious sector alignment across the broader industry. We share our expertise and practical solutions to promote impactful, mandatory implementation of OECD-based human rights due diligence. Learn more at fairwear.org.



The [Policy Hub](#) is an initiative launched in 2019 by the collaborative efforts of Cascale, GFA, and FESI. It aims to unite diverse perspectives across the textile value chain to foster technical discussions on the transition to sustainability and textile circularity. Leveraging its more than 700 stakeholders' perspectives, diverse expertise, and Advisory Group's insights, the Policy Hub unravels the complexities of sustainability within the textile sector. By fostering technical conversations and collaborative action, the Policy Hub aims to drive significant change and shape ambitious, implementable European policies that reflect the sector's realities.



[SLCP](#) - The Social & Labor Convergence Program, is a multi-stakeholder initiative with over 270 signatories striving for decent working conditions in global supply chains. The Program aims to unite and support all stakeholders by implementing a universal social assessment tool called the Converged Assessment Framework (CAF) that delivers credible and actionable data designed to support Human Rights Due Diligence implementation and enable collaborative action. By reducing duplication in social audits, the CAF helps save resources to redeploy towards improvement actions. Over 15,000 facilities have adopted the CAF, and over 90 brands and standard holders publicly accept SLCP assessments.

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Introduction

On the 5th of July 2024, the publication in the Official Journal of the European Union (OJEU) of the Directive on Corporate Sustainability Due Diligence (CSDDD) marked the beginning of its transposition and implementation. As outlined in the Directive, the development of guidelines will play a critical role in shaping the actions of companies, legislators, and regulators alike.

With the EU CSDDD's legislative framework finalised, it is essential to ensure the development of practical tools and clear guidelines accompanying the implementation of the obligations. This will help achieve the highest level of clarity and practicality in the implementation phase, while also providing sufficient support to both businesses and EU Member States. For this reason, **Policy Hub** - Circularity for Apparel and Footwear and its members, the **Social and Labor Convergence Program**, **Fair Wear Foundation**, and **amfori**, have come together to support a practical implementation of the CSDDD by providing an overview of the textile industry's existing tools, instruments, and guidance that in many cases can be of use to other industries as well.

We firmly believe it is important to provide clear and pragmatic guidelines to companies and Member States. For the guidelines to support compliance and to ensure harmonisation and uniformity of implementation, they should be published in a timely manner.

Purpose of the Document

While the introduction of a legal framework for due diligence at EU-level is new, discussions within the garment and textile sector on the implementation of Human Rights and Environmental Due Diligence (HREDD) have been ongoing for decades. As a result of this, numerous guidelines and tools have been published. Serving as commonly accepted reference points, they have contributed to the implementation of due diligence, and enhanced conversations on HREDD before legislation has been introduced.

The objective of this document is to map existing efforts, such as standards, guidelines and tools, already available for the implementation of due diligence. The specific focus of this exercise is on the garment and textile sector. The paper further seeks to outline the key areas where effective guidelines are most needed, not only in the context of the garment and textile sector, but also to support the exercise of developing the general CSDDD guidelines and accompanying measures. The document underscores the interconnected nature of components critical to fulfilling due diligence obligations, emphasising the need for coherence among tools and strong collaboration among stakeholders. By drawing from the garment and textile sector's extensive experience and the lessons learned from implementing due diligence practices, the

document aims to support the European Commission in developing comprehensive guidelines. The approach integrates insights from dialogues across the textile value chain, ensuring a practical, well-rounded application of the CSDDD that reflects diverse perspectives.

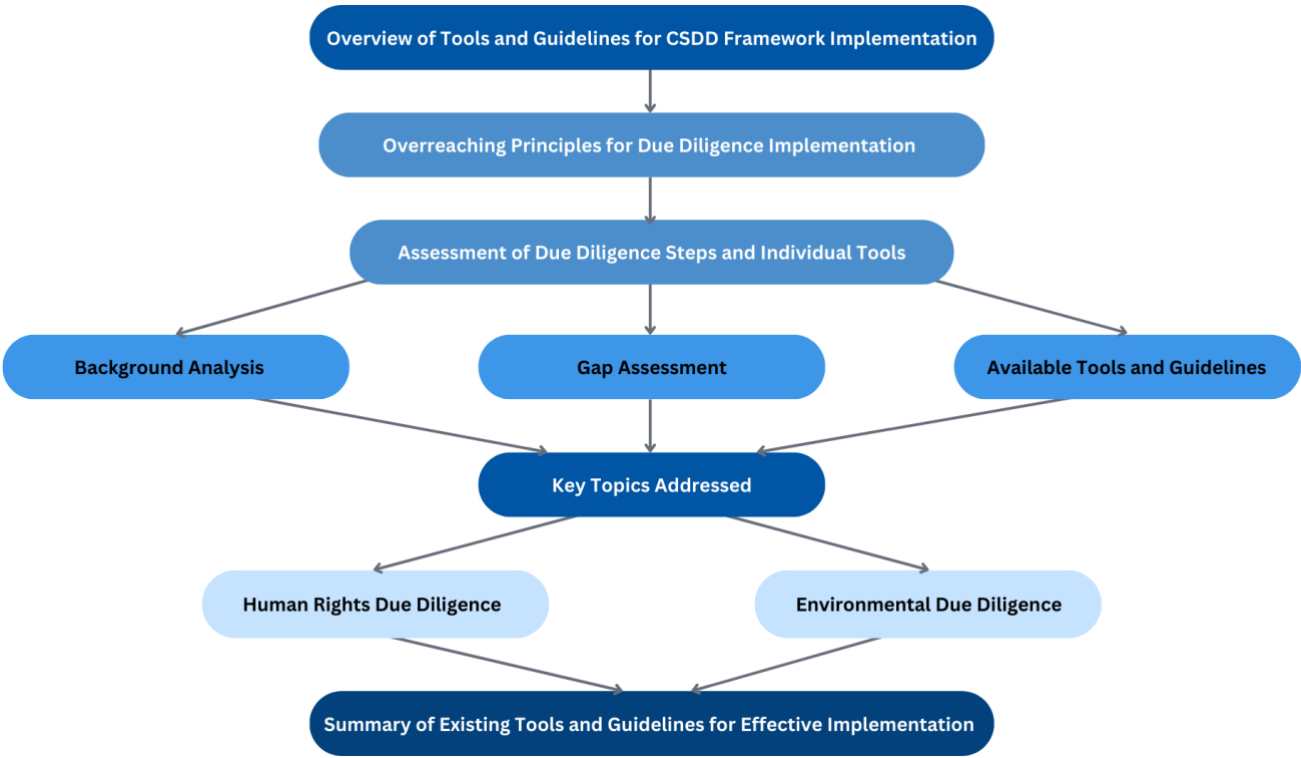
Additionally, by consolidating existing tools, this resource demonstrates the sector’s commitment to a robust due diligence framework. It also maps key learnings from ongoing implementation efforts and identifies areas where further work or clarification is necessary to ensure efficient and effective compliance with the CSDDD requirements.

While the due diligence obligations outlined in the CSDDD encompass the chain of activities—covering owned and operated entities as well as downstream activities such as warehousing and logistics—this handbook focuses specifically on supply chain operations. Additional considerations and assessments of activities outside this scope may be addressed in future discussions.

How to Read the Document

The following sections provide a non-exhaustive list of tools and guidelines existing within the garment and textile sector that could support the implementation of the various concepts introduced by the CSDDD framework.

The logic followed for the organisation of the content and the levels of assessment for each of the due diligence obligations can be summarised as follows:



I. Overarching Principles for Due Diligence Implementation

The Importance of CSDDD Alignment with International Standards

Background

It is essential to begin this Handbook by emphasising the critical importance of alignment and coordination of the EU CSDDD and its forthcoming guidance documents with widely recognised international standards such as the [OECD Guidelines for Multinational Enterprises on Responsible Business Conduct](#)¹ and the [UN Guiding Principles on Business and Human Rights](#) (UNGPs). Alongside the [ILO Tripartite Declaration](#), those instruments represent the international benchmark for due diligence practices.

These instruments have been widely recognised by international industry actors, civil society organisations and multiple governments around the world as the undisputed reference of what good due diligence looks like. Alignment with recognised standards helps to ensure harmonisation in the implementation process and avoids the proliferation of conflicting norms. It also ensures that due diligence remains practical and proportionate, all the while providing companies and rights holders with sufficient legal certainty.

The [OECD Due Diligence Guidance for Responsible Business Conduct](#) has been a widely recognised instrument by the industry, providing clarity for business on how to design the process of due diligence. The importance and credibility of this instrument also draw from the fact that it was drafted using a multistakeholder approach involving businesses, unions, and government representatives, together with expert input.

Given the diverse range of stakeholders in value chains who will be impacted by the CSDDD, it is imperative that the realities of global supply chains are taken into account. The efforts put in place and the constant dialogue with global governments has also ensured that the [OECD Guidelines for Multinational Enterprises](#) have been recognised by 51 governments already.

The [OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector](#) has also made significant progress in outlining the most notable and frequent risks in the garment and textile industry's value chains. These risks are globally recognised by the industry and various third-country governments. This guidance serves as a key reference point for them and a communication template with companies, clearly detailing both the expectations and the regular actions to be taken. This instrument also supports small-scale suppliers outside of the EU to have better clarity on the framework, scheme, and elements involved in due diligence.

Similar efforts in terms of assessment and remediation programmes have been made by the [ILO Better Work](#) program to bring together perspectives from all levels of the garment industry to improve working conditions in factories, strengthen the voices of all stakeholders, and collaborate with governments to

¹ The OECD Guidelines for Multinational Enterprises on Responsible Business Conduct are recommendations addressed by governments to multinational enterprises. These guidelines have been complemented by the sector-specific guidance document prepared by the OECD on responsible supply chains in the Garment and Footwear Sector.

promote alignment with national labour laws and the ILO's international labour standards while enhancing the competitiveness of apparel and footwear businesses in certain supplying countries.

In line with the UN Guiding Principles (UNGP) three-pillar framework, which is the cornerstone of due diligence processes, effective implementation of due diligence requires collaboration, where industry efforts are combined with governmental actions and policies that foster cooperation, harmonisation, and enforcement across regions.

Gap Assessment

Recognising that the due diligence process is tailored to the specific realities of each economic operator and involves applying particular interpretations of the concepts underpinning due diligence, it is crucial that the guidelines focus on how key due diligence concepts are applied within the CSDDD framework: this may differ from the existing international frameworks as CSDDD operates under mandatory standards and liability.

Examples include the notion of **obligations of means**, a principle deeply rooted in the very concept of due diligence, and how companies can demonstrate **best efforts**.

It is essential that the CSDDD guidelines shed light into the concept of **effectiveness**, by further elaborating on its definition and offering more clarity on the practical criteria for measuring it. Clarity in the term will support the actors' work in implementing the obligations, but it will also sharpen the setting up of tools such as grievance mechanisms.

Additionally, and as better addressed in the sections below, upcoming support in the form of guidance should outline the practices, i.e. corrective action plan management, to follow in addressing **complex salient issues**. Topics such as the timeline for responding to concerns, responsible disengagement, or action plans for situations with limited visibility and challenges in obtaining sufficient data must be clearly explained in the preparation of the guidelines.

The Need for a Gender-Based Approach in Due Diligence Implementation

Background

While trends vary by region and country, **nearly 60% of garment workers globally are women**, [reaching](#) nearly 80% in some regions. Asia is the largest region for garment sector employment, representing 75% of all workers in the industry. It is estimated that 42 million women are employed in the garment sector across Asia. Although global supply chains, especially in the textile sector, have enabled women to become more economically empowered, serious decent work deficits remain.

Alongside its general due diligence guidance, the **OECD has also developed** [sector-specific guidance](#) to support companies in the garment industry in recognising how their actions can disproportionately impact women, providing tools to identify and mitigate gender-related risks.

The International Labour Organisation (ILO) has also long been [reflecting](#) on the most prominent challenges faced by women in the textile supply chain. Among these are the low representation of women in collective bargaining and social dialogue, a significant wage gap compared to their male counterparts, the

disproportionate burden of caregiving responsibilities, which leads to unequal opportunities and a higher presence in informal economies. Women are also more vulnerable to discrimination, violence, and harassment.

Addressing this reality and providing clarity on the tools to tackle the associated challenges is essential. Several efforts have already been implemented in this regard, such as the [Better Work Gender Strategy](#).

Gap Assessment

There is a significant dearth of gender data coming from garment and textile supply chains. Gender-disaggregated wage data, to identify the gender wage gap, is difficult to collect. Very few brands or organisations attempt to do so properly. To provide additional context, only a limited number of non-Western governments require companies to report gender-disaggregated pay statistics, whether at an aggregate firm level or with greater granularity for specific subgroups, such as job category, parental status, or seniority. The infrastructure and data availability to support this level of specificity are largely absent to date. Furthermore, when engaging with suppliers, there is often a lack of understanding and local capacity to address this issue effectively.

Similarly, data on key issues such as gender-based violence, harassment and discrimination is also lacking. This is due to different reasons: differing and weaker definitions of what constitutes violence and harassment, social stigma surrounding it, historically poor records by police, law, companies and society of re-traumatisation of victims who have come forward, etc. This lack of data leads to a de-prioritisation of what should be an important topic.

In the process of clarifying these points, it is important to hear and learn from civil society organisations such as [CARE International](#), that have been working with the textile sector, among others, to implement a gender-based approach to topics such as climate adaptation, gender-based violence, harassment, or gender-based discrimination and to infuse the lessons learned into the implementation process of the CSDDD.

<i>Additional Existing Resources for a Gender-Based Approach</i>	
UN Women	The Women's Empowerment Principles Gender Gap Analysis tool (for setting up a RBC policy - OECD HRDD step 1)
ILO	ILO list of conventions concerning Gender Equality
Rise Respect	The Rise Respect program : a comprehensive approach for preventing and remediating gender-based violence and harassment (GBVH) in the garment industry.
Women Win	Gender-Responsive Due Diligence (GRDD) Platform
BSR	Gender Equality in Codes of Conduct Guidance and Gender Data and Impact (GDI) Tool - executive summary

ETI	Gender Data Indicators (Guidance, Level 1) (based on BSR)
Fair Wear Foundation	Efforts have been made to implement gender equality policy for member brands to be compliant with Fair Wear standards. Fair Wear has also developed a brand and supplier guidance for gender-responsive HRDD (available upon request), a gender-responsive HRDD tool , and a gender checklist for brands awareness.
amfori	The amfori's Business Social Compliance Initiative (amfori BSCI) system manual incorporates a gender lens (Guide 14). The amfori's Social Dialogue Handbook on Gender offers a step-by-step guidance to implement social dialogue on gender equality and women's empowerment.
The Global Fashion Agenda	Comprehensive assessment on unpacking pay equity in fashion

Promoting Industry Alignment and Collaboration

Background

As more businesses begin to implement due diligence due to growing regulatory expectations, the need for collaboration and alignment across industries and supply chain actors will only increase. Examples of areas where greater collaboration is poised to deliver beneficial results include supplier assessments, purchasing practices, meaningful stakeholder engagement and grievance mechanisms. Fostering coordination among stakeholders is critical in reducing the risk of inefficiencies in the implementation of due diligence obligations.

Examples such as fostering collaborative frameworks on meaningful stakeholder engagement, establishing effective grievance mechanisms, and leveraging audits as tools for risk assessment underscore the potential for collaboration to drive more effective and streamlined implementation of due diligence obligations. The gaps will be discussed in these respective sections.

II. In-Depth Assessment of Tools for Due Diligence Implementation: Mapping of Available Tools and Gap Assessment for CSDDD Guidelines Elaboration

Environmental Due Diligence and Environmental Risks

Background

The applicability of environmental due diligence should not be viewed in isolation from human rights due diligence, as both are closely interconnected. Environmental impacts, such as pollution and climate change, often have direct consequences on human rights, including health, livelihoods, and access to resources. Therefore, it is essential to approach these in tandem, ensuring that due diligence processes holistically address environmental and human rights risks.

Climate adaptation plays a crucial role in this equation, as it involves efforts to minimise the negative impacts that environmental changes, like shifts in climate and ecological conditions, can have on working conditions and communities. For example, extreme weather events or rising temperatures may exacerbate health risks for workers or disrupt access to safe and clean working environments. Addressing these concerns through integrated due diligence processes helps companies mitigate risks more effectively and fosters sustainable business practices that protect both people and the planet.

Efforts already underway to implement environmental due diligence include the OECD Handbook on Environmental Due Diligence in Mineral Supply Chains, which outlines how companies can identify, assess, and prioritise environmental issues in the mining industry, and take measures to prevent, mitigate, or remedy such cases. Following a similar approach, the **OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector** identifies the key modules and references to the environmental risks most prevalent in textile production, highlighting the presence of hazardous chemicals, water use and water pollution, and greenhouse gas emissions as key impacts related to the sector. The updated MNE Guidelines now include expanded expectations on environmental responsibility, requiring corporations to identify and address adverse impacts on climate change, biodiversity, deforestation, pollution, animal welfare, and other environmental concerns through due diligence.

Additionally, the CSDDD obligations and environmental due diligence requirements are intricately linked with a broader set of evolving EU regulatory frameworks addressing interconnected challenges such as climate change, resource use, waste management, circular economy, chemical safety, and biodiversity loss, highlighting the need for coherent and harmonised approaches to ensure their effective implementation.

Gap Assessment

Notwithstanding the efforts mentioned above, there is still the need for further support on how to implement environmental due diligence and its specific steps in practice. The lack of consolidated understanding

creates challenges for stakeholders in implementing it effectively and consistently. It is therefore fundamental that the work on the guidelines provides practical support and clarity to aid in this exercise.

Specific gaps are as follows:

- **Complexity of environmental issues:** Environmental topics such as climate change, biodiversity, water management, waste management and pollution control require specialized knowledge and may involve technical data. Companies can struggle to understand these issues, particularly when trying to integrate them into decision-making, supply chain operations, and compliance reporting. This is especially difficult for small and medium-sized enterprises (SMEs).
- **Limited access to reliable data from deeper in the supply chain:** Gathering reliable environmental data from Tier 2, 3, and beyond is a major challenge. Smaller suppliers may not have the capability or systems in place to measure and report on their environmental impacts. The lack of uniform reporting standards across supply chains can further hinder data collection efforts.
- **Data management and flow between departments:** As in the implementation of human rights due diligence, effective environmental due diligence requires accurate and timely data flow across departments like procurement, operations, legal, and sustainability. However, many companies lack integrated systems or face bottlenecks in data sharing. Inconsistencies in data formats, collection methods, and reporting structures add further complexity.

<i>Existing Resources on Environmental Due Diligence</i>	
amfori	amfori's Business Environmental Performance Initiative (amfori BEPI) is used to assess, measure and improve the environmental performance of production facilities linked to amfori's members. Freely available resources include the amfori BEPI Code of Conduct and the amfori BEPI System Manual , the latter one including a step-by-step due diligence guide in part one.
Cascale	Higg Index tools are already used by approximately 24,000 factories around the world to assess and measure their environmental and social performance. More specifically, the use of the tools, notably the MSI , PM , and FEM tools, help users to understand the environmental impacts of different production choices when designing products. Efforts have been also put in place to raise awareness on climate adaptation.
Textile Exchange	The Materials Impact Explorer leverages Google Cloud's technology and WWF's conservation expertise to support fashion and textile companies in making informed, sustainable sourcing decisions.

Risk Assessment and Risk Indicators (Art 8)

Background

While there is broad consensus (e.g. OECD Guidelines) on the overall structure of risk identification and assessment of risks (a broad scoping followed by in-depth assessments of prioritised operations), what

exactly constitutes appropriate measures to identify risks and impacts is less clear-cut.

There are several support tools available which help in the risk scoping exercises. Based on risk factors such as country, product, sector, business and sourcing models, high-risk business relations need to be identified first to carry out in-depth assessments.

Understanding the risk assessment process as specific to each business model and type of risk is crucial for identifying and addressing potential severe risks comprehensively. This approach allows companies to tailor their risk analysis to their unique circumstances. While companies' flexibility and adaptability remain central for the individual mapping and analysis of supply chains, it is also necessary to provide further guidance to core terms such as severity, adversity, likelihood, and irreversibility.

Risk assessment should form the backbone of due diligence with an emphasis on practical measures. Companies should detail their selection of risks, assess their influence and control over those risks, and determine where collective action is necessary.

While reliable and high-quality third-party assessments can play a crucial role in a company's due diligence efforts, they are a tool that offers a snapshot at a given point in time. To effectively address risks, they therefore need to be complemented by other measures.

Gap Assessment

Specific gaps are as follows:

- Companies often have less visibility into their indirect business partners. The need for increased transparency is influenced by the likelihood of severe risks: companies may be more motivated to enhance visibility if the risks are deemed likely, and less motivated if the risks are considered unlikely. However, according to OECD, the severity of a potential adverse impact—evaluated based on its scale, scope, and irremediable nature—should take precedence over its likelihood (See Q28 p68 Box 5 p69 of the OECD Guidance on RBC).
- It is fundamental that the guidance documents include a definition of transparency requirements, including for the purpose of addressing business confidentiality concerns, and which/when transparency requirements are deemed to be effectively met by companies.
- For the in-depth risk assessments, there is significant variability in the quality of audit reports. This arises from differences in the audit themselves, including the size of the auditing team, their expertise, local presence/experience, the methodology employed, man-days allocated to the inspection, and the budget available for conducting the audit. Therefore, although audits are a key tool in implementing HREDD; they are not the only solution. Limitations in audits should be addressed while ensuring that auditing remains a recognised professional practice performed by qualified and certified professionals. Some risks are harder to assess by nature (such as worker-management conflicts or actual status of Freedom of Association). Instruments like grievance mechanisms, worker interview tools or social dialogue could provide complementary insights into these risks.
- In terms of mapping, it is fundamental to provide guidance in cases where there is limited visibility throughout supply chains or insufficient data. There are cases where, despite efforts to achieve

greater supply chain visibility, circumstances external to the economic operator hinder progress towards greater transparency. It is, therefore, essential that guidelines offer clarity on how to address such situations - whether through specific actions, appropriate responses, or flexibility.

- Regarding information mapping, it is essential to specify what information should be included in the mapping, the level of detail required (continent, country, regional, etc.), and the minimum expectations. Providing a format for information sharing can help standardise requests from different Member States.

Supplier Assessment Fatigue

Supplier assessments play an important role in the identification and monitoring of potential adverse impacts. Companies generally assess suppliers to provide them with information on risks and on the progress of addressing risks through measures taken.

The frequency and the nature of the assessment (e.g. self-assessment, verifications, inspection, interviews, focus groups, observation, audits) can vary depending on factors including the nature of the identified risk. Audits, as a type of supplier assessment, can provide valuable information to guide decision-making, help identify adverse impacts, and provide necessary actions or mitigation strategies. Risk-directed audits, along with safety assessments, environmental impact studies or investigations into issues such as gender-based violence, child labour or forced labour, can be particularly valuable where there is a known risk.

While audits, certification schemes, and industry and multi-stakeholder initiatives have helped to drive alignment around standards, there is still a need for further collaboration to reduce duplicated efforts. The request to undergo numerous audits, often duplicative in nature and creating 'audit fatigue', has strained suppliers' resources, at times diverting attention from initiatives aimed at improving working conditions. This can pose an obstacle to the industry's goals and risks being exacerbated by growing demands from companies for supply chain data under CSDDD and other global supply chain legislations.

Gap Assessment

In order to address the issue of supplier-assessment fatigue, it is important to consider a multi-faceted approach.

1. **Greater convergence and shared industry action:** the use of common frameworks should be encouraged wherever possible in the upcoming work on CSDDD implementation as a means to streamline resources. This is particularly necessary in the context of social and environmental auditing where there are existing efforts designed to reduce audit duplication.
2. **Auditor standards and integrity:** improving general auditor standards, including auditing integrity and ensuring technical consistency, could help build more "trust" in supplier data and the audit results. This, in turn, could lead to better cross acceptance of audits across schemes. This is where the European Commission's criteria and methodology to assess the fitness of third-party verifiers, the fitness criteria for industry and multi-stakeholder initiatives, and guidance for monitoring the accuracy, effectiveness and integrity of third-party verifications could play an important role.

3. **Capacity building and a focus on continuous improvement:** focus should go into creating long-term sustainable solutions and boosting the technical capacities and knowledge of suppliers to meet international standards and expectations that often exceed local laws and norms. This is where MSIs and industry initiatives have an important role to play, alongside dedicated support measures by the European Commission. Capacity building coupled with a focus on continuous improvement can have a positive impact on supplier assessment frequency and, therefore, help reduce assessment fatigue.

<i>Existing Resources on Risk Identification</i>	
European Commission	Commission Recommendation (EU) 2018/1149 of 10 August 2018 on non-binding guidelines for the identification of conflict-affected and high-risk areas and other supply chain risks under Regulation (EU) 2017/82. CAHRAs (cahraslist.net)
OECD	OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector
BMZ	SME Compass “Identify & Evaluate Risks” SME Compass- Risk analysis (wirtschaft-entwicklung.de)
CSR Risk Check	MVO Risk Checker: https://www.mvorisicochecker.nl/en (country and sector risk factors)
United Nations PRI	The Principles for Responsible Investments (PRI) already introduces Data sources on country-level risks
amfori	amfori’s ESG Risk Compass , amfori BEPI and amfori BSCI support companies with the identification and management of ESG risks in supply chains. amfori SustainaPass provides a framework to guide companies in their risk and impact assessment processes allowing data collection and documenting how companies are acting on key issues.
Fair Wear Foundation	Fair Wear’s Human Rights Due Diligence Academy offers practical training and resources to help businesses identify, assess, and address human rights risks, enhancing their due diligence processes.
SLCP	Thorough social assessments helps pinpoint risks, enhancing the reliability of due diligence efforts. SLCP’s Converged Assessment Framework (CAF) streamlines broad social assessments and the updated HRDD Toolkit v2.0 demonstrates how the CAF is aligned with due diligence legislation.
Cascale	Higg Facility tools: Higg Facility Environmental Module (FEM) and Higg Facility Social Module (FSLM) provide risk assessment frameworks and indicators specific to environmental and social impacts in manufacturing facilities. In addition to its tools, Cascale is currently developing a Traceability Intelligence Handbook, including actionable steps for supply chain mapping, supplier engagement, data collection processes, and compliance disclosures.

Textile Exchange	The Materials Impact Explorer helps identify the potential risks and opportunities associated with the fibres and raw materials in brand portfolios.
Open Supply Hub	The Open Supply Hub is an open-source, a neutral, and collaborative platform designed to improve supply chain transparency and accountability
Existing Certification Standards	Certifications standards such as SA8000 Standard , IQNet SR10 Social Responsibility Management System, and ONR 192500
Available Resources Addressing Supplier Assessment Fatigue	
SLCP	The Social & Labor Convergence Program has developed the Common Assessment Framework (CAF) tool to reduce audit fatigue and collect comprehensive foundational social and labor data, reducing the need for duplicate broad social assessments .
amfori	The amfori Audit Assurance Programme has been designed to ensure quality and integrity across all monitoring activities within the amfori framework. Under the audit quality programme, amfori developed a comprehensive system of strict acceptance criteria for monitoring partners, on-site- and off-site activities, and in-depth quality investigations. These measures are designed to enhance consistent and reliable audits in accordance with the amfori BSCI and amfori BEPI standards. Currently, an audit integrity project group is also running to identify and address risks that could undermine the reliability and credibility of audit findings.
APSCA	APSCA (Association of Professional Social Compliance Auditors) is the professional standards body for independent Social Compliance Auditors. It exists to enhance the professionalism, consistency and credibility of the individuals and organizations performing independent social compliance audits across industries beyond textiles.
STAR Network	The Sustainable Textiles of the Asian Region (STAR) Network already put together a comprehensive report on Addressing Audit Fatigue (available here)
ITC	The International Trade Centre also elaborated a research paper on assessing audit fatigue in the garment and textile industry against the regulatory landscape.

Prioritisation (Art 9)

Background

The CSDDD uses the concept of severity and likelihood for the prioritisation of risks, in line with the ones included in the UNGPs. These allow prioritisation between impacts for sequencing purposes, with the aim of eventually addressing all impacts.

Gap Assessment

The concepts used in the CSDDD namely scale, scope or irremediable character (irreversible harm) do not provide a precise matrix/framework for comparing impacts across different business partners, geographies, sectors, and commodities.

This potentially gives room for interpretation and uncertainty both for companies under the scope of the Directive and for competent authorities and market surveillance actors monitoring compliance. This, in turn, may result in obliged companies interpreting a situation at a supplier differently and implementing different appropriate but possibly conflicting measures for each of their situations. Here clarity on how to address these situations and how to collaborate would be needed.

There are currently no agreed mechanisms to allow affected stakeholders to inform the prioritisation of risks by companies.

<i>Existing Resources for Risks Prioritisation</i>	
German BAFA	Guidance on conducting a risk analysis as required by the German Supply Chain Due Diligence Act
Danish Institute for Human Rights	Human rights impact assessment guidance and toolbox
Fair Wear Foundation	Fair Wear has developed an HRDD facilitation hub where the likelihood of risks will (among other sources) be informed by input from stakeholder engagement, in particular workers.
United Nations PRI	Principles of Responsible Investment (PRI) – Figure 6: Data sources for sector-level severity assessment
OECD	OECD Due Diligence Guidance for Responsible Business Conduct (Q3, 4, and 5)

Responsible Purchasing Practices

Background

Businesses in the garment and textile sector face an increasingly complex situation. Business operations, workforce management, and workplace conditions are shaped by various factors, including factory's practices and capabilities, varying customer expectations, local market and economic conditions, and domestic laws and industry norms. Issues resulting from this complex situation, like low price setting, volatile orders, short lead times, and unfair contractual terms are at the same time important factors to address in order to enable decent working conditions.

Responsible purchasing practices by buying companies can enable suppliers to improve decent working conditions for their workers. As part of their due diligence process, buying companies should seek collaboration with their suppliers to discuss how they can contribute to solutions that prevent or in some cases cease adverse impacts².

² OECD Due Diligence Guidance for Responsible Supply Chains for the Garment and Footwear Sector, Box 4, p.73-74.

Fair Wear, Ethical Trading Initiative UK, Ethical Trade Norway, the Partnership for Sustainable Textiles, and Solidaridad have created the Common Framework for Responsible Purchasing Practices in textile supply chains, in consultation with over 30 organisations including amfori, supplier initiative STTI and ILO Better Work. The CFRPP is widely recognised and supported in the garment and textile industry. Organisations such as the Fair Labor Association and Cascale have integrated the Principles into their methodologies. To build on this, an accompanying Accountability Framework is under development. Aligned with the OECD due diligence guidelines, the Accountability Framework aims to provide a consensus and guidance for regulators, legislators, investors and sector initiatives to ensure a robust evaluation of purchasing practices of buying companies.

The textile industry has also worked with actors such as IndustriAll Global Union to put together common frameworks such as the [ACT Memorandum of Understanding](#) which commits corporate signatories to ensure that their respective purchasing practices support long-term partnerships with manufacturers and facilitate the payment of a living wage in the textile industry. The commitment by ACT members' brands includes alignment with the ACT Global Purchasing Practices commitments and the ACT country support commitments.

Gap Assessment

The preamble of the CSDDD explicitly states that purchasing practices encompass trading, procurement, and pricing. Furthermore, the operative provisions mandate that companies adjust their purchasing practices to mitigate risks. Given this, we propose that the CSDDD guidelines on general due diligence delve deeper into this aspect and provide specific, actionable guidance on how companies should align their purchasing practices with these requirements. The European Commission could build on the Common Framework for Responsible Purchasing Practices as well as the forthcoming (2025) Accountability Framework for this exercise.

Between 2022 and 2024 a Learning and Implementation Community of 35 companies has tested application of the CFRPP. These companies are available for further insights on gaps and needs if required.

<i>Existing Resources Supporting Responsible Purchases</i>	
STTI	Key recommendations by STTI, a network of 15 manufacturer associations in Europe and Asia
Joint Initiative	Common Framework for Responsible Purchasing Practices in textile supply chains and linked resources , developed by a group of MSIs, launched after extensive multi-stakeholder consultation, connected to a Learning and Implementation Community of 35 brands
ACT	ACT Global purchasing practices commitment , ACT is an agreement between 20 brands and IndustriALL Global Union
Better Buying	Better Buying , a tool to collect supplier feedback on purchasing practices
Fair Wear Foundation	Fair Wear's Buyers' Guidance , Brand Guidance for Responsible Sourcing Dialogue tools, and HRDD Academy offer practical frameworks and self-assessments, drawing on 25 years of experience, to help companies implement responsible purchasing practices aligned with due diligence obligations.

Voluntary Contract Model Clauses - Responsible Contracting

Background

Regarding voluntary contracting clauses, there is a connection between purchasing, design, and distribution practices and key workplace issues such as wages, working hours, health and safety, and even instances of discrimination or workplace challenges.

In the textile industry, some contractual clauses can contribute to these issues. While not all business relationships rely on formal contracts, when they do, suppliers may sometimes bear the financial burden of production upfront and be tasked with addressing any negative impacts on workers or the environment. Additionally, some contracts may include terms that allow for immediate termination or fines if certain conditions are not met, as defined by the buyer. Several initiatives have been launched to address these concerns, particularly in the textile sector, with a focus on fostering more balanced and fair contractual practices.

The Responsible Contracting Project, the Sustainable Terms of Trade Initiative and Fair Wear have contributed, in consultation with suppliers and garment brands, to the creation and dissemination of templates of contractual clauses that foresee not merely passing obligations to suppliers, but that also foresee obligations for buyers (responsible purchasing practices, collaboration in HREDD).

Gap Assessment

Specific gaps are as follows:

- Due to the private nature of contracts, there is not much visibility on what clauses are used or of the uptake of relevant provisions. Depending on the clauses, requirements related to due diligence may either add balance, or on the other hand, reinforce power imbalances.
- Even if contract terms are fair and balanced, contract application and enforcement may not be so easy. Weaker contracting parties may not want to enforce specific contractual terms due to the “climate of fear” (e.g. in agriculture and garment sector).
- There could be companies not relying on formal contracts with their suppliers, which means that specific contractual clauses may not directly apply. Instead, there are often codes of conduct applied as well as frameworks that outline general expectations and responsibilities, but they are often one-sided and not created to secure the rights and responsibilities of both parties in order to achieve better human rights outcomes. Clarity will be needed to be given to those cases.
- Use of intermediaries, such as agents for purchasing, different traders, or intermediaries in the commodities and raw materials stages of the supply chain, is still a common practice in some industries (such as the textile sector) and this two-step (and sometimes more) approach presents specific challenges in addressing unfair contractual clauses and purchasing practices.

- One potential solution to addressing this issue could be to govern contractual clauses through more modern Codes of Conduct that focus on the obligations of both the buyer and the supplier. Suppliers would take responsibility for exercising control within their contracts, while recognising that this does not absolve buyers of their own due diligence obligations.

RCP

[Responsible Contracting Project](#) developed specifically with the CSDDD in mind, together with brands, and [Model Contract Clauses](#), [European Model Contract Clauses](#)

Data Sharing and Harmonisation

Background

The due diligence and reporting obligations in the context of CSDDD and in the framework of implementing related legislative instruments will entail the exchange of multiple data between a considerable diversity of actors and consequently lead to considerable efforts on enhancing supply chain visibility and mapping. With the introduction of reporting obligations under the Directive, it is important to standardise the format and values of the information exchanged. A harmonised reporting structure will make it easier for companies to share and compare information across the value chain. Consistent reporting will also simplify compliance, reduce the administrative burden on smaller players in the value chain, and help monitor progress in meeting the Directive's obligations.

Gap Assessment

It is essential to recognise that technical data on environmental and social parameters remains relatively limited deeper in the supply chain, with challenges in accuracy, consistency, and completeness - issues that are particularly pronounced when considering sourcing activities beyond production locations.

Specific gaps are as follows:

- With the adoption of the CSDDD and CSRD, there has been a rise in digital platforms that can map supply chains and accelerate risk identification, assessment, and reporting. These platforms improve engagement with indirect suppliers, streamline data collection, and centralise information. However, it is fundamental to align CSDDD reporting obligations, including format and value, with CSRD obligations, aiming at ensuring coherence and harmonisation of reporting and avoiding duplication of obligations.
- Equally important is everything related to sensitive data handling, including personal information and trade secrets. Due diligence often requires substantial documentation, which may include sensitive business and personal data and trade secrets. Data collection admissible in one country, may be in breach of local laws in another region. Companies need to understand what type of data can be requested from suppliers and how to request it legitimately. Consequently, best practices for handling sensitive data from suppliers should be included in the context of elaborating the guidelines. The European Commission should also provide guidance in instances where data collection cannot be ensured due to potential breach of regulations in third-countries where

suppliers may be located.

- Further areas where more clarity and precision are needed relate to the level of data and documentation for competent authorities and the information sharing with industry/MSIs. Regarding the former, it is necessary to clarify what documentation/data will be deemed sufficient for competent authorities when companies are dealing with personal or sensitive data, including whether anonymised data will be accepted to ensure the coherence of what companies request from their suppliers and industry/MSIs.
- Regarding the information sharing with industry/MSIs, it is important to clarify what information can be requested by industry/Multi-stakeholder Initiatives (MSIs) and industry solutions to avoid requests that could compromise employee privacy or reveal confidential information across supply chain actors. Companies might not control all relevant data, and some data may be too sensitive for industry/MSIs to share. Important for competent authorities, industry/MSIs, and companies to be on the same page from the start by providing guidance stemming from GDPR and other regulations.
- To meet supply chain mapping requirements, companies need more explicit guidance and clearer definitions on what qualifies as **supplier visibility** (knowledge of facility name, processes, or location), **supplier engagement**, including the commercial engagements established (transactional data exchanged) and/or ESG engagement (such as Higg facility tool adoption for those using the Higg Index tools, sustainability information exchanged, or investment in impact projects).

Existing Resources Addressing Digital Tools and Data Sharing

SLCP	The Converged Assessment Framework (the CAF), which collects and shares data through a technology Gateway , facilitated by the International Trade Centre.
Fair Wear Foundation	Fair Wear's HRDD Facilitation Hub enables companies to collect stakeholder validated human rights risks data and combine this with other data points such as audits or inputs from its grievance mechanism. The HRDD facilitation promotes collaboration between companies and hence allows companies to share risk data.
Open Supply Hub	The Open supply Hub makes supply chain data open, accessible and trusted for the public benefit
amfori	The amfori Sustainability Platform , integrated with the Open Supply Hub - allows companies to map their supply chain, collect critical information to identify impacts on both the environment and workers' lives, and to take action to manage those. The platform relies on data that come from both third-party audits and the suppliers themselves. amfori Insights provides structured dashboards and interactive visualisation of the amfori Sustainability Platform data e.g. by country, sector, industry and more.
Worldly	Worldly is a platform that helps businesses manage sustainability data and supports the implementation of Cascale Higg Index tools. The platform aligns with industry standards and collects high-resolution primary data from 40,000 brands and manufacturers across apparel and footwear industry.

Additional tools used by different actors in the industry include **EcoVadis**, **Integrity Next**, etc.

Meaningful Stakeholder Engagement (MSE)

Background

Stakeholder involvement is crucial for the due diligence process³. The CSDDD makes stakeholder engagement mandatory in specified stages of the HREDD process. This requires a strategic approach which includes working with local and regional actors who have the expertise and knowledge of the local context and the realities faced by stakeholders in those areas. Engaging these local experts not only ensures compliance but also fosters a nuanced understanding of the region's unique regulatory, economic, and social dynamics, which is essential for making informed decisions and implementing effective remedies.

Moreover, it is critical to recognise the role of equity in this process. Many affected parties and stakeholders may lack the resources or means to fully participate in consultations or projects, whether due to logistical barriers like travel or insufficient access to technology. To ensure meaningful engagement, companies must take steps to level the playing field by providing support, removing barriers, or adapting engagement methods to accommodate these realities. By doing so, businesses can ensure that all voices, especially those of marginalised or under-resourced stakeholders, are heard and meaningfully involved in decision-making processes.

Company practice to engage with affected or potentially affected stakeholders (even under the FR LdV or DE LkSG) shows companies struggle with operationalising this concept and especially adopt a broad approach to consultation with stakeholders. Companies do find their way to MSIs, industry initiatives, policy oriented civil society and global unions, but struggle to include a broad focus on rights-holders affected or potentially affected by the company's operations, products or services (i.e. workers, communities) or their representatives (e.g. trade unions). Companies risk engaging with non-representative stakeholders, thereby bypassing legitimate democratically elected workers representations or trade unions, and potentially undermining freedom of association.

To truly reflect the complexities involved, the Commission should provide clear guidance, outlining various engagement scenarios and emphasising the need for collaboration, integration of risk assessment findings, and a deep understanding of local realities. This approach will enhance the effectiveness of stakeholder engagement and support meaningful outcomes in addressing human rights and environmental violations.

Gap Assessment

While standards and legislation outline the principles for meaningful stakeholder engagement, there is no internationally recognized cross-sectoral standard for how they should be practically applied. This lack of a

³ [OECD Due Diligence Guidance for Responsible Supply Chains for the Garment and Footwear Sector](#), p. 27

common understanding leads to questions on how to define a company's relevant stakeholders, how to connect and engage with this group or when an exchange is considered meaningful - and in particular, when stakeholders consider this meaningful.

Moreover, the reference to meaningful stakeholder engagement differs between the CSDDD and the one included in the OECD guidelines. This overall gap creates a risk that companies may treat stakeholder engagement as a formality, using a check-the-box approach. For stakeholders, on the other hand, there is concern that such engagement could be burdensome without driving real benefits for workers and communities.

Multi-stakeholder, industry initiatives and experts may not be the legitimate representatives of rightsholders, but they can help facilitate engagement on behalf of and in partnership with companies. They may also carry out research that engages with and includes the perspectives of rights-holders, and which in turn can be referenced by companies. Companies can rely on engagement carried out by multi-stakeholder initiatives, experts and industry associations when that engagement was conducted in-line with international due diligence standards and the principles in this Framework.

The implementation of MSE frameworks requires a clear description of the criteria that will be considered appropriate for practical application. This should take into account the perspectives of both the companies that must comply with the obligations and the perspectives and realities of suppliers and manufacturers to ensure that their consideration of meaningful stakeholder engagement applies.

The biggest risk is that, as more companies are expected to engage in stakeholder dialogue, many organisations already struggling will face an even larger shortage of resources and capacity needed to provide meaningful contributions based on their specific expertise. Without adequate support from the Commission or Member States, this could result in less frequent and lower-quality dialogue, undermining the effectiveness of stakeholder engagement efforts. It is essential to ensure that stakeholders have the necessary resources and competencies to participate fully and meaningfully in these discussions and that stakeholder engagement is a collaborative effort, that exchanges and information are part of a collective and efficient process, where all involved benefit, not a series of ad hoc meetings and apps to collect information for obliged companies.

<i>Existing Resources Supporting Meaningful Stakeholder Engagement</i>	
UNGP	The UNGP on business and human rights also refers to the integration of meaningful stakeholder engagement and specifies avenues to ensure voices are heard throughout the process.
OECD	OECD Due Diligence Guidance for Meaningful Stakeholder Engagement in the Extractive Sector .
Social and Economic Council of the Netherlands (SER)	The SER's guidance on Meaningful Stakeholder Dialogue in International Supply Chains offers practical approaches to foster inclusive and effective engagement, promoting transparency and shared responsibility among all supply chain stakeholders.
ITUC-CSI	Global Rights Index - International Trade Union Confederation (ituc-csi.org)

FTAO	Fairtrade Advocacy offers actionable guidance on engaging smallholder farmers meaningfully, ensuring their voices are heard and considered in decision-making processes, which strengthens the impact and sustainability of stakeholder engagement efforts.
STITCH	STITCH is developing an MSE framework - including principles, criteria and practical steps for companies and their stakeholders (forthcoming in 2025).
Organic Cotton Accelerator	Organic Cotton Accelerator's Decent Work Strategy 2024-2030 provide tangible examples and key elements to consider for meaningful engagement with farmers, including better incomes, conditions, and protection for organic cotton communities. Inspired by the International Labour Organization (ILO) and aligned with the United Nations Sustainable Development Goal 8 – Decent Work and Economic Growth – OCA's strategy seeks to foster sector-wide transformation and systemic change in agricultural production.

Living Wages

Background

There has been a growing consensus on what constitutes a living wage. The 2024 ILO Meeting of experts on wage policies, including living wages, managed to operationalise what a living wage means, as well as the method to calculate this for any specific geography.

At the same time, there is still a shortage of publicly available data that is aligned with the ILO methodology and that concerns the calculation of living wages across countries and regions within a country (including rural and urban areas) and sectors. In the context of human rights due diligence, common practice still needs to be more widely implemented on what the appropriate corporate measure is to ensure such living wages, especially within business partners and in the absence of a statutory minimum wage that is aligned with the living wage. The recently launched 'OECD Handbook on due diligence for enabling living incomes and living wages in agriculture, garment and footwear supply chains' provides detailed guidance along the due diligence cycle on actions brands should take and available resources. This includes a clear focus on strengthening Freedom of Association and social dialogue as well as improving purchasing practices, in particular around costing and payment terms.

Gap Assessment

Notwithstanding the above, the concrete methods and steps companies need to take to achieve living wages in their supply chains are still being explored. Clear indicators for brands and suppliers to prove their pricing included steps towards living wage payment and allowed for investment in responsible business conduct need further alignment for implementation.

One particular challenge is the fact that most suppliers provide goods to multiple brands, meaning that positive actions by one brand might not be sufficient to ensure the supplier is able to finance a living wage. Collective leverage can be increased through industry and multi-stakeholder initiatives.

Other challenges to operationalising living wage include e.g.:

- Resistance from producers on perceived inappropriate interference within their business sphere as

they are complying with legal standards;

- Capacity of suppliers to make a fact-based costing of products that allows for sustainable wage increases and cost for responsible business conduct at large;
- Increasing the margins of producers (e.g. by increasing the per-product price paid to factories) does not necessarily translate into increased wages for workers;
- Inflation or micro-inflation as a consequence of wage increases cancelling out the wage gains of the workers

Therefore, further collaboration in the sector is greatly needed on this subject. Addressing living wages needs a comprehensive understanding of the complexities involved, including the critical roles played by various stakeholders such as unions, employer associations, and governments. Effective implementation will require coordinated, multi-stakeholder collaboration to develop clear frameworks, stimulate an enabling environment for collective bargaining and overcome systemic barriers to the realisation of living wages.

<i>Existing Resources on Living Wages</i>	
ILO	ILO agreement on living wages , endorsed by ILO Governing Body in March 2024
OECD	OECD Handbook on Due Diligence for Enabling Living Incomes and Living Wages in Agriculture, Garment and Footwear Supply Chains
Joint Initiative⁴	Principle 5 of the Common Framework for Responsible Purchasing Practices, Sustainable Costing , on practices brands should establish to promote wage increases, see comments under RPP
Fair Wear Foundation	Fair Wear's process approach , combined with legal guidance from Arnold & Porter and practical advices on competition law, helps garment companies to implement fair living wages and navigate legal complexities collaboratively.
amfori	The amfori BSCI Code of Conduct highlights the principle of fair remuneration. The amfori BSCI Guide 9 further provides practical steps to promote fair remuneration, helping companies implement wage practices in their supply chains.
Fair Labour Association	The Fair Labor Code outlines standards for fair treatment and wages, guiding companies to uphold labor rights in their supply chains
IDH	The Living Wage Action Guide offers practical steps to implement living wages, supporting companies in addressing wage gaps effectively within their supply chains.
Wage Indicator	Minimum Wages, Living Wages and Labour Law Around the World - WageIndicator.org has numerous resources and guidance on wages for won employees and SC
Quizrr	The Worker-Centric Digital Training equips workers with knowledge on living wage rights, enhancing awareness and empowerment across supply chains
ACT	ACT Labour minute costing protocol enables suppliers towards sustainable costing
Fair Price	Fair Price is a methodology and free tool that facilitates fact-based costing and shared

⁴ Fair Wear, Ethical Trading Initiative UK, Ethical Trade Norway, the Partnership for Sustainable Textiles, and Solidaridad Joint Initiative

**Richard
and Martha
Anker**

responsibility between buyers and suppliers to ensure prices sufficiently cover all labour expenses, including when wages are raised; uptake by brands and suppliers

[Richard and Martha Anker's Living Wages Around the World manual](#). This manual provides insights on how to measure living income and living wages in the supply chain, and the Ankers' methodology has been endorsed and is being used by various stakeholders to collect wage data in the supply chain.

Remediation (Art 12) and Grievance Mechanisms

Background

There are various mechanisms for seeking remedy, including governmental options like courts and labour inspections, as well as those operated by multi-stakeholder or industry initiatives. Additionally, companies may have their own grievance mechanisms, which can be run by suppliers, managed across the supply chain by buyers or brands, or jointly operated in some cases.

According to the **UN Guiding Principles**, for a grievance mechanism to be effective, it must meet several key criteria. These include being legitimate, accessible, predictable, equitable, and transparent. It should also be rights-compatible, foster continuous learning, and be grounded in engagement and dialogue⁵.

Many complaints can also be resolved through social dialogue. Therefore, complaint mechanisms should not be seen as a replacement for social dialogue, and the implementation of the CSDDD regarding remedy should not rely solely on these.

Coordination and working together on remedies is crucial. Trade unions in production countries need basic knowledge on processes to submit complaints, information on where they can find the relevant mechanisms to use, organisational support to set up new unions and improve capacity building. Companies should improve their support for local mechanisms, so these meet the **UNGP Effectiveness Criteria**. More specifically, unions and civil society in production countries should have a voice in the operation of local mechanisms. In line with the effectiveness criteria, it should always be the aim for complaints to be effectively dealt with on the level closest to the complainant, before being escalated to the next level. This is the reason why correct and efficient mechanisms should be established to ensure all complaints are handled effectively.

It is important to ensure that there is transparency in the processes and decisions of these mechanisms. Additionally, an independent monitoring system is crucial for the effective implementation of a complaint mechanism.

Gap Assessment

Access to remedy is essential for workers, and Grievance Mechanisms (GMs) offer a valuable option for workers to seek help quickly while also acting as a low-cost, early warning system for companies. However,

⁵ [OECD Due Diligence Guidance for Responsible Supply Chains for the Garment and Footwear Sector](#), p. 93-102 on provision and cooperation in remediation where appropriate as part of the 6 steps process.

when each company has their own GMs, workers can feel overloaded, making it difficult to find the right support. Therefore, having multiple GMs does not always improve access.

A collaborative effort among companies sourcing from the same factory or region is more efficient and effective in improving access, such as for example the **CARe collaboration protocol** below. Furthermore, tailoring the GM to local needs and realities might make the scaling-up more challenging. This is the reason why it might make sense for companies to join a collaborative GM, to improve efficiency, make better use of resources and avoid duplication. For example, Fair Wear and Partnership for Sustainable Textiles Germany are piloting a larger version of the Fair Wear GM to determine the conditions under which upscaling is effective.

One major omission is that there are no guidelines planned for Grievance Mechanisms and complaints procedures, whereas companies are likely to set up these at an early stage of the implementation phase because they are required to do so. Effective complaints handling requires easy access, local contacts with right training of factory management, expert handlers and often collective actions and union leaders in factories, especially in high-risk situations or where multiple buyers share a supplier. Collaboration and efficient use of means is key for these mechanisms to be effective and to support the HREDD process, and address issues such as remediation fatigue (including cases where different retailers contact the same facility to remediate the same non-compliance with different remediation deadlines). Clear rules and procedures are crucial for this process to yield the desired result of both remedy for those affected and information on the state of play for those trading.

An example on how to ensure a holistic implementation of all these elements is the national case of Indonesia, where a grievance app has been implemented, run by the major unions who have worked in collaboration with the ILO, to ensure the right skills are in place.

Related to these points, it is essential to also clarify the distinction between notification mechanisms and grievance mechanisms. More precisely, the clarification should focus on how the notification mechanism and complaints procedure outlined in the CSDDD differ from the operational grievance mechanisms described in the UNGPs. Furthermore, it should clarify the purposes, processes, and expected outcomes of each, ensuring that businesses understand their obligations and how to effectively address grievances.

The forthcoming guidelines should also address cases where the implementation of remediation and grievance mechanisms has to take place in non-democratic countries.

<i>Existing Resources on Remediation</i>	
ILO	ILO Better Work Program
ETI	Ethical Trade Initiative 's Code Violation Procedure
Fair Wear Foundation	Fair Wear's Approach and Policy to Access to Remedy detail the expectations Fair Wear to provide access to remedy by its members. This is further detailed in Fair Wear's guidance on Access to Remedy.
amfori	The amfori Zero Tolerance Protocol is a rapid response process to remediate flagrant violations of the amfori BSCI Code of Conduct. The process brings together producers

and members to find joint solutions (see [Guide 5](#)).

(Inter)national mechanisms in buyer countries include: **OECD National Contact Points for Responsible Business Conduct grievance mechanism (NCP's)**, ILO, IMF, World Bank.

Existing Resources on Grievance Mechanisms

German BAFA	Organising, implementing and evaluating complaints procedures - Guidance on the complaints procedure under the German Supply Chain Due Diligence Act.
OHCHR	The OHCHR resources, including the ARP III Report and guidance on effectiveness criteria, provide essential frameworks for designing and improving non-State-based grievance mechanisms. These tools enhance accountability and ensure victims of business-related human rights abuses have effective pathways to seek remedy, supporting companies in implementing robust grievance processes.
OECD	Information on how to use the NCP grievance mechanism.
CARe collaboration protocol	Fair Wear, the Partnership for Sustainable Textiles and amfori have jointly developed a collaboration protocol for the handling of complaints in shared factories .
Fair Wear Foundation	Fair Wear operates a grievance mechanism for factories in which member brands are active. It serves as a safety net and should not replace a factory's own internal grievance mechanism. The complaints received are publicly available and follow the same procedure .
Ethical Trading Initiative	Ethical Trading Initiative practical recommendations for effective operational grievance mechanisms.
amfori	The amfori Speak for Change Programme , currently active in Vietnam, Türkiye, Bangladesh, (parts of) India and Cambodia, offers several access channels – phone (IVR), online form, or chat app – adapted to local needs and situations (language, accessibility, etc.), allowing workers and communities to voice their concerns about an amfori member or their business partners anonymously.
CNV International	Research and recommendations by CNV Internationaal on Trade unions and Grievance mechanisms in the textile industry.
Workers Rights Consortium	Worker Complaints mechanisms of the Worker's Rights Consortium
International Accords	International Accord's Safety and Health Complaints Mechanism
Clean Clothes Campaign	Urgent Appeal System

Responsible Disengagement

Background

The CSDDD acknowledges **that ending or pausing business relationships should be a last resort, following careful evaluation of the potential impacts.**

Although seen as a last resort, companies may choose to temporarily suspend or adjust business relationships when human rights or environmental concerns are raised. This approach can place the responsibility for addressing the issue solely on the supplier, even when the buyer's own purchasing practices may have contributed or directly link to the situation.

A more balanced strategy would involve careful evaluation of risk factors and continued dialogue between businesses to find a solution to the (potential) harms raised, as demonstrated by frameworks like for example IndustriAll's responsible exit model, which was developed in dialogue with leading brands to ensure ethical decisions are made in complex environments. Several industry and multi-stakeholder initiatives have introduced guidelines for responsible exits, offering members practical advice on how to address these challenges in collaboration with suppliers.

It is, therefore, essential to emphasise the importance of implementing a staggered approach for responsible disengagement, as highlighted in the CSDDD framework and built upon the recommendations included in the OECD guidelines for responsible disengagement (OECD Guidance for Garment & Footwear Sector, p.79). Responsible disengagement must also be based on meaningful stakeholder engagement and responsible contractual clauses that clearly define the circumstances and actions to be taken when situations deemed unacceptable by both parties arise. However, as mentioned in other sections, it is important that business efforts are supported by an additional layer of political and diplomatic initiatives to address situations whose severity exceeds the influence and control of companies, such as state-imposed forced labour.

Gap Assessment

There are several guidance documents on exiting responsibly pertaining to high-risk countries or regions in specific circumstances but very few on specific risks such as child labour or health and safety.

In practice, there is a lack of clear criteria and precise evaluation for this step in due diligence implementation. There is particularly limited guidance and consensus on what constitutes a responsible exit if orders are decreased or ceased altogether for commercial reasons such as delivery or quality issues, seasonality, market trends, etc.

Existing Resources Supporting Responsible Disengagement

OECD	The OECD Guidelines for Multinational Enterprises on Responsible Business Conduct (2023), Ch II, para 25; OECD Garment Guidance, Section I.
IndustriAll	Framework Principles of a Brand's Responsible Business Disengagement from Myanmar

<i>Fair Labor Association</i>	Fair Labor Guidance for companies on ensuring responsible factory retrenchment, exit, and closure
<i>amfori</i>	The Compass for Operating in Challenging Contexts offers practical guidance for businesses to navigate complex environments.
<i>Fair Wear Foundation</i>	Fair Wear's Responsible Exit Strategy for garment brands , along with its policies on child labour and enhanced safety measures in Bangladesh, provides guidance for garment brands to disengage responsibly.
<i>OHCHR</i>	OHCHR Business and Human Rights in Challenging Contexts - Consideration for Remaining and Exiting .

III. Fitness Criteria and Assessment of Industry and Multistakeholder Initiatives

Background

A number of initiatives (industry, government or multi-stakeholder led) have been established over the past two decades in an effort to promote collaborative approaches to responsible business conduct.

According to the OECD, a sustainability initiative is one that “provides tools, information, capacity building or otherwise facilitates, sets requirements for, or monitors, audits, verifies, assures, certifies, benchmarks or otherwise assesses business practices, sites or products in relation to sustainability objectives.”⁶

The value-add of many sustainability initiatives lies, includes bringing supply chain actors together, offering economies of scale, creating leverage, pooling data and facilitating peer-learning and capacity building, although not all provide these value-adds at the same level.

With the shift from voluntary to mandatory HREDD, there is an acknowledgement that credible initiatives can (continue to) support companies with aspects of their due diligence - such as risk scoping, assessment and prioritisation, stakeholder engagement, preventive and corrective action plans, remedy including grievance mechanisms and even reducing audit fatigue - with the clear understanding they never take over the individual companies' responsibility.

Gap Assessment

Many of the existing benchmarking initiatives provide criteria and indicators which are not in line with an obligation of effort such as in HREDD. It is important that the fitness criteria provide clarity surrounding expectations of initiatives based on their effectiveness in supporting HREDD, while respecting the diversity in nature, scope and governance. This is to ensure complying brands are directed to fit for purpose sustainability initiatives.

Existing Resources on Industry and MSI Fitness Criteria

OECD	The OECD Alignment Assessment Methodology and interactive Due Diligence Checker for the Textile Sector (available for sustainability initiatives and companies), along with the OECD's policy paper on sustainability initiatives' roles in mandatory due diligence , offer practical tools for defining fitness criteria for multi-stakeholder initiatives. These resources help to promote alignment of sustainability initiatives with international standards and effective implementation. The OECD's Typology for Understanding Sustainability Initiatives also provides a framework for a common language to assess differences between sustainability initiatives
ITC	The ITC Standards Map provides comprehensive insights (based on desk-top reviews) into select sustainability standards helping businesses evaluate and select criteria that align with their different initiatives.

⁶ [Understanding Sustainability Initiatives | OECD](#)

<i>SME Compass</i>	SME Compass offers a mapping on due diligence obligations (based on desk-top reviews) coupled with a mapping on existing standards and multi-stakeholder initiatives supporting due diligence implementation.
<i>ISEAL</i>	The ISEAL Credibility Principles outline core values for credible sustainability systems, helping organisations develop credible standards and identify reliable partners for due diligence and shared sustainability goals.
<i>Germanwatch</i>	Ensuring Effective Rights Holder Engagement in Multi-Stakeholder Initiatives Germanwatch e.V

Annexes

Annex I: Existing Tools for Due Diligence Implementation in the Textiles Sector - Alphabetical Order and Themes

<i>Tool</i>	<i>Author</i>	<i>Theme</i>
Actionable guidance on engaging smallholder farmers	Fair Trade Advocacy Office	<i>Meaningful Stakeholder Engagement</i>
Agreement on living wages, endorsed by the ILO Governing Body in March 2024	ILO	<i>Living Wages</i>
APSCA	APSCA	<i>Supplier duplicate assessment</i>
ARP III Report and grievance mechanisms	OHCHR	<i>Grievance Mechanism</i>
Assessment on pay equity in fashion	Global Fashion Agenda	<i>Gender-Based Approach</i>
The amfori Audit Assurance Programme	amfori	<i>Supplier duplicate assessment</i>
amfori BEPI: Business Environment Performance Initiative	amfori	<i>Environmental Due Diligence, Risk Assessment and Risk Indicators</i>
Better Buying Initiative	Better Buying	<i>Responsible Purchasing Practices</i>
Better Work program	ILO	<i>Remediation; Alignment with international standards</i>
Better Work: Gender Strategy	ILO	<i>Gender-Based Approach</i>
amfori BSCI: Business Social Compliance Initiative	amfori	<i>Living Wages; Gender-Based Approach; Risk Assessment and Risk Indicators</i>
Business and Human Rights in Challenging Contexts	OHCHR	<i>Grievance Mechanisms; Responsible Disengagement</i>

<i>Buyers' Guidance Responsible Purchasing Practices</i>	<i>Fair Wear Foundation</i>	<i>Responsible Purchasing Practices</i>
<i>CARe Collaboration Protocol</i>	<i>Fair Wear, German Partnership for Sustainable Textiles (PST) and amfori</i>	<i>Grievance Mechanisms;</i>
<i>Commission Recommendation (EU) 2018/1149 of 10 August 2018 on non-binding guidelines for the identification of conflict-affected and high-risk areas and other supply chain risks under Regulation (EU) 2017/82.</i>	<i>European Commission</i>	<i>Risk Assessment and Risk Indicators</i>
<i>Common Framework for Responsible Purchasing Practices</i>	<i>ETI, Ethical Trade Norway, Fair Wear, the German Partnership for Sustainable Textiles (PST), Solidaridad, Ethical Trade Denmark and the Fair Labor Association</i>	<i>Responsible Purchasing Practices</i>
<i>Compass for Operating in Challenging Contexts</i>	<i>amfori</i>	<i>Responsible Disengagement</i>
<i>Comprehensive report on Addressing Audit Fatigue</i>	<i>STAR Network</i>	<i>Supplier duplicate assessment</i>
<i>Converged Assessment Framework (CAF)</i>	<i>Social & Labor Convergence Program (SLCP)</i>	<i>Supplier duplicate assessment; Digital Tools and Data Sharing; Risk Assessment and Risk Indicators</i>
<i>Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector</i>	<i>OECD</i>	<i>Alignment with International Standards</i>
<i>OECD Due Diligence Guidance for Meaningful Stakeholder Engagement in the Extractive Sector</i>	<i>OECD</i>	<i>Meaningful Stakeholder Engagement</i>

amfori ESG Risk Compass	amfori	<i>Risk Assessment and Risk Indicators</i>
Fair Labor Code outlines standards for fair treatment and wages.	Fair Labour Association	<i>Living Wages</i>
Fair Price methodology	Fair Price	<i>Living Wages</i>
Framework Principles for Responsible Disengagement from Myanmar	IndustriAll	<i>Responsible Disengagement</i>
Gender Data Indicators	ETI	<i>Gender-Based Approach</i>
Gender Equality in Codes of Conduct Guidance	BSR	<i>Gender-Based Approach</i>
Gender-Responsive Due Diligence Platform	Women Win	<i>Gender-Based Approach</i>
Global purchasing practices commitment	ACT	<i>Responsible Purchasing Practices</i>
Global Rights Index - International Trade Union Confederation	ITUC-CSI	<i>Meaningful Stakeholder Engagement</i>
Guidance for Responsible Disengagement	OECD	<i>Responsible Disengagement</i>
Guidance for responsible factory retrenchment and closure	Fair Labor Association	<i>Responsible Disengagement</i>
Social Dialogue Handbook on Gender	amfori	<i>Gender-Based Approach</i>
Guidance on complaints procedures	German BAFA	<i>Grievance Mechanisms</i>
Guidance on conducting a risk analysis	German BAFA	<i>Risk Prioritisation</i>
Guidance on Meaningful Stakeholder Dialogue in International Supply Chains	SER	<i>Meaningful Stakeholder Engagement</i>
Handbook on Due Diligence for Enabling Living Incomes and Living Wages	OECD	<i>Alignment with International Standards</i>

Higg Facility tools: Higg Facility Environmental Module (FEM), Higg Facility Social Module (FSLM), Higg Materials Sustainability Index (MSI), Higg Product Module (PM)	Cascale	<i>Risk Assessment and Risk Indicators; Environmental Due Diligence; Digital Tools and Data Sharing</i>
Human Rights Due Diligence Academy	Fair Wear Foundation	<i>Risk Assessment and Risk Indicators; Gender-Based Approach; Responsible Purchasing Practices; Meaningful Stakeholder Engagement; Grievance Mechanisms</i>
Human Rights Due Diligence (HRDD) Toolkit v2.0	SLCP	<i>Risk Assessment and Risk Indicators</i>
Labour Minute Costing Protocol enables suppliers toward sustainable costing	ACT	<i>Living Wages</i>
List of conventions on gender equality	ILO	<i>Gender-Based Approach</i>
Living Wage Action Guide	IDH	<i>Living Wages</i>
Materials Impact Explorer	Textile Exchange	<i>Environmental Due Diligence</i>
Meaningful Stakeholder Engagement framework - including principles, criteria, and practical steps for companies.	STITCH	<i>Meaningful Stakeholder Engagement</i>
MVO Risk Checker (country and sector risk factors).	CSR Risk Check	<i>Risk Assessment and Risk Indicators</i>
OECD Guidelines	OECD	<i>Alignment with International Standards</i>
Open Supply Hub	n/a	<i>Digital Tools and Data Sharing</i>
Organic Cotton Accelerator's Decent Work Strategy 2024-2030	OCA	<i>Risk Assessment and Risk Indicators</i>
Practical recommendations for grievance mechanisms.	Ethical Trading Initiative	<i>Grievance Mechanisms</i>
Principles for Responsible Investments (PRI)	United Nations	<i>Risk Prioritisation; Risk Assessment and Risk Indicators</i>

Program on gender-based violence in the garment industry	Rise Respect	<i>Gender-Based Approach</i>
Recommendations by the Sustainable Terms of Trade Initiative.	STTI	<i>Responsible Purchasing Practices</i>
Report on human rights impact assessment guidance.	Danish Institute for Human Rights	<i>Risk Prioritisation</i>
Research paper on assessing audit fatigue	International Trade Centre	<i>Supplier Duplicate Assessment</i>
Responsible Contracting Toolkit	Responsible Contracting Project	<i>Responsible Purchasing Practices</i>
Responsible Exit Strategy for garment brands	Fair Wear Foundation	<i>Responsible Disengagement</i>
Richard and Martha Anker's Living Wages Around the World manual	Richard and Martha Anker's	<i>Living Wages</i>
SME Compass "Identify & Evaluate Risks" SME Compass - Risk analysis (wirtschaft-entwicklung.de)	BMZ	<i>Risk Assessment and Risk Indicators</i>
amfori Speak for Change	amfori	<i>Grievance Mechanism</i>
amfori Sustainability Platform	amfori	<i>Digital Tools and Data Sharing</i>
amfori SustainaPass	amfori	<i>Risk Identification and Assessment</i>
Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration)	ILO	<i>Alignment with international standards</i>
UN Guiding Principles on Business and Human Rights (UNGPs)	United Nations	<i>Alignment with international standards</i>
Urgent Appeal System	Clean Clothes Campaign	<i>Grievance Mechanisms</i>

<i>WageIndicator.org offers numerous resources on minimum and living wages.</i>	<i>Wage Indicator</i>	<i>Living Wages</i>
<i>Women's Empowerment Principles Gender Gap Analysis Tool</i>	<i>UN Women</i>	<i>Gender-Based Approach</i>
<i>Worldly Platform</i>	<i>Wordly</i>	<i>Digital Tools and Data Sharing</i>
<i>Worker-Centric Digital Training equips workers with knowledge on living wage rights.</i>	<i>Quizrr</i>	<i>Living Wages</i>
<i>Worker complaints mechanisms</i> <i>The amfori Zero Tolerance Protocol</i>	<i>Workers Rights Consortium</i>	<i>Grievance Mechanisms</i>
	<i>amfori</i>	<i>Remediation</i>

Annex II: Overview of European Commission’s Guidances Foreseen

CSDDD Article	Guidance	Timeline
19(2)	DD duty (Articles 5 to 16), in particular <ul style="list-style-type: none"> • Identification (Art 8) • Prioritisation (Art 9) • Purchasing practices (Arts 10(2) and 11(3)) • Responsible disengagement (Arts 10(6) and 11(7)) • Remediation (Art 12) • SH identification and engagement (Art 13) 	January 2027 (30 months)
19(2)	Risk factors, CAHRAs	
19(2)	Data and information sources; digital tools and technologies	
18	Voluntary model contract clauses	
19(2)	Transition plans	July 2027 (36 months)
19(2)	Information- and resource-sharing	
19(2)	Information <i>for stakeholders and their representatives</i> on how to engage	
19(2)	Sector-specific guidance	No date
20(4)	Fitness criteria and assessment of industry and multistakeholder initiatives	
20(5)	Fitness criteria and assessment of third party <u>verifiers</u>	
20(5)	Accuracy, effectiveness and integrity of third-party <u>verification</u>	